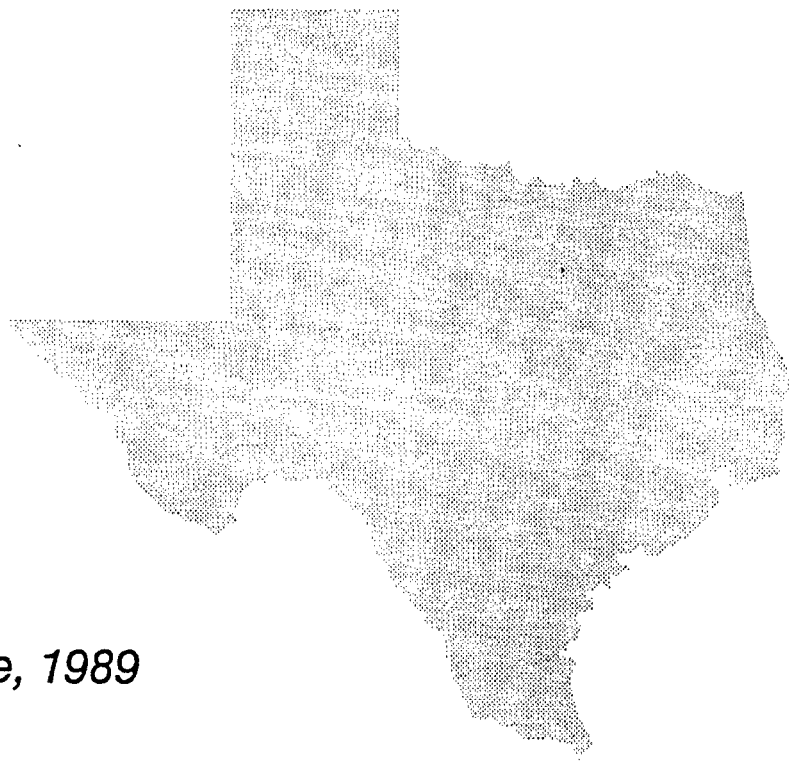
6-89

ORGANIZATION CHARTS
TEXAS

Marketing Segment



June, 1989

Issued By The
VICE PRESIDENT–MARKETING (TEXAS)

Southwestern Bell Telephone Company

PLAINTIFF'S EXHIBIT

SWB-1

003127

CHART NO.

48	Division Manager–Marketing Customer Services – El Paso
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53	District Manager–Sales/Service Center – Lubbock
55	Division Manager–Marketing Customer Services – Fort Worth/Dallas
56	District Manager–Marketing Operations – Fort Worth
57	District Manager–Sales/Service Center – Fort Worth (Midcities)
59	District Manager–Sales/Service Center – Fort Worth (West)
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74	District Manager–Sales/Service Center – Houston (West)
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77	District Manager–Marketing Operations – San Antonio
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80	District Manager–Sales/Service Center – Corpus Christi
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84	GENERAL MANAGER–MARKETING (TEXAS) – San Antonio
85	District Manager–Marketing Administrative
99	Division Manager–Marketing Business Sales – Houston
101	District Manager–Marketing Business Sales – Houston
103	District Manager–Marketing Business Sales – Houston
105	District Manager–Marketing Business Sales – Houston
106	Division Manager–Marketing Business Sales – Dallas
108	District Manager–Marketing Business Sales – Dallas
109	District Manager–Marketing Business Sales – Dallas
111	District Manager–Marketing Business Sales – Dallas
113	Division Manager–Marketing Business Sales – Austin
114	District Manager–Marketing Business Sales – Austin
115	District Manager–Marketing Business Sales – San Antonio
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117	District Manager–Marketing Business Sales – Lubbock
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119	District Manager–Marketing Business Operations – Ft. Worth
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June, 1989

ORGANIZATION CHARTS
MARKETING DEPARTMENT

Table of Charts

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2	Division Manager-Marketing Administration - San Antonio
4	District Manager-Forecasting - San Antonio
6	District Manager-Marketing Operations - San Antonio
8	District Manager-Marketing Budgets/Mechanization - San Antonio
10	District Manager-Forecasting - Dallas
12	Division Manager-Strategic Marketing - San Antonio
13	District Manager-Marketing Product Support - San Antonio
14	District Manager-Marketing Management - San Antonio
15	District Manager-Marketing Regulatory Support - Austin
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17	District Manager-Marketing Administrative - Dallas
18	Division Manager-Public Communications - San Antonio
19	District Manager-Public Communications Operations - San Antonio
20	District Manager-Public Communications - San Antonio
21	District Manager-Public Communications - Arlington
24	District Manager-Public Communications - Houston
27	Division Manager-Interexchange Cust. Svc. Ctr. (ICSC) - Dallas
28	District Manager-ICSC Operations - Dallas
29	District Manager-ICSC - Dallas
31	District Manager-ICSC - San Antonio
33	District Manager-Marketing COG - Dallas
35	Division Manager-Regional Marketing - Dallas
36	District Manager-Regional Marketing - Dallas
36	District Manager-Regional Marketing Administrative - Dallas
37	District Manager-Regional Marketing - Dallas
38	GENERAL MANAGER-MARKETING (TEXAS) - Houston
38	District Manager-Marketing Personnel - Houston
39	District Manager-Marketing Residence Operations - Houston
40	Division Manager-Marketing Customer Services - Austin
41	District Manager-Marketing Operations - Austin
42	District Manager-Sales/Service Center - Austin
44	District Manager-Sales/Service Center - Galveston
46	District Manager-Sales/Service Center - Waco

TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
JULY 16, 1989

DIVISION MANAGER-MARKETING ADMIN.

William R. Dunbar (128)
(512) 222-3683

DISTRICT MANAGER-FORECASTING

Ruben Garcia III (38)
(512) 222-3221

MANAGER-FORCASTING — Sr. Rpts. Clk. 1

Rachel Castaneda (1)
(512) 222-6024

AREA MGR.-FORECASTING (SA) — Sr. Steno 1, Sr. Rec. Clk. 1

Raul Cortez (9)
(512) 222-6024

MANAGERS-FORECASTING (SA)

Hershel Ankrom
(512) 222-3904
Michael Medina
(512) 222-3195
Gloria Rochester
(512) 222-3157
Orlando Segura
(512) 222-3744
Rose Flores
(512) 222-5904
Glenn Crumpton
(512) 222-3743
Ron Crawley
(512) 222-5256

AREA MGR.-FORECASTING (AUSTIN) — Sr. Steno 1

Gene Fischer (5)
(512) 870-3102

MANAGERS-FORECASTING (AUSTIN)

Louisa Alaniz
(512) 870-3128
Bill Sewell
(512) 870-3101
Charles Hubert
(512) 870-3103
Bronnie Martin
(512) 870-3111

FOR ADDITIONAL SUBORDINATES SEE CHART 5

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TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
AUGUST 16, 1989

DIVISION MANAGER-MARKETING ADMIN.
William R. Dunbar (128)
(512) 222-3683

DISTRICT MANAGER-MARKETING OPERATIONS
Robert E. McNamara (31)
(512) 222-3848

AREA MANAGER-MARKETING METHODS
Beverly P. Grogan (4)
(512) 222-5630

MANAGERS-MARKETING METHODS — Sr. Steno 1
Martha S. Statzer (1)
(512) 222-5922
Ann Crum
(512) 222-3853

AREA MANAGER-MARKETING METHODS
Mary Burnett (3)
(713) 978-4988

MANAGER-MARKETING METHODS — Sr. Rec. Clk. 1
Jeanette Moody (1)
(713) 978-4994

MANAGER-MARKETING METHODS
Gloria Zwahr
(713) 978-4875

AREA MANAGER-MARKETING PERSONNEL — Sr. Steno 1
Margie Dear (1)
(512) 222-5921

MANAGER MARKETING OPERATIONS — Sr. Steno 1
Janet M. Fuller (1)
(512) 222-3880

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Chart 7

(512) 222-5613

003135

Chart 12

TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
AUGUST 1, 1989

DIVISION MANAGER-STRATEGIC MARKETING

Maynard J. Belson (33)
(512) 222-5611

DISTRICT MANAGER-MARKETING PRODUCT SUPPORT

Philip D. Matthews (13)
(512) 222-7703

AREA MANAGER-MARKETING PRODUCT SUPPORT

Louis Sternberg
(512) 222-7171
Alex Travieso
(512) 222-7749

AREA MANAGER-MARKETING PRODUCT SUPPORT

Homer A. Schott (4)
(512) 222-7215

MANAGER-MARKETING PRODUCT SUPPORT

William D. Lashbrook
(512) 222-7309
Donald F. Stelzer
(512) 222-7240
Mary E. Fullen
(512) 222-5808
Dewey Clark
(512) 222-7955

AREA MANAGER-MARKETING PRODUCT SUPPORT

Art Sinclair
(214) 464-2844

AREA MANAGER-MARKETING PRODUCT SUPPORT

Ruthmary Carol Norman (1)
(512) 222-7603

MANAGER-MARKETING PRODUCT SUPPORT — Sr. Steno 1

Betty Winder
(512) 222-7538

Sr. Steno 1

TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
JUNE 1, 1989

DIVISION MANAGER-
STRATEGIC MARKETING

Maynard J. Belson (33)
(512) 222-5611

DISTRICT MANAGER-MARKET MANAGEMENT

Chris Bowers (16)
(512) 222-7304

AREA MANAGER-CONSUMER MARKET MANAGEMENT

Carlos Cordova (1)
(512) 222-7170

MANAGER-CONSUMER MARKET MANAGEMENT

Aimee Fite
(512) 222-3537

AREA MANAGER-SALES SUPPORT

Susan Burns
(512) 222-7714

AREA MANAGER-SPECIAL SERVICES MARKET MANAGEMENT

Joe Baines
(512) 222-7211

AREA MANAGER-BUSINESS MARKET MANAGEMENT

Irene Huron (1)
(512) 222-5129

MANAGER-BUSINESS MARKET MANAGEMENT

Linda Gillmore
(512) 222-3544

AREA MANAGER-PROMOTION PLANNING

Mike De Leon (1)
(512) 820-5198

MANAGER-PROMOTION PLANNING

E. Jeffery Serrano
(214) 464-0844

For Additional Subordinates See Chart 15

TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
JUNE 1, 1989

DIVISION MANAGER-STRATEGIC MARKETING
Maynard J. Belson (33)
(512) 222-5611

DISTRICT MANAGER-MARKET MANAGEMENT
Chris Bowers (16)
(512) 222-7304

AREA MANAGER-MARKET ANALYSIS
Kathy Miller (4)
(512) 222-7832

MANAGER-MARKET ANALYSIS
Rolando Cortez
(512) 222-7860

MANAGER-MARKET ANALYSIS — Sr. Steno 1
Kathryn Ridings (1)
(512) 222-5897

MANAGER-MARKET ANALYSIS — Sr. Steno 1; Sr. Rpts. Clerks 1
Lisa Range
(512) 222-7206

Sr. Steno 1

Chart 15

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Geralyn M. Gray
(512) 222-3605

Chart 18

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TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
JULY 16, 1989

DIV. MGR.-PUB. COMM.
Joe D. Cochran (524)
(512) 222-3604

DIST. MGR.-PUB. COMM. OPERS.
Sandra L. Wagner (21)
(512) 222-5015

Sr. Steno 1

AREA MGR-PUB. COMM. METHODS
*Leonard A. Berry (4)
(512) 222-3472

MANAGERS-PUB. COMM. METHODS
Jackie S. Honea
(512) 222-5107
Raymond C. Lange
(512) 222-5320
Ed Kelley
(512) 222-3385

Sr. Steno 1

AREA MGR.-PUB. COMM. METHODS
*Louis A. Faust (4)
(512) 222-6437

*Eff. 8/16/89

MANAGERS-PUB. COMM. METHODS
Patricia A. Carroll
(512) 222-5520
Dorothy M. Stolle
(512) 222-7136

Sr. Steno 1

MANAGER-PUB. COMM. ADMIN.
Terry L. Moore
(512) 222-5543

AREA MGR.-PUB. COMM. PROD. SUPPORT
Shirlyn N. Hutchings (3)
(512) 222-6427

MANAGERS-PUB. COMM. METHODS
Danese Biela (14)
(512) 222-5253

Sr. Steno 1

MANAGER-PUB. COMM. OPRS.
Mary Ann Sepulveda
(512) 222-3225

AREA MANAGER-PUBLIC COMMUNICATIONS PERSONNEL
Marvin P. King, Sr. (5)
(512) 222-6286

MANAGERS-PUB. COMM. SECURITY
Virginia R. Self
(713) 974-8498
Leslie M. Miles
(817) 640-8017
Beth Sells
(915) 334-2021
John H. Webber, III
(512) 650-8344

Sr. Steno 1

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TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
JUNE 1, 1989

DIV. MGR.-PUB. COMM.
Joe D. Cochran (524)
(512) 222-3604

DIST. MGR.-PUB. COMM. SALES
Jerry L. Melson (44)
(512) 650-8334

AREA MGR.-PUB. COMM. SALES
Mark A. Koepp (13)
(512) 650-8336

MANAGER-PUB. COMM. SALES
Esther Arias
(512) 820-6692

MANAGER-PUB. COMM. SALES
Lynda Marino (11)
(512) 820-6216

Pay Tel. Consit.	8
Proj. Clk.	1
Svc. Ord. Wrtr.	1
Svc. Rep.	1

AREA MGR.-PUB. COMM. SALES
Orlando E. Castillo (14)
(817) 794-1231

MANAGER-PUB. COMM. SALES
Barbara Osborne
(817) 794-1230

MANAGER-PUB. COMM. SALES
Frank Gomez (12)
(817) 794-1231

Pay Tel. Consit.	8
Oprs. Clk.	1
Rec. Clk.	1
Svc. Rep.	2

AREA MGR.-PUB. COMM. SALES
Linda Jackson (13)
(713) 778-2900

MANAGER-PUB. COMM. SALES
Cheryl L. Tolliver (1)
(713) 778-2900

Svc. Ord. Writer	1

MANAGER-PUB. COMM. SALES
Amando (Joe) Landin
(713) 778-2909

Pay Tel. Consit.	8
Key Clk.	1
Svc. Rep.	1

SEC., DIST. MGR.-PUB. COMM. SALES
Melinda Vega
(512) 650-8333

003141

Chart 20

TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
JUNE 1, 1989

DISTRICT MANAGER-ICSC

Wayne Nanney (162)
(512) 377-5501

AREA MANAGER-ICSC (SAN ANTONIO)

Loretta H. Griffin (52)
(512) 377-6303

MANAGER-ICSC		
Bonnie A. Pedroza (9) (512) 377-5511	Service Rep.	9
MANAGER-ICSC	Service Rep.	9
Dora M. Albracht (9) (512) 377-6302		
MANAGER-ICSC	Service Rep.	10
Martha P. Rubalcava (10) (512) 377-5510		
MANAGER-ICSC	Service Rep.	9
Mary O. Hernandez (9) (512) 377-5507		
MANAGER-ICSC	Service Rep.	10
Manuel Perez, Jr. (10) (512) 377-5508		

AREA MANAGER-ICSC (DALLAS)

Avo Griffin (65)
(214) 464-3773

MANAGER-ICSC		
Shirley Berryman (10) (214) 464-1590	Service Rep.	7
	Service Orders Writers	2
	Senior Stenographer	1
MANAGER-ICSC	Service Rep.	8
Sally Reyna (10) (214) 464-7124	Service Orders Writers	2
MANAGER-ICSC	Service Rep.	8
Carl Stevenson (8) (214) 464-1608		
MANAGER-ICSC	Service Rep.	4
Sharon McGee (6) (214) 464-1638	Bus. Ofc. Clk.	1
	Service Order Writers	1
MANAGER-ICSC	Service Rep.	8
Maureen Haren (11) (214) 464-1618	Service Orders Writers	3
MANAGER-ICSC	Service Rep.	8
Judy Pinkston (11) (214) 464-1628	Service Orders Writers	3
MANAGER-ICSC	Svc. Rep.	1
John D. Iven (1) (214) 464-1381		

FOR ADDITIONAL SUBORDINATES SEE CHART 32

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TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
JUNE 1, 1989

DIVISION MANAGER-MKTG. CUST. SVCS.

James R. Reed (579)
(512) 820-7676

DISTRICT MANAGER-MARKETING OPERATIONS — See Chart 77

Barbra Bowden (69)
(512) 820-6195

DISTRICT MANAGER-SALES/ SERVICE CENTER (SA/Laredo) — See Chart 78

Jane Burchard (193)
(512) 820-7725

DISTRICT MANAGER-SALES/ SERVICE CENTER (Corpus Christi) — See Chart 80

Harold R. Johnson (166)
(512) 881-2233

DISTRICT MANAGER-SALES/ SERVICE CENTER (BLG/COLL) — See Chart 82

Marcus Semmelmann (146)
(512) 820-8051

SECRETARY TO DIVISION MANAGER-MARKETING CUSTOMER SERVICES

Cynthia Arteaga
(512) 820-7677

TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
JUNE 1, 1989

DIVISION MANAGER-MKTG. CUST. SVCS.
James R. Reed (579)
(512) 820-7676

DISTRICT MANAGER-MARKETING OPERATIONS
Barbara Bowden (69)
(512) 820-6195

AREA MANAGER-MARKETING ADMINISTRATIVE — Sr. Steno. 2
Genevieve J. Modarelli (4)
(512) 820-6193

- **MANAGER-MARKETING ADMINISTRATIVE** — Sr. Steno. 1
  Cathy Schmidt (1)
  (512) 820-6426

AREA MANAGER-SALES/SERVICE CENTER
Michael Everett (4)
(512) 820-6176

- **MANAGER-MARKETING METHODS** — Sr. Steno. 1
  Elvia Gonzales (1)
  (512) 820-6421
- **MANAGER-SALES/SERVICE CENTER** — Sr. Rec. Clk. 1
  Maxine Scott (1)
  (512) 820-6483

AREA MANAGER-SALES/SERVICE CENTER — Sr. Steno. 1
Teofilo Moreno (58)
(512) 820-6189

- **MANAGER-SERVICE BUREAU** — Rec. Clk. 10
  Pat Rodriguez (10)
  (512) 820-7048
- **MANAGER-SALES/SERVICE CENTER** — Rec. Clk. 10
  Joella Koerner (10)
  (512) 820-7520
- **MANAGER-SERVICE ORDER COMPLETION** — Svc. Ord. Wrtr. 10; Rec. Clk. 3
  Yolanda G. Guadiana (13)
  (512) 820-6410
  (512) 881-2535
- **MANAGER-SERVICE BUREAU** — Rec. Clk. 9
  Romelia Barrera (9)
  (512) 870-6930
- **MANAGER-SERVICE CENTER** — Rec. Clk. 10
  Pauline Harper (10)
  (512) 870-6172

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TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
JUNE 1, 1989

DIVISION MANAGER-MKTG. CUST. SVCS. -
James R. Reed (579)
(512) 820-7676

DISTRICT MANAGER-SALES/SERVICE CENTER (SA/Laredo)
Jane Burchard (193)
(512) 820-7725

AREA MANAGER-SALES/SERVICE CENTER — Bus. Ofc. Clk. 1
Will Howorth (53)
(512) 820-6659

- MANAGER-SALES/SERVICE CENTER — Svc. Rep. 9
  Rachel Campos (9)
  (512) 820-6514
- MANAGER-SALES/SERVICE CENTER — Svc. Rep. 10
  Rebecca Rendon (10)
  (512) 820-6223
- MANAGER-SALES/SERVICE CENTER — Svc. Rep. 9
  Nancy Valdez (9)
  (512) 820-5170
- MANAGER-SALES/SERVICE CENTER — Svc. Rep. 10
  Emily Luna (10)
  (512) 820-6923
- MANAGER-SALES/SERVICE CENTER — Svc. Rep. 9
  Sue Harris (9)
  (512) 820-6738

AREA MANAGER-SALES/SERVICE CENTER — Steno 1
Jo N. Tarvin (53)
(512) 820-6606

- MANAGER-SALES/SERVICE CENTER — Svc. Rep. 10
  Maria Y. Nious (10)
  (512) 820-6236
- MANAGER-SALES/SERVICE CENTER — Svc. Rep. 9
  Lisa Villarreal (9)
  (512) 820-6283
- MANAGER-SALES/SERVICE CENTER — Svc. Rep. 9
  Carol Pedraza (9)
  (512) 820-5171
- MANAGER-SALES/SERVICE CENTER — Svc. Rep. 10
  Tanya L. Tidrick (10)
  (512) 820-6039
- MANAGER-SALES/SERVICE CENTER — Svc. Rep. 9
  Judith M. Fletcher (9)
  (512) 820-6526

FOR ADDITIONAL SUBORDINATES SEE CHART 79

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TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
JUNE 1, 1989

DIVISION MANAGER-
MKTG. CUST. SVCS. -
James R. Reed (579)
(512) 820-7676

DISTRICT MANAGER-SALES/SERVICE CENTER (SA/Laredo)
Jane Burchard (193)
(512) 820-7725

AREA MANAGER-SALES/SERVICE CENTER | Steno 1
Joel I. Munis (54)
(512) 820-8082

MANAGER-SALES/SERVICE CENTER | Svc. Rep. 9
Cathy Scott (9)
(512) 841-0403

MANAGER-SALES/SERVICE CENTER | Svc. Rep. 10
Sharyn V. Hall (10)
(512) 820-6572

MANAGER-SALES/SERVICE CENTER | Svc. Rep. 9
Andrea Ybarra (9)
(512) 820-7475

MANAGER-SALES/SERVICE CENTER | Svc. Rep. 10
Jessie J. Harbert III (10)
(512) 820-6921

MANAGER-SALES/SERVICE CENTER | Svc. Rep. 10
Christine Thomas (10)
(512) 820-7476

AREA MANAGER-SALES/SERVICE CENTER (Laredo) | Bus. Ofc. Clk. 1
Tomas Garza (28)
(512) 727-6703

MANAGER-SALES/SERVICE CENTER | Svc. Rep. 8
Olivia Garza-Gongora (8)
(512) 727-6704

MANAGER-SALES/SERVICE CENTER | Svc. Rep. 8
Sylvia Solis (8)
(512) 727-6850

MANAGER-SALES/SERVICE CENTER | Svc. Rep. 8
Peggy Puig (8)
(512) 727-6705

SECRETARY-DISTRICT MANAGER-SALES/SERVICE CENTER
Anne Guyer
(512) 820-7727

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TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
JUNE 1, 1989

DIVISION MANAGER-
MKTG. CUST. SVCS. -

James R. Reed (579)
(512) 820-7676

DISTRICT MANAGER-SALES/SERVICE CENTER (Blg/Coll)

Marcus Semmelmann (146)
(512) 820-8051

AREA MANAGER-SALES/SERVICE CENTER — Steno 1

Natalie A. Rivas (38)
(512) 820-7474

MANAGER-SALES/SERVICE CENTER — Svc. Rep. 9

Gloria Slataper (9)
(512) 820-7477

MANAGER-SALES/SERVICE CENTER — Svc. Rep. 9

Pat Hunt (9)
(512) 820-7478

MANAGER-SALES/SERVICE CENTER — Svc. Rep. 9

Dorothy Thompson (11) — Ofc. Cler. Asst. 2
(512) 820-5816

MANAGER-SALES/SERVICE CENTER — Sr. Rec. Clks. 4

Sandra Fisher (4)
(512) 820-5999

AREA MANAGER-FACC — Bus. Ofc. Clk. 2

Jesse Garcia (32)
(512) 820-7770

MANAGER-FACC — FA Rep. 9

Shirley Cruickshank (9)
(512) 820-6913

MANAGER-FACC — FA Rep. 9

Bella Maldonado (9)
(512) 820-7025

MANAGER-FACC — FA Rep. 9

Colleen Haight (9)
(512) 820-5728

AREA MANAGER-SALES/SERVICE CENTER — Bus. Ofc. Clk. 1

Stuart Dudley (72)
(512) 820-7662

MANAGER-SALES/SERVICE CENTER — Svc. Rep. 10

Reba Sneed (10)
(512) 820-7091

MANAGER-SALES/SERVICE CENTER — Svc. Rep. 10

Shirley Clifton (10)
(512) 820-7093

MANAGER-SALES/SERVICE CENTER — Svc. Rep. 12

Frank Olivencia (12)
(512) 820-5817

MANAGER-SALES/SERVICE CENTER — Svc. Rep. 11

Mary Jane Rodriguez (11)
(512) 820-7089

MANAGER-SALES/SERVICE CENTER — Svc. Rep. 10

Urcie Allen (10)
(512) 820-7092

SECRETARY TO DISTRICT MANAGER-SALES/SERVICE CENTER

Debbie Price
(512) 820-8053

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TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
JUNE 1, 1989

GENERAL MANAGER-
MARKETING (TEXAS)
(SAN ANTONIO)

Phil Howard (1593)
(512) 351-7800

DISTRICT MANAGER-MARKETING ADMINISTRATIVE — See Chart 85

David L. Burns (19)
(512) 351-7805

DIVISION MANAGER-SALES/SERVICE CENTER — See Chart 86

Joe A. Ramsey (819)
(713) 983-1300

DIVISION MANAGER-MARKETING BUSINESS SALES - HOUSTON — See Chart 99

Ricardo A. Gamez (204)
(713) 939-5500

DIVISION MANAGER-MARKETING BUSINESS SALES - DALLAS — See Chart 105

Theodore E. Bernard (154)
(214) 464-4400

DIVISION MANAGER-MARKETING BUSINESS SALES - AUSTIN — See Chart 113

James A. Cowan (331)
(512) 870-4631

DIVISION MANAGER-MARKETING BUSINESS SALES - FT. WORTH — See Chart 119

Bill D. Serrault (59)
(817) 338-6556

SECRETARY TO GENERAL MANAGER-MARKETING (TEXAS)

Frances Felts
(512) 351-7803

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TEXAS
MARKETING DEPARTMENT
SOUTHWESTERN BELL TELEPHONE
AUGUST 16, 1989

GENERAL MANAGER-MARKETING (TEXAS) (SAN ANTONIO)

Phil Howard (1593)
(512) 351-7800

DISTRICT MANAGER-MARKETING ADMINISTRATIVE

David L. Burns (19)
(512) 351-7805

AREA MANAGER-MARKETING PERSONNEL

Jim Covington (1)
(512) 351-7819

MANAGER-MARKETING PERSONNEL

Joyce E. Rummel
(512) 351-7820

AREA MANAGER-MARKETING OPERATIONS

Mary Paule (2)
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Ruben Ortiz (5)
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MANAGERS-MARKETING OPERATIONS

Sandra Rivera
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Sr. Stenographer 3

AREA MANAGER-MARKETING TECHNICAL

Yvonne Ridenhour
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MANAGER-MARKETING OPERATIONS

Sara J. Kirk
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AREA MANAGER-MARKETING COG

Charles R. Miller
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MANAGER-MARKETING OPERATIONS

Peggy Tedford
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AREA MANAGER-MARKETING TECHNICAL

Curtis Browne
(512) 351-7825

MANAGER-MARKETING TECHNICAL

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Sr. Stenographer 1

EXHIBIT 12
FORM 10-K FOR 1991
FILE NO. 1-2346

SOUTHWESTERN BELL TELEPHONE COMPANY
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
DOLLARS IN MILLIONS

	YEAR ENDED DECEMBER 31,				
	1991	1990	1989	1988	1987
Income Before Income Taxes and Extraordinary Loss.....	$1,286.3	$1,319.4	$1,268.9	$1,345.9	$1,524.4
Add: Interest Expense....	456.3	439.3	476.6	486.4	497.4
1/3 Rental Expense..	22.7	29.6	28.2	32.4	42.2
Adjusted Earnings.....	$1,765.3	$1,788.3	$1,773.7	$1,864.7	$2,064.0
Total Interest Charges.....	$ 456.3	$ 439.3	476.6	$ 486.4	$ 497.4
1/3 Rental Expense.....	22.7	29.6	28.2	32.4	42.2
Adjusted Fixed Charges....	$ 479.0	$ 468.9	$ 504.8	$ 518.8	$ 539.6
Ratio of Earnings to Fixed Charges.....	3.69	3.81	3.51	3.59	3.83

SOUTHWESTERN BELL TELEPHONE COMPANY
SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT INFORMATION
Dollars in Millions

Column A - Item	Column B - Charged to Expense
Year 1991	
1. Maintenance and repairs.....	$1,515.2
2. Taxes, other than payroll and income taxes	
Property.....	265.1
Gross receipts.....	130.6
Year 1990	
1. Maintenance and repairs.....	$1,536.3
2. Taxes, other than payroll and income taxes	
Property.....	254.7
Gross receipts.....	116.2
Year 1989	
1. Maintenance and repairs.....	$1,437.7
2. Taxes, other than payroll and income taxes	
Property.....	239.8
Gross receipts.....	111.6

SWBT 000581

SOUTHWESTERN BELL TELEPHONE COMPANY
SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION
OF PROPERTY, PLANT AND EQUIPMENT
Dollars in Millions

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
Description	Balance at Beginning of Period	Additions Charged to Expense	Retire-ments	Other Changes -Note(a)	Balance at End of Period
Year 1991.	$8,063.0	$1,555.5	$ 770.1	$ 8.1	$8,856.5
Year 1990.	8,240.7	1,499.6	1,660.6	(16.7)	8,063.0
Year 1989.	7,208.2	1,711.2	640.1	(38.6)	8,240.7

(a) Comprised principally of the following items:

(1) Amounts received for property, plant and equipment sold.

(2) Provisions for the cost of removing plant and equipment retired.

(3) The 1991 amount also includes the Telepone Company's deferral of certain interstate amortization expenses to 1992, as required by the FCC beginning in July 1991.

SWBT 000579

SOUTHWESTERN BELL TELEPHONE COMPANY
SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT
Dollars in Millions

COL. A Classification	COL. B Balance at Beginning of Period	COL. C Additions at Cost -Note(a)	COL. D Retirements -Note(b)	COL. E Other Changes -Note(c)	COL. F Balance at End of Period
Year 1989					
Aerial Cable	$ 1,236.1	$ 61.4	$ 28.1	$ (15.5)	$ 1,253.9
Aerial Wire	36.2	.5	.9	-	35.8
Buildings	2,045.7	106.8	10.4	(3.1)	2,139.0
Buried Cable	5,199.3	290.2	49.2	(2.5)	5,437.8
Central Office Assets	7,988.3	467.7	341.9	103.2	8,217.3
Conduit Systems	1,176.8	26.9	2.3	(.1)	1,201.3
Furniture and Office Equipment	1,180.2	168.3	147.8	(64.9)	1,135.8
Held for Future Use	.2	-	-	7.7	7.9
Information Equipment	1,416.4	40.6	12.3	3.1	1,447.8
Intrabuilding Network Cable	126.5	2.1	4.3	18.5	142.8
Land	155.5	17.6	.1	(8.6)	164.4
Poles	289.3	11.7	4.9	-	296.1
Submarine Cable	4.8	.1	.3	-	4.6
Underground Cable	1,820.2	63.1	13.5	(.3)	1,869.5
Vehicles and Work Equipment	375.0	42.0	24.1	(.9)	392.0
Total Property Plant and Equipment	$23,050.5	$1,299.0	$640.1	$ 36.6	$23,746.0
Depreciation as a percentage of average depreciable plant and equipment					7.4%

The Notes on Sheet 4 are an integral part of this Schedule.

SWBT 000577

SOUTHWESTERN BELL TELEPHONE COMPANY
SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT
Dollars in Millions

COL. A Classification	COL. B Balance at Beginning of Period	COL. C Additions at Cost -Note(a)	COL. D Retirements -Note(b)	COL. E Other Changes -Note(c)	COL. F Balance at End of Period
Year 1991					
Aerial Cable	$ 1,281.8	$ 46.5	$ 27.2	$ (1.4)	$ 1,299.7
Aerial Wire	35.1	.6	.9	-	34.8
Buildings	2,245.1	131.3	11.9	(.5)	2,364.0
Buried Cable	5,686.0	299.0	65.0	(1.5)	5,918.5
Central Office Assets	8,505.5	732.3	515.1	25.1	8,747.8
Conduit Systems	1,238.8	31.7	2.4	(.2)	1,267.9
Furniture and Office Equipment	1,144.1	117.9	70.1	7.5	1,199.4
Held for Future Use	8.5	-	-	(8.1)	.4
Information Equipment	531.6	49.6	27.4	14.2	568.0
Intrabuilding Network Cable	141.1	2.1	2.5	3.5	144.2
Land	165.3	2.7	.2	.1	167.9
Poles	302.2	9.9	5.0	-	307.1
Submarine Cable	4.8	-	.1	-	4.7
Underground Cable	1,931.2	73.0	23.0	-	1,981.2
Vehicles and Work Equipment	413.3	20.5	19.3	-	414.5
Total Property Plant and Equipment	$23,634.4	$ 1,517.1	$ 770.1	$ 38.7	$24,420.1

Depreciation as a percentage of average depreciable plant and equipment 6.6%

SWBT 000575

The Notes on Sheet 4 are an integral part of this Schedule.

Approximately 17 percent in 1991, 19 percent in 1990 and 23 percent in 1989 of the Telephone Company's revenues were from services provided to AT&T. No other customer accounted for more than 10 percent of total revenues.

11. Contingent Liabilities

The Telephone Company is party to numerous lawsuits, regulatory proceedings and other matters arising in the ordinary course of the business. In the opinion of management, although the outcomes of these claims and suits are uncertain, they should not have a material adverse effect on the Telephone Company's financial position or results of operations.

SWBT 000573

Dollars in Millions

7. Long-Term Debt

A summary of long-term debt is as follows:

		December 31, 1991	December 31, 1990
Debentures - Interest Rates and Maturities:			
4 1/2% - 4 3/4%	1992 - 1997	$ 300.0	$ 300.0
5 3/8% - 6 7/8%	2003 - 2011	650.0	650.0
7 3/8% - 8 3/4%	1993 - 2024	3,200.0	2,800.0
9 1/4% - 9 5/8%	2015 - 2019	600.0	600.0
11 1/2% - 11 7/8%	2021 - 2023	-	680.0
12 3/4%	2025	-	52.0
		4,750.0	5,082.0
Unamortized discount - net of premium		(175.1)	(241.4)
Total debentures		4,574.9	4,840.6
Capitalized Leases		23.8	23.5
		4,598.7	4,864.1
Current Maturities		(107.4)	(5.9)
Total Long-Term Debt		$4,491.3	$4,858.2

Prior to the adoption of the Uniform System of Accounts on January 1, 1988, the call premium and unamortized discount (or premium) on Telephone Company debt extinguished prior to maturity had been classified as a discount (or premium) on long-term debt and is being amortized (as approved by the FCC) over the remaining life of the new debt issued. Beginning January 1, 1988, expenses associated with the early extinguishment of debt are reflected in net income in the period in which the extinguishment occurs.

In June 1991, the Telephone Company issued $200 of five-year, 8.30 percent notes due June 1, 1996, and $200 of three-year, 7.70 percent notes due June 1, 1994. These securities were issued pursuant to a shelf registration statement filed with the Securities and Exchange Commission for the issuance of up to $700 of debt securities, of which $300 remains available for issuance.

Proceeds from the sale of the notes were applied toward the early retirement of $732 of the Telephone Company's debt as follows: $280 of 11.50 percent bonds due April 18, 2023, $400 of 11.875 percent bonds due October 18, 2021, and $52 of 12.75 percent bonds due February 15, 2025. The Telephone Company funded the remainder of the redemption with proceeds from the sale of commercial paper.

Expenses associated with the refinancing, including a call premium of $67.5, totalled $129.3 with a related tax effect of $48.6, resulting in an extraordinary charge to income of $80.7.

SWBT 000571

Dollars in Millions

4. Property, Plant and Equipment

Property, plant and equipment, which is stated at cost, is summarized as follows:

	December 31,	
	1991	1990
Telephone Plant -		
In service	$24,005.6	$23,245.1
Under construction	414.1	380.8
Held for future use	.4	8.5
	24,420.1	23,634.4
Accumulated depreciation and amortization	(8,856.5)	(8,063.0)
Property, Plant and Equipment - Net	$15,563.6	$15,571.4

As a result of the 1989 triennial represcription, where depreciation rates for telephone plant and equipment are reviewed, the FCC authorized revised depreciation rates for the Telephone Company, effective January 1, 1990. Certain individual state jurisdictions also adopted depreciation rate revisions during 1990. Revisions adopted by Arkansas, Oklahoma and Texas reduced annual depreciation expense by approximately $108. The 1990 results also included a one-time reduction to Texas depreciation expense for 1989 of approximately $100. Because rate reductions offset portions of the decrease in 1990 depreciation expense, the effect on 1990 net income was not material.

5. Leases

Certain facilities and equipment used in operations are under capital or operating leases. Rental expenses under operating leases were $68.2, $88.8 and $84.5 for 1991, 1990 and 1989, respectively. At December 31, 1991, the aggregate minimum rental commitments under noncancelable leases were as follows:

Year	Operating Leases	Capital Leases
1992	$ 25.6	$ 12.1
1993	19.2	11.1
1994	10.5	5.0
1995	7.3	1.5
1996	4.1	1.3
Thereafter	19.6	5.7
Total minimum lease payments	$ 86.3	36.7
Amount representing executory costs		(2.8)
Amount representing interest		(10.1)
Present value of minimum lease payments		$ 23.8

SWBT 000569

In implementing the statement, an employer may immediately recognize the accumulated obligation for postretirement benefits at the date of implementation or amortize the amount over a period not to exceed the greater of the average remaining service period of plan participants or 20 years. Management estimates its accumulated obligation for postretirement benefits to be between $2,600 and $3,000. The Telephone Company is currently evaluating the alternatives for recognizing this obligation.

The Telephone Company has completed a preliminary analysis of the statement. While the postretirement benefit expense increase may be material, a specific estimate cannot be made at this time. The magnitude of the financial statement impact depends on the implementation option chosen, level of expense recognition within the ratemaking process and certain revenue-sharing agreements in the Telephone Company's regulatory jurisdictions, as well as the possibility of amendments to the Telephone Company's postretirement benefit plans. Based upon the preliminary analysis, however, the Telephone Company anticipates that Statement No. 106 will increase this annual expense by approximately two to three times the amount reflected under the current method of accounting.

3. Income Taxes

The components of income tax expense are as follows:

	1991	1990	1989
Federal:			
Current	$472.8	$423.8	$402.9
Deferred-net	(69.5)	(13.7)	(8.2)
Amortization of investment tax credits	(86.7)	(88.1)	(98.8)
	316.6	322.0	295.9
State and local:			
Current	34.2	30.8	24.3
Deferred-net	(0.5)	(2.5)	5.5
	33.7	28.3	29.8
Total	$ 350.3	$ 350.3	$ 325.7

The components of deferred federal income tax expense are as follows:

	1991	1990	1989
Depreciation	$ (62.5)	$ 17.9	$(11.1)
Other-net	(7.0)	(31.6)	2.9
Total	$ (69.5)	$(13.7)	$ (8.2)

The Telephone Company does not provide deferred income taxes if its regulated rates to customers are based on taxes currently payable ("flow-through" treatment). The amounts of income tax timing differences for which deferred tax liabilities have not been provided were approximately $382.5, $450.7 and $522.3 at December 31, 1991, 1990 and 1989, respectively. The timing differences accorded flow-through treatment result principally from portions of allowance

Dollars in Millions

2. Employee Retirement Benefits

Pensions

Substantially all employees of the Telephone Company are covered by noncontributory pension and death benefit plans sponsored by the Corporation. The pension benefit formula used in the determination of pension cost is based on a flat dollar amount per year of service according to job classification for nonmanagement employees, and a stated percentage of adjusted career income for management employees.

The Corporation's objective in funding the plans, in combination with standards of the Employee Retirement Income Security Act of 1974 (as amended), is to accumulate funds sufficient to meet its benefit obligations to employees upon their retirement. Contributions to the plans are made to an irrevocable trust for the sole benefit of plan participants. Plan assets consist primarily of stocks, U.S. government and domestic corporate bonds and real estate.

The following data relate to plan costs:

	1991	1990	1989
Pension cost (credit)	$(57.5)	$(66.6)	$(58.8)
Amount capitalized in property, plant and equipment	$ (5.5)	$ (5.7)	$ (5.5)
Assumed discount rate for determining pension cost	7.5%	7.5%	8.0%
Assumed long-term rate of return on plan assets	7.75%	7.5%	7.5%

Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions", requires certain disclosures to be made of components of net periodic pension cost for the period and a reconciliation of the funded status of the plans with amounts reported in the balance sheets. Since the funded status of plan assets and obligations relates to the plans as a whole, which are sponsored by the Corporation, this information is not presented for the Telephone Company. As of December 31, 1991 and 1990, the amount of the Telephone Company's cumulative contributions made to the pension trust in excess of its cumulative amount of pension cost recognized was $561.0 and $501.5, respectively. Based on the actuarial valuations of each plan, the fair value of each plan's assets exceeded the estimated actuarial projected benefit obligation at December 31, 1991 and 1990.

The projected benefit obligations for 1991 and 1990 were determined using a discount rate of 7.5 percent and composite rates of compensation increase of 4.6 percent and 6.7 percent, respectively.

Substantially all employees are eligible to participate in voluntary savings plans sponsored by the Corporation which are designed to

SWBT 000565

1. Summary of Significant Accounting Policies

Southwestern Bell Telephone Company (Telephone Company) is a regulated utility which provides telecommunications services to customers in Arkansas, Kansas, Missouri, Oklahoma and Texas. The Telephone Company is a wholly-owned subsidiary of Southwestern Bell Corporation (Corporation).

Regulatory Accounting

The Telephone Company prepares its financial statements in accordance with the provisions of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" (Statement No. 71). The provisions of Statement No. 71 require, among other things, that regulated enterprises reflect rate actions of regulators in their financial statements, when appropriate. These rate actions can provide reasonable assurance of the existence of an asset, reduce or eliminate the value of an asset, or impose a liability on a regulated enterprise. Statement No. 71 also specifies that the actions of a regulator can eliminate only liabilities imposed by the regulator.

Allowance for Funds Used During Construction

Where capital invested by the Telephone Company in construction projects is not allowed in the rate base upon which revenue requirements are determined, it is the practice of regulatory authorities to allow, in lieu thereof, a capitalization of interest and equity costs during periods of construction. These capitalized costs are reflected as income during the construction period and as an addition to the cost of plant constructed.

Income Taxes

The Telephone Company is included in the Corporation's consolidated federal income tax return. Federal income taxes are provided for in accordance with the provisions of the Tax Allocation Agreement (Agreement) between the Telephone Company and the Corporation. Under the Agreement, the Telephone Company's income tax provision reflects the financial consequences of all income, deductions and credits which can be utilized on a separate return basis or in consolidation with the Corporation and which are assured of realization.

Deferred income taxes are provided for certain timing differences between earnings reported in the financial statements and earnings reported for income tax purposes.

Investment tax credits resulted from federal tax law provisions that allowed for a reduction in income tax liability based on certain construction and other capital expenditures. Corresponding income tax

SOUTHWESTERN BELL TELEPHONE COMPANY
BALANCE SHEETS
Dollars in Millions

	December 31, 1991	December 31, 1990
Assets		
Current Assets:		
Cash and cash equivalents	$ 53.8	$ 38.4
Accounts receivable - net of allowances for uncollectibles of $12.3 and $18.1	1,182.8	1,175.9
Deferred income taxes	91.6	77.8
Material and supplies	86.5	94.4
Deferred charges	80.4	55.0
Prepaid expenses and other current assets	33.7	90.9
Total current assets	1,528.8	1,532.4
Property, Plant and Equipment - Net	15,563.6	15,571.4
Other Assets	880.3	878.9
Total Assets	$17,972.7	$17,982.7
Liabilities and Shareowner's Equity		
Current Liabilities:		
Debt maturing within one year	$ 629.3	$ 209.0
Accounts payable and accrued liabilities	1,904.4	1,802.7
Total current liabilities	2,533.7	2,011.7
Long-Term Debt	4,491.3	4,858.2
Deferred Credits and Other Noncurrent Liabilities:		
Deferred income taxes	3,274.1	3,352.4
Unamortized investment tax credits	567.3	654.1
Other noncurrent liabilities	15.2	15.2
Total deferred credits and other noncurrent liabilities	3,856.6	4,021.7
Commitments and Contingent Liabilities (Notes 5, 11)		
Shareowner's Equity:		
Common stock - one share, without par value, owned by parent	6,469.9	6,469.9
Retained earnings	621.2	621.2
Total shareowner's equity	7,091.1	7,091.1
Total Liabilities and Shareowner's Equity	$17,972.7	$17,982.7

The accompanying notes are an integral part of the financial statements.

SWBT 000561

Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Southwestern Bell Telephone Company

We have audited the financial statements of Southwestern Bell Telephone Company listed in the accompanying index to financial statements (Item 14(a)(1) and (2)). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements listed in the accompanying index to financial statements (Item 14(a)(1) and (2)) present fairly, in all material respects, the financial position of Southwestern Bell Telephone Company at December 31, 1991 and 1990, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1991, in conformity with generally accepted accounting principles.

ERNST & YOUNG

St. Louis, Missouri
February 7, 1992

SWBT 000559

Dollars in Millions

Accounting for Income Taxes

In February 1992, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (Statement No. 109), which requires a change from the current method of accounting for income taxes to the liability method. For additional information, see Note 3 to the Financial Statements.

Statement No. 109 is effective beginning in 1993. Management does not expect the statement to have a material impact on the Telephone Company's net income or financial position.

Accounting for Postretirement Benefits Other Than Pensions

In December 1990, the FASB issued Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (Statement No. 106). The statement will change the manner in which the Telephone Company accounts for postretirement benefits by requiring expense to be recognized on an accrual basis as benefits are earned by active employees. Currently, expense is recognized on a cash basis as claims are incurred by retirees. This increase may be material but a specific estimate cannot be made at this time. Note 2 to the Financial Statements discusses the factors which will influence the extent of the expense increase resulting from implementing the statement.

In September 1991, the Telephone Company filed with the FCC its notification of intent to adopt Statement No. 106 for interstate regulatory accounting purposes. The notification requested that the FCC incorporate the statement into its Uniform System of Accounts. On December 26, 1991, the FCC issued an order authorizing all local exchange carriers to adopt the statement on or before January 1, 1993. The FCC selected the amortization method for the recognition of the accumulated benefit obligation which exists at the date of adoption.

Income Tax Refund

During 1987, an Internal Revenue Service (IRS) summary assessment was made upon the Telephone Company requiring payment of approximately $80 in tax and interest related to issues being contested at the IRS Appeals Division for tax years 1979 and 1980 (when the Telephone Company was a member of the AT&T consolidated group for tax return purposes). The payment was recorded as an "other asset" on the Telephone Company's Balance Sheets.

Subsequent to yearend, the summary assessment dispute has been resolved. In correspondence received early in 1992, the IRS indicated that the Congressional Joint Committee on Taxation took no exception with respect to the claim for refund of the summary assessment. In February 1992, the Telephone Company received a partial payment of approximately $35 from the IRS. Management expects to receive the entire refund during early 1992.

SWBT 000557

approval, returned to customers in the second quarter of 1992. Reductions in revenues due to sharing did not have a material impact on the Telephone Company's financial results in 1991 or 1990.

Oklahoma

In January 1989, the Oklahoma Corporation Commission (OCC) ordered an investigation into the reasonableness of the Telephone Company's intrastate rates. Hearings associated with this investigation began on October 7, 1991, and were concluded on January 31, 1992. An order in the case is expected in the second quarter of 1992. The OCC staff and the Oklahoma Attorney General have filed testimony which proposed annual rate reductions of approximately $120 and $80, respectively.

On April 19, 1991, the OCC issued an interim order in the above described case determining that the Telephone Company's return on equity, on an interim basis, should be 11.41 percent, rather than the 14.25 percent return on equity ordered in the last general rate case in 1986. In addition, the interim order provides that earnings exceeding 11.41 percent return on equity will be subject to refund, with interest, beginning April 19, 1991, through December 31, 1991, or until further order of the OCC. The OCC issued an order on December 27, 1991, which extended the period during which the Telephone Company's rates may be held subject to refund from December 31, 1991, to April 10, 1992. The return on equity will remain at 11.41 percent during the extended interim period. The OCC Staff and the Oklahoma Attorney General propose refunds of approximately $85 and $54, respectively, for the year ended December 31, 1991. The total refund recommendations, if extended to April 10, 1992, would be approximately $123 and $79, respectively.

The Oklahoma Supreme Court has decided that, until a final order is issued in this case and until the final decision of the OCC is appealed, an opinion will not be rendered concerning the legality of the interim order. The Telephone Company's capital structure, rate base, revenues and expenses, as determined in the hearings, will be used by the OCC to determine the amount of earnings subject to refund. In view of the legal issues surrounding this purported refund obligation, management does not expect the final order to have a material future impact on Telephone Company operations.

In 1986, the OCC made an inquiry into the effects of the Tax Reform Act of 1986 on the Telephone Company. As a result of the inquiry, in October 1989, the OCC concluded that the Telephone Company had a revenue surplus of $27.5. The Telephone Company was required to invest this revenue surplus, together with interest, to upgrade its network in Oklahoma rather than refund it to customers. In addition, prospective annual rate reductions totaling $7.8 were ordered, effective October 1, 1989.

Also in October 1989, the Oklahoma Attorney General, the American Association of Retired Persons, and the Telephone Company separately appealed the OCC order to the Oklahoma Supreme Court. On December 24, 1991, the Supreme Court issued its opinion affirming the order in part, reversing in part, and remanding the cause for further proceedings. The Court upheld that portion of the OCC's decision which required the Telephone Company to invest the revenue surplus to upgrade its network in the state. The Court also determined, among other issues, that the OCC's finding of a depreciation reserve deficiency was not supported by substantial evidence and that the OCC's cash working capital analysis was inappropriate. Although the final

Dollars in Millions

Incentive Regulation

	Status	Sharing Basis	Sharing Mechanism	Protection From Inadequate Earnings
KANSAS	Approved 12/29/89 Ordered 2/2/90	Not applicable. No cap on or sharing of earnings.	Not applicable.	Final order contains language which covers extra-ordinary events.
MISSOURI	Approved 9/26/89 Modified 3/91	ROE* target of 14.1%. Earnings from 14.1% to 14.5% shared 60% customer; at and above 14.5% to 17.25%, 50-50 sharing. Above 17.25% will be returned to customers.	One-time annual credit on June bill.	ROE 12.61% or lower may file rate case.
TEXAS	Stipulation adopted 11/28/90	ROE target of 14.2% (12.06% ROI#). Earnings above 14.2% through 18.2% (14.5% ROI) shared 50-50. Above 18.2% returned to customers. (ROEs are approximated from ROIs specified in stipulation.)	Credit to monthly bill given one time each year.	ROE below 11.44% may file rate case.

* Return on equity.
\# Return on investment.

Arkansas

In August 1991, the Arkansas Public Service Commission (APSC) established a generic docket to address the applicability of alternative forms of regulation to the local exchange carrier industry in the state. The APSC cited evolving changes in technology and competition as the reasons for seeking comments on the merits of various forms of incentive regulation. The Telephone Company submitted comments on February 10, 1992, which advocated the elimination of rate base/rate-of-return regulation. Hearings will take place in the second quarter of 1992.

SWBT 000553

Dollars in Millions

The changes in total operating expenses in 1991 as compared with 1990 are comprised of the following increases (decreases) by expense component:

	1991	
Cost of services and products	$(71.1)	(2.8)%
Selling, general and administrative	8.6	0.5
Depreciation and amortization	55.2	3.7
	$ (7.3)	(0.1)%

Costs of Services and Products decreased slightly in 1991 compared to 1990 due to the positive impacts of the voluntary management reduction plan implemented in late 1990 and other cost containment measures implemented in 1991. These expense reductions were offset somewhat by annual salary increases.

Selling, General and Administrative Expenses increased in 1991 compared to 1990 due to increased benefit costs and the impact of the voluntary management reduction program implemented in the fourth quarter. This increase was partially offset by the expense savings from the 1990 voluntary management reduction plan previously described.

Depreciation and Amortization increased in 1991 as compared to 1990 due mostly to the amortization of Texas intrastate reserve deficiency and the increase in depreciation expense caused by a change in plant composition. Other factors affecting the comparison of 1990 and 1991 include reduced expense in 1991 due to the completion of embedded inside wire amortization in the prior year offset by lower depreciation recorded in Texas in 1990.

Interest Expense

Increased $17.0 or 3.9 percent in 1991 compared with 1990, due to an increase in short-term borrowing activity. The interest expense increase was partially offset by the savings associated with the debt refinancing discussed below.

Other Income

Increased $18.2 or 209.2 percent in 1991 compared with 1990, due mainly to an increase in the allowance for funds used during construction and interest associated with tax refunds, offset somewhat by an increase in charitable contributions.

Extraordinary Item

The Telephone Company reflected in second quarter 1991 net income an extraordinary charge of $80.7 as a result of refinancing $732 of long-term debt. See Note 7 to the Financial Statements.

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Dollars in Millions

The changes in total operating revenues in 1991 are comprised of the following increases (decreases) by revenue component:

	1991	
Local telephone service	$131.4	3.9 %
Network access:		
Interstate	(108.0)	(6.1)
Intrastate	(82.1)	(9.4)
Long-distance service	(44.2)	(4.2)
Other	61.3	16.4
	$(41.6)	(0.6)%

Local Telephone Service revenues increased in 1991 compared with 1990 due primarily to a 2.4 percent growth in the number of access lines.

Network Access Interstate network access revenues decreased in 1991 compared to 1990 due primarily to the decrease in rates charged for interstate telecommunications services. The rate reductions were partially offset by increased access demand and growth in end user charges attributable to an increasing access line base.

In addition, interstate access revenues were lower in 1991 compared with the prior year because of the net positive adjustment to overearnings accruals in 1990 arising from a settlement of certain claims by interexchange carriers relating to a portion of the Telephone Company's liability.

Intrastate network access revenues decreased in 1991 compared to 1990 due primarily to rate reductions in Texas and the impact of net settlements with independent telephone companies. These settlements are the process by which the Telephone Company and other local exchange carriers recover the expense and investment of jointly handling intrastate network access services. These reductions in revenues were partially offset by an increase in customer demand.

Long-Distance Service revenues decreased in 1991 due primarily to rate reductions and a decrease in demand for services. The revenue decrease was partially offset by a positive change in net settlements with independent telephone companies.

Other Revenues The increase was due primarily to growth in the Telephone Company's non-regulated products and services. Other revenues were also favorably impacted by lower uncollectibles experience during 1991.

Operating Expenses

Total operating expenses were $5,708.4 for 1991 and $5,715.7 in 1990, a decrease of 0.1 percent.

SWBT 000550

Dollars in Millions

Operating Environment and Trends of the Business

Interstate Regulatory Environment

Interstate Price-Caps

In September 1990, the FCC adopted rules to begin Price-Cap Regulation effective January 1, 1991, for interstate telecommunication services offered by the local exchange telephone companies, including the Telephone Company. In addition, the FCC represcribed the interstate authorized return on investment (upon which initial price cap rates were based) to 11.25 percent from 12.0 percent.

The Price-Cap Regulation shifts the focus of regulation to prices rather than earnings and costs. Prices for most interstate services are capped, and the cap will be adjusted annually for changes in inflation, productivity and other factors. To the extent that the Telephone Company can exceed the FCC's productivity objective, the opportunity exists to earn a higher return than under previous rate base regulation. The annual productivity election made by the Telephone Company in 1991 was 3.3 percent. All earnings up to 12.25 percent return on investment are retained by the Telephone Company, and earnings between 12.25 percent and 16.25 percent are subject to sharing with the customers through a downward adjustment to the price cap index in the subsequent year.

The Telephone Company has completed its first year under the FCC's Price-Cap Regulation. There were no earnings subject to sharing for the year ended December 31, 1991.

State Regulatory Environment

The Telephone Company operates in a five-state area comprised of Arkansas, Kansas, Missouri, Oklahoma and Texas. Arkansas and Oklahoma are currently regulated under traditional rate of return methodology. Since 1990, Kansas, Missouri and Texas have been regulated under alternative forms of incentive regulation as described below.

The Missouri Public Service Commission (MPSC) and Texas Public Utility Commission (TPUC) each require that certain ratemaking adjustments be made to the Telephone Company's reported earnings in order to compute the earnings subject to sharing. These adjustments, however, are not used in preparing the published financial statements. As a result, differences may exist between the returns reported to these regulatory bodies and those computed from the financial statements contained herein.

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Dollars in Millions

Kansas

Kansas has completed its second year of the five-year incentive regulation plan (TeleKansas) approved by the Kansas Corporation Commission (KCC) in February 1990. Over the five years of TeleKansas, the plan provides that neither the Telephone Company nor the KCC staff will seek to alter the Telephone Company's basic rates based on traditional rate-of-return regulation. The major provisions of the TeleKansas plan include: frozen basic local rates for five years; a reduction of other annual rates approximating $22 beginning in February 1990; a network modernization plan at an estimated cost of $160; and flexible pricing for a specified list of discretionary services. There were no other significant regulatory developments in Kansas during 1991.

Missouri

Missouri is completing its second year under a three-year incentive regulation plan (Missouri Plan). A general moratorium for Telephone Company initiated rate cases and MPSC earnings complaints is in effect for the three-year period. The incentive plan was formed as part of a September 1989 agreement among the MPSC, the Missouri Office of Public Counsel and the Telephone Company. The agreement settled an appeal, filed in the Cole County Circuit Court (Circuit Court), of a June 20, 1989, order of the MPSC. In addition to its incentive regulation provisions, the Missouri Plan reduced Telephone Company annual revenues in Missouri, effective October 1, 1989, by approximately $82. Furthermore, the Telephone Company is required to upgrade its network in Missouri between 1990 and 1997 at an estimated cost of $180.

AT&T, MCI and certain others challenged the MPSC's procedures in entering into the settlement, as well as the legality of certain provisions of the Missouri Plan. In a related challenge before the Circuit Court, the Court entered an order on October 24, 1989, that required the Telephone Company to remit to the Circuit Court an amount representing revenue collected from customers in excess of rates authorized by the MPSC's order of June 20, 1989, together with interest. In October 1990, the Telephone Company remitted $26.4 to the Circuit Court.

In March 1991, the Telephone Company entered into a settlement with AT&T and the other litigants who were contesting the September 1989 settlement. The new settlement preserves all elements of the Missouri Plan with minor modifications. According to the settlement provisions, refunds to AT&T, MCI and certain others were paid out of the $26.4 remitted to the Circuit Court.

All obligations associated with this settlement were fulfilled during the second quarter of 1991. An order confirming that the Telephone Company has satisfied its obligations concerning the funds on deposit with the Circuit Court is anticipated during 1992.

Final revenue sharing amounts for the first plan year were calculated, approved and returned to customers in June 1991. Cash payments to customers resulting from both the first year's sharing benefits and the March 1991 settlement were approximately $28, substantially all of which was accrued during 1990. Sharing amounts for the second plan year were accrued throughout 1991. These amounts will be finalized and, upon MPSC

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outcome of the Court order is uncertain at this time, management does not expect the decision to have a material future impact on Telephone Company operations.

In January 1990, the Telephone Company filed with the OCC an incentive regulation plan referred to as "TeleState/21". A clarifying amendment was filed on November 20, 1990. This plan would have frozen basic monthly telephone rates for five years and would have provided for the upgrade of the Telephone Company's network in Oklahoma at an estimated cost of $80. On September 30, 1991, the Telephone Company filed a notice of withdrawal and motion to dismiss its TeleState/21 offering. On October 7, 1991, the OCC granted the Telephone Company's motion to dismiss the plan. The OCC has initiated a notice of inquiry concerning imposition of network modernization requirements.

Texas

In November 1990, the TPUC approved a proposed settlement agreement, with minor changes (the Agreement), which resolved the TPUC's inquiry into the rates of the Telephone Company in Texas. The Agreement provides, among other things, that the Telephone Company will, over the four-year period ending December 1994, cap certain local rates and provide more than $1,200 in cumulative rate reductions and other benefits to customers in Texas. The first-year rate reductions and customer benefits were approximately $246 in 1991. In accordance with the provisions of the Agreement, additional rate reductions of $34 have been implemented for the second year of the Agreement. Sharing amounts for the first plan year were accrued in 1991. These amounts will be finalized and, upon TPUC approval, returned to customers in the second quarter of 1992. Reductions in revenues due to sharing did not have a material impact on the Corporation's financial results in 1991.

The Agreement also provides for a four-year network modernization plan that management estimates will cost $329. The Telephone Company was also required to reduce its intrastate depreciation expense in Texas by approximately $100 annually, retroactive to January 1, 1989, but was allowed to amortize its intrastate reserve deficiency beginning in 1991.

In 1991 the Agreement was appealed by various intervenors to the District Court of Travis County, Texas. On December 10, 1991, the District Court issued an order which affirmed the decision of the TPUC and denied all appeals. The same intervenors have filed further appeals with the Texas Court of Appeals which are now pending.

Other Business Matters

Voluntary Retirement Program

In September 1991, the Corporation offered a voluntary retirement program and significant pension enhancements to management employees. One objective of the program was to reduce the management workforce of the Telephone Company. As a result of the program, 3,536 Telephone Company managers elected to retire or resign effective December 30, 1991.

The program resulted in a fourth quarter charge to net income of approximately $28 for the Telephone Company. Management estimates that the program will have a positive impact on 1992 earnings of approximately $90. For additional information, see Note 2 to the Financial Statements.

Dollars in Millions

Five-State Area Economic Analysis

The economy in the five-state area outperformed the national economy in 1991, despite a decline in the first quarter. The year-over-year growth of the regional business index was slightly positive, which contrasted favorably with a larger decline within the nation. Construction, manufacturing output and retail sales were the sources of relative strength during the year. Among the five states, Arkansas exhibited the strongest performance. The pause in the national economic recovery during the fourth quarter of 1991 was also felt in the five-state area, as the annual growth rate of the regional business index slowed.

Non-farm employment in the five states rose 1 percent in 1991, while national employment declined by a similar amount. The labor force in the five-state area grew 1 percent, which contributed to the rise in the unemployment rate to 6.5 percent from 5.9 percent.

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SOUTHWESTERN BELL TELEPHONE COMPANY
STATEMENTS OF INCOME AND RETAINED EARNINGS
Dollars in Millions

	1991	1990	1989
Operating Revenues			
Local telephone service	$3,527.9	$3,396.5	$3,324.9
Network access	2,440.8	2,630.9	2,658.5
Long-distance service	1,020.4	1,064.6	1,051.5
Other	435.0	373.7	334.2
Total operating revenues	7,424.1	7,465.7	7,369.1
Operating Expenses			
Cost of services and products	2,433.5	2,504.6	2,335.7
Selling, general and administrative	1,719.4	1,710.8	1,560.6
Depreciation and amortization	1,555.5	1,500.3	1,711.2
Total operating expenses	5,708.4	5,715.7	5,607.5
Operating Income	1,715.7	1,750.0	1,761.6
Other Income (Expense)			
Interest expense	(456.3)	(439.3)	(476.6)
Allowance for funds used during construction	33.8	25.7	13.3
Other income (expense) - net	(6.9)	(17.0)	(29.4)
Total other income (expense)	(429.4)	(430.6)	(492.7)
Income Before Income Taxes and Extraordinary Loss	1,286.3	1,319.4	1,268.9
Income Taxes			
Federal	316.6	322.0	295.9
State and local	33.7	28.3	29.8
Total income taxes	350.3	350.3	325.7
Income Before Extraordinary Loss	936.0	969.1	943.2
Extraordinary Loss on Early Extinguishment of Debt, net of tax	80.7	-	-
Net Income	$ 855.3	$ 969.1	$ 943.2
Retained Earnings			
At beginning of year	$ 621.2	$ 621.2	$ 621.2
Net income	855.3	969.1	943.2
Dividends to parent	(855.3)	(969.1)	(943.2)
At end of year	$ 621.2	$ 621.2	$ 621.2

The accompanying notes are an integral part of the financial statements.

SOUTHWESTERN BELL TELEPHONE COMPANY
STATEMENTS OF CASH FLOWS
Dollars in Millions

	1991	1990	1989
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Net income	$ 855.3	$ 969.1	$ 943.2
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,555.5	1,500.3	1,711.2
Provision for uncollectible accounts	67.3	85.5	65.8
Amortization of investment tax credits	(86.7)	(88.1)	(98.8)
Provision for pensions	(55.2)	(62.7)	(58.8)
Deferred income tax expense	(70.0)	(16.2)	(2.7)
Extraordinary item, net of tax	80.7	-	-
Changes in operating assets and liabilities:			
Accounts receivable	(72.0)	(25.3)	(173.2)
Other current assets	(7.4)	(74.4)	22.1
Accounts payable and accrued liabilities	126.3	39.5	137.2
Other cash payments for noncurrent assets	-	-	(20.6)
Other - net	43.4	(27.4)	(56.0)
Total adjustments	1,581.9	1,331.2	1,526.2
Net cash provided by operating activities	2,437.2	2,300.3	2,469.4
Cash Flows from Investing Activities:			
Construction and capital expenditures	(1,475.3)	(1,479.0)	(1,282.6)
Net cash used in investing activities	(1,475.3)	(1,479.0)	(1,282.6)
Cash Flows from Financing Activities:			
Net change in short-term borrowings with original maturities of three months or less	318.8	144.1	(201.6)
Repayment of long-term debt	(7.8)	(12.7)	(9.6)
Proceeds from long-term debt	397.4	-	-
Early extinguishment of debt and related call premiums	(799.5)	-	-
Dividends paid	(855.4)	(947.2)	(970.3)
Net cash used for financing activities	(946.5)	(815.8)	(1,181.5)
Net increase in cash and cash equivalents	15.4	5.5	5.3
Cash and cash equivalents beginning of year	38.4	32.9	27.6
Cash and Cash Equivalents End of Year	$ 53.8	$ 38.4	$ 32.9

The accompanying notes are an integral part of the financial statements.

expense reductions were deferred and are being amortized as reductions in income tax expense over the life of the property, plant and equipment that gave rise to the credits.

Cash Equivalents

Cash equivalents include all highly liquid investments with an original maturity of three months or less.

Material and Supplies

New and reusable materials are carried principally at average original cost. Specific costs are used for large individual items. Nonreusable material is carried at estimated salvage value.

Deferred Charges

As required by the Federal Communications Commission (FCC), the deferred cost of compensated future absences as of December 31, 1987, is being amortized over ten years. The current portion of this deferral is classified as a "deferred charge" and the noncurrent portion is classified as an "other asset" on the Telephone Company's Balance Sheets.

Property, Plant and Equipment

The cost of additions and substantial betterments of property, plant and equipment is capitalized. Cost includes salaries and wages, material, applicable taxes, pensions, allowance for funds used during construction and certain other items.

The Telephone Company computes depreciation using certain straight-line methods as prescribed by the FCC and the applicable state regulatory authorities. The Telephone Company's provision for depreciation includes the amortization of interstate and certain intrastate accumulated depreciation deficiencies (reserve deficiency amortization). Reserve deficiency amortization allows additional depreciation to be recognized currently in an attempt to more accurately reflect prior years' actual consumption of telephone plant.

When a portion of the Telephone Company's depreciable property, plant and equipment is retired, the gross book value is charged to accumulated depreciation.

The cost of maintenance and repairs of property, plant and equipment, including the cost of replacing minor items not constituting substantial betterments, is charged to operating expenses.

strengthen the employee's financial security at retirement by providing an incentive to save and invest regularly. Under the savings plans, the Telephone Company matches a stated percentage of eligible employee contributions, subject to a specified ceiling. Starting in 1990, the Telephone Company's match of employee contributions is being fulfilled with the Corporation's common stock allocated from two leveraged Employee Stock Ownership Plans and from purchases of the Corporation's stock in the open market. The costs relating to these savings plans were $53.5, $57.4 and $43.5 in 1991, 1990 and 1989, respectively.

Voluntary Retirement Program

In September 1991, the Board of Directors of the Corporation approved terms of a voluntary retirement program for management employees of the Corporation and selected subsidiaries, including the Telephone Company. As an incentive for managers to retire or resign effective December 30, 1991, special retirement benefits were offered to managers in the form of a five-year, 15 percent supplemental pension benefit and a lump-sum payment option.

The Corporation also amended its management pension plan to provide all managers with an additional five years of age and service for purposes of computing a frozen level of pension benefit. This level of benefit is available to management employees until the frozen benefit is exceeded by a pension benefit calculated using an employee's actual age and service. Managers whose combined years of age and service totaled 65 on December 30, 1991, became eligible for an immediately payable service pension.

The plan amendments, special retirement benefits, partial plan curtailments and partial plan settlements did not result in a significant impact on pension cost for 1991. Plan assets were designated for the settlement of the pension obligations of those managers who elected to receive their benefits in lump-sum amounts. The voluntary retirement program, in its entirety, resulted in a fourth quarter charge to net income of approximately $28 for the Telephone Company.

Postretirement Benefits

The Telephone Company also provides certain medical, dental and life insurance benefits to substantially all retired employees. Retiree health care benefits are recognized as an expense as claims are incurred. Life insurance benefit costs are actuarially determined and are accrued and funded annually over the employees' active working lives. In 1991, 1990 and 1989, the cost of providing these postretirement benefits was $95.1, $85.0, and $72.4, respectively.

In December 1990, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (Statement No. 106). Statement No. 106 requires benefit costs to be recognized on an accrual basis as benefits are earned by employees, and is required to be implemented by 1993, although earlier adoption is permitted. The Telephone Company's expected date of adopting the statement has not been determined.

for funds used during construction and certain taxes and payroll-related construction costs previously capitalized for financial statement purposes, but deducted immediately for income tax purposes.

In accordance with Accounting Principles Board Opinion No. 11, "Accounting for Income Taxes", the deferred tax accounts included in the Telephone Company's Balance Sheets as of December 31, 1991, were calculated using income tax rates in effect at the time the assets and liabilities were established. The recorded liabilities (net of the deferred tax assets) may be greater than the ultimate cash payments to be made at the corporate income tax rate scheduled to be in effect when the deferred tax liabilities are settled.

In February 1992, the FASB issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (Statement No. 109). Statement No. 109, which supersedes Statement of Financial Accounting Standards No. 96, "Accounting for Income Taxes", requires a change from the current method of accounting for income taxes to the liability method. Specific provisions of the statement require regulated companies, such as the Telephone Company, to record regulatory assets and liabilities when adjusting their deferred income tax liabilities. Income tax expense and net income may, depending on future changes in the enacted tax rate, be subject to increased fluctuations. Statement No. 109 is effective beginning in 1993. However, the statement is not expected to have a material impact on the Telephone Company's net income or financial position.

A reconciliation of income tax expense and the amount computed by applying the statutory federal income tax rate (34 percent) to income before income taxes and extraordinary loss is as follows:

	1991	1990	1989
Taxes computed at federal statutory rate	$ 437.4	$ 448.6	$ 431.4
Increases (decreases) in taxes resulting from:			
Amortization of investment tax credits over the life of the plant that gave rise to the credits	(86.7)	(88.1)	(98.8)
Excess deferred taxes due to rate change	(55.8)	(55.4)	(75.8)
Certain taxes and payroll-related construction costs capitalized for financial statement purposes, but deducted currently for income tax purposes - net of applicable depreciation	23.2	28.1	28.0
State and local income taxes - net of federal tax benefit	22.3	18.7	19.7
Other-net	9.9	(1.6)	21.2
Total	$ 350.3	$ 350.3	$ 325.7

Dollars in Millions

6. **Debt Maturing Within One Year**

Debt maturing within one year is included as debt in the Telephone Company's computation of debt ratios and consists of the following:

	Amounts December 31,			Weighted Average Interest Rate December 31,		
	1991	1990	1989	1991	1990	1989
Notes payable:						
Commercial paper	$521.9	$203.1	$ 59.0	4.8%	8.7%	9.3%
Current maturities of long-term debt	107.4	5.9	7.2			
Total	$629.3	$209.0	$ 66.2			

	1991	1990	1989	1991	1990	1989
Average amount of notes payable outstanding during the year*	$496.6	$ 72.8	$147.8	5.9%	8.3%	9.5%
Maximum amount of notes payable at any month end during the year	$813.7	$203.1	$314.1			

*Weighted average interest rate computed by dividing the average daily face amount of notes payable into the aggregate related interest expense.

The Telephone Company has entered into agreements with several banks for lines of credit totaling $255.0. All of these agreements are available for the support of commercial paper borrowings. All of these lines are on a negotiated fee basis with interest rates negotiable at time of borrowing. There were no borrowings outstanding under these agreements at December 31, 1991.

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Dollars in Millions

The aggregate principal amounts of long-term debt scheduled for repayment in each of the five fiscal years subsequent to 1991 are as follows:

	1992	1993	1994	1995	1996
Aggregate principal amounts of long-term debt	$107.4	$108.1	$203.6	$100.7	$200.7

8. Additional Financial Information

	December 31,	
Balance Sheets	1991	1990
Accounts payable and accrued liabilities:		
Accounts payable	$ 698.6	$ 616.6
Accrued taxes	325.1	234.6
Advance billing and customer deposits	197.4	194.6
Compensated future absences	183.3	183.9
Accrued payroll	91.7	128.5
Accrued interest	98.9	114.1
Other	309.4	330.4
Total	$1,904.4	$1,802.7

Statements of Income	1991	1990	1989
Interest expense:			
Long-term debt	$414.4	$443.6	$445.5
Notes payable	29.3	6.0	14.0
Other	12.6	(10.3)	17.1
Total	$456.3	$439.3	$476.6

Statements of Cash Flows	1991	1990	1989
Cash paid during the year for:			
Interest	$471.5	$441.0	$476.4
Income taxes	$383.9	$481.7	$418.5

9. Quarterly Financial Information (Unaudited)

Calendar Quarter	Total Operating Revenues 1991	Total Operating Revenues 1990	Operating Income 1991	Operating Income 1990	Net Income 1991	Net Income 1990
First	$1,799.4	$1,846.6	$ 406.4	$ 462.6	$ 217.8	$ 255.3
Second	1,862.7	1,855.6	450.7	465.5	160.1*	254.7
Third	1,867.9	1,879.9	473.1	464.2	264.7	258.6
Fourth	1,894.1	1,883.6	385.5	357.7	212.7	200.5
Total	$7,424.1	$7,465.7	$1,715.7	$1,750.0	$ 855.3	$ 969.1

*Includes an extraordinary loss of $80.7 for the early extinguishment of debt. Income before extraordinary loss was $240.8.

10. Segment and Major Customer Information

The Telephone Company operates predominantly in the communications service industry.

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

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

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

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

	Page
(1) Report of Independent Auditors	24
Financial Statements Covered by Report of Independent Auditors:	
Statements of Income and Retained Earnings	25
Balance Sheets	26
Statements of Cash Flows	27
Notes to Financial Statements	28
(2) Financial Statement Schedules Covered by Report of Independent Auditors:	
V-Property, Plant and Equipment	40
VI-Accumulated Depreciation, Depletion, and Amortization of Property, Plant and Equipment	44
VIII-Valuation and Qualifying Accounts	45
X-Supplementary Income Statement Information	46

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

(3) Exhibits:

Exhibits identified in parentheses below, on file with the SEC, are incorporated by reference as exhibits hereto.

3-a Restated Articles of Incorporation of Southwestern Bell Telephone Company, as revised May 31, 1990. (Exhibit 3-a to Form 8 dated June 3, 1991, File 1-2346.)

3-b Bylaws of Southwestern Bell Telephone Company, as revised November 12, 1991.

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

12 Computation of Ratios of Earnings to Fixed Charges.

24 Consent of Ernst & Young.

25 Powers of Attorney.

(b) Reports on Form 8-K:

No report on Form 8-K was filed by the Registrant during the last quarter of the year covered by this report.

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SOUTHWESTERN BELL TELEPHONE COMPANY
SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT
Dollars in Millions

COL. A Classification	COL. B Balance at Beginning of Period	COL. C Additions at Cost -Note(a)	COL. D Retirements -Note(b)	COL. E Other Changes -Note(c)	COL. F Balance at End of Period
Year 1990					
Aerial Cable	$ 1,253.9	$ 57.7	$ 29.6	$ (.2)	$ 1,281.8
Aerial Wire	35.8	.5	1.2	-	35.1
Buildings	2,139.0	116.4	10.1	(.2)	2,245.1
Buried Cable	5,437.8	307.7	58.8	(.7)	5,686.0
Central Office Assets	8,217.3	662.7	409.7	35.2	8,505.5
Conduit Systems	1,201.3	38.9	2.1	.7	1,238.8
Furniture and Office Equipment	1,135.8	136.8	133.1	4.6	1,144.1
Held for Future Use	7.9	-	-	.6	8.5
Information Equipment	1,447.8	45.8	965.4	3.4	531.6
Intrabuilding Network Cable	142.8	1.9	4.1	.5	141.1
Land	164.4	2.4	.4	(1.1)	165.3
Poles	296.1	11.6	5.5	-	302.2
Submarine Cable	4.6	.2	-	-	4.8
Underground Cable	1,869.5	76.8	14.9	(.2)	1,931.2
Vehicles and Work Equipment	392.0	47.0	25.7	-	413.3
Total Property Plant and Equipment	$23,746.0	$1,506.4	$1,660.6	$42.6	$23,634.4
Depreciation as a percentage of average depreciable plant and equipment					6.3%

The Notes on Sheet 4 are an integral part of this Schedule.

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(a) Includes allowance for funds used during construction and additions to capitalized leased assets.

(b) Items of telephone plant, when retired or sold are deducted from the property accounts at the amount of cost originally recorded. Amounts are estimated if original historical cost is not known.

(c) Primarily includes transfers to and from Material and Supplies from and to Property, Plant and Equipment for reused material.

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SOUTHWESTERN BELL TELEPHONE COMPANY
SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS
Allowance for Uncollectibles
Dollars in Millions

COL. A	COL. B	COL. C		COL. D	COL. E
		Additions			
		(1)	(2)		
Description	Balance at Beginning of Period	Charged to Revenue	Charged to Other Accounts -Note(a)	Deductions -Note(b)	Balance at End of Period
Year 1991	$ 18.1	$ 67.3	$ 24.5	$ 97.6	$ 12.3
Year 1990	15.0	85.5	29.4	111.8	18.1
Year 1989	14.2	65.8	25.6	90.6	15.0

(a) Amounts previously written off which were credited directly to this account when recovered.

(b) Amounts written off as uncollectible.

SWBT 000580

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 12th day of March, 1992.

SOUTHWESTERN BELL TELEPHONE COMPANY

By /s/ C. J. Roesslein
(C. J. Roesslein
Vice President-Chief Financial
Officer and Treasurer)

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

Principal Executive Officer:

J. R. Adams*
President and Chief
Executive Officer

Principal Financial and
Accounting Officer:

C. J. Roesslein
Vice President-Chief Financial
Officer and Treasurer

/s/ C. J. Roesslein
(C. J. Roesslein, as attorney-in-fact and on his own behalf as Principal Financial Officer and Principal Accounting Officer)

March 12, 1992

Directors:

J. R. Adams*
R. D. Barron*
Gerald D. Blatherwick*
J. W. Callaway*
W. E. Dreyer*
James B. Ellis*
James D. Ellis*
Michael T. Flynn*
R. H. Glaser*
Michael Kaufman*
R. G. Pope*
James E. Taylor*

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* by power of attorney