

Southwestern Bell Telephone, L.P.

(Full Company Name)

**INCUMBENT
LOCAL EXCHANGE CARRIER**

ANNUAL REPORT

TO THE

MISSOURI PUBLIC SERVICE COMMISSION

For Period Ending December 31, 2001

NP

Missouri Public Service Commission

Incumbent Local Exchange Carriers

Annual Report Form

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Annual Report of Southwestern Bell Telephone, L.P.as of December 31, 2001

- 1) State in full the exact '**certificated**' name of the telephone company:
Southwestern Bell Telephone, L.P.
- 2) State in full the mailing and street addresses of the telephone company:
One SBC Center, Suite 3500, Saint Louis, Missouri, 63101.
- 3) State in full the name, street address, and telephone number of the individual to contact concerning the company's telephone operations:
Paul G. Lane, One SBC Center, Suite 3500, Saint Louis, Missouri, 63101. Mr. Lane's telephone number is (314)235-4300.
- 4) Under the laws of which state is the telephone company organized:
Texas.
- 5)
Was the original telephone company certification in Missouri under any other names? If yes, please provide all names and time periods involved since the original certification:
Yes. On 12/03/1879, The Bell Telephone Company of Missouri ("Bell") was incorporated as a telephone and telegraph company pursuant to Article V, Chapter 21, RSMo. 1879. On 08/24/1882, the Missouri and Kansas Telephone Company ("Missouri") was incorporated as a telephone and telegraph company pursuant to Article V, Chapter 21, RSMo. In 1913, Bell filed an Affidavit of Name Change with the Missouri Secretary of State's Office, certifying its change of name to The Southwestern Telegraph and Telephone Company ("Southwestern"). In 1916, through mergers and a name change, Missouri and Southwestern became Southwestern Bell Telephone Company. On 10/12/2001, Southwestern Bell Telephone Company, Southwestern Bell Texas, Inc. and Southwestern Bell Telephone, L.P. filed a Joint Application for Order Permitting Corporate Restructuring Pursuant to Section 392.300, R.S.Mo., 4 CSR 240-2.060(1), and 4 CSR 240-2.060(8). Through a series of transactions Southwestern Bell Telephone Company was converted from a Missouri corporation to a Texas Limited Partnership whose name is Southwestern Bell Telephone, L.P. This conversion was effective 12/30/2001.
- 6) Date of incorporation or other original organization (e.g. MM/DD/YYYY):
December 30, 2001.
- 7) State the names, addresses and shareholdings of persons owning five (5) percent or more of outstanding voting securities:
SWBT Texas, L.L.C., 175 E. Houston Street, Second Floor, San Antonio, Texas 78205.
SWBT Texas, L.L.C. has a 99% limited partnership interest in Southwestern Bell Telephone, L.P.

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- 8) List companies owned, controlled, or operated by the utility. Include a statement of the form and extent of such ownership, control or operation:

Not applicable

- 9) Does the company utilize actual or average cost for settlement purposes? If actual costs are used, please identify the consulting firm engaged to prepare the study; or if performed in house the staff member responsible for this study and the date last prepared.

Not applicable

- 10) Please provide the effective date and file reference to the Depreciation Authority Order or other Case Number wherein the company received authorization for current depreciation rates (reference to HB 360 if appropriate) reported on Schedule 3.

Southwestern Bell Telephone, L.P., d/b/a Southwestern Bell Telephone Company was
deemed price cap regulated in TO-97-397, R&O dated 9/26/97. In accordance with
RSMo Supp. 1996, Section 392.245.12, SWBT determines and sets its own depreciation
rates used for intrastate regulatory purposes. SWBT began using economic depreciation
lives effective 10/1/97.

- 11) Whether a corporation or not, give the particulars requested below concerning the principal officers of the telephone company at the end of the reporting year:

| Date Office Assumed | Title | Name |
|--------------------------------|--------------------|-------------|
| _____ | President-Missouri | Jan Newton |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

| Item | Amount | FCC Account |
|--|--------------------------|----------------|
| 12) Please identify what amount of Universal Service Fund (USF) payments were received from the National Exchange Carrier Association (NECA) for the reporting year. | \$0 | |
| 13) Please identify the "Unseparated NTS Revenue Requirement" as reported to NECA related to the above payment. | \$646,005,627 Note #2 | Note #1 |
| 14) Please identify the "Number of USF Loops" as reported by NECA related specifically to the above payment. | 2,716,232 Note #2 | |
| 15) Please identify what amount of USF payments were received by the company from NECA for the previous reporting year. | \$0 | |
| 16) Please identify the amount of USF payments expected to be received by the company for the following reporting year. | Note #3 | |
| 17) Please identify the amount of Local Switching Support payments received by the company for the current reporting year. | \$0 | |
| 18) Please identify the amount of Local Switching Support received by the company for the previous reporting year. | \$0 | |
| 19) Please identify the amount of Long Term Support (LTS) payments received, or paid, by the company for the current reporting year. | Note #4 | |
| 20) Please identify the amount of Long Term Support (LTS) payments received, or paid, by the company for the previous reporting year. | Note #5 | |
| 21) Type of tax return filed (i.e. 1120C, 1120S, etc.): | | |
| 22) Taxpayer ID: | | |

NOTES:

- #1 The unseparated Revenue Requirement is an amount calculated using the worksheets provided to NECA. The primary accounts that are included in the calculations are:
- | | |
|--------------|---|
| Account 2230 | Central Office Circuit Equipment |
| Account 2410 | Cable & Wire Facilities |
| Account 2680 | Amortizable Tangible Assets |
| Account 1220 | Material & Supplies |
| Account 3100 | Accumulated Depreciation |
| Account 3400 | Accumulated Amortizations - Intangible |
| Account 4340 | Net Noncurrent Deferred Operating Income Taxes |
| Account 6110 | Network Support Expense |
| Account 6120 | General Support Expense |
| Account 6210 | Central Office Switching Expense |
| Account 6220 | Operator Systems Expense |
| Account 6230 | Central Office Expense - Transmission Equipment |
| Account 6410 | Cable and Wire Facilities Expense |
| Account 6530 | Network Operations Expense |
| Account 6560 | Depreciation and Amortization Expense |
| Account 6710 | Executive and Planning Expense |
| Account 6720 | General and Administrative Expense |
| Account 7200 | Operating Taxes |
- #2 This data is based on the National Exchange Carrier Association's (NECA's) submission to the Federal Communications Commission (FCC) dated September 29, 2000. This data is based on 1999 costs collected by NECA and is used to determine the amount of USF payments to each company in 2001.
- #3 Effective January 1, 2000 a new federal mechanism was put in place to determine the high cost payments to non-rural telephone companies like Southwestern Bell Telephone-Missouri. Based on the results of the FCC's High Cost Proxy Model (HCPM) SWBT-MO will not receive any high cost support.
- #4 Effective January 1, 1998 the federal universal service rules were changed and all telecommunications providers began paying for universal service, including high cost, low income, schools and libraries, and rural healthcare. Payments booked to account 6540 for SWBT-MO for 2001 were as follows: \$8,027,262 for high cost, \$1,656,686 for low income, \$6,241,096 for schools and libraries and \$33,504 for rural healthcare.
- #5 Effective January 1, 1998 the federal universal service rules were changed and all telecommunications providers began paying for universal service, including high cost, low income, schools and libraries, and rural healthcare. Payments booked to account 6540 for SWBT-MO for 2000 were as follows: \$6,093,404 for high cost, \$1,437,100 for low income, \$4,581,885 for schools and libraries and \$(73,892) for rural healthcare.

Annual Report of Southwestern Bell Telephone, L.P. as of December 31, 2001**BALANCE SHEET ACCOUNTS**

| FCC # | Account Description | Amount |
|--------------------------------|--|-----------------------|
| <u>Current Assets</u> | | Missouri Jurisdiction |
| 1130 | Cash | \$368,797 |
| 1140 | Special Cash Deposits | \$7,039,623 |
| 1150 | Working Cash Advance | \$0 |
| 1160 | Temporary Investments | \$0 |
| 1180 | Telecommunications Accounts Receivable | \$307,642,221 |
| 1181 | Accounts Receivable Allowance - Telecommunications | (\$20,386,415) |
| 1190 | Other Accounts Receivable | \$3,893,071 |
| 1191 | Accounts Receivable Allowance - Other | \$0 |
| 1200 | Notes Receivable | \$0 |
| 1201 | Notes Receivable Allowance | \$0 |
| 1210 | Interest and Dividende Receivable | \$0 |
| 1220 | Material and Supplies | \$8,113,122 |
| 1290 | Prepaid Rents | \$0 |
| 1300 | Prepaid Taxes | \$0 |
| 1310 | Prepaid Insurance | \$0 |
| 1320 | Prepaid Directory Expenses | \$7,076,648 |
| 1330 | Other Prepayments | \$290,791 |
| 1350 | Other Current Assets | (\$963,158) |
| Total Current Assets | | \$313,074,700 |
| <u>Noncurrent Assets</u> | | |
| 1401 | Investments in Affiliated Companies | \$0 |
| 1402 | Investments in Nonaffiliated Companies | \$0 |
| 1406 | Nonregulated Investments | \$0 |
| 1407 | Unamortized Debt Issuance Expenses | \$0 |
| 1408 | Sinking Funds | \$0 |
| 1410 | Other Noncurrent Assets | \$6,962,119 |
| 1437 | Deferred Tax Regulatory Asset | \$26,198,570 |
| 1438 | Deferred Maintenance & Retirements | \$0 |
| 1439 | Deferred Charges | \$5,768,680 |
| 1500 | Other Jurisdictional Assets-Net | (\$103,082,111) |
| Total Noncurrent Assets | | (\$64,152,742) |

BALANCE SHEET ACCOUNTS

| FCC # | Account Description | Amount |
|--|--|------------------------|
| <u>Regulated Plant</u> | | Missouri Jurisdiction |
| 2001 | Telecommunications Plant in Service | \$6,018,924,507 |
| 2002 | Property Held For Future Telecommunications Use | \$0 |
| 2003 | Telecommunications Plant Under Construction - Short Term | \$82,263,897 |
| 2004 | Telecommunications Plant Under Construction - Long Term | \$0 |
| 2005 | Telecommunications Plant Adjustment | \$0 |
| 2006 | Nonoperating Plant | \$3,013,346 |
| 2007 | Goodwill | \$0 |
| Total Regulated Plant | | \$6,104,201,750 |
| <u>Depreciation and Amortization</u> | | |
| 3100 | Accumulated Depreciation | \$3,080,033,046 |
| 3200 | Accumulated Depreciation - Held For Future Use | \$0 |
| 3300 | Accumulated Depreciation - Nonoperating | \$1,250,803 |
| 3410 | Accumulated Depreciation - Capitalized Leases | \$211,849 |
| 3420 | Accumulated Depreciation - Leasehold Improvements | \$3,732,624 |
| 3500 | Accumulated Depreciation - Intangible | \$8,120,458 |
| 3600 | Accumulated Depreciation - Other | \$0 |
| Total Depreciation and Amortization | | \$3,093,348,780 |
| Net Plant | | \$3,010,852,970 |
| Total Assets | | \$3,259,774,928 |

BALANCE SHEET ACCOUNTS

| FCC # | Account Description | Amount |
|----------------------------------|---|-----------------------|
| Current Liabilities | | Missouri Jurisdiction |
| 4010 | Accounts Payable | \$14,190,201 |
| 4020 | Notes Payable | \$0 |
| 4030 | Advanced Billing and Payments | \$62,765,007 |
| 4040 | Customers' Deposits | \$913,698 |
| 4050 | Current Maturities - Long Term | \$0 |
| 4060 | Current Maturities - Capital Leases | \$121,672 |
| 4070 | Income Taxes Accrued | \$75,501,329 |
| 4080 | Other Taxes Accrued | \$6,984,679 |
| 4100 | Net Current Deferred Operating Income Taxes | -\$43,735,211 |
| 4110 | Net Current Deferred Non-operating Income Taxes | \$0 |
| 4120 | Other Accrued Liabilities | \$50,579,230 |
| 4130 | Other Current Liabilities | \$52,381,991 |
| Total Current Liabilities | | \$219,702,596 |
| Long-Term Debt | | |
| 4210 | Funded Debt | \$0 |
| 4220 | Premium on Long-Term Debt | \$0 |
| 4230 | Discount on Long-Term Debt | \$0 |
| 4240 | Reacquired Debt | \$0 |
| 4250 | Obligations Under Capital Leases | \$22,157 |
| 4260 | Advances From Affiliated Companies | \$0 |
| 4270 | Other Long-Term Debt | \$0 |
| Total Long-Term Debt | | \$22,157 |

BALANCE SHEET ACCOUNTS

| FCC # | Account Description | Amount |
|---|---|------------------------|
| | <u>Other Liabilities and Deferred Credits</u> | Missouri Jurisdiction |
| 4310 | Other Long-Term Liabilities | \$555,941,599 |
| 4320 | Unamortized Operating Investment Tax Credits - Net | \$16,140,289 |
| 4330 | Unamortized Nonoperating Investment tax Credits - Net | \$0 |
| 4340 | Net Non-current Deferred Operating Income Taxes | \$290,938,528 |
| 4341 | Net Deferred Tax Liability Adjustments | -\$7,866,014 |
| 4350 | Net Noncurrent Deferred Nonoperating Income Taxes | \$0 |
| 4360 | Other Deferred Credits | \$29,999,251 |
| 4361 | Deferred Tax Regulatory Liability | \$34,064,585 |
| 4370 | Other Jurisdictional Liabilities and Deferred Credits - Net | -\$152,453,540 |
| Total Other Liabilities and Deferred Credits | | \$766,764,698 |
| | <u>Stockholders' Equity</u> | |
| 4510 | Capital stock | \$0 |
| 4520 | Additional Paid -In Capital | \$0 |
| 4530 | Treasury Stock | \$0 |
| 4540 | Other Capital | \$0 |
| 4550 | Retained Earnings | \$18,466,589 |
| Total Stockholders' Equity | | \$18,466,589 |
| Total Liabilities and Shareholders' Equity | | \$1,004,956,040 |

PLANT IN SERVICE

| | | Authorized Depreciation Rate | |
|------------------------------|---------------------------------------|---------------------------------|-----------------|
| FCC # | Account Description | (A) | Amount |
| General Support Assets | | Missouri Jurisdiction | |
| 2111 | Land | | \$37,754,758 |
| 2112 | Motor Vehicles | | \$50,708,636 |
| 2113 | Aircraft | | \$0 |
| 2114 | Tools and Other Work Equipment | | \$36,643,804 |
| 2115 | Garage Work Equipment | | \$0 |
| 2116 | Other Work Equipment | | \$0 |
| 2121 | Buildings | | \$743,858,943 |
| 2122 | Furniture | | \$1,496,852 |
| 2123.1 | Office Equipment - Office Support | | \$6,645,855 |
| 2123.2 | Office Equipment - Co. Communications | | \$17,525,333 |
| 2124 | General Purpose Equipment | | \$72,652,779 |
| Total General Support Assets | | | \$967,286,960 |
| Central Office Assets | | | |
| 2211 | Analog Electronic Switching | | \$163,519,385 |
| 2212 | Digital Electronic Switching | | \$848,721,308 |
| 2215 | Electromechanical Switching | | \$0 |
| 2220 | Operator Systems | | \$15,676,869 |
| 2231.1 | Satellite and Earth Station Equipment | | \$0 |
| 2231.2 | Other Radio Facilities | | \$2,830,451 |
| 2232.1 | Circuit Equipment - Digital | | \$1,377,697,073 |
| 2232.2 | Circuit Equipment - Analog | | \$93,626,607 |
| Total Central Office Assets | | | \$2,502,071,693 |

(A) In accordance with Section 392.245.12 RSMo Supp. 1996 Southwestern Bell Telephone "...determine[s] and set[s] its own depreciation rates ...used for all intrastate regulatory purposes...." Authorized depreciation rates are not applicable

PLANT IN SERVICE

| | | Authorized Depreciation Rate | |
|--|-------------------------------------|---------------------------------|-----------------|
| FCC # | Account Description | (A) | Amount |
| Information Origination/Termination Assets | | Missouri Jurisdiction | |
| 2311 | Station Apparatus | | \$276,477 |
| 2321 | Customer Premises Wiring | | \$0 |
| 2341 | Large Private Branch Exchange | | \$12,563,563 |
| 2351 | Public Telephone Terminal Equipment | | \$40,548,343 |
| 2362 | Other Terminal Equipment | | \$43,701,150 |
| Total Info. Origination/Termination Assets | | | \$97,089,533 |
| Cable and Wire Facilities Assets | | | |
| 2411 | Poles | | \$63,207,263 |
| 2421.1 | Aerial cable - Nonmetallic | | \$8,715,141 |
| 2421.2 | Aerial cable - Metallic | | \$225,297,015 |
| 2422.1 | Underground cable - Nonmetallic | | \$153,024,564 |
| 2422.2 | Underground cable - Metallic | | \$266,729,419 |
| 2423.1 | Buried cable - Nonmetallic | | \$128,892,123 |
| 2423.2 | Buried cable - Metallic | | \$1,336,573,172 |
| 2424.1 | Submarine cable - Nonmetallic | | \$47,286 |
| 2424.2 | Submarine cable - Metallic | | \$110,147 |
| 2425 | Deep Sea Cable | | \$0 |
| 2426 | Intrabuilding Network Cable | | \$22,010,190 |
| 2431 | Aerial Wire | | \$474,743 |
| 2441 | Conduit Systems | | \$217,685,951 |
| Total Cable and Wire Facilities Assets | | | \$2,422,767,014 |

(A) In accordance with Section 392.245.12 RSMo Supp. 1996 Southwestern Bell Telephone "...determine[s] and set[s] its own depreciation rates ...used for all intrastate regulatory purposes...." Authorized depreciation rates are not applicable

Annual Report of Southwestern Bell Telephone, L.P.as of December 31, 2001**PLANT IN SERVICE**

| | | Authorized Depreciation Rate | |
|---|------------------------|---------------------------------|-----------------|
| FCC # | Account Description | (A) | Amount |
| | Amortizable Assets | Missouri Jurisdiction | |
| 2681 | Capital Leases | | \$258,068 |
| 2682 | Leasehold Improvements | | \$4,245,681 |
| 2690 | Intangibles | | \$25,205,558 |
| Total Amortizable Assets | | | \$29,709,307 |
| Total Telecommunications Plant In Service | | | \$6,018,924,507 |

- (A) In accordance with Section 392.245.12 RSMo Supp. 1996 Southwestern Bell Telephone "...determine[s] and set[s] its own depreciation rates ...used for all intrastate regulatory purposes...." Authorized depreciation rates are not applicable

DEPRECIATION RESERVE

| FCC # | Account Description | Depreciation Expense Recorded | Accumulated Balance |
|------------------------------|---------------------------------------|----------------------------------|------------------------|
| | General Support Assets | Missouri Jurisdiction | Missouri Jurisdiction |
| 3111 | Land | | |
| 3112 | Motor Vehicles | \$4,733,132 | \$32,484,924 |
| 3113 | Aircraft | \$0 | \$0 |
| 3114 | Tools and Other Work Equipment | \$3,886,465 | \$21,282,659 |
| 3115 | Garage Work Equipment | \$0 | \$0 |
| 3116 | Other Work Equipment | \$0 | \$0 |
| 3121 | Buildings | \$12,980,576 | \$176,423,877 |
| 3122 | Furniture | \$197,569 | \$586,464 |
| 3123.1 | Office Equipment - Office Support | \$707,214 | \$5,713,998 |
| 3123.2 | Office Equipment - Co. Communications | \$3,261,184 | \$15,539,792 |
| 3124 | General Purpose Equipment | \$753,396 | \$71,126,132 |
| Total General Support Assets | | \$26,519,536 | \$323,157,846 |
| | Central Office Assets | | |
| 3211 | Analog Electronic Switching | \$19,918,546 | \$168,244,930 |
| 3212 | Digital Electronic Switching | \$69,346,969 | \$315,873,734 |
| 3215 | Electromechanical Switching | \$0 | \$544 |
| 3220 | Operator Systems | \$1,270,264 | \$5,706,272 |
| 3231.1 | Satellite and Earth Station Equipment | \$0 | \$0 |
| 3231.2 | Other Radio Facilities | \$0 | \$3,168,193 |
| 3232.1 | Circuit Equipment - Digital | \$127,327,037 | \$649,195,024 |
| 3232.2 | Circuit Equipment - Analog | \$10,505,941 | \$95,225,203 |
| Total Central Office Assets | | \$228,368,757 | \$1,237,413,900 |

DEPRECIATION RESERVE

| FCC # | Account Description | Depreciation Expense Recorded | Accumulated Balance |
|--|--|----------------------------------|------------------------|
| | Information Origination/Termination Assets | Missouri Jurisdiction | Missouri Jurisdiction |
| 3311 | Station Apparatus | \$22,114 | \$196,970 |
| 3321 | Customer Premises Wiring | \$0 | \$0 |
| 3341 | Large Private Branch Exchange | \$2,282,640 | \$10,749,257 |
| 3351 | Public Telephone Terminal Equipment | \$5,184,854 | \$40,134,573 |
| 3362 | Other Terminal Equipment | \$13,607,145 | \$45,295,827 |
| Total Info. Origination/Termination Assets | | \$21,096,753 | \$96,376,627 |
| | Cable and Wire Facilities Assets | | |
| 3411 | Poles | \$6,166,788 | \$72,762,026 |
| 3421.1 | Aerial cable - Nonmetallic | \$657,575 | \$2,725,691 |
| 3421.2 | Aerial cable - Metallic | \$17,997,762 | \$172,581,046 |
| 3422.1 | Underground cable - Nonmetallic | \$8,613,912 | \$55,359,283 |
| 3422.2 | Underground cable - Metallic | \$11,240,331 | \$179,545,550 |
| 3423.1 | Buried cable - Nonmetallic | \$7,107,052 | \$50,092,523 |
| 3423.2 | Buried cable - Metallic | \$79,428,677 | \$804,977,414 |
| 3424.1 | Submarine cable - Nonmetallic | \$10,497 | \$127 |
| 3424.2 | Submarine cable - Metallic | \$24,453 | -\$21,386 |
| 3425 | Deep Sea Cable | \$0 | \$0 |
| 3426 | Intra-building Network Cable | \$1,098,799 | \$15,616,985 |
| 3431 | Aerial Wire | \$209,198 | \$1,678,066 |
| 3441 | Conduit Systems | \$5,087,863 | \$67,767,349 |
| Total Cable and Wire Facilities Assets | | \$137,642,907 | \$1,423,084,674 |
| Total Depreciation Reserve | | \$413,627,953 | \$3,080,033,047 |

DEPRECIATION RESERVE

| FCC # | Account Description | Amortization | Accumulated |
|---------------------------------|------------------------|-----------------------|-----------------------|
| | | Expense Recorded | Balance |
| | Amortizable Assets | Missouri Jurisdiction | Missouri Jurisdiction |
| 3681 | Capital Leases | \$8,430 | \$211,849 |
| 3682 | Leasehold Improvements | \$260,189 | \$3,732,624 |
| 3690 | Intangibles | \$6,463,636 | \$8,120,458 |
| Total Amortizable Assets | | \$6,732,255 | \$12,064,931 |

SALVAGE and/or COST OF REMOVAL COSTS

| FCC # | Account Description | Amount Recorded To: | |
|-------------------------------------|---------------------------------------|-----------------------|-----------------------|
| | | Depreciation Reserve | Income Statement |
| | General Support Assets | Missouri Jurisdiction | Missouri Jurisdiction |
| 2111 | Land | \$0 | \$0 |
| 2112 | Motor Vehicles | \$211,004 | \$0 |
| 2113 | Aircraft | \$0 | \$0 |
| 2114 | Tools and Other Work Equipment | \$7,191 | \$0 |
| 2115 | Garage Work Equipment | \$0 | \$0 |
| 2116 | Other Work Equipment | \$0 | \$0 |
| 2121 | Buildings | \$1,426,195 | \$0 |
| 2122 | Furniture | \$3,431 | \$0 |
| 2123.1 | Office Equipment - Office Support | \$459 | \$0 |
| 2123.2 | Office Equipment - Co. Communications | \$7,953 | \$0 |
| 2124 | General Purpose Equipment | \$8,912 | \$0 |
| Total General Support Assets | | \$1,665,145 | \$0 |
| | Central Office Assets | | |
| 2211 | Analog Electronic Switching | \$1,551,634 | \$0 |
| 2212 | Digital Electronic Switching | \$493,133 | \$0 |
| 2215 | Electromechanical Switching | \$0 | \$0 |
| 2220 | Operator Systems | \$11,154 | \$0 |
| 2231.1 | Satellite and Earth Station Equipment | \$0 | \$0 |
| 2231.2 | Other Radio Facilities | \$32,585 | \$0 |
| 2232.1 | Circuit Equipment - Digital | \$2,375,115 | \$0 |
| 2232.2 | Circuit Equipment - Analog | \$330,835 | \$0 |
| Total Central Office Assets | | \$4,794,456 | \$0 |

SALVAGE and/or COST OF REMOVAL COSTS

| FCC # | Account Description | Amount Recorded To: | |
|--|-------------------------------------|----------------------|------------------|
| | | Depreciation Reserve | Income Statement |
| Information Origination/Termination Assets | | | |
| 2311 | Station Apparatus | \$0 | \$0 |
| 2321 | Customer Premises Wiring | \$0 | \$0 |
| 2341 | Large Private Branch Exchange | \$1,243 | \$0 |
| 2351 | Public Telephone Terminal Equipment | \$31,205 | \$0 |
| 2362 | Other Terminal Equipment | \$58,436 | \$0 |
| Total Info. Origination/Termination Assets | | \$90,884 | \$0 |
| Cable and Wire Facilities Assets | | | |
| 2411 | Poles | \$775,671 | \$0 |
| 2421.1 | Aerial cable - Nonmetallic | \$26,109 | \$0 |
| 2421.2 | Aerial cable - Metallic | \$2,529,636 | \$0 |
| 2422.1 | Underground cable - Nonmetallic | \$204,938 | \$0 |
| 2422.2 | Underground cable - Metallic | \$1,461,438 | \$0 |
| 2423.1 | Buried cable - Nonmetallic | \$81,447 | \$0 |
| 2423.2 | Buried cable - Metallic | \$2,204,516 | \$0 |
| 2424.1 | Submarine cable - Nonmetallic | \$0 | \$0 |
| 2424.2 | Submarine cable - Metallic | \$9 | \$0 |
| 2425 | Deep Sea Cable | \$0 | \$0 |
| 2426 | Intrabuilding Network Cable | \$11,740 | \$0 |
| 2431 | Aerial Wire | \$28,011 | \$0 |
| 2441 | Conduit Systems | \$214,618 | \$0 |
| Total Cable and Wire Facilities Assets | | \$7,538,133 | \$0 |

SALVAGE and/or COST OF REMOVAL COSTS

| | | Amount Recorded To: | |
|--|------------------------|----------------------|------------------|
| FCC # | Account Description | Depreciation Reserve | Income Statement |
| | Amortizable Assets | | |
| 2681 | Capital Leases | \$0 | \$0 |
| 2682 | Leasehold Improvements | \$16,177 | \$0 |
| 2690 | Intangibles | \$0 | \$0 |
| Total Amortizable Assets | | \$16,177 | \$0 |
| Total Salvage and/or Cost of Removal Costs | | \$14,104,795 | \$0 |

LONG-TERM AND SHORT-TERM DEBT

| Description of Obligation | Issue Date | Maturity Date | Face Amount Outstanding | Stated Interest Rate % | Annual Interest Expense |
|---------------------------|------------|---------------|-------------------------|------------------------|-------------------------|
| Debentures | 10/15/95 | 10/15/02 | \$150,000,000 | 6.250% | \$9,375,000 |
| Debentures | 04/01/93 | 04/01/05 | \$150,000,000 | 6.625% | \$9,937,500 |
| Debentures | 06/01/66 | 06/01/06 | \$150,000,000 | 5.375% | \$8,062,500 |
| Debentures | 07/11/97 | 07/15/07 | \$250,000,000 | 6.625% | \$16,562,500 |
| Debentures | 11/21/97 | 11/15/07 | \$100,000,000 | 6.375% | \$6,375,000 |
| Debentures | 07/01/93 | 07/01/15 | \$250,000,000 | 7.000% | \$17,500,000 |
| Debentures | 03/01/93 | 03/01/23 | \$200,000,000 | 7.625% | \$15,250,000 |
| Debentures | 09/01/93 | 09/01/24 | \$200,000,000 | 6.625% | \$13,250,000 |
| Debentures | 07/15/93 | 07/15/25 | \$150,000,000 | 7.250% | \$10,875,000 |
| Debentures | 10/15/95 | 10/15/26 | \$300,000,000 | 7.200% | \$21,600,000 |
| Debentures | 07/11/97 | 07/15/27 | \$150,000,000 | 7.375% | \$11,062,500 |
| Debentures | 11/21/97 | 11/15/27 | \$100,000,000 | 7.000% | \$7,000,000 |
| Debentures | 03/10/98 | 03/31/48 | \$200,000,000 | 6.875% | \$13,750,000 |
| Medium Term Notes | 04/21/93 | 04/22/02 | \$11,250,000 | 6.400% | \$720,000 |
| Medium Term Notes | 04/21/93 | 04/22/02 | \$10,000,000 | 6.400% | \$640,000 |
| Medium Term Notes | 04/21/93 | 04/22/02 | \$10,000,000 | 6.400% | \$640,000 |
| Medium Term Notes | 04/22/93 | 04/22/02 | \$12,000,000 | 6.400% | \$768,000 |
| Medium Term Notes | 04/22/93 | 04/22/02 | \$5,000,000 | 6.350% | \$317,500 |
| Medium Term Notes | 04/22/93 | 04/22/02 | \$5,000,000 | 6.350% | \$317,500 |
| Medium Term Notes | 04/22/93 | 04/22/02 | \$5,000,000 | 6.350% | \$317,500 |
| Medium Term Notes | 08/13/92 | 08/13/02 | \$10,000,000 | 7.050% | \$705,000 |
| Medium Term Notes | 08/13/92 | 08/13/02 | \$5,000,000 | 7.050% | \$352,500 |
| Medium Term Notes | 08/19/92 | 08/19/02 | \$5,000,000 | 7.000% | \$350,000 |
| Medium Term Notes | 08/19/92 | 08/19/02 | \$5,000,000 | 7.000% | \$350,000 |
| Medium Term Notes | 08/19/92 | 08/19/02 | \$3,000,000 | 7.000% | \$210,000 |
| Medium Term Notes | 08/20/92 | 08/20/02 | \$10,000,000 | 6.950% | \$695,000 |
| Medium Term Notes | 08/26/92 | 08/26/02 | \$5,000,000 | 7.000% | \$350,000 |
| Medium Term Notes | 08/26/92 | 08/26/02 | \$7,000,000 | 7.000% | \$490,000 |
| Medium Term Notes | 08/26/92 | 08/26/02 | \$8,000,000 | 7.000% | \$560,000 |
| Medium Term Notes | 10/18/93 | 10/18/02 | \$10,000,000 | 5.700% | \$570,000 |
| Medium Term Notes | 10/18/93 | 10/18/02 | \$10,000,000 | 5.700% | \$570,000 |
| Medium Term Notes | 10/18/93 | 10/18/02 | \$11,300,000 | 5.700% | \$644,100 |
| Medium Term Notes | 10/21/93 | 10/21/02 | \$1,500,000 | 5.730% | \$85,950 |
| Medium Term Notes | 10/21/93 | 10/21/02 | \$5,400,000 | 5.730% | \$309,420 |
| Medium Term Notes | 10/21/93 | 10/21/02 | \$6,000,000 | 5.730% | \$343,800 |
| Medium Term Notes | 10/19/92 | 11/15/02 | \$15,000,000 | 7.000% | \$1,050,000 |
| Medium Term Notes | 03/12/93 | 03/12/03 | \$6,000,000 | 6.500% | \$390,000 |
| Medium Term Notes | 08/26/97 | 08/26/03 | \$9,000,000 | 6.585% | \$592,650 |

LONG-TERM AND SHORT-TERM DEBT

| Description of Obligation | Issue Date | Maturity Date | Face Amount Outstanding | Stated Interest Rate % | Annual Interest Expense |
|---------------------------|------------|---------------|-------------------------|------------------------|-------------------------|
| Medium Term Notes | 08/26/97 | 08/26/03 | \$5,000,000 | 6.580% | \$329,000 |
| Medium Term Notes | 08/26/97 | 08/26/03 | \$15,000,000 | 6.590% | \$988,500 |
| Medium Term Notes | 08/29/97 | 08/29/03 | \$15,000,000 | 6.660% | \$999,000 |
| Medium Term Notes | 10/06/97 | 10/06/03 | \$10,000,000 | 6.375% | \$637,500 |
| Medium Term Notes | 10/07/97 | 10/07/03 | \$7,000,000 | 6.335% | \$443,450 |
| Medium Term Notes | 10/12/93 | 10/14/03 | \$10,000,000 | 5.770% | \$577,000 |
| Medium Term Notes | 10/12/93 | 10/14/03 | \$5,000,000 | 5.780% | \$289,000 |
| Medium Term Notes | 11/01/96 | 11/03/03 | \$10,000,000 | 6.630% | \$663,000 |
| Medium Term Notes | 11/01/96 | 11/03/03 | \$10,000,000 | 6.630% | \$663,000 |
| Medium Term Notes | 11/01/96 | 11/03/03 | \$10,000,000 | 6.630% | \$663,000 |
| Medium Term Notes | 02/11/93 | 02/11/04 | \$15,000,000 | 7.000% | \$1,050,000 |
| Medium Term Notes | 02/12/93 | 02/12/04 | \$10,000,000 | 6.930% | \$693,000 |
| Medium Term Notes | 04/26/93 | 04/26/04 | \$7,000,000 | 6.450% | \$451,500 |
| Medium Term Notes | 04/26/93 | 04/26/04 | \$8,000,000 | 6.450% | \$516,000 |
| Medium Term Notes | 08/26/92 | 08/26/04 | \$5,000,000 | 7.050% | \$352,500 |
| Medium Term Notes | 08/26/92 | 08/26/04 | \$5,000,000 | 7.050% | \$352,500 |
| Medium Term Notes | 08/28/92 | 08/30/04 | \$3,000,000 | 7.030% | \$210,900 |
| Medium Term Notes | 08/28/92 | 08/30/04 | \$500,000 | 7.030% | \$35,150 |
| Medium Term Notes | 04/04/95 | 04/04/05 | \$2,500,000 | 7.500% | \$187,500 |
| Medium Term Notes | 04/12/95 | 04/12/05 | \$10,000,000 | 7.550% | \$755,000 |
| Medium Term Notes | 04/12/95 | 04/12/05 | \$5,000,000 | 7.550% | \$377,500 |
| Medium Term Notes | 04/17/95 | 04/18/05 | \$5,000,000 | 7.490% | \$374,500 |
| Medium Term Notes | 04/24/95 | 04/25/05 | \$5,000,000 | 7.420% | \$371,000 |
| Medium Term Notes | 04/26/95 | 04/26/05 | \$5,000,000 | 7.500% | \$375,000 |
| Medium Term Notes | 04/26/95 | 04/26/05 | \$5,000,000 | 7.500% | \$375,000 |
| Medium Term Notes | 04/26/95 | 04/26/05 | \$5,000,000 | 7.500% | \$375,000 |
| Medium Term Notes | 07/07/93 | 07/07/05 | \$50,000,000 | 6.250% | \$3,125,000 |
| Medium Term Notes | 11/15/96 | 11/15/05 | \$10,000,000 | 6.600% | \$660,000 |
| Medium Term Notes | 11/15/96 | 11/15/05 | \$7,000,000 | 6.580% | \$460,600 |
| Medium Term Notes | 11/15/96 | 11/15/05 | \$3,000,000 | 6.560% | \$196,800 |
| Medium Term Notes | 11/26/96 | 11/28/05 | \$13,000,000 | 6.500% | \$845,000 |
| Medium Term Notes | 11/26/96 | 11/28/05 | \$7,000,000 | 6.500% | \$455,000 |
| Medium Term Notes | 08/07/96 | 08/07/06 | \$5,000,000 | 6.970% | \$348,500 |
| Medium Term Notes | 08/07/96 | 08/07/06 | \$5,000,000 | 6.960% | \$348,000 |
| Medium Term Notes | 08/07/96 | 08/07/06 | \$10,000,000 | 6.960% | \$696,000 |
| Medium Term Notes | 08/07/96 | 08/07/06 | \$10,000,000 | 6.945% | \$694,500 |
| Medium Term Notes | 02/04/93 | 02/05/07 | \$5,000,000 | 7.050% | \$352,500 |
| Medium Term Notes | 02/08/93 | 02/08/07 | \$5,000,000 | 7.150% | \$357,500 |

LONG-TERM AND SHORT-TERM DEBT

| Description of Obligation | Issue Date | Maturity Date | Face Amount Outstanding | Stated Interest Rate % | Annual Interest Expense |
|---------------------------|------------|---------------|-------------------------|------------------------|-------------------------|
| Medium Term Notes | 02/11/93 | 02/12/07 | \$13,500,000 | 7.200% | \$972,000 |
| Medium Term Notes | 02/16/93 | 02/16/07 | \$5,000,000 | 7.000% | \$350,000 |
| Medium Term Notes | 02/16/93 | 02/16/07 | \$5,000,000 | 7.100% | \$355,000 |
| Medium Term Notes | 03/11/93 | 03/12/07 | \$3,500,000 | 6.500% | \$227,500 |
| Medium Term Notes | 03/11/93 | 03/12/07 | \$3,000,000 | 6.500% | \$195,000 |
| Medium Term Notes | 04/12/95 | 04/12/07 | \$5,000,000 | 7.670% | \$383,500 |
| Medium Term Notes | 04/12/95 | 04/12/07 | \$10,000,000 | 7.670% | \$767,000 |
| Medium Term Notes | 04/26/95 | 04/26/07 | \$5,000,000 | 7.600% | \$380,000 |
| Medium Term Notes | 04/26/95 | 04/26/07 | \$8,000,000 | 7.600% | \$608,000 |
| Medium Term Notes | 04/26/95 | 04/26/07 | \$5,000,000 | 7.600% | \$380,000 |
| Medium Term Notes | 08/06/96 | 08/06/07 | \$15,000,000 | 7.140% | \$1,071,000 |
| Medium Term Notes | 08/06/96 | 08/06/07 | \$15,000,000 | 7.140% | \$1,071,000 |
| Medium Term Notes | 08/06/96 | 08/06/07 | \$5,000,000 | 7.140% | \$357,000 |
| Medium Term Notes | 09/04/92 | 09/04/07 | \$25,000,000 | 7.350% | \$1,837,500 |
| Medium Term Notes | 10/15/93 | 10/15/07 | \$15,000,000 | 5.950% | \$892,500 |
| Medium Term Notes | 10/21/93 | 10/22/07 | \$6,000,000 | 5.980% | \$358,800 |
| Medium Term Notes | 10/12/93 | 11/15/07 | \$8,000,000 | 6.030% | \$482,400 |
| Medium Term Notes | 08/06/96 | 08/06/08 | \$10,000,000 | 7.170% | \$717,000 |
| Medium Term Notes | 09/22/97 | 09/22/08 | \$10,000,000 | 6.640% | \$664,000 |
| Medium Term Notes | 09/29/97 | 09/29/08 | \$15,000,000 | 6.590% | \$988,500 |
| Medium Term Notes | 10/07/97 | 10/07/08 | \$30,000,000 | 6.550% | \$1,965,000 |
| Medium Term Notes | 10/08/96 | 10/08/08 | \$12,000,000 | 7.090% | \$850,800 |
| Medium Term Notes | 10/08/96 | 10/08/08 | \$10,000,000 | 7.110% | \$711,000 |
| Medium Term Notes | 09/22/97 | 09/22/09 | \$12,000,000 | 6.680% | \$801,600 |
| Medium Term Notes | 09/23/97 | 09/23/09 | \$5,000,000 | 6.650% | \$332,500 |
| Medium Term Notes | 09/29/97 | 09/29/09 | \$5,000,000 | 6.630% | \$331,500 |
| Medium Term Notes | 05/17/95 | 05/17/10 | \$20,000,000 | 7.220% | \$1,444,000 |
| Medium Term Notes | 05/17/95 | 05/17/10 | \$3,000,000 | 7.220% | \$216,600 |
| Medium Term Notes | 05/17/95 | 05/17/10 | \$15,000,000 | 7.250% | \$1,087,500 |
| Medium Term Notes | 05/17/95 | 05/17/10 | \$20,000,000 | 7.180% | \$1,436,000 |
| Medium Term Notes | 05/17/95 | 05/17/10 | \$7,000,000 | 7.200% | \$504,000 |
| Medium Term Notes | 05/17/95 | 05/17/10 | \$5,000,000 | 7.200% | \$360,000 |
| Medium Term Notes | 05/17/95 | 05/17/10 | \$5,000,000 | 7.210% | \$360,500 |
| Medium Term Notes | 09/29/93 | 09/29/10 | \$14,000,000 | 6.290% | \$880,600 |
| Medium Term Notes | 10/04/93 | 10/04/10 | \$3,000,000 | 6.280% | \$188,400 |
| Medium Term Notes | 10/05/93 | 10/05/10 | \$3,000,000 | 6.240% | \$187,200 |
| Medium Term Notes | 10/12/93 | 10/12/10 | \$3,000,000 | 6.320% | \$189,600 |
| Medium Term Notes | 10/12/93 | 10/12/10 | \$3,000,000 | 6.320% | \$189,600 |

Annual Report of

Southwestern Bell Telephone, L.P.

Schedule 6
December 31, 2001**LONG-TERM AND SHORT-TERM DEBT**

| Description of Obligation | Issue Date | Maturity Date | Face Amount Outstanding | Stated Interest Rate % | Annual Interest Expense |
|--|------------|---------------|-------------------------|------------------------|-------------------------|
| Medium Term Notes | 10/12/93 | 11/15/10 | \$2,300,000 | 6.330% | \$145,590 |
| Short Term Debt | NA | NA | \$3,743,387,710 | 2.080% | \$77,862,464 |
| | | | | | |
| Total Interest Expense Recorded | | | \$6,971,137,710 | | \$297,684,974 |

INCOME STATEMENT

| FCC # | Account Description | Missouri Jurisdiction | Total Company |
|---|---|----------------------------------|--------------------------|
| Local Network Services Revenues | | | |
| 5001 | Basic Area Revenue | \$632,896,573 | \$4,002,528,932 |
| 5002 | Optional Extended Area Revenue | \$56,622,331 | \$78,317,529 |
| 5003 | Cellular Mobile Revenue | \$9,682,508 | \$101,812,508 |
| 5004 | Other Mobile Services Revenue | -\$288 | \$7,243 |
| 5040 | Local Private Line Revenue | \$13,521,166 | \$84,053,714 |
| 5050 | Customer Premises Revenue | \$150,846 | \$2,101,726 |
| 5060 | Other Local Exchange Revenue | \$262,699,347 | \$1,701,022,255 |
| 5069 | Other Local Exchange Revenue Settlements | \$0 | \$0 |
| Total Local Network Services Revenues | | \$975,572,483 | \$5,969,843,907 |
| Network Access Services Revenues | | | |
| 5081 | End User Revenue | \$185,709,510 | \$1,128,493,073 |
| 5082 | Switched Access Revenue | \$63,060,452 | \$360,346,872 |
| 5083 | Special Access Revenue | \$261,834,720 | \$1,449,880,009 |
| 5084 | State Access Revenue | \$97,749,945 | \$692,582,222 |
| Total Network Access Services Revenues | | \$608,354,627 | \$3,631,302,176 |
| Long Distance Network Services Revenues | | | |
| 5100 | Long Distance Message Revenue | \$58,429,529 | \$320,890,708 |
| 5111 | Long Distance Inward-only Revenue | \$44,462 | \$540,902 |
| 5112 | Long Distance Outward-only Revenue | \$38,099 | \$247,566 |
| 5121 | Subvoice Grade L.D. Private Network Revenue | \$167,411 | \$248,521 |
| 5122 | Voice Grade L.D. Private Network Revenue | \$6,096,497 | \$45,354,345 |
| 5123 | Audio Program Grade L.D. Private Network Revenue | \$19,037 | \$19,037 |
| 5124 | Video Program Grade L.D. Private Network Revenue | \$0 | -\$173,309 |
| 5125 | Digital Transmission L.D. Private Network Revenue | \$118,193 | \$237,395 |
| 5126 | Long Distance Private Network Switching Revenue | \$0 | \$0 |
| 5128 | Other Long Distance Private Network Revenue | \$0 | \$0 |
| 5129 | Other L.D. Private Network Revenue Settlements | -\$1,040,845 | -\$6,003,456 |
| 5160 | Other Long Distance Revenues | \$2,098,729 | \$16,024,819 |
| 5169 | Other Long Distance Revenue Settlements | -\$58,026 | -\$14,856,962 |
| Total Long Distance Network Services Revenue | | \$65,913,086 | \$362,529,566 |

INCOME STATEMENT

| FCC # | Account Description | Missouri Jurisdiction | Total Company |
|-------------------------------------|--|----------------------------------|--------------------------|
| Miscellaneous Revenues | | | |
| 5230 | Directory Revenue | \$12,231,989 | \$67,465,812 |
| 5240 | Rent Revenue | \$81,676,055 | \$610,798,094 |
| 5250 | Corporate Operations Revenue | \$0 | \$0 |
| 5261 | Special Billing Arrangements Revenue | \$2,173,160 | \$39,040,837 |
| 5262 | Customer Operations Revenue | \$101 | \$552 |
| 5263 | Plant Operations Revenue | \$0 | \$0 |
| 5264 | Other Incidental Regulated Revenue | \$100,848,585 | \$581,295,964 |
| 5269 | Other Revenue Settlements | \$0 | \$0 |
| 5270 | Carrier Billing & Collection Revenue | \$14,629,822 | \$126,366,055 |
| Total Miscellaneous Revenues | | \$211,559,712 | \$1,424,967,314 |
| 5280 | Non-Regulated Operating Revenue | \$243,281,290 | \$1,330,010,283 |
| Uncollectible Revenues | | | |
| 5301 | Uncollectible Revenue - Telecommunications | -\$37,674,428 | -\$263,540,664 |
| 5302 | Uncollectible Revenue - Other | \$0 | \$0 |
| Total Uncollectible Revenues | | -\$37,674,428 | -\$263,540,664 |
| Total Operating Revenues | | \$2,067,006,770 | \$12,455,112,582 |

INCOME STATEMENT

| FCC # | Account Description | Missouri Jurisdiction | Total Company |
|--|---|--------------------------|------------------------|
| | Plant Specific Operations Expense | | |
| 6110 | Network Support Expense | \$0 | \$0 |
| 6112 | Motor Vehicle Expense | -\$10,831,455 | -\$2,897,710 |
| 6113 | Aircraft Expense | \$0 | \$0 |
| 6114 | Tools and Other Work Equipment Expense | -\$191,297 | \$2,168,506 |
| 6120 | General Support Expenses | \$0 | \$0 |
| 6121 | Land and Building Expenses | \$43,137,284 | \$252,307,312 |
| 6122 | Furniture and Artworks Expense | \$1,251,513 | \$11,765,122 |
| 6123 | Office Equipment Expense | \$36,240,863 | \$155,707,590 |
| 6124 | General Purpose Computers Expense | \$140,101,875 | \$550,344,082 |
| 6210 | Central Office Switching Expense | \$0 | \$0 |
| 6211 | Analog Electronic Expense | \$9,116,371 | \$34,874,270 |
| 6212 | Digital Electronic Expense | \$37,924,675 | \$242,790,311 |
| 6215 | Electro-mechanical Expense | \$15,967 | \$312,530 |
| 6220 | Operator System Expense | \$1,895,729 | \$8,693,957 |
| 6230 | Central Office Transmission Expense | \$0 | \$0 |
| 6231 | Radio Systems Expense | \$254,664 | \$606,880 |
| 6232 | Circuit Equipment Expense | \$33,647,143 | \$198,847,752 |
| 6310 | Information Origination/termination Expense | \$0 | \$0 |
| 6311 | Station Apparatus Expense | \$11,671,044 | \$57,470,902 |
| 6341 | Large Private Branch Exchange Expense | \$27,412,565 | \$140,412,415 |
| 6351 | Public Telephone Terminal Equipment Expense | \$2,134,824 | \$13,932,620 |
| 6362 | Other Terminal Equipment Expense | \$90,529,505 | \$584,390,109 |
| 6410 | Cable and Wire Facilities Expense | \$0 | \$0 |
| 6411 | Poles Expense | \$2,044,433 | \$10,182,651 |
| 6421 | Aerial Cable Expense | \$29,732,920 | \$184,294,776 |
| 6422 | Underground Cable Expense | \$9,532,830 | \$70,588,922 |
| 6423 | Buried Cable Expense | \$69,260,823 | \$530,964,237 |
| 6424 | Submarine Cable Expense | \$26 | \$26 |
| 6425 | Deep Sea Cable Expense | \$0 | \$0 |
| 6426 | Intrabuilding Network Cable Expense | \$18,036 | \$273,530 |
| 6431 | Aerial Wire Expense | \$912 | \$66,395 |
| 6441 | Conduit Systems Expense | \$988,134 | \$6,285,982 |
| Total Plant Specific Operations Expense | | \$535,889,384 | \$3,054,383,167 |

INCOME STATEMENT

| FCC # | Account Description | Missouri Jurisdiction | Total Company |
|--|--|----------------------------------|--------------------------|
| | Plant Non-specific Operations Expense | | |
| 6510 | Other Property Plant and Equipment Expense | \$0 | \$0 |
| 6511 | Telecommunications Use Expense | \$0 | \$0 |
| 6512 | Provisioning Expense | -\$866,500 | -\$1,388,804 |
| 6530 | Network Operations Expense | \$0 | \$0 |
| 6531 | Power Expense | \$5,531,746 | \$41,992,817 |
| 6532 | Network Administration Expense | \$14,036,812 | \$111,146,368 |
| 6533 | Testing Expense | \$36,500,322 | \$268,588,095 |
| 6534 | Plant Operations Administration Expense | \$13,789,293 | \$278,328,797 |
| 6535 | Engineering Expense | \$22,435,983 | \$161,658,714 |
| 6540 | Access Expense | \$83,533,471 | \$489,153,967 |
| Total Plant Non-specific Operations Expense | | \$174,961,127 | \$1,349,479,954 |
| | Depreciation and Amortization Expense | | |
| 6561 | Depreciation Expense - Plant in Service | \$413,627,953 | \$2,537,741,376 |
| 6562 | Depreciation Expense - Plant Held for Future Use | \$0 | \$0 |
| 6563 | Amortization Expense - Tangible | \$268,620 | \$3,841,138 |
| 6564 | Amortization Expense - Intangible | \$6,463,636 | \$38,565,178 |
| 6565 | Amortization Expense - Other | \$0 | \$0 |
| Total Depreciation and Amortization Expense | | \$420,360,209 | \$2,580,147,692 |
| | Customer Operations Expense | | |
| 6610 | Marketing | \$0 | \$0 |
| 6611 | Product Management | \$18,974,770 | \$113,649,195 |
| 6612 | Sales | \$59,047,255 | \$353,621,218 |
| 6613 | Product Advertising | \$1,549,081 | \$9,693,705 |
| 6620 | Services | \$0 | \$0 |
| 6621 | Call Completion Services | \$3,719,996 | \$31,374,085 |
| 6622 | Number Services | \$33,038,885 | \$195,108,542 |
| 6623 | Customer Services | \$152,767,653 | \$1,016,880,453 |
| Total Customer Operations Expenses | | \$269,097,640 | \$1,720,327,198 |

INCOME STATEMENT

| FCC # | Account Description | Missouri Jurisdiction | Total Company |
|---|--|--------------------------|------------------------|
| | Corporate Operations Expense | | |
| 6710 | Executive and Planning | \$0 | \$0 |
| 6711 | Executive | \$3,363,447 | \$35,389,054 |
| 6712 | Planning | \$472,446 | \$3,654,813 |
| 6720 | General and Administrative | \$0 | \$0 |
| 6721 | Accounting and Finance | \$6,181,358 | \$40,026,615 |
| 6722 | External Relations | \$13,146,445 | \$91,046,856 |
| 6723 | Human Resources | \$13,349,025 | \$86,085,399 |
| 6724 | Information Management | \$19,744,425 | \$152,267,543 |
| 6725 | Legal | \$7,293,360 | \$50,836,791 |
| 6726 | Procurement | \$8,091,836 | \$57,189,325 |
| 6727 | Research and Development | \$1,723,290 | \$11,519,318 |
| 6728 | Other General and Administrative | -\$81,834,056 | -\$257,039,955 |
| 6790 | Provision for Uncollectible Notes Receivable | \$0 | \$0 |
| Total Corporate Operations Expense | | -\$8,468,424 | \$270,975,759 |
| Total Operating Expense | | \$1,391,839,936 | \$8,975,313,770 |
| Net Operating Income | | \$675,166,834 | \$3,479,798,812 |
| | Other Operating Income and Expense | | |
| 7110 | Income from Custom Work | \$309,008 | \$1,698,197 |
| 7130 | Return from Nonregulated Use of Regulated Facilities | \$0 | \$0 |
| 7140 | Gains and Losses from Foreign Exchange | \$0 | \$0 |
| 7150 | Gains or Losses from Disposition of Land and Artwork | \$84,455 | -\$68,099 |
| 7160 | Other Operating Gains and Losses | \$293,530 | \$437,635 |
| Total Other Operating Income and Expense | | \$686,993 | \$2,067,733 |

INCOME STATEMENT

| FCC # | Account Description | Missouri Jurisdiction | Total Company |
|--|--|--------------------------|------------------------|
| Operating Taxes | | | |
| 7210 | Operating Investment Tax Credits - Net | -\$3,672,834 | -\$25,806,174 |
| 7220 | Operating Federal Income Taxes | \$160,305,079 | \$661,566,276 |
| 7230 | Operating State and Local Income Taxes | \$12,257,873 | \$45,943,395 |
| 7240 | Operating Other Taxes | \$103,561,944 | \$678,603,142 |
| 7250 | Provision for Deferred Operating Income Taxes - Net | \$18,857,019 | \$173,084,137 |
| Total Operating Taxes | | \$291,309,081 | \$1,533,390,776 |
| Nonoperating Income and Expense | | | |
| 7300 | Nonoperating Income and Expense | \$0 | \$0 |
| 7310 | Dividend Income | \$0 | \$0 |
| 7320 | Interest Income | \$507,122 | \$981,718 |
| 7330 | Income from Sinking & Other Funds | \$0 | \$0 |
| 7340 | Allowance for Funds Used During Construction | \$3,804,823 | \$31,128,222 |
| 7450 | Gains or Losses from the Disposition of Certain Property | \$0 | -\$94,893 |
| 7360 | Other Nonoperating Income | -\$91,542,942 | -\$562,406,790 |
| 7370 | Special Charges | -\$6,349,971 | -\$33,458,384 |
| Total Nonoperating Income and Expense | | -\$93,580,968 | -\$563,850,127 |
| Nonoperating Taxes | | | |
| 7410 | Nonoperating Investment Tax Credits - Net | \$0 | \$0 |
| 7420 | Nonoperating Federal Income Taxes | -\$30,803,411 | -\$189,746,408 |
| 7430 | Nonoperating State & Local Income Taxes | -\$4,178,232 | -\$12,867,516 |
| 7440 | Nonoperating Other Taxes | \$0 | \$0 |
| 7450 | Provision for Deferred Nonoperating Income Taxes - Net | \$0 | \$0 |
| Total Non-Operating Taxes | | -\$34,981,643 | -\$202,613,924 |

INCOME STATEMENT

| FCC # | Account Description | Missouri Jurisdiction | Total Company |
|--|--|----------------------------------|--------------------------|
| Interest & Related Items | | | |
| 7510 | Interest on Funded Debt | \$46,449,274 | \$261,686,049 |
| 7520 | Interest Expense - Capital Leases | \$14,962 | -\$187,741 |
| 7530 | Amortization of Debt Issuance Expense | \$22,164 | \$124,871 |
| 7540 | Other Interest Deductions | \$21,834,550 | \$123,687,674 |
| Total Interest & Related Items | | \$68,320,950 | \$385,310,853 |
| Extraordinary Items | | | |
| 7610 | Extraordinary Income Credits | \$0 | \$0 |
| 7620 | Extraordinary Income Charges | \$0 | \$0 |
| 7630 | Current Income Tax Effect of Extraordinary Items - Net | \$0 | \$0 |
| 7640 | Prov for Deferred Inc Tax Effect of Extra Items - Net | \$0 | \$0 |
| Total Extraordinary Items | | \$0 | \$0 |
| Jurisdictional Differences & Nonregulated Items | | | |
| 7910 | Inc Effect of Jurisdictional Ratemaking Diff - Net | -\$43,559,158 | -\$64,528,713 |
| 7990 | Nonregulated Net Income | \$0 | \$0 |
| Total Jurisdictional Differences & Nonregulated Items | | -\$43,559,158 | -\$64,528,713 |
| NET INCOME | | \$214,065,313 | \$1,137,400,000 |

[illegible]

Annual Report of Southwestern Bell Telephone, L.P. as of December 31, 2001**PENSION COST - DEFINED BENEFIT PLANS**

Report **each individual Plan** covering one or more groups of Company employees on a separate schedule. (i.e. ESOP, Defined Contribution, Other (describe), etc.)

Plan Name: SBC Pension Benefit Plan

Trustee Name: Boston Safe Deposit and Trust Company

| Item | Current Year | Previous Year |
|---|------------------------|-----------------------|
| Date of Actuarial Report: | 01/01/01 | 01/01/00 |
| Accumulated Benefit Obligation | \$12,724,241,000 | \$13,109,448,000 |
| Projected Benefit Obligation | \$13,223,970,000 | \$13,686,191,000 |
| Fair Value of Plan Assets | \$18,419,676,000 | \$21,620,999,000 |
| Discount Rate % for Settlement of Liabilities | 7.50% | 7.75% |
| Expected Long-Term Return On Assets Rate % | 9.50% | 8.50% |
| Service Cost | \$240,919,000 | \$243,782,000 |
| Interest Cost | \$946,275,000 | \$1,024,237,000 |
| Return On Plan Assets | -\$1,554,371,000 | -\$1,469,026,000 |
| Amortization of Transition Amount | -\$79,520,000 | -\$99,361,000 |
| Amortization of Gains or Losses | -\$39,025,000 | -\$89,946,000 |
| Total Pension Cost | -\$485,722,000 | -\$390,314,000 |
| Minimum Required Contribution | \$0 | \$0 |
| Actual Contribution | \$0 | \$0 |
| Maximum Tax Deductible Contribution | \$0 | \$0 |
| Benefit Payments | \$3,144,607,000 | \$1,668,085,000 |
| Pension Cost Expensed | -\$485,722,000 | -\$390,314,000 |
| Pension Cost Capitalized | ? | ? |
| Pension Asset/Liability at Close of Year | \$1,234,852,000 | -\$275,292,000 |

Annual Report of _____ as of December 31, _____

PENSION COST - OTHER THAN DEFINED BENEFIT PLANS

Report **each individual Plan** covering one or more groups of Company employees on a separate schedule. (i.e. ESOP, Defined Contribution, Other (describe), etc.)

Plan Name: _____**Trustee Name:** _____Plan Description: _____

Date of Actuarial Report:

Projected Benefit Obligation

Fair Value of Plan Assets

Expected Long-Term Return on Assets

Minimum Required Contribution

Actual Contribution

Maximum Tax Deductible Contribution

Benefit Payments

Pension Cost Expensed

Pension Cost Capitalized

| Current Year | Previous Year |
|--------------|---------------|
| | |
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| | |

Pension Asset/Liability at Close of Year

Schedule 10

Incumbent Local Exchange Carrier Access Line Report

**Contains Highly Confidential Information
and has been filed under seal.**

INCUMBENT LOCAL EXCHANGE CARRIER ACCESS LINE REPORT

[illegible]

[illegible]

INCUMBENT LOCAL EXCHANGE CARRIER ACCESS LINE REPORT

[illegible]

[illegible]

Annual Report of

Southwestern Bell Telephone, L.P.

Schedule 10

for the year ended December 31, 2001

INCUMBENT LOCAL EXCHANGE CARRIER ACCESS LINE REPORT

| Exchange | Residential Voice Grade Equivalent Lines | | | | Business Voice Grade Equivalent Lines | | | | Public Access Lines | |
|----------------|---|---------|-------|-------------------------------|--|---------|--------|-------------------------------|---------------------|--|
| | Pure Resale | UNE (1) | UNE P | Full Facility Based (2) | Pure Resale | UNE (1) | UNE P | Full Facility Based (2) | Public | Customer Owned Coin Telephone |
| SLATER | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| SMITHVILLE | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| SPRINGFIELD | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| ST. CHARLES | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| ST. CLAIR | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| ST. JOSEPH | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| ST. LOUIS | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| ST. MARY'S | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| STANBERRY | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| STE. GENEVIEVE | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| TRENTON | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| TUSCUMBIA | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| UNION | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| VALLEY PARK | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| VERSAILLES | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| VIENNA | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| WALNUT GROVE | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| WARDELL | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| WARE | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| WASHINGTON | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| WEBB CITY | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| WELLSVILLE | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| WESTPHALIA | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| WYATT | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Grand Total | 33,024 | 0 | 8,654 | 1,715,298 | 45,539 | 27,444 | 68,093 | 787,497 | 17,584 | 5,284 |

NOTES:

(1) Represents a count of UNE loops only. Voice grade equivalents cannot be determined.

(2) Represents pure retail lines.

VERIFICATION

The foregoing report must be verified by the oath of the President or chief officer of the company. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken.

OATH

State Of _____
County Of _____ } ss:

Jan Newton

makes oath and says that

(Insert here the name of the affiant)

she is President-Missouri

(Insert here the official title of the affiant)

of Southwestern Bell Telephone, L.P.

(Insert here the exact legal title or name of the respondent)

that she has examined the foregoing report; that to the best of her knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent.

January 1, 2001, to and including December 31, 2001

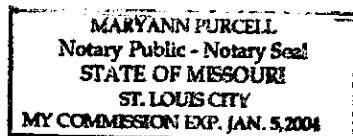
Jan Newton
(Signature of affiant)

Subscribed and sworn before me, a Notary in and for the

State and county above named, this 11th day of April, 2002

My Commission expires

January 5, 2004
mp



Maryann Purcell
(Signature of officer authorized to administer oaths)