

PRODIGY COMMUNICATIONS CORP
Form SC 13E3/A
October 18, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE TO

(Rule 14d-100)

(Amendment No. 2)

TENDER OFFER STATEMENT UNDER SECTION 14(d) (1) OR 13(e) (1)
OF THE SECURITIES EXCHANGE ACT OF 1934

PRODIGY COMMUNICATIONS CORPORATION
(Name of Subject Company)

SBC INTERNET COMMUNICATIONS, INC.
(Offeror)

SBC COMMUNICATIONS INC.
(Offeror)

CLASS A COMMON STOCK, PAR VALUE \$.01 PER SHARE
(Title of Class of Securities)

CUSIP 74283 P107
(CUSIP Number of Class of Securities)

WAYNE A. WIRTZ
SBC COMMUNICATIONS INC.
175 E. HOUSTON STREET
SAN ANTONIO, TX 78205
(210) 351-3736

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Filing Persons)
with a copy to:

JOSEPH B. FRUMKIN
SULLIVAN & CROMWELL
125 BROAD STREET
NEW YORK, NY 10004-2498
(212) 558-4000

CALCULATION OF FILING FEE

Transaction Valuation(1): \$407,137,143 Amount of Filing Fee(2): \$81,428

(1) For purposes of calculating fee only. This amount is based upon (a) the maximum number of Shares to be purchased pursuant to the Offer and (b) the price offered per Share.

Edgar Filing: PRODIGY COMMUNICATIONS CORP - Form SC 13E3/A

(2) The amount of the filing fee, calculated in accordance with Regulation 240.0-11 under the Securities Exchange Act of 1934, as amended, equals 1/50 of one percent of the Transaction Valuation.

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

Amount Previously Paid:	\$81,428
Form or Registration No.:	Not applicable
Filing Party:	SBC Internet Communications, Inc. SBC Communications Inc.
Date Filed:	October 2, 2001

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

third-party tender offer subject to Rule 14d-1.

issuer tender offer subject to Rule 13e-4.

going-private transaction subject to Rule 13e-3.

amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

CUSIP NO. 74283 P 10 7

1. NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

SBC Communications Inc.; I.R.S. Identification No. 43-1301883

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)
(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS
AF, WC, 00

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

Edgar Filing: PRODIGY COMMUNICATIONS CORP - Form SC 13E3/A

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7. SOLE VOTING POWER 0
	8. SHARED VOTING POWER 92,419,644
	9. SOLE DISPOSITIVE POWER 0
	10. SHARED DISPOSITIVE POWER 50,509,533

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
50,509,533 shares*

* In addition to this amount, Telefonos de Mexico, S.A. de C.V. and certain affiliates thereof that, collectively, beneficially own 41,910,111 Shares have agreed to vote with SBC with respect to certain matters. See Exhibit (a) (1) (xi)

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES []

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
41.77%

14. TYPE OF REPORTING PERSON
HC, CO

2

CUSIP NO. 74283 P 10 7

1. NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
SBC Internet Communications, Inc.; I.R.S. Identification No. 74-2937337

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) [X]
(b) []

3. SEC USE ONLY

4. SOURCE OF FUNDS
AF, WC, 00

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS
2 (d) OR 2 (e) []

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Edgar Filing: PRODIGY COMMUNICATIONS CORP - Form SC 13E3/A

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7. SOLE VOTING POWER 0
	8. SHARED VOTING POWER 50,448,283
	9. SOLE DISPOSITIVE POWER 0
	10. SHARED DISPOSITIVE POWER 50,448,283

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
50,448,283 shares*

* In addition to this amount, Telefonos de Mexico, S.A. de C.V. and certain affiliates thereof that, collectively, beneficially own 41,910,111 Shares have agreed to tender their Shares into SBC Internet's tender offer. See Exhibit (a)(1)(xi)

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES []

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
41.72%

14. TYPE OF REPORTING PERSON
CO

3

This Amendment No. 2 amends and supplements the Tender Offer Statement, Schedule 13e-3 Transaction Statement and Schedule 13D/A filed under cover of Schedule TO initially filed with the Securities and Exchange Commission (the "SEC") on October 2, 2001, as amended and supplemented by Amendment No. 1 filed with SEC on October 15, 2001, by SBC Internet Communications, Inc., a Delaware corporation ("SBC Internet") and an indirect wholly owned subsidiary of SBC Communications Inc., a Delaware corporation ("SBC"), to purchase all outstanding shares of Class A Common Stock, par value \$0.01 per share (the "Shares"), of Prodigy Communications Corporation, a Delaware corporation ("Prodigy"), at an increased purchase price of \$6.60 per Share.

ITEM 5. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS.

(b)(1) On October 17, 2001, SBC, SBC Internet and Prodigy reached a definitive agreement for SBC Internet to acquire the remaining equity interest in Prodigy not currently owned by it or SBC. The agreement provides that SBC Internet will increase its tender offer price from \$5.45 to \$6.60 per share. SBC and SBC Internet will prepare and mail to Prodigy's stockholders a supplement to its Offer to Purchase containing additional information as promptly as practicable after the date hereof. A copy of SBC's and Prodigy's joint press release announcing the transaction is attached as Exhibit (a)(1)(x) to this Amendment No 2.

ITEM 11. ADDITIONAL INFORMATION.

Edgar Filing: PRODIGY COMMUNICATIONS CORP - Form SC 13E3/A

(a)(1) On October 17, 2001, SBC and Prodigy reached an agreement in principle with plaintiffs to settle all pending stockholder litigation in Delaware relating to SBC Internet's tender offer. The agreement is subject to the approval of the Delaware Court of Chancery.

ITEM 12. EXHIBITS.

(a)(1)(x) Joint Press Release issued by SBC and Prodigy, dated October 18, 2001.

(a)(1)(xi) Letter Agreement, dated October 17, 2001, between SBC and each of Telefonos de Mexico, S.A. de C.V., Carso Global Telecom, S.A. de C.V. and Telmex Financial Ventures, LLC.

ITEM 13 INFORMATION REQUIRED BY SCHEDULE 13E-3

Item 12. The Solicitation or Recommendation.

(e) On October 17, 2001, Telefonos de Mexico, S.A. de C.V., Carso Global Telecom, S.A. de C.V. and Telmex Financial Ventures, LLC entered into an agreement to tender their Shares into SBC Internet's amended offer. A copy of this letter agreement is filed an Exhibit (a)(1)(xi) to this Amendment No. 2.

SCHEDULE 13D - ITEM 6. CONTRACTS, AGREEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF ISSUER

Reference is made to Item 12 of Schedule 13E-3 above regarding the letter agreement between SBC and each of Telefonos de Mexico, S.A. de C.V., Carso Global Telecom, S.A. de C.V. and Telmex Financial Ventures, LLC, which is attached as Exhibit (a)(1)(xi) to this Amendment No 2.

4

6

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

SBC INTERNET COMMUNICATIONS, INC.

By: /s/ Richard C. Dietz
Name: Richard C. Dietz
Title: President

SBC COMMUNICATIONS INC.

By: /s/ James S. Kahan
Name: James S. Kahan
Title: Senior Executive Vice President
- Corporate Development

Date: October 18, 2001

EXHIBIT INDEX

EXHIBIT	DESCRIPTION
(a) (1) (x)	Press Release issued by SBC and Prodigy, dated October 18, 2001.
(a) (1) (xi)	Letter Agreement, dated October 17, 2001, between SBC and each of Telefonos de Mexico, S.A. de C.V., Carso Global Telecom, S.A. de C.V. and Telmex Financial Ventures, LLC.