PRODIGY COMMUNICATIONS CORP
Form SC 13E3/A
October 19, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE TO
(RULE 14d-100)
(AMENDMENT NO. 3)

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): $492,463,705 Amount of Filing Fee(2): $98,492

(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.

(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.

[X] 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:

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

[ ] issuer tender offer subject to Rule 13e-4.

[X] going-private transaction subject to Rule 13e-3.

[X] 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) [X] (b) [X]
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 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 affiliate that, collectively, beneficially own 41,910,111 shares have agreed to vote with SBC respect to certain matters. See Exhibit 1(xi) to Amendment No. 2 of the Schedule TO 13e-3 Transaction Statement and Schedule 13D/A filed under cover of Schedule TO, da October 18, 2001.
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

SCHEDULE 13D

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 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.U. and certain affiliate that, collectively, beneficially own 41,910,111 shares have agreed to tender their into SBC Internet's tender offer. See Exhibit 1(xi) to Amendment No. 2 of the Sched Rule 13e-3 Transaction Statement and Schedule 13D/A filed under cover of Schedule T October 18, 2001.
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%

	TYPE OF REPORTING PERSON	
14		
	CO	

This Amendment No. 3 amends and supplements the Tender Offer Statement, Rule 13e-3 Transaction Statement and Schedule 13D/A filed under cover of Schedule TO (as amended, the "Schedule TO") 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 (the "Company"), at a purchase price of $6.60 per Share net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 2, 2001 (the "Offer to Purchase") as supplemented by the Supplement thereto, dated October 19, 2001 (the "Supplement"), and in the related Revised Letter of Transmittal (which, as they may be amended and supplemented from time to time, together constitute the "Offer"). Item 13 of the Schedule TO, the information required by Schedule 13E-3, is being amended and supplemented by this Amendment No. 3 to add the Company as a filing party and to incorporate the sections referenced below from the Solicitation/ Recommendation Statement on Schedule 14D-9 originally filed by the Company with the Securities and Exchange Commission on October 16, 2001, and as amended on October 18, 2001 and October 19, 2001 (as so amended, the "Schedule 14D-9").

ITEM 4. TERMS OF THE TRANSACTION

(a) Reference is made to the information set forth under "Summary Term Sheet", "Questions and Answers about the Amended Offer", "Introduction", Section 1 ("Terms of the Amended Offer"), Section 2 ("Acceptance for Payment and Payment for Shares"), Section 3 ("Procedure for Tendering Shares"), Section 4 ("Rights of Withdrawal"), Section 7 ("The Merger Agreement"), Section 8 ("Certain Conditions of the Amended Offer") and Section 13 ("Miscellaneous") of the Supplement, which is incorporated herein by reference.

ITEM 6. PURPOSE OF THE TRANSACTION AND PLANS OR PROPOSALS

(a) and (c)(1)-(7) Reference is made to the information set forth under "Summary Term Sheet", "Questions and Answers about the Amended Offer", "Introduction", "Special Factors - Further Contacts with Prodigy", "Special Factors - Purchaser's and SBC's Position Regarding the Fairness of the Amended Offer", Section 7 ("The Merger Agreement") and Section 8 ("Certain Conditions of the Amended Offer") of the Supplement, which is incorporated herein by reference. Reference is also made to the information set forth under Item 7 of the Schedule 14D-9, which is incorporated herein by reference.

ITEM 7. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

(a), (b) and (d) Reference is made to the information set forth under Section 9 ("Source and Amount of Funds") of the Supplement, which is incorporated herein by reference.

ITEM 11. ADDITIONAL INFORMATION

(a)(2) Reference is made to the information set forth under "Introduction", Section 2 ("Acceptance for Payment and Payment for Shares"), Section 3 ("Procedure for Tendering Shares") and Section 10 ("Certain Legal Matters") of

the Supplement, which is incorporated herein by reference.

(a)(5) Reference is made to the information set forth under Section 10 ("Certain Legal Matters") of the Supplement, which is incorporated herein by reference.

(b) Reference is made to the information set forth under Item 8 of the Schedule 14D-9, which is incorporated herein by reference.

ITEM 12. EXHIBITS

(a)(1)(xii)	Supplement to the Offer to Purchase, dated October 19, 2001.
(a)(1)(xiii)	Revised Letter of Transmittal.
(a)(1)(xiv)	Revised Notice of Guaranteed Delivery.
(a)(1)(xv)	Revised Letter from the Dealer Managers to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(xvi)	Revised Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(xvii)	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
(a)(2)(i)	Solicitation/Recommendation Statement on Schedule 14D-9, dated October 16, 2001.
(a)(2)(ii)	Solicitation/Recommendation Statement (Amendment No. 1) on Schedule 14D-9, dated October 18, 2001.
(a)(2)(iii)	Solicitation/Recommendation Statement (Amendment No. 2) on Schedule 14D-9, dated October 19, 2001.
(a)(5)(xii)	Memorandum of Understanding, dated October 17, 2001.
(d)(1)	Agreement and Plan of Merger, dated October 17, 2001.

ITEM 13. INFORMATION REQUIRED BY SCHEDULE 13E-3

Item 1. Summary Term Sheet.

Reference is made to the information set forth under "Summary Term Sheet" and "Questions and Answers about the Amended Offer" of the Supplement, which is incorporated herein by reference.

Item 2. Subject Company Information.

(a) Reference is made to the information set forth under Section 6 ("Certain Information Concerning Prodigy") of the Supplement, which is incorporated herein by reference. Reference is also made to the information set forth under Item 1 of the Schedule 14D-9, which is incorporated herein by reference.

(b) Reference is made to the information set forth under "Introduction" of the Supplement, which is incorporated herein by reference. Reference is also made to the information set forth under Item 1 of the Schedule 14D-9, which is incorporated herein by reference.

(c) Reference is made to the information set forth under Section 5 ("Price Range of Shares; Dividends") and "Questions and Answers about the Amended Offer" of the Supplement, which is incorporated herein by reference.

(d) Reference is made to the information set forth under Section 5 ("Price Range of Shares; Dividends") of the Supplement, which is incorporated herein by

reference.

(e) Reference is made to the information set forth under Item 1 of the Schedule 14D-9, which is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

(a), (b) and (c) Reference is made to the information set forth under Item 2 of the Schedule 14D-9, which is incorporated herein by reference.

Reference is made to the information set forth under Item 2 and Exhibit 8 of the Schedule 14D-9, which is incorporated herein by reference.

Item 5. Past Contacts, Transactions, Negotiations and Agreements.

(a) Reference is made to the information set forth under Item 3 of the Schedule 14D-9, which is incorporated herein by reference.

(b) Reference is made to the information set forth under Section 7 ("The Merger Agreement"), Section 8 ("Certain Conditions of the Amended Offer"), "Special Factors -- Further Contacts with Prodigy" and "Special Factors -- Purchaser's and SBC's Position Regarding the Fairness of the Amended Offer", of the Supplement, which is incorporated herein by reference. Reference is also made to the information set forth under Item 3 of the Schedule 14D-9, which is incorporated herein by reference.

(c) Reference is made to the information set forth under "Introduction" and "Special Factors -- Further Contacts with Prodigy" of the Supplement, which is incorporated herein by reference. Reference is also made to Item 3 of the Schedule 14D-9, which is incorporated herein by reference.

(e) Reference is made to the information set forth under "Introduction", "Special Factors -- Telmex Letter Agreement", Section 1 ("Terms of the Amended Offer"), Section 2 ("Acceptance for Payment and Payment for Shares"), Section 3 ("Procedure for Tendering Shares"), Section 4 ("Rights of Withdrawal"), Section 7 ("The Merger Agreement") Section 8 ("Certain Conditions of the Amended Offer") and Section 9 ("Source and Amount of Funds") of the Supplement, which is incorporated herein by reference. Reference is also made to the information set forth under Item 3 of the Schedule 14D-9, which is incorporated herein by reference.

Item 7. Purposes, Alternatives, Reasons and Effects.

(a), (b) and (c) Reference is made to the information set forth under "Introduction" of the Supplement, which is incorporated herein by reference. Reference is also made to the information set forth under Item 7 of the Schedule 14D-9, which is incorporated herein by reference.

(d) Reference is made to the information set forth under "Introduction" and "Special Factors -- Certain Effects of the Amended Offer" which is incorporated herein by reference.

Item 8. Fairness of the Transaction.

(a), (b), (c), (d), (e) and (f) Reference is made to the information set forth under "Introduction", "Special Factors -- Further Contacts with Prodigy", "Special Factors -- Purchaser's and SBC's Position Regarding the Fairness of the Amended Offer", "Special Factors -- Prodigy's Position Regarding the Fairness of the Amended Offer", Section 7 ("The Merger Agreement") and Section 12

("Appraisal Rights") of the Supplement, which is incorporated herein by reference. Reference is also made to the information set forth under Item 4 of the Schedule 14D-9 which is incorporated herein by reference.

Item 9. Reports, Opinions, Appraisals and Negotiations.

(a), (b) and (c) Reference is made to the information set forth under Item 4 of the Schedule 14D-9, which is incorporated herein by reference.

Item 10. Source and Amount of Funds or Other Consideration.

(a) Reference is made to the information set forth under Section 9 ("Source and Amount of Funds") of the Supplement, which is incorporated by reference herein.

(c) Reference is made to the information set forth under Item 5 of the Schedule 14D-9, which is incorporated herein by reference.

Item 11. Interest in Securities of the Subject Company.

(a) and (b) Reference is made to the information set forth under Item 6 of the Schedule 14D-9, which is incorporated herein by reference.

Item 12. The Solicitation or Recommendation.

(d) Reference is made to the information set forth under "Introduction -- Purpose of the Amended Offer; The Merger; Telmex Agreement" and "Special Factors -- Telmex Letter Agreement" of the Supple-

ment, which is incorporated herein by reference. Reference is also made to the information set forth under Item 4 of the Schedule 14D-9, which is incorporated herein by reference.

(e) Reference is made to the information set forth under "Introduction", "Special Factors -- Further Contacts with Prodigy", "Special Factors -- Purchaser's and SBC's Position Regarding the Fairness of the Amended Offer" and "Special Factors -- Recommendations of The Special Committee and Prodigy's Board of Directors" of the Supplement, which is incorporated herein by reference. Reference is also made to the information set forth under Item 4 and Item 5 of the Schedule 14D-9, which is incorporated herein by reference.

Item 14. Persons/Assets Retained, Employed, Compensated or Used.

(a) Reference is made to the information set forth under "Introduction" of the Supplement, which is incorporated herein by reference. Reference is also made to the information set forth under Item 5 of the Schedule 14D-9, which is incorporated herein by reference.

Item 15. Additional Information.

(b) Reference is made to the information set forth under "Special Factors -- VarTec Telecom Inc.", Section 10 ("Certain Legal Matters"), Section 12 ("Appraisal Rights") and Section 13 ("Miscellaneous") of the Supplement, which is incorporated herein by reference. Reference is also made to the information set forth under Item 8 of the Schedule 14D-9, which is incorporated herein by reference.

Item 16. Exhibits.

(c)(1)(i)	Opinion of Deutsche Banc Alex. Brown Inc., dated October 17, 2001 (incorporated herein by reference to Exhibit 11 to Solicitation/Recommendation Statement (Amendment No. 2), dated October 19, 2001).
(c)(1)(ii)	Report of Deutsche Banc Alex. Brown Inc., dated October 19, 2001 (incorporated herein by reference to Exhibit 10 to Solicitation/Recommendation Statement (Amendment No. 2), dated October 19, 2001.

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/ RANDALL STEPHENSON

Name: Randall Stephenson
Title: Senior Executive Vice President and Chief Financial Officer

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in Item 13 of this statement is true, complete and correct.

PRODIGY COMMUNICATIONS CORPORATION

By: /s/ DANIEL IANNATTI

Name: Daniel Iannatti
Title: Senior Vice President, General Counsel & Secretary

Dated: October 19, 2001

EXHIBIT INDEX

EXHIBIT	DESCRIPTION
(a)(1)(xii)	Supplement to the Offer to Purchase, dated October 19, 2001.

(a)(1)(xiii)	Revised Letter of Transmittal.
(a)(1)(xiv)	Revised Notice of Guaranteed Delivery.
(a)(1)(xv)	Revised Letter from the Dealer Managers to Brokers, Dealers, Commercial Banks, Trust. Companies and Other Nominees.
(a)(1)(xvi)	Revised Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust. Companies and Other Nominees.
(a)(1)(xvii)	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
(a)(2)(i)	Solicitation/Recommendation Statement on Schedule 14D-9, dated October 16, 2001.
(a)(2)(ii)	Solicitation/Recommendation Statement (Amendment No. 1) on Schedule 14D-9, dated October 18, 2001.
(a)(2)(iii)	Solicitation/Recommendation Statement (Amendment No. 2) on Schedule 14D-9, dated October 19, 2001.
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