



DSL Internet Update

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SBC Communications Inc., the nation's leading DSL (Digital Subscriber Line) Internet access provider, is committed to broadband and to providing customers with high-quality DSL Internet access service. In the first quarter of 2002, SBC enjoyed its strongest quarterly growth in 12 months, adding 183,000 DSL subscribers and bringing its total DSL Internet subscriber base to more than 1.5 million customers. SBC receives several thousands of orders daily and is well-positioned to accommodate significant subscriber growth, having reached a milestone of providing service from more than 6,000 neighborhood broadband gateways in addition to 1,400 central offices. SBC DSL Internet access service is available to 25 million customer locations — more than 60 percent of SBC's customers.

SBC Introduces Improved Self-Install Solution



SBC's popular DSL self-install solution has become even easier and more convenient to use. Introduced this spring, the new self-

install feature cuts the time it takes customers to complete their installation and registration process in half, to about 30 minutes. In fact, the self-install process is so easy that the previous two-disk CD-ROM process has been replaced with a simple, single-disk procedure, and the 30-page instruction manual has been replaced with a single-page, bifold instruction brochure.

The single-disk CD-ROM places troubleshooting capabilities directly on customers' personal computers, ensuring that their PCs are optimized for a broadband connection. Other new features automatically test and upgrade customers' browsers to the latest editions, configure the e-mail system for the customer, and guide the user through the registration process. Later this year, additional improvements to the self-install solution will place diagnostic tools on customers' PCs, enabling common setup problems to be automatically corrected. More than 90 percent of customers choose the self-install option.



SBC Yahoo! Offers Internet Services to Small-Business Customers

SBC and Yahoo! have expanded their strategic alliance to provide co-branded, customized DSL and dial-up services, premium Yahoo! services and other solutions tailored specifically for small-business customers. The agreement expands the landmark strategic alliance the two companies formed last November to provide customized services to consumers. Expected to launch early next year, the co-branded small-business dial and DSL services will include a customized portal, applications and capabilities, including many optimized for broadband.

The new agreement is a natural progression of SBC's partnership with Yahoo! and will strengthen SBC's leadership position in the small-business market and affirm its position as a world-class voice, data communications and Internet services provider. Additionally, the alliance enhances SBC's ability to help small businesses improve productivity and competitiveness by providing an array of services including local phone service, long distance, DSL Internet access service, Web hosting, messaging and security.



Did You Know?? Building an expanded fiber optic network is an integral component of SBC's DSL deployment. Since deployment began, more than 2 million miles of fiber optic strands have been placed across SBC's 13-state region. If each strand were placed end to end, it would circle the earth at the equator more than 85 times.

SBC and EchoStar Join Forces



SBC and EchoStar Communications Corp. have announced a strategic marketing alliance that combines EchoStar's DISH Network digital satellite television

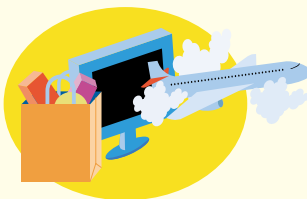
offerings with SBC's DSL Internet access service to provide consumers with a convenient and competitively priced alternative to cable. SBC, through this alliance, is one of the few carriers offering full-service communications packages including high-speed DSL Internet access, DISH Network TV programming, local phone service, long-distance phone service in the states where it has regulatory relief and, soon, wireless phone services.

Later this spring, SBC will begin offering DISH network satellite TV services. Full discounted bundles will be available beginning later in the year. Consumers who take advantage of the SBC/EchoStar bundles will receive credits of up to \$10 on monthly service charges, making SBC product offerings an attractive alternative to cable. Later this month, we anticipate regional offerings will add discounts for SBC customers who subscribe to Cingular wireless service.

Business Broadband Watch

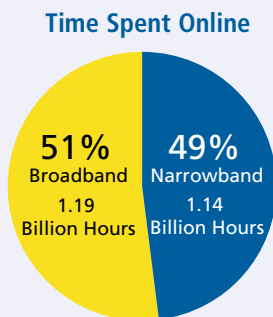
The Yankee Group conducted a survey of small-business customers who use SBC DSL Internet access service and found that high-speed broadband access provides invaluable productivity gains. Among the key findings:

- > More than 90 percent of the small businesses reported that business gains resulting from increased productivity meet or exceed the monthly cost of DSL Internet access service.
- > Approximately 65 percent of the respondents said that if they were forced to cut costs in a down economy, DSL Internet access would be the last service eliminated.
- > Research, e-mail, online purchasing and booking travel are key uses of broadband. The fast connection enables businesses to save time and money, contributing to overall improvements in efficiency.
- > Almost 50 percent of businesses believe that the Internet gives their business a competitive advantage, and more than one-third say that DSL Internet access service enables them to compete with larger companies.
- > DSL Internet access service opens the door for small businesses to interface with large corporations that require purchasing, payment and other transactions to be handled online.
- > The longer a small business has DSL Internet access service, the more it benefits from the service, creating a greater competitive advantage.



Broadband Growth Continues

In January 2002 and for the first time ever, Internet surfers used broadband connections more often than they used narrowband. According to a new report by Nielsen/NetRatings, broadband customers logged 1.19 billion hours, accounting for



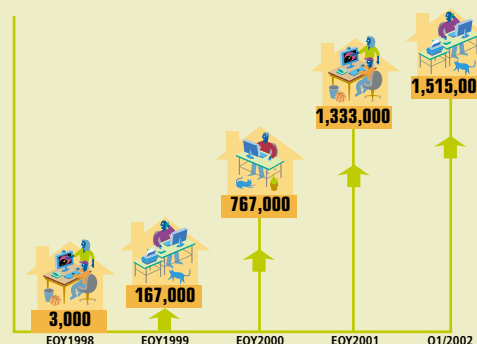
51 percent of the total 2.3 billion hours spent online during the month. Total time spent online by broadband surfers

skyrocketed 64 percent year over year to 1.19 billion hours, while time spent online by narrowband surfers decreased 3 percent from 1.18 billion to 1.14 billion hours.

In addition, IDC predicts that broadband subscriptions will increase to 43.4 million by 2005 from 11.5 million in 2001. Additionally, by 2006, 22.9 million U.S. households will have a DSL connection.

SBC DSL Internet Subscriber Growth

To date, SBC has made its DSL Internet access service available to nearly 25 million customers. SBC has increased its subscriber base from 3,000 customers in 1998 to more than 1.5 million customers today.



Source: SBC Communications Inc.