



DSL Internet Update

AUGUST 2002

SBC Communications Inc., through its family of companies, is the nation's leading DSL (Digital Subscriber Line) Internet access service provider and continues its industry leadership in mainstreaming broadband by expanding the availability of DSL Internet access service. In the second quarter of 2002, SBC enjoyed one of its strongest quarterly growth periods ever, adding 213,000 lines and bringing its total to 1.7 million DSL lines in service. SBC receives several thousand orders daily and is well-positioned to accommodate significant subscriber growth, providing service from more than 6,000 neighborhood broadband gateways in addition to 1,400 central offices. SBC DSL Internet access service, provided by SBC Internet Services, is available to 26 million customer locations.

"Personalized" Speeds to Drive Broadband Adoption



Continuing its leadership and commitment to mainstream broadband, SBC recently unveiled plans to offer new speeds and prices for DSL that will help further drive broadband penetration and provide new subscribers with more high-speed DSL Internet access service options. The new "personalized" speeds will enable consumers and businesses to determine the speed and price

that best suit their needs, while meeting the growing need for more bandwidth. SBC, through its Internet service providers, plans to launch these new offerings and to unveil pricing this fall. Once fully implemented, the new offerings will consist of the following six DSL Internet access service products:

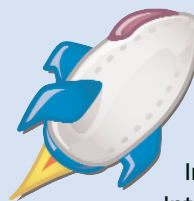
DSL PRODUCT	SPEED download x upload in kilobits per second	IP ADDRESSES*	RECOMMENDED USES
DSL Basic Package	up to 384 x 128	one dynamic	Web surfing, e-mail, online research
DSL Standard Plus Package	384 to 1500 x 128	one dynamic	Downloading music, streaming audio/video, home networking
DSL Deluxe Package	768 to 1500 x 256	one dynamic	Telecommuting, streaming audio/video, online gaming, home networking, videoconferencing
DSL Standard Plus - S Package	384 to 1500 x 128	five static	VPN access, hosting Web/e-mail server, B2B commerce
DSL Deluxe - S Package	768 to 1500 x 256	five static	VPN access, hosting Web/e-mail server, videoconferencing, uploading files
DSL Expert Plus - S Package	1500 to 6000 x 384	five static	Hosting Web/e-mail server, uploading large documents to shared server, high grade videoconferencing

*Initially, some speed options may not be available in all SBC regions.



Coming Soon: SBC Yahoo! DSL

The SBC Yahoo! alliance created a premier access/content play that's serving as the model for the industry and further helps SBC mainstream broadband in today's marketplace. Together, SBC and Yahoo! are creating best-in-class broadband and dial Internet services, leveraging the strengths of both companies to provide superior service. Customers that sign-up for SBC DSL Internet access service today will soon receive all the benefits of SBC Yahoo! DSL, which becomes available later this fall. SBC Yahoo! DSL is being designed from the ground up to maximize the broadband connection and deliver a completely new kind of online experience.



SBC Yahoo! DSL is the premier offering from the alliance between Yahoo!, the No. 1 global Internet destination, and SBC, the nation's leading DSL Internet provider and a top-five Internet service provider. Earlier this year, just six months after joining forces, the two companies launched SBC Yahoo! Dial nationwide, combining dial access, a customized portal and premium features to give consumers a rich, personalized Internet experience unmatched by competitors. The alliance with Yahoo!, together with other alliances and core offerings, enables SBC to offer consumers a portfolio of communications and entertainment solutions unsurpassed by competitors.

Home Networking on the Rise

According to an industry report released by The Pew Internet and American Life Project this summer, 69 percent of broadband households have more than one computer, and 40 percent have three or more computers in the house, prompting more than half (55 percent) of broadband households to network their home computers. SBC, one of the first providers to offer Home and Small Office Networking, has helped expand the broadband market by making this powerful tool and platform for future broadband applications even more affordable and convenient for customers. Now current and new SBC DSL Internet access service customers can order the home networking at significantly reduced prices.

SBC's home networking offerings make it possible for customers to simultaneously share a single DSL Internet connection, creating a reliable network that links multiple desktop PCs, laptops and related equipment. Additionally, home networking customers can enjoy the benefits of sharing files and peripherals (printers, scanners, fax machines) and building a network capable of handling and sharing high-bandwidth applications and content, such as streaming video, music and distance learning. Basic installation can be completed by customers in about one hour. No new wires are required because the gateway uses existing phone wiring. A wireless option is also available.

KIT	ORIGINAL PRICE	NEW PRICE
2Wire HomePortal 100 (Standard gateway without modem)	\$199.95	\$174.95
2Wire HomePortal 100W (Wireless gateway without modem)	\$399.95	\$374.95
2Wire HomePortal 1000 (Standard gateway with built-in DSL modem)	\$399.95	\$249.95
2Wire HomePortal 1000W (Wireless gateway with built-in DSL modem)	\$599.95	\$449.95

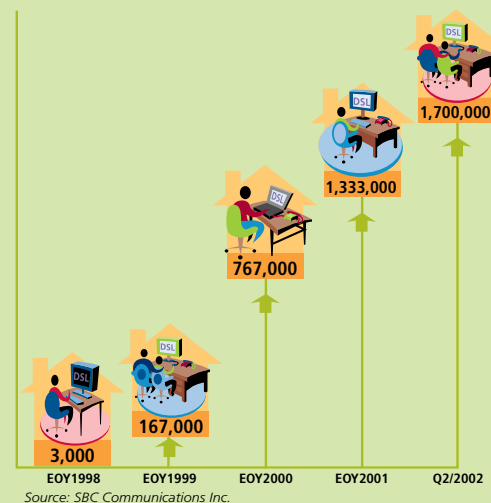
SBC Internet Services Simplifies Self-Installation



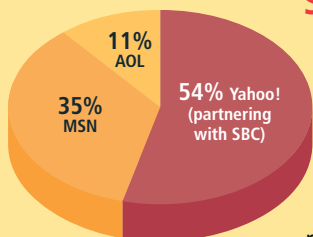
To further improve the installation process and mainstream broadband adoption, SBC Internet Services continues to make enhancements to its self-install solution, cutting customer installation times in half to about 30 minutes. The new self-install solution includes a simple, single-disk procedure that guides the customer step by step with easy-to-understand instructions and graphics. The single disk CD-ROM places troubleshooting capabilities directly onto 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.

SBC DSL Internet Subscriber Growth

To date, SBC has made its DSL Internet access service available to approximately 26 million customer locations. SBC has increased its subscriber base from 3,000 customers in 1998 to more than 1.7 million customers today.



SBC and Yahoo!, Delivering the Future of Broadband



Which major content provider will make the most headway into the broadband services market? According to a recent reader survey conducted by *Telephony*, the majority of respondents believe that SBC and Yahoo! will be the most successful in deploying broadband services.

Few readers seem to think that AOL will be able to translate its success in narrowband into the broadband market.