Bringing the Universe to You

SBC’s Broadband Initiatives

Dorothy Atwood
Senior Vice President
Regulatory Policy and Planning

SBC’s Broadband Initiatives

1. SBC | DISH Network - Homezone
2. Project Lightspeed - IPTV
3. Extending the SBC Yahoo! Experience

SBC | DISH – Homezone

• Joint venture with 2Wire to deliver a home entertainment service that combines SBC Yahoo! DSL with SBC | DISH Network service
  - Downloads movies
  - Caller ID
  - Remote access

Project Lightspeed

All-digital, high-bandwidth IP network to reach approximately 18 million households in its initial deployment

The Method
Push fiber to within 3,000 to 5,000 feet of many existing neighborhoods and, to the premise, in many new developments

The Investment
$4B in capital expenditures

The Benefits
20-25 Mbps for IPTV, super high-speed Internet access, and, in the future, IP Voice

Broadband Adoption Rates

Source: Yankee Group, 2004 Broadband Subscriber Forecast, Jan. 2005

Total Subscribers Among Leading Broadband Providers (in millions)

Source: Companies

Number of Households (in millions)

Comcast  SBC  Time Warner  Verizon  Cox  BattleShips Channel

2003  2004  2005  2006  2007  2008

3.6  3.9  4.1  4.4  4.7  5.1

Download movies  Caller ID  Remote access
IP Based Applications

- Applications - Everything over IP
- Platform allows for:
  - High Speed Internet Access: Super high speeds, Dedicated connection
  - Voice Over IP: In the future a planned Voice Over IP offering
  - IP Video: Four high-quality TV streams (including high-definition TV), robust video-on-demand, instant channel changes, multiple picture-in-pictures, whole home DVR, remote programming)

IP Video Advantages

Legacy Cable – One-Way

- One-way broadcast distribution of content
- Network must support all content from head end to customer
- Content limited by bandwidth capacity to home

IP Switched Video - Two Way Interactive Services

- Two-way switched IP distribution of content
- Network delivers to home gateway only what customer chooses
- Virtually unlimited content and choice for customers, not bandwidth constrained in channel capacity

SBC's Video Service Portfolio

<table>
<thead>
<tr>
<th>Homezone Product Set</th>
<th>IPTV Product Set</th>
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<tbody>
<tr>
<td>Combined Satellite TV and DSL</td>
<td>Integrated IPTV, DSL, and Voice</td>
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<tr>
<td>- SBC High Speed Internet Access (DSL)</td>
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<tr>
<td>- SBC DISH Satellite TV</td>
<td>- SBC IPTV</td>
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<tr>
<td>- Interactive set-top box and Digital Video Recorder (DVR)</td>
<td>- Interactive set-top box and Whole Home Digital Video Recorder (DVR)</td>
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<tr>
<td>- Gateway allows access to photos and music across home network.</td>
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<td>Available late 2005 to most DSL households.</td>
<td>Network build is currently underway with a controlled launch scheduled for late 2005 or early 2006</td>
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Note: Product sets above detail planned features for HomeZone and Lightspeed; all features may not be available at initial launch.

Extending the SBC Yahoo! Experience

- Consistent customer experience
- Share movies, music and photos with multiple devices