

ATTACHMENT A



Investor Briefing

April 23, 2001 | No. 225

Strong Growth in Data, Wireless and Long Distance Highlights SBC's First-Quarter Results

Economy Impacts Outlook for Remainder of 2001

SAN ANTONIO, April 23, 2001 — SBC Communications Inc. (NYSE: SBC) today reported that its primary growth drivers — data, wireless and long distance — performed strongly during the first quarter.

Highlights included:

- 39.9 percent growth in data revenues
- A net gain of 854,000 subscribers at Cingular, SBC's nationwide wireless joint venture with BellSouth
- 2.2 million long-distance lines in Texas, Oklahoma and Kansas; SBC entered the Texas long-distance market in July 2000, and the two other states in March of this year

As expected, the timing of SBC's investments in its growth initiatives during 2000 impacted first-quarter expense and earnings comparisons. The slowing U.S. economy also dampened growth. First-quarter earnings were \$1.7 billion, or \$0.51 per diluted share, before one-time

items, compared with \$1.9 billion, or \$0.56 per diluted share, in the first quarter a year ago. Operating revenues for the quarter, including results from Cingular, increased 4.7 percent to \$13.1 billion.

First-quarter revenue growth was adversely impacted by SBC's sale of Ameritech's security-monitoring business. Excluding results from this divestiture as well as shifts in directory publishing dates and the pro forma effect on the year-ago quarter of the Cingular venture, first-quarter revenues increased 6.7 percent.

Primarily because of weakening U.S. economic conditions, SBC expects earnings per share for 2001, before one-time items, in the \$2.35 to \$2.40 range.

"The economy is having a greater impact on our business than we projected," said Edward E. Whitacre Jr., SBC chairman and CEO. "We handled the first-quarter revenue

shortfall well, thanks to very disciplined expense management. Going forward, we are determined not to lose sight of our larger strategic mission — including fully developing our broadband capabilities and obtaining long-distance relief in our states as quickly as possible — and we will not compromise our long-term future to preserve near-term projections.

"Broadband is the foundation for a host of new value-added services, and we will continue to pursue it aggressively," Whitacre said. "Long distance complements our broadband strategy, and this year we have the potential to increase our long-distance opportunity from two states to eight states. Looking ahead, we will continue playing to our strengths, and our adjusted game plan for 2001 should yield a much more stable and predictable growth profile for the future."

FIRST-QUARTER RESULTS

(Dollars in millions, except per-share amounts. Results exclude one-time items. First-quarter 2001 results include proportionate Cingular results. First-quarter 2000 not restated.)

(Volumes in thousands)

	1Q01	1Q00	Change
Total operating revenues	\$13,144	\$12,553	4.7%
EBITDA	\$ 5,164	\$ 5,291	-2.4%
Earnings before extraordinary item	\$ 1,739	\$ 1,910	-9.0%
Diluted earnings per share	\$ 0.51	\$ 0.56	-8.9%
Data revenues	\$ 2,127	\$ 1,521	39.9%
Wireless subscriber revenues	\$ 1,688	\$ 1,500	12.5%
Domestic wireless subscribers ¹	20,535	17,294	18.7%
Proportionate international revenue ²	\$ 1,795	\$ 1,464	22.6%

1 - Represents total Cingular pro forma subscribers in both periods.

2 - Amounts for 2000 have been restated to exclude investments that have been sold or are no longer accounted for under the equity method.

DSL *growth*

Total DSL subscribers reach 954,000 at end of quarter; systems advances improve provisioning, quality of customer experience

In the first quarter, SBC made substantial advances in broadband, further strengthening its position as the nation's leading provider of DSL services.

SBC views DSL as a key growth platform for the future — capable of delivering a host of entertainment, information and time management services as well as high-speed Internet access to both residential and business customers. During the past few months, SBC's conviction that DSL holds huge potential as a strategic growth driver has been reinforced by market research.

During the first quarter, SBC:

- Expanded its DSL in-service subscriber base to 954,000.
- Achieved significant improvements in provisioning, operating efficiency and overall customer experience. Due date intervals now average less than 10 business days, and 90 percent of orders are completed on or before their original due dates.
- Further broadened its addressable market through its Project Pronto network build-out. At the end of first quarter, SBC was able to reach 21.7 million customer locations, or more than 50 percent of the company's customer base with its DSL service, up from 12.9 million locations just one year ago.

"Over the past two quarters, SBC has elevated the quality of customers' broadband experience," said Ed Whitacre. "While we are only two years into broadband and still have considerable work to do, demand is strong, per-customer financial metrics are improving, and we are confident in our business model — which is every bit as promising as wireless was in its first years. SBC plans to continue to be aggressive in expanding its DSL growth platform."

"Over the past two quarters, SBC has elevated the quality of customers' broadband experience. While we are only two years into broadband and still have considerable work to do, demand is strong, per-customer financial metrics are improving, and we are confident in our business model — which is every bit as promising as wireless was in its first years."

**EDWARD E. WHITACRE JR.
CHAIRMAN AND CEO**

CUSTOMER GROWTH

SBC's emphasis in the first quarter has been on improved operating efficiencies and enhanced quality for the overall customer experience — both critical foundations for aggressive growth in DSL.

Gross install levels in the first quarter were consistent with results in the fourth quarter, and SBC's net subscriber gain of 187,000 represents a solid extension of recent momentum in light of two factors. Database reconciliations made possible by enhancements to automated systems added to the number of disconnects attributed to this quarter. In addition, during the first quarter, SBC changed its bundled offer of a DSL-ready Compaq PC plus Internet access over DSL, launched in July 2000, so that customers purchased the PC from Compaq rather than as part of a seamless offer. This change resulted in significantly slower sales of the bundle. Excluding the impact of these two factors, SBC's daily net gain in subscribers would have been in the 3,500 – 4,000 range, as expected.

Market trends continue to be positive.

The company's most recent research found that in the competitive broadband marketplace SBC maintains its composite leading position in five key service areas — Dallas, Houston, Los Angeles, San Francisco and San Antonio.

Going forward, SBC anticipates volatility in quarterly customer growth numbers as it completes the transition of its customer base to automated systems and as a limited number of ISP (Internet Service Provider) resellers and DSL providers work their way through widely reported financial difficulties. Because more than 80 percent of its DSL customer base obtains Internet access service directly from an SBC entity or affiliate, SBC has limited exposure to ISP financial failure. Nevertheless, a few ISPs' restructuring or closing operations in a quarter could significantly distort that quarter's growth statistics. Over time, SBC expects to continue to be the DSL provider for many of these ISPs' customers — including temporarily displaced customers — whether these ISPs successfully restructure, transition their customers to more stable ISPs or cease operations altogether.

STRONG DEMAND

Demand for DSL services continues to be robust and is expected to grow significantly over the next few years. At the end of 2000, there were more than 6 million U.S. residential customers accessing the Internet through a broadband connection and that number is expected to grow to more than 28 million customers in 2004, according to industry analyst firm Gartner Dataquest. Other recent independent studies have projected even higher totals for residential and small-business customers combined.

Moreover, customers who adopt broadband are passionate in their commitment to the service. Broadband Watch, a new survey

ATTACHMENT B

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September 17, 2001

Chairman Michael Powell
Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

Re: SBC-ASI New Advanced Services Tariff Filing
Request for FCC Investigation

Dear Chairman Powell:

We are writing to you concerning the recent grant by FCC staff of rule waivers to SBC Advanced Solutions, Inc. (SBC), allowing SBC to file a new baseline tariff for all its Advanced Services in its 13 state region, including ADSL services, without any cost support and without any opportunity to allow the affected public to comment. We believe that this serious development threatens to undermine the deployment of advanced services to all Americans and erode the confidence of the public in the legitimacy and impartiality of the FCC's processes. We urge the Commission to issue immediately an order commencing an investigation of the lawfulness of the SBC Advanced Services tariff.

On September 7, 2001, the FCC's Common Carrier Bureau granted to SBC, in a letter less than six lines in length, a waiver of two key Commission rules regarding the filing of tariffs – Section 61.49 (requiring cost support that must accompany tariff filings) and Section 61.58 (requiring a minimum time before tariffs can become effective). 47 C.F.R. §§ 61.49, 61.58. Through these waivers, the FCC has essentially allowed SBC – the nation's second largest local telephone company – to impose rates, terms and conditions in its Advanced Services tariff which harm American consumers and impede advanced services competition, contrary to the Communications Act and clear FCC policy. Adding insult to injury, we understand that the filing was approved in order to facilitate SBC's navigation of the FCC's review process necessary in order for the Commission to grant SBC approvals of its recently filed Section 271 Applications in Missouri and Arkansas.

Lampert & O'Connor, P.C.

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On Monday, September 10, 2001, the tariff became effective by operation of law.¹ Thus, SBC has raised the price of the ADSL service it offers to the nation's Internet Service Providers (ISPs) and other similar customers by roughly 15%, even though SBC's underlying costs have fallen. Instead of allowing ISPs to retain their relationships with their customers and merely purchase DSL transport as an "input" to the ISP's own information service, SBC demands the right to market over the DSL lines "multiple applications" to the ISP's customers, without any apparent right or ability for any ISP not affiliated with SBC to do the same. SBC's tariff also exonerates it of any responsibility if and when the "multiple applications" degrade the speed of the consumers' DSL services. Moreover, in its clear effort to strong-arm ISPs and American consumers, SBC absolves itself through the tariff for all liability associated with installation delays, OSS failures, and similar deficiencies at the same time it imposes heavy penalties on ISPs that do not meet enormous volume commitments.

In clear violation of FCC precedent, the SBC tariff also expressly prevents ISPs from purchasing certain Advanced Services (remote LAN DSL) and permits only SBC to offer "multiple applications" across these cordoned-off services. In essence, SBC's tariffed rates, terms and conditions impose unreasonable terms, discriminate illegally among customers, abrogate SBC's responsibilities as a common carrier, and unlawfully limit the availability of the Advanced Services. While the D.C. Circuit found in *ASCENT v. FCC*, 235 F.3d 662 (2001), that Advanced Solutions, Inc. is, indeed, a "successor or assign" of the Bell Operating Company (BOC), SBC in the last week has executed on a plan to evade well-established FCC rules and precedent that properly protect against BOC anticompetitive conduct.²

Most importantly, SBC's illegal tariff imposes significant harm on ISPs and their customers. The 15% rate increase for DSL may require ISPs to raise consumer rates for high-speed Internet access. At a minimum, ISPs and consumers face an illegal and anticompetitive "price squeeze," as SBC raises the price of the essential DSL input at the same time its affiliates Prodigy Internet and SBIS hold the largest share of the retail DSL-based ISP market. By offering DSL input rates that are artificially high, SBC can successfully increase further its position in the DSL market at the expense of consumers, independent ISPs, and fair competition. Further, the fundamental changes in the DSL service itself mean that consumers cannot count on high-speed access to the Internet from their ISPs, and ISPs will not be permitted to use the full capabilities of the DSL lines to offer American consumers the widest range of Internet and data service offerings.

¹ Signatories of this letter dispute SBC's assertion, and the Commission's apparent acceptance, that ASI, a "successor or assign" of an ILEC and the DSL market share leader in all of SBC's ILEC states, is "non-dominant" in the provision of any telecommunications service.

² On September 13, 2001, the Texas Internet Service Providers Association (TISPA) also filed a petition objecting to the tariff and seeking FCC review of the Bureau waiver order, and we note that TISPA's position is fully consistent with this request.

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Respectfully, we submit that these significant issues require an expeditious response from the Commission, especially in light of the questionable legality of the process, and unique circumstances surrounding the extraordinary grant to SBC of the FCC rule waivers discussed above. We, therefore, request the Commission immediately order and conduct an investigation of the lawfulness of the SBC Advanced Services tariff, pursuant to its authority under Section 205 of the Act. 47 U.S.C. § 205(a).

We are, of course, available to discuss these issues in further detail. Please feel free to contact the undersigned regarding these matters.

Respectfully submitted,

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cc: Commissioner Abernathy
Commissioner Copps
Commissioner Martin
Marsha MacBride

Lampert & O'Connor, P.C.

September 17, 2001

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ATTACHMENT C



ASSOCIATION FOR LOCAL TELECOMMUNICATIONS SERVICES

DOCKET FILE COPY ORIGINAL

Jonathan Askin
General Counsel

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MAY 17 2000

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

May 17, 2000

Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

**Re: Deployment of Wireline Services Offering Advanced Telecommunications
Capability, CC Docket No. 98-147;**

**Implementation of the Local Competition Provisions of the
Telecommunications Act of 1996, CC Docket No. 96-98**

**Applications for Consent to the Transfer of Control of Licenses and Section
214 Authorizations from Ameritech Corporation, Transferor to SBC
Communications Inc., Transferee, CC Docket No. 98-141**

**Common Carrier Bureau and Office of Engineering and Technology
Announce Public Forum on Competitive Access to Next-Generation Remote
Terminals, NSD-L-00-48, DA 00-891**

Dear Ms. Salas:

Please find attached an original and four copies of the Petition for a Declaratory Ruling on Loop Provisioning of the Association for Local Telecommunications Services.

Sincerely,

Jonathan Askin

cc: **Chairman William Kennard**
Commissioner Harold Furchtgott-Roth
Commissioner Gloria Tristani
Commissioner Michael Powell
Commissioner Susan Ness
Kathy Brown
Dorothy Attwood
Rebecca Beynon
Sarah Whitesell
Kyle Dixon
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Christopher Libertelli
Jon Reel
Johanna Mikes
Anthony Dale
Dale Hatfield
Dave Farber
Doug Sicker
Rebecca Dorch
International Transcription Service, Inc.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20054

In the Matter of)	
)	
Deployment of Wireline Services Offering Advanced Telecommunications Capability)	CC Docket No. 98-147
)	
Implementation of the Local Competition Provisions of the Telecommunications Act of 1996)	CC Docket No. 96-98
)	
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ASSOCIATION FOR LOCAL TELECOMMUNICATIONS SERVICES
PETITION FOR DECLARATORY RULING:
BROADBAND LOOP PROVISIONING

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*Attorneys for the
Association for Local Telecommunications Services*

Dated: May 17, 2000