



# Wireline- Wireless Integration



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SBC COMMUNICATIONS INC.

## Delivering Products That Change How Customers Use Communications Services

SBC Communications Inc., BellSouth and Cingular Wireless (the nation's No. 2 wireless provider) are executing a ground breaking initiative to spur customer acquisition and retention by creating a new category of products that integrate wireline and wireless features and functionality – all through a wireless network overlap competitors cannot match. The integrated products will deliver greater value, simplicity and productivity to customers and will create marketplace distinction for all three companies.

Integration will move SBC Communications Inc., BellSouth and Cingular Wireless beyond today's soft bundling of wireless and wireline services. Customers will be able to make a single call and receive discounted SBC or BellSouth wireline and Cingular wireless services on a single bill. Fully integrating these removes the distinction between wireline and wireless services, networks and devices.

SBC Communications Inc., which owns 60 percent of Cingular Wireless through a joint venture with BellSouth, is leveraging the extensive wireline-wireless network overlap to create robust product bundles and to make more comprehensive use of distribution channels and marketing programs. This has made it easy and cost-effective for customers to consolidate their communications services with SBC companies or BellSouth.

### Dedicated Resources

The companies have dedicated significant resources and senior management attention to successfully implement the integration initiative:

- > Representatives from nearly every SBC discipline are helping to bring the products to market.
- > Cingular's product development budget is one of the largest in its history.
- > The companies created a working structure that includes joint product-development teams and joint alliance, technology and marketing councils that include each company's chief marketing, technology and information officers.

# Strong Foundation in Place

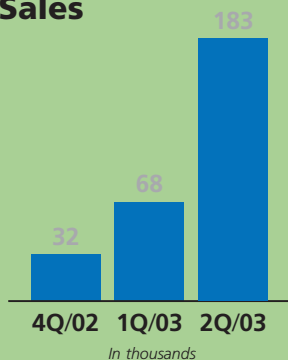
The integration initiative builds upon significant progress SBC Communications Inc., BellSouth and Cingular have made to more closely align their wireline and wireless services, including:

- > **Enhanced network infrastructure.** SBC network enhancements include the deployment of one of the largest broadband footprints in the nation, which has made SBC Yahoo! DSL service available to 32 million homes and businesses in the 13-state SBC region. Cingular has deployed its GPRS wireless data network to more than 50 percent of potential subscribers nationwide and will reach 90 percent by year-end.
- > **Simplified ordering and billing.** The companies have developed tools, processes and systems to enable customers to order wireless service through the SBC and BellSouth wireline sales channels. SBC and BellSouth customers receive the convenience and simplicity of one-stop shopping and a single bill.
- > **Extensive distribution channels.** The companies

are already leveraging the strengths of SBC and BellSouth call centers and Cingular retail locations to cross-sell wireline and wireless service, dramatically extending each company's reach. SBC Yahoo! DSL is available in select Cingular retail stores, and soon, additional SBC services will be available in 270 Cingular stores in the SBC footprint.

- > **Joint selling to business accounts.** SBC and Cingular sales representatives are working together to improve both companies' market position with enterprise customers.
- > **Bundled services.** The companies have introduced service bundles that provide one-stop shopping, a single bill and discounted communications services. In 2003, SBC Communications Inc. expects to sell more than 300,000 bundles that include both wireline and wireless service.
- > **Wireless co-branding.** A co-branded tag line was introduced in February to more closely tie the SBC and BellSouth brands to the Cingular brand in advertising and marketing activities in the SBC and BellSouth regions.

## Wireless Bundle Sales



In mid-2002, the SBC sales channel began offering bundles that include wireline and wireless services, and quickly became the largest Cingular sales agent. Sales of these bundles is growing at an exponential rate:

- > **32,000** wireline-wireless bundles sold in 4Q of 2002
- > **68,000** wireline-wireless bundles sold in 1Q of 2003
- > **183,000** wireline-wireless bundles sold in 2Q of 2003

## Beyond Bundling With Integrated Products

The wireline-wireless initiative will create a seamless communications platform that will enable customers the ability to use their services in new ways, such as a single mailbox that makes voice mail and e-mails accessible via phone, computer or PDA. The platform will allow possible future offerings, such as a single wireless and wireline phone number, interoperability between wireless and wireline instant messaging service, and integrated voice-activated services, such as voice-activated dialing and voice portal services that will allow customers to verbally request Internet content. Products include:

- > **Single wireline-wireless mailbox.** Gives subscribers the convenience and simplicity of a single voice mailbox for both wireline and wireless phones. (Rollout continues.)
- > **FastForward™.** Integrates wireline and wireless services at handset level. Forwards wireless calls to home or office phones and recharges phone batteries. (Oct. 1.)
- > **Unified Communications.** Will give subscribers a single message center that makes voice mail, e-mails and faxes accessible via phone, computer, or a PDA. (4Q 2003)
- > **Integrated data bundle.** Will integrate Wi Fi and GPRS/EDGE networks to provide high-speed access to the Internet and corporate intranets at home, the office and on the road. Will provide a consistent portal experience and a single login. (Early 2005.)