

Report of Independent Accountants

To the Management of
SBC Communications Inc.

We have examined the effectiveness of controls over the accuracy and completeness of reported data in accordance with the Business Rules¹ for the Evaluation Period² for Michigan Bell Telephone Company (the "Company"), an indirect wholly owned subsidiary of SBC Communications Inc. The Company's management is responsible for maintaining effective controls over the process to calculate and report accurate and complete performance measurements in accordance with the Business Rules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the Company's controls over the process to calculate and report accurate and complete service quality data measurements in accordance with the Business Rules, testing and evaluating the design and operating effectiveness of those controls, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in any control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of controls over the process to calculate and report accurate and complete performance measurements with the requirements referenced above to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our examination disclosed that certain processes used to generate performance measurements, primarily related to the manual collection and processing of data and computer program coding and modifications, did not include certain controls to ensure the accuracy of the reported performance measurements. These control deficiencies contributed to the need to restate certain data and modify certain performance measurements on a prospective basis. The restatements and prospective changes are included in Attachment A to our separate Report of Independent Accountants on the Company's compliance with the Business Rules dated September 23, 2002.

In our opinion, except for the effect of the control deficiencies described above, the Company maintained, in all material respects, effective controls over the process to calculate and report accurate and complete performance measurements in accordance with the Business Rules for the Evaluation Period based upon the criteria set forth in the Business Rules.

This report is intended solely for the information and use of the Company and the Michigan Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

September 23, 2002

¹ "Business Rules" refer to Version 1.8_05_20_02 of the Ameritech Performance Measure User Guide as set forth in the Michigan Public Service Commission Order in Docket No. U-11830, as amended.

² The Evaluation Period refers to the months of March through May 2002.