

SBC COMMUNICATIONS INC
Form 11-K
June 25, 2003

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended December 31, 2002

Commission File Number 1-8610

SBC SAVINGS AND SECURITY PLAN

SBC COMMUNICATIONS INC.

175 E. Houston, San Antonio, Texas 78205

Financial Statements, Supplemental Schedules and Exhibits

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REPORT OF INDEPENDENT AUDITORS

SBC Communications Inc., Plan Administrator
for the SBC Savings and Security Plan

We have audited the accompanying statements of net assets available for benefits of SBC Savings and Security Plan as of December 31, 2002 and 2001, and the related statement of changes in net assets available for the year ended December 31, 2002. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits at December 31, 2002 and 2001, and the changes in its net assets available for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken together with the accompanying supplemental schedules of assets (held at end of year) as of December 31, 2002 and 2001. The supplemental schedules of assets and transactions for the year then ended are presented for purposes of additional analysis and are not a part of the financial statements but are supplementary information required by the Department of Labor Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have not been subjected to auditing procedures applied in our audits of the financial statements, and in our opinion, they are stated in all material respects in relation to the financial statements taken as a whole.

/s/ ERNST & YOUNG

San Antonio, Texas
June 23, 2003

SBC SAVINGS AND SECURITY PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(Dollars in Thousands)

	December 31,	
	2002	2001
ASSETS		
Investments (See Note 3)	\$ 4,471,815	\$ 3,999,000
Cash	-	-
Dividends and interest receivable	65	-
Receivable for investments sold	55	-
Contributions receivable	45	-
Other receivables	-	-
	-----	-----
Total Assets	4,471,980	3,999,000
	-----	-----

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LIABILITIES

Administrative expenses payable		526		1
Payable for investments purchased		3,241		
		-----		-----
Total Liabilities		3,767		1
		-----		-----
Net Assets Available for Benefits	\$	4,468,213	\$	3,998
		=====		=====

See Notes to Financial Statements.

SBC SAVINGS AND SECURITY PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Dollars in Thousands)

Net Assets Available for Benefits, December 31, 2001	\$	3,998,507	
Additions to Net Assets:			
Contributions and transfers:			
Participant contributions		243,236	
Employer contributions		126,355	
Transfer in due to plan merger (See Note 1)		1,425,486	

		1,795,077	
Investment Income:			
Dividends on SBC common shares		76,302	
Interest		46,516	

		122,818	

Total Net Additions		1,917,895	
Deductions from Net Assets:			
Net depreciation in fair value of investments		798,840	
Administrative expenses		6,184	
Distributions		638,486	
Transfer to other plan (See Note 1)		4,679	

Total Deductions		1,448,189	

Net Assets Available for Benefits, December 31, 2002	\$	4,468,213	
		=====	

See Notes to Financial Statements.

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SBC SAVINGS AND SECURITY PLAN
NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands)

1. Plan Description - The SBC Savings and Security Plan (Plan) was established by SBC Communica

the Company) to provide a convenient way for eligible employees to save for retirement on a long-term basis. The majority of eligible employees are represented by the Communications Workers of America. The following description of the Plan provides only general information. The Plan provisions covering participant eligibility, participant allotments from pay, participant withdrawals, participant loans, employer contributions and related vesting of contributions and Plan expenses are set forth in the Plan text and prospectus include complete descriptions of these and other Plan provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective September 2, 2002, the Ameritech Savings Plan for Non-Salaried Employees was merged into the Plan. Approximately \$1,425,486 from this merger is included on the statement of changes in net assets and benefits.

In 2000, SBC entered into the Cingular Wireless (Cingular) joint venture agreement with BellSouth. As a result of this agreement, certain SBC employees were leased to Cingular. In December 2001, these employees became Cingular employees. During 2002 the Plan transferred approximately \$4,679 to State Street Trust related to those former employees who became employees of Cingular.

Participants can invest their contributions in one or more of the following funds in 1% increments: the SBC Shares Fund, the Bond Fund, the Large Cap Stock Fund (formerly known as the Diversified Equity Fund), the Interest Income Fund, the Asset Allocation Fund, the Global Equity Fund, the Mid and Small Cap Stock Fund, and the International Stock Fund.

Company matching contributions are made solely in the form of shares of SBC's common stock held in the SBC Stock Ownership Plan (ESOP) which is a separate investment account of this Plan.

Dividends on shares in the SBC Shares Fund and the ESOP can either be reinvested in the SBC Shares Fund on a quarterly basis, or paid into a separate fund known as a Dividend Fund Account (DFA) for distribution at the end of the year. At the end of the year, dividends held in the DFA are paid out to the participant. Dividends earned on dividends held in the DFA will be paid into the SBC Shares Fund. During 2002, Plan participants elected to receive \$16,615 in dividend distributions. This amount is included in distribution of net assets on the statement of changes in net assets.

Although it has not expressed any intent to do so, SBC has the right under the Plan to suspend or terminate contributions at any time and to terminate the Plan subject to the provisions of ERISA. If the Plan is terminated, subject to the conditions set forth by ERISA, the account balances of participants shall be 100% vested.

2. Accounting Policies - The values of investments are determined as follows: SBC common shares

the closing price as reported on the New York Stock Exchange; contracts with insurance companies and other financial institutions at principal plus reinvested interest which approximates fair value; investments in trust funds at values obtained from fund managers; and temporary cash investments at cost, which approximates fair value. Purchases and sales of securities are reflected as of the trade date. Dividend income is recognized on the ex-dividend date. Interest earned on investments is recognized on the accrual basis.

The accompanying financial statements were prepared in conformity with accounting principles generally accepted in the United States, which require management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Investments - Investments representing 5% or more of Plan net assets at either December 31,

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	2002	2001
	-----	-----
Employee Stock Ownership Plan *		

SBC common shares	\$ 1,012,278	\$ 1,028,969
SBC Shares Fund		

SBC common shares	\$ 1,581,928	\$ 1,530,000
Large Cap Stock Fund		

Barclays Global Investors Equity Index Fund F	\$ 399,612	\$ 434,000

* Nonparticipant-directed

During 2002, the Plan's investments (including gains and losses on investments bought and sold and held during the year) depreciated in value as follows:

Common Stock	\$ (671,360)
Common Collective Trusts	(127,480)

Total	\$ (798,840)
	=====

The Interest Income Fund consists of contracts with various financial institutions and insurers that promise to repay principal plus accrued income at contract maturity, subject to the credit risk of the issuer. Interest crediting rates are generally established when the contract is purchased and reset. For the years ended December 31, 2002 and 2001, the average interest rates earned on these contracts were 5.39% and 6.13%. At December 31, 2002, the fixed crediting interest rates on these contracts ranged from 2.83% to 8.00%. At December 31, 2001, the fixed crediting interest rates on these contracts ranged from 2.83% to 8.00%. No valuation reserves were recorded to adjust contract amounts as of December 31, 2002 and 2001.

The Interest Income Fund invests in both guaranteed investment contracts (GICs) and synthetic guaranteed investment contracts (SICs). SICs differ from GICs in that the assets supporting the SICs are owned by a trust or insurance company issues a wrapper contract that allows participant directed transactions to be based on contract value. Wrapper contracts are valued as the difference between the fair value of the underlying assets and the contract value. The assets supporting the GICs and SICs generally consist of high quality fixed income securities with a fair value of \$777,862 and \$413,798 at December 31, 2002 and 2001.

The Plan provides for investments in various investment securities, which in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of these securities will occur in the near term and that such change could materially affect the amount of net assets available for benefits and participant account balances.

4. Nonparticipant-Directed Investments - Information about the net assets and the significant changes in net assets relating to the nonparticipant-directed investments as of December 31

	2002	2001
	-----	-----
Assets		

SBC common shares	\$ 1,012,278	\$ 1,028,969
Temporary cash investments	4,366	2,958
Dividends and interest receivable	3	3
Receivable for investments sold	55	371
Other receivables	-	1
	-----	-----
Total Assets	1,016,702	1,032,302
	-----	-----

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Liabilities		

Administrative expenses payable	55	368
Payable for investments purchased	3,241	-
	-----	-----
Total Liabilities	3,296	368
	-----	-----
Net Assets Available for Benefits	\$ 1,013,406	\$ 1,031,934
	=====	=====

		2002

Net Assets Available for Benefits, December 31, 2001	\$	1,031,934
Employer contributions		126,355
Transfer in due to plan merger		288,491
Interest income		24
Dividends		57
Net depreciation in fair value of investments		(279,998)
Administrative expenses		(1,557)
Distributions		(150,619)
Transfer to other plan		(1,281)

		(18,528)

Net Assets Available for Benefits, December 31, 2002	\$	1,013,406
		=====

5. Tax Status - The Plan has received a determination letter from the Internal Revenue Service

10, 1997, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code
therefore, the related trust is exempt from taxation. Once qualified, the Plan is required
conformity with the IRC to maintain its qualification. The plan sponsor has indicated that
necessary steps, if any, to maintain the Plan's qualified status.

On February 28, 2002, the Plan filed for, but has not yet received, a new tax determination
IRS to reflect legally required changes and other changes made to the Plan since the previous
letter was issued.

6. Reconciliation of Financial Statements to Form 5500 - The following is a reconciliation of Net

Available for Benefits per the financial statements to the Form 5500 as of December 31:

		2002

Net Assets Available for Benefits per the financial statements	\$	4,468,213
Less: Distribution payable to participants		(3,670)

Net Assets Available for Benefits per the Form 5500	\$	4,464,543
		=====

The following is a reconciliation of benefits paid to participants per the financial statements

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Form 5500 for the year ended December 31, 2002:

Distributions to participants per the financial statements

Add: Distributions payable to participants at December 31, 2002

Less: Distributions payable to participants at December 31, 2001

Distributions to participants per the Form 5500

Distributions payable to participants are recorded on the Form 5500 for benefit claims that processed and approved for payment prior to December 31, but not yet paid as of that date.

SBC SAVINGS AND SECURITY PLAN
EIN 43-1301883, PLAN NO. 004

SCHEDULE G, PART III - SCHEDULE OF NONEXEMPT TRANSACTIONS
December 31, 2002

(a) Identity of Party Involved	(b) Relationship to Plan, Employer, or Other Party-In-Interest	(c) Description of Transactions
SBC Communications Inc.	Employer/Plan Sponsor	Failure to timely remit participant de for the pay period(s) ended: December 29, 2001 June 1, 2002 November 23, 2002 December 1, 2002

* The earnings will be repaid to the Plan during 2003.

Note: Columns (d) - (g) are not shown as they are not applicable.

SBC SAVINGS AND SECURITY PLAN
EIN 43-1301883, PLAN NO. 004

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2002
(Dollars in Thousands)

Identity of Issue	Description of Investment	Co
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Employee Stock Ownership Plan

* SBC common shares	37,339,635 shares	\$	80
* Boston Safe Deposit and Trust Company	Temporary cash investment		
Total Employee Stock Ownership Plan			80

SBC Shares Fund

* SBC common shares	58,352,204 shares		
* Boston Safe Deposit and Trust Company	Temporary cash investment		
Total SBC Shares Fund			*

Bond Fund

* Barclays Global Investors Intermediate			
Government/Credit Bond Index Fund F	8,615,304 units		**

Large Cap Stock Fund

* Barclays Global Investors Equity Index Fund F	33,468,312 units		*
---	------------------	--	---

Interest Income Fund

Allstate Life Insurance Company	Synthetic contract wrapper		
INVESCO Group Trust	#77079, 6.64%, ***		
	Group Trust: Lambda		

Allstate Life Insurance Company	7.10%
---------------------------------	-------

Bank of America National Association	Synthetic contract wrapper
Capital Auto Rec Asset Trust	#99-086, 5.32%, ***
Capital Auto Rec Asset Trust	Prime Auto
Capital Auto Rec Asset Trust	Prime Auto
Chase Manhattan Auto Owner Trust	Prime Auto
Federal Home Loan Mortgage Corporation	Agency Debenture
Providian Master Trust	Monoline Credit Card
Capital One Master Trust	Monoline Credit Card
Capital One Master Trust	Monoline Credit Card
Federal Home Loan Mortgage Company	Agency Debenture
Prime Credit Card Master Trust	Retail Credit Card
Fannie Mae Whole Loan	PAC
Credit Suisse First Boston	Conduit
Nordstrom Private Label Credit Card Master	Retail Credit Card
Commercial Mortgage Asset Trust	Conduit

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TIAA Cref
Union Acceptance Corp

Conduit
Sub Prime Auto

SBC SAVINGS AND SECURITY PLAN
EIN 43-1301883, PLAN NO. 004

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) - (Continued)
December 31, 2002
(Dollars in Thousands)

Identity of Issue	Description of Investment	Cos
United States Treasury	Treasury Note	
WFS Financial Owners Trust	Sub Prime Auto	
Fannie Mae Whole Loan	FHA/VA Reperforming Pas	
Household Private Lab MT 2	Retail Credit Card	
Bank of America National Association	Cash on Hand	
Business Men's Assurance Company of America	5.75% - 7.44%, 7/29/03	
CDC Financial Products Inc.	5.38% - 7.01%, 8/29/05 - 10/17/05	
JP Morgan Chase Bank	Synthetic contract wrapper #401792-L2, 6.26%, ***	
INVESCO Group Trust for Retirement Sav.	Group Trust: Lambda II	
JP Morgan Chase Bank	Synthetic contract wrapper #426424-T, 5.12%, ***	
Federal Home Loan Mortgage Company	Agency Debenture	
United States Treasury	Treasury Note	
American Express Credit Account	Monoline Credit Card	
Fleet Credit Card Master Trust	Bank Credit Card	
CIT Equipment Collateral	Small Equipment Lease	
AmeriCredit Automobile Receivables Trust	Sub Prime Auto	
Credit Suisse First Boston Mortgage Sec.	Conduit	
Nissan Auto Receivables Owners Trust	Prime Auto	
Ford Credit Auto Owners Trust	Prime Auto	
Ford Credit Auto Owners Trust	Prime Auto	
Ford Credit Auto Owners Trust	Prime Auto	
Capital One Master Trust	Monoline Credit Card	
Citibank Credit Card	Bank Credit Card	
Citibank Credit Card	Bank Credit Card	
Federal Home Loan Mortgage Company	Agency Debenture	
Federal Home Loan Mortgage Company	Agency Debenture	
Fannie Mae Whole Loan	FHA/VA Reperforming Pass	
Fannie Mae Whole Loan	Agency Debenture	
Copelco Capital Fund Corporation	Small Equipment Lease	
Daimler Chrysler	Prime Auto	
Fannie Mae Whole Loan	FHA/VA Reperforming Pass	
Household Private Lab MT 2	Retail Credit Card	

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LB Commercial Conduit Mrtg Tr	Conduit
National City Auto Rec Tr	Prime Auto
Sears Credit Account Trust	Retail Credit Card
WFS Financial Owners Trust	Sub Prime Auto
Chase Manhattan Credit Card Master Trust	Bank Credit Card
Honda Auto Receivables Owner Trust	Prime Auto
Caterpillar Financial Asset Trust	Large Equipment Loan
Fannie Mae Whole Loan	FHA/VA Reperforming Pass
JP Morgan Chase Bank	Cash on Hand

Identity of Issue	Description of Investment	Cos
-----	-----	-----
Continental Assurance Company	Synthetic contract wrapper #63005611, 5.76%, ***	
INVESCO Group Trust for Retirement Savings	Group Trust Beta	
GE Life and Annuity Assurance Company	7.45% - 8.00%, 12/17/01 - 7/7/04	
Jackson National Life Insurance Company	7.50%, 1/5/04	
John Hancock Life Insurance Company	2.83% - 6.28%, 2/1/02 - 2/3/03	
Metropolitan Life Insurance Company	5.25% - 6.99%, 4/1/02 - 5/13/02	
Metropolitan Life Insurance Company	Synthetic Contract Wrapper #28434, 5.60%, ***	
Capital Auto Rec Asset Trust	Prime Auto	
Carmax Auto Owner Trust	Non Prime Auto	
Commercial Mortgage Asset Trust	Conduit	
Federal Home Loan Mortgage Company	Agency Debenture	
Fannie Mae Whole Loan	Agency Debenture	
Fannie Mae Whole Loan	Multifamily Balloon	
Fleet Credit Card MT	Bank Credit Card	
Honda Auto Receivables	Prime Auto	
Household Auto Trust	Sub Prime Auto	
MBNA Master Trust	Monoline Credit Card	
Nissan Auto Owners Trust	Prime Auto	
Toyota Auto Receivable Owner Trust	Prime Auto	
Union Acceptance Corporation	Sub Prime Auto	
United States Treasury	Treasury Note	
United States Treasury	Treasury Note	
WFS Financial Owners Trust	Sub Prime Auto	
Metropolitan Life Insurance	Cash on Hand	

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Monumental Life Insurance Company	7.08% - 7.25%, 7/25/05
Monumental Life Insurance Company	Synthetic contract wrapper
	#00292TR, 5.00%, ***
CIT Equipment Collateral	Small Equipment Lease
Capital Auto Receivable Asset Trust	Prime Auto
COAFT	Sub Prime Auto
Carmax Auto Owner Trust	Non Prime Auto
Discover Card Trust	Bank Credit Card
FSPC	ABS- Home Equity Agency
Fannie Mae Whole Loan	FHA/VA Reperforming Pass
Household Automotive Trust	Sub Prime Auto
Home Ownership Fund Corporation	Step Down Preferred

Identity of Issue	Description of Investment	Cos
-----	-----	-----
Home Ownership Fund Corporation	Step Down Preferred	
MBNA Master Trust	Monoline Credit Card	
Nissan Auto Owners Trust	Prime Auto	
Federal Home Loan Mortgage Corporation	Agency Debenture	
United States Treasury	Treasury Note	
BOIT	Bank Credit Card	
First USA Credit Card Master Trust	Bank Credit Card	
Prudential Securities Secured Financing	Conduit	
Structured Asset Securities Corp	AB SBA Loan PT	
Vanderbilt Mortgage Finance	Manufactured Housing	
American Express Credit Account Master	Monoline Credit Card	
Federal Home Loan Mortgage Corporation	Agency Debenture	
Pinnacle CBO FSA Insured	Cash Flow CBO	
Residential Asset Mtg Product	ABS--Home Equity Agency	
Residential Asset Securities Corporation	Home Equity Monoline	
Onyx Acceptance Grantor Trust	Sub Prime Auto	
AmeriCredit Automobile Receivables Trust	Sub Prime Auto	
WFS Financial Owners Trust	Sub Prime Auto	
Fannie Mae Whole Loan	Multi Family Balloon	
Fannie Mae Whole Loan	ABS Home Equity Agency	
Fannie Mae Whole Loan	ABS Home Equity Agency	
Ford Auto Owners Trust	Prime Auto	
Honda Auto Receivables Owner Trust	Prime Auto	
Honda Auto Receivables Owner Trust	Prime Auto	
Sears Credit Account Master Trust	Retail Credit Card	
Monumental Life Insurance Company	Cash on Hand	

New York Life Insurance Company	3.65% - 6.06%,
	6/28/02 - 2/2/04
Pruco Life Insurance Company	6.02% - 7.48%,

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	9/7/04 - 11/30/05
Security Life of Denver Insurance Company	7.39% - 7.65%,
	2/11/03 - 10/4/04
SunAmerica Life Insurance Company	7.14%-7.63%
State Street Bank and Trust Company	Synthetic contract wrapper #99035-LB1, 6.15%, ***
INVESCO Group Trust for Retirement Savings	Group Trust: Lambda I
Rabobank Nederland	Synthetic contract wrapper #SBC060201, 4.01%, ***
Federal Home Loan Mortgage Company	Agency Debenture
State Street Bank and Trust Company	Synthetic contract wrapper #99039, 5.08%, ***
MBNA Master Credit Card Trust USA	Monoline Credit Card
MBNA Master Trust	Monoline Credit Card
MBNA Master Trust	Monoline Credit Card

Identity of Issue	Description of Investment	Cos
-----	-----	-----
National City Auto Rec Trust	Prime Auto	
American Express Optima CC MT	Monoline Credit Card	
American Express Optima CC MT	Monoline Credit Card	
Americredit Auto Receivable	Sub Prime Auto	
COAFT	Sub Prime Auto	
Chase Manhattan Auto Owners Trust	Prime Auto	
CMAC	Conduit	
Delta Funding HEL Trust	Home Equity Monoline	
Federal Home Loan Mortgage Corporation	Agency Hybrid ARM	
Federal Home Loan Mortgage Corporation	Agency Debenture	
Fannie Mae Whole Loan	Agency Debenture	
Fannie Mae Whole Loan	FHA/VA Reperforming	
Federal Home Loan Mortgage Corporation	ABS - Home Equity Agency	
Fleet Credit Card MT	Bank Credit Card	
Ford Auto Owners Trust	Prime Auto	
Nissan Auto Owners Trust	Prime Auto	
Prudential Secured Financing	Conduit	
Sears Credit Account Master Trust	Retail Credit Card	
Sears Credit Account Master Trust	Retail Credit Card	
Sears Credit Account Master Trust	Retail Credit Card	
Sears Credit Account Master Trust	Retail Credit Card	
Citibank Credit Card Master Trust II	Bank Credit Card	
Citibank Credit Card Master Trust II	Bank Credit Card	
Federal Home Loan Mortgage Corporation	Agency Debenture	
Federal Home Loan Mortgage Corporation	Agency Debenture	
Fannie Mae Whole Loan	ABS- Home Equity Agency	
Fannie Mae Whole Loan	ABS- Home Equity Agency	
Capital One Master Trust	Monoline Credit Card	

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United States Treasury	Treasury Note
Honda Auto Receivables Owner Trust	Prime Auto
United States Treasury	Treasury Note
State Street Bank and Trust Company	Cash on Hand

UBS AG	Synthetic Contract Wrapper
	#5029, 5.16%, ***
Americredit Auto Receivable	Sub Prime Auto
COAFT	Sub Prime Auto
Chase Manhattan Credit Card MT	Bank Credit Card
Copelco Capital Fund Corporation	Small Equipment Lease
Federal Home Loan Mortgage Company	Agency Hybrid ARM
Federal Home Loan Mortgage Company	Agency Debenture
Federal Home Loan Mortgage Company	Agency Debenture
Fannie Mae Whole Loan	ABS- Home Equity Agency
Fannie Mae Whole Loan	ABS- Home Equity Agency
Fleet Credit Card MT	Bank Credit Card
Residential Asset Mtg Production Inc	ABS- Home Equity Agency
TIAA Cref	Conduit
Union Acceptance Corporation	Sub Prime Auto
UBS AG	Cash on Hand

Identity of Issue	Description of Investment	Cos
-----	-----	-----

* Boston Safe Deposit and Trust Company	Temporary cash investment	
Total Interest Income Fund		**

Asset Allocation Fund

* Barclays Global Investors U.S. Tactical Asset		
Allocation Fund F	13,891,416 units	**

Global Equity Fund

* Barclays Global Investors U.S. Equity Market Fund F	1,587,706 units	
* Barclays Global Investors EAFE Equity Index Fund E	744,540 units	
Total Global Equity Fund		**

Mid and Small Cap Stock Fund

Extended Equity Market Fund F	1,933,288 units	
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International Fund

International Stock

292,991 units

Loan Fund

* Loans to Plan Participants

5.25% - 5.75%

**

TOTAL

* Party-in-Interest.

** Participant-directed investment, cost not required.

*** Synthetic Insurance Contracts, no stated maturity.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator for the Plan has caused this annual report to be signed by the undersigned thereunto duly authorized.

SBC SAVINGS AND SECURITY PLAN

By SBC Communications Inc., Plan Administrator
for the Foregoing Plan

By /s/ Karen E. Jennings

Karen E. Jennings
Senior Executive Vice President
Human Resources and Compensation

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Date: June 25, 2003

EXHIBIT INDEX

Exhibits identified below, Exhibit 23 is filed herein as an exhibit hereto and Exhibit 99 attached hereto.

Exhibit
Number

23	Consent of Independent Auditors Ernst & Young LLP
99	Certification of Periodic Financial Reports