

SBC COMMUNICATIONS INC
Form 11-K
June 27, 2002
EX 99-a
Form 10-K for 2001
File No. 1-8610

**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, 2001

Commission File Number 1-8610

SBC SAVINGS PLAN

SBC COMMUNICATIONS INC.

175 E. Houston, San Antonio, Texas 78205

Financial Statements, Supplemental Schedule and Exhibit

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Exhibit:

23-a Consent of Ernst & Young LLP

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying statements of net assets available for benefits of the SBC Savings Plan as of December 31, 2001 and 2000, and the related statement of changes in net assets available for benefits for the year ended December 31, 2001. 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. Those 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 financial statement 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, 2001 and 2000, and the changes in its net assets available for benefits for the year ended December 31, 2001, 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 as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2001 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to auditing procedures applied in our audits of the financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

ERNST & YOUNG LLP

San Antonio, Texas
June 21, 2002

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

| | December 31, | |
|---|--------------|--------------|
| | 2001 | 2000 |
| ASSETS | | |
| Investments (See Note 4) | \$ 6,979,525 | \$ 5,768,391 |
| Cash | 85 | - |
| Participant contributions receivable | 13 | 13 |
| Dividends and interest receivable | 143 | 551 |
| Receivable for investments sold | 976 | 1,903 |
| Other receivables | 1,348 | 78 |
| | ----- | ----- |
| Total Assets | 6,982,090 | 5,770,936 |
| | ----- | ----- |
| LIABILITIES | | |
| Overdrafts | - | 2,352 |
| Administrative expenses payable | 1,521 | 1,136 |
| Dividends and interest payable | 448 | 789 |
| Long-term debt: | | |
| SBC Communications Inc. | 78,365 | 35,996 |
| Other | 8 | 7 |
| | ----- | ----- |
| Total Liabilities | 80,342 | 40,280 |
| | ----- | ----- |
| Net Assets Available for Benefits | \$ 6,901,748 | \$ 5,730,656 |
| | ===== | ===== |

See Notes to Financial Statements.

SBC SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2001
(Dollars in Thousands)

| | |
|---|--------------|
| Net Assets Available for Benefits, December 31, 2000 | \$ 5,730,656 |
| Additions to Net Assets: | |
| Contributions and transfers: | |
| Participant contributions | 313,919 |
| Employer contributions | 77,213 |

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| | | |
|---|--------------|-------|
| Transfers from other plans (See Note 1) | 3,233,930 | ----- |
| | 3,625,062 | ----- |
| Investment Income: | | |
| Dividends on SBC common shares | 88,979 | |
| Interest | 72,773 | ----- |
| | 161,752 | ----- |
| Total Net Additions | 3,786,814 | ----- |
| Deductions from Net Assets: | | |
| Net depreciation in value of investments | 1,079,581 | |
| Administrative expenses | 4,149 | |
| Interest expense | 8,107 | |
| Distributions | 1,399,781 | |
| Transfers to other plans (See Note 1) | 124,104 | ----- |
| Total Deductions | 2,615,722 | ----- |
| Net Assets Available for Benefits, December 31, 2001 | \$ 6,901,748 | ===== |

See Notes to Financial Statements.

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

- Plan Mergers and Distributions - As a result of the October 1999 merger of SBC Communications Inc. (SBC) and Ameritech Corporation (Ameritech), the Ameritech Savings Plan for Salaried Employees (Ameritech Plan) merged into the SBC Savings Plan (Plan) effective January 1, 2001. In conjunction with the merger, all assets of the Ameritech Plan, approximately \$3,231,367, were either transferred directly to the Plan through in-kind securities transfers or sold and the cash transferred to the Plan, together with the unallocated SBC common shares and the remaining liability under the loan agreement.

On November 5, 2001, the Woodbury Telephone Company Management 401(k) Plan (Woodbury Plan) was merged into the Plan. Approximately \$2,563 from the Woodbury Plan merger is included in transfers from other plans on the statement of changes in net assets available for benefits.

In 2000, SBC entered into the Cingular Wireless (Cingular) joint venture agreement with BellSouth Corporation. As a result of this agreement, certain SBC

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employees were leased to Cingular. In December 2001 these employees became Cingular employees and on December 3, 2001 the Plan distributed approximately \$124,104 to State Street Bank and Trust related to those former employees that were transferred to Cingular.

2. Plan Description - The Plan was established by SBC to provide a convenient way for eligible employees to save for retirement on a regular and long-term basis. The following description of the Plan provides only general information. The Plan has detailed provisions covering participant eligibility, participant allotments from pay, participant withdrawals, participant loans, employer contributions and related vesting of contributions and Plan expenses. 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).

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 Portfolio), 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 a leveraged Employee Stock Ownership Plan (ESOP) which is a separate investment account of this Plan.

The Plan prefunded the ESOP by borrowing Guaranteed Salaried Employees' ESOP Notes, the repayment of which is guaranteed by SBC. Funds borrowed by the Plan were used to purchase shares of SBC's common stock held in the open market (Financed Shares), which act as collateral for reimbursement to SBC for any payments it makes under its guarantee of the ESOP Notes. Dividends on Financed Shares and employer cash contributions are used by the Plan to make the required principal and interest payments on the ESOP Notes. As the ESOP Notes are paid down, the Financed Shares are released from the collateral. The Financed Shares are allocated to participants' accounts in the form of a company matching contribution. In lieu of dividends on Financed Shares previously allocated to participants, additional Financed Shares are allocated to participants' accounts.

In 1994 and 1996, the Ameritech Plan entered into separate agreements with Ameritech to lend the Ameritech Plan up to \$99,000 and \$24,200 (Refinancing Notes), respectively. As of December 31, 2001, the Plan had borrowed \$63,000 under the 1994 agreement and \$15,400 under the 1996 agreement, at interest rates ranging from 5.56% to 8.44%.

To the extent insufficient shares have been released through payments on outstanding notes net of amounts refinanced, additional employer contributions are made to the ESOP to purchase shares necessary to meet any shortfall in the company match or in the shares issued in lieu of dividends. Dividends on these shares are used to acquire additional shares which are allocated to participants' accounts in the ESOP. Should shares released exceed the required company matching contribution, the excess is considered an additional employer contribution and is allocated to participants' accounts based on each participant's proportionate share of actual plan year ESOP contributions.

Dividends on shares in the SBC Shares Fund are paid into a separate fund known as a Dividend Fund Account (DFA). At the end of the year, dividends held in the DFA are paid out to the participant. The participant may elect reinvestment and have the special Deferred-Tax Allotment offset the payout through the purchase of additional units. Interest earned on dividends held in the DFA will be paid into the SBC Shares Fund. During 2001, Plan participants elected to receive \$15,400 in dividend distributions. This amount is included in distributions on the statement of changes in net assets.

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

3. Accounting Policies - The values of investments are determined as follows: SBC common shares on the basis of 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; common collective 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 preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

In June 1998, the Financial Accounting Standards Board issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), which requires all derivatives to be recorded on the statement of net assets available for benefits at fair value, and requires changes in the fair value of the derivatives to be recorded on the statement of changes in net assets available for benefits. The Plan adopted FAS 133 on January 1, 2001, as a one-time, noncash cumulative effect of accounting change. However, because of the Plan's minimal use of derivatives, the adoption of this standard did not have a significant effect on the Plan's financial position or results of operations.

4. Investments - Investments representing 5% or more of Plan net assets at either December 31, 2001 or 2000 were:

| | 2001 | 2000 |
|---|--------------|--------------|
| | ----- | ----- |
| Employee Stock Ownership Plan* | | |
| ----- | | |
| SBC common shares: | | |
| Allocated | \$ 1,453,471 | \$ 1,184,049 |
| Unallocated | \$ 175,536 | \$ 84,996 |
| SBC Shares Fund | | |
| ----- | | |
| SBC common shares | \$ 1,870,531 | \$ 1,648,251 |
| Large Cap Stock Fund | | |
| ----- | | |
| Barclays Global Investors Equity Index Fund F | \$ 1,450,269 | \$ 1,379,669 |
| Asset Allocation Fund | | |
| ----- | | |
| Barclays Global Investors U.S. Tactical Asset Allocation Fund F | \$ 461,802 | \$ 403,199 |

* Nonparticipant-directed

During 2001, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value as follows:

| | |
|--------------|--------------|
| Common Stock | \$ (816,400) |
|--------------|--------------|

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| | |
|--------------------------|----------------|
| Common Collective Trusts | (263,181) |
| | ----- |
| Total | \$ (1,079,581) |
| | ===== |

The Interest Income Fund consists of contracts with various financial institutions and insurance companies that promise to repay principal plus accrued income at contract maturity, subject to the creditworthiness of the issuer. Interest crediting rates are generally established when the contract is purchased and are not reset. For the years ended December 31, 2001 and 2000, the average interest rates earned on these contracts were 6.41% and 6.29%. At December 31, 2001, the fixed crediting interest rates on these contracts ranged from 3.76% to 7.65%. At December 31, 2000, the fixed crediting interest rates on these contracts ranged from 5.13% to 7.65%. No valuation reserves were recorded to adjust contract amounts as of December 31, 2001 or 2000.

The Interest Income Fund invests in both guaranteed investment contracts (GICs) and synthetic investment contracts (SICs). SICs differ from GICs in that the assets supporting the SICs are owned by the Plan. A bank or insurance company issues a wrapper contract that allows participant directed transactions to be made at contract value. Wrapper contracts are valued as the difference between the fair value of the supporting assets and the contract value. The assets supporting the SICs generally consist of high quality fixed income securities.

5. Nonparticipant-Directed Investments - Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investments as of December 31 is as follows:

| | 2001 | 2000 |
|-----------------------------------|-------------|-------------|
| | ----- | ----- |
| Assets | | |
| ----- | | |
| SBC common shares: | | |
| Allocated | \$1,453,471 | \$1,184,049 |
| Unallocated | 175,536 | 84,996 |
| Temporary cash investments | 1,448 | 14,644 |
| Dividends and interest receivable | 2 | 83 |
| Receivable for investments sold | 976 | 1,903 |
| Other receivables | 1,735 | 16 |
| | ----- | ----- |
| Total Assets | 1,633,168 | 1,285,691 |
| | ----- | ----- |
| Liabilities | | |
| ----- | | |
| Overdrafts | - | 2,352 |
| Administrative expenses payable | 282 | 152 |
| Interest payable | 448 | 758 |
| Long-term debt | 78,365 | 35,996 |
| | ----- | ----- |
| Total Liabilities | 79,095 | 39,258 |
| | ----- | ----- |
| Net Assets Available for Benefits | \$1,554,073 | \$1,246,433 |
| | ===== | ===== |

| | | |
|---|--|-------------|
| | | 2001 |
| | | ----- |
| Net Assets Available for Benefits, December 31, 2000 | | \$1,246,433 |

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| | |
|---|-------------|
| Employer contributions | 77,213 |
| Transfers from other plans | 970,679 |
| Interest income | 1,122 |
| Dividends | 38,915 |
| Net depreciation in fair value of investments | (386,125) |
| Administrative expenses | (554) |
| Interest expense | (8,107) |
| Distributions | (344,822) |
| Transfers to other plans | (40,681) |
| | ----- |
| | 307,640 |
| | ----- |
| Net Assets Available for Benefits, December 31, 2001 | \$1,554,073 |
| | ===== |

6. Long-Term Debt - Long-term debt consists of the ESOP Notes issued in connection with the ESOP and the Refinancing Notes (as discussed in Note 2). During 2001, the Plan prepaid approximately \$7,000 on the ESOP notes transferred from the Ameritech Plan. At December 31, 2001, the aggregate principal amounts of long-term debt scheduled for repayment for the years 2002 through 2004 were \$28,348, \$30,813, and \$19,204. The carrying amount and the estimated fair value of the ESOP and refinancing notes as of December 31 were:

| | 2001 | 2000 |
|-----------------|-----------|-----------|
| Carrying Amount | \$ 78,365 | \$ 35,996 |
| Fair Value | \$ 82,042 | \$ 36,890 |

The fair values of the ESOP Notes were estimated based on quoted prices. The fair value of the refinancing notes were estimated based on discounted future cash flows using current interest rates.

7. Tax Status - The Internal Revenue Service issued a determination letter on November 4, 1996, stating that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since the determination letter was received. The Plan Administrator believes that the Plan is currently designed and is operating in compliance with the applicable requirements of the IRC.

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

8. Reconciliation of Financial Statements to Form 5500 - The following is a reconciliation of Net Assets Available for Benefits per the financial statements to the Form 5500 as of December 31:

| | 2001 | 2000 |
|--|--------------|--------------|
| Net Assets Available for Benefits per the financial statements | \$ 6,901,748 | \$ 5,730,656 |
| Less: Distribution payable to participants | 7,505 | 20,220 |
| Net Assets Available for Benefits per the Form 5500 | \$ 6,894,243 | \$ 5,710,436 |
| | ===== | ===== |

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The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500 for the year ended December 31, 2001:

| | 2001 |
|--|--------------|
| Distributions to participants per the financial statements | \$ 1,399,781 |
| Add: Distributions payable to participants at December 31, 2001 | 7,505 |
| Less: Distributions payable to participants at December 31, 2000 | 20,220 |
| Distributions to participants per the Form 5500 | \$ 1,387,066 |
| | ===== |

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

9. Subsequent Events - Effective January 1, 2002, the Plan was amended to change the vesting schedule from five years to three years, increase the maximum employee contributions from 16% to 30% and allow dividends from the SBC Shares Fund and the LESOP to be made available for cash payment to the participant or reinvested in the SBC Shares Fund.

**SBC SAVINGS PLAN
EIN 43-1301883, PLAN NO. 002**

**SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2001
(Dollars in Thousands)**

| Identity of Issue | Description of Investment | Cost | Current Value |
|---|---------------------------|------------|---------------|
| Employee Stock Ownership Plan | | | |
| ----- | | | |
| * SBC common shares: | | | |
| Allocated | 37,106,733 shares | \$ 580,899 | \$ 1,453,471 |
| Unallocated | 4,481,399 shares | 50,282 | 175,536 |
| * Boston Safe Deposit and Trust Company | Temporary cash investment | 1,448 | 1,448 |
| | | 632,629 | 1,630,455 |
| Total Employee Stock Ownership Plan | | | |
| SBC Shares Fund | | | |
| ----- | | | |
| * SBC common shares | 47,772,473 shares | | 1,870,531 |
| * Boston Safe Deposit and Trust | Temporary cash | | |

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| | | |
|---|--|-----------|
| Company | investment | 44,532 |
| | | ----- |
| Total SBC Shares Fund | ** | 1,915,063 |
| | | ----- |
| Bond Fund | | |
| ----- | | |
| * Barclays Global Investors Intermediate Government/Credit Bond Index Fund F 11,642,897 units | ** | 162,419 |
| | | ----- |
| Large Cap Stock Fund | | |
| ----- | | |
| * Barclays Global Investors Equity Index Fund F 94,726,898 units | ** | 1,450,269 |
| | | ----- |
| Interest Income Fund | | |
| ----- | | |
| Allstate Life Insurance Company | Synthetic contract wrapper #77078, 5.55%, *** | (480) |
| INVESCO Group Trust for Retirement Savings | Group Trust: Lambda I | 18,635 |
| | | ----- |
| | | 18,155 |
| Allstate Life Insurance Company | 7.06% - 7.10%, 11/14/03 - 11/22/04 | 22,845 |
| Bank of America National Association | Synthetic contract wrapper #99-058, 5.02%, *** | (1,100) |
| Delta Funding Home Equity Loan Trust | Home Equity Monoline | 10,337 |
| AmeriCredit Automobile Receivables Trust | Sub Prime Auto | 10,310 |
| United States Treasury | Treasury Note | 10,292 |
| Nordstrom Private Label Credit Care Master Trust | Monoline Credit Card | 9,821 |
| TIAA Retail Commercial Trust | Conduit | 7,506 |
| Onyx Acceptance Grantor Trust | Sub Prim Auto | 7,153 |
| CIT Equipment Collateral | Small Equipment Lease | 6,453 |
| Credit Suisse First Boston Mortgage Securities | Conduit | 5,534 |
| Federal Home Loan Mortgage Company | Agency Debenture | 3,126 |
| WFS Financial Owners Trust | Sub Prime Auto | 5,363 |
| WFS Financial Owners Trust | Sub Prime Auto | 5,102 |
| Countrywide Asset-Backed Certificates | ABS - Other | 2,569 |
| Providian Master Trust | Monoline Credit Card | 7,065 |
| Federal Home Loan Mortgage Company | Home Equity Monoline | 733 |
| AVIS AESOP Leasing L.P. | Operating Assets | 5,656 |

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| | | |
|---|--|----------|
| Residential Asset Securities Corporation | Home Equity Senior Sub | 990 |
| Daimler Chrysler Auto Trust | Prime Auto | 1,194 |
| Bank of America National Association | Cash on Hand | 2,151 |
| | Pending Settlements | (10,301) |
| | | ----- |
| | | 89,954 |
| Business Men's Assurance Company of America | 5.41% - 7.44%, 1/2/02 - 7/15/04 | 34,000 |
| CDC Financial Products Inc. | 5.38% - 7.01%, 10/15/03 - 10/17/05 | 36,084 |
| JPMorgan Chase Bank | Synthetic contract wrapper #401740-L2, 6.04%, *** | (223) |
| INVESCO Group Trust for Retirement Savings | Group Trust: Lambda II | 5,629 |
| | | ----- |
| | | 5,406 |
| JPMorgan Chase Bank | Synthetic contract wrapper #426423-T, 6.06%, *** | (1,874) |
| Federal National Mortgage Association | FHA/VA Reperforming Pass | 13,202 |
| Federal Home Loan Mortgage Company | Agency Debentures | 16,883 |
| Capital One Master Trust | Monoline Credit Card | 9,799 |
| Ford Credit Auto Owners Trust | Prime Auto | 8,990 |
| Prime Credit Card Master Trust | Retail Credit Card | 7,418 |
| MBNA Master Credit Card Trust USA | Monoline Credit Card | 6,438 |
| United States Treasury | Treasury Note | 5,537 |
| Citibank Credit Card Issuance Trust | Bank Credit Card | 5,126 |
| Federal National Mortgage Association | Home Equity Senior Sub | 4,920 |
| Ford Credit Auto Owners Trust | Prime Auto | 3,937 |
| Harley-Davidson Motorcycle Trust | Prime Auto | 4,258 |
| Fleet Credit Card Master Trust II | Bank Credit Card | 4,091 |
| JPMorgan Chase Bank | Cash on Hand | 758 |
| | | ----- |
| | | 89,483 |
| Continental Assurance Company | Synthetic contract wrapper #630-05630, 6.18%,*** | (690) |
| INVESCO Group Trust for Retirement Savings | Group Trust Beta | 20,860 |
| | | ----- |
| | | 20,170 |
| GE Life and Annuity Assurance Company | 6.87% - 7.47%, 6/20/02 - 12/1/03 | 22,424 |
| Jackson National Life Insurance Company | 6.96% - 7.42%, 1/29/04 - 8/18/04 | 11,540 |
| John Hancock Life Insurance Company | 3.76% - 5.28%, 2/1/02 - 3/3/03 | 38,497 |
| Metropolitan Life Insurance Company | 5.25%, 3/20/02 | 13,402 |
| Metropolitan Life Insurance Company | Synthetic contract wrapper #28456, | |

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| | | |
|--|---|---------|
| | 7.03% *** | (4,475) |
| Federal National Mortgage Association | Agency Debentures | 12,746 |
| Federal Home Loan Mortgage Company | PAC | 9,808 |
| Federal Credit Card Master Trust II | Bank Credit Card | 9,688 |
| Honda Auto Receivable Owner trust | Prime Auto | 8,821 |
| Carmax Auto Owners Trust | Non Prime Auto | 5,833 |
| Nissan Auto Receivables Owners Trust | Prime Auto | 5,602 |
| Federal Home Loan Mortgage Company | Agency Debentures | 5,486 |
| Prime Credit Card Master Trust | Retail Credit Card | 5,298 |
| Sears Credit Account Master Trust | Retail Credit Card | 5,290 |
| United States Treasury | Treasury Note | 4,371 |
| Honda Auto Receivables Owner Trust | Prime Auto | 3,876 |
| Federal National Mortgage Association | FHA/VA | |
| Chase Manhattan Auto Owners Trust | Reperforming Pas | 3,449 |
| Honda Auto Receivables Owner Trust | Prime Auto | 3,061 |
| Federal Home Loan Mortgage Corporation | Prime Auto | 2,004 |
| Metropolitan Life Insurance Company | Agency Debentures | 1,177 |
| | Cash on Hand | 196 |
| | | ----- |
| | | 82,231 |
| Monumental Life Insurance Company | 6.87% - 7.12%, 10/1/03 - 12/1/03 | 21,143 |
| Monumental Life Insurance Company | Synthetic contract wrapper #75TR, 6.23%, *** | (447) |
| Premier Auto Master Trust | Prime Auto | 1,193 |
| Copelco Capital Funding Corporation | Small Equipment Lease | 1,066 |
| First USA Credit Card Master Trust | Bank Credit Card | 2,064 |
| American Express Credit Account Master Trust | Monoline Credit Card | 1,731 |
| Federal Home Loan Mortgage Company | Agency Debentures | 23,448 |
| Capital One Master Trust | Bank Credit Card | 10,117 |
| United States Treasury | Treasury Note | 8,860 |
| Chase Credit Card Master Trust | Bank Credit Card | 7,650 |
| Pinnacle CBO Ltd. | Cash Flow CBO | 7,648 |
| Pacific Life CBO Ltd. | Cash Flow CBO | 7,429 |
| Home Ownership Funding Corporation | Step Down Preferred | 6,184 |
| Federal National Mortgage Association | Agency Multifamily MBS | 5,735 |
| General Electric Capital Corporation | Corp-Finance Companies | 4,926 |
| Home Ownership Funding Corporation | Step Down Preferred | 4,125 |
| Case Equipment Loan Trust | Large Equipment Loan | 1,517 |
| Federal Home Loan Mortgage Company | Agency Debentures | 1,053 |
| Contimortgage Home Equity Trust | Home Equity Monoline | 28 |
| Monumental Life Insurance Company | Cash on Hand | 1,120 |
| | | ----- |
| | | 95,447 |
| New York Life Insurance Company | 4.41% - 6.10%, 10/15/02 - 9/1/03 | 45,527 |
| Pruco Life Insurance Company | 6.03% - 7.48%, 8/11/03 - 11/30/05 | 51,935 |

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| | | |
|--|---|----------|
| Security Life of Denver Insurance Company | 7.35% - 7.65%, 2/11/03 - 11/12/03 | 18,051 |
| State Street Bank and Trust Company | Synthetic contract wrapper #98246-LB1, 5.20%, *** | (72) |
| INVESCO Group Trust for Retirement Savings | Group Trust: Lambda I | 3,463 |
| | | ----- |
| | | 3,391 |
| State Street Bank and Trust Company | Synthetic contract wrapper #99038, 7.31%, *** | (4,895) |
| MBNA Master Credit Card Trust USA | Monoline Credit Card | 9,756 |
| MBNA Master Credit Card Trust USA | Monoline Credit Card | 3,827 |
| Sears Credit Account Master Trust | Retail Credit Card | 7,836 |
| Sears Credit Account Master Trust | Retail Credit Card | 6,410 |
| Sovereign Bank Home Equity Loan Trust | Home Equity Monoline | 5,204 |
| Saxon Asset Securities Trust | Home Equity Senior Sub | 4,634 |
| Citibank Credit Card Master Trust I | Bank Credit Card | 2,618 |
| United States Treasury | Treasury Note | 10,292 |
| Case New Holland Equipment Trust | Large Equipment Loan | 9,270 |
| Federal National Mortgage Association | FHA/VA Reperforming Pas | 8,628 |
| LB Commercial Conduit Mortgage Trust | Conduit | 8,346 |
| American Express Credit Account Master Trust | Monoline Credit Card | 6,270 |
| Premier Auto Trust | Prime Auto | 4,857 |
| Commercial Mortgage Asset Trust | Conduit | 4,352 |
| Keycorp | Conduit | 3,984 |
| Green Tree Home Equity Loan Trust | Home Equity Monoline | 3,616 |
| Providian Master Trust | Monoline Credit Card | 697 |
| Sears Credit Account Master Trust | Retail Credit Card | 215 |
| State Street Bank and Trust Company | Cash on Hand | 555 |
| | Pending Settlements | (10,301) |
| | | ----- |
| | | 86,171 |
| Sun America Life Insurance Company | 7.02% - 7.57%, 1/2/04 - 11/4/05 | 37,563 |
| Union Bank of Switzerland AG | Synthetic contract wrapper #5030, 5.40%, *** | (1,502) |
| Federal National Mortgage Association | Agency Debentures | 11,204 |
| United States Treasury | Treasury Note | 10,662 |
| Federal National Mortgage Association | PAC | 10,435 |
| Union Acceptance Corporation | Sub Prime Auto | 10,273 |
| Residential Asset Securities Corp | Home Equity Senior Sub | 7,704 |
| Salomon Brothers Mortgage Securities VII | Conduit | 6,345 |
| Federal Home Loan Mortgage Company | Agency Debenture | 5,211 |
| Federal Home Loan Mortgage Company | Agency Hybrid ARM | 5,072 |
| AmeriCredit Automobile Receivables | | |

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| | | | |
|---|---------------------------|----|---------|
| Trust | Sub Prime Auto | | 4,985 |
| Federal National Mortgage Association | FHA/VA | | |
| Chase Funding Mortgage Loans | Reperforming Pas | | 4,794 |
| Asset-Backed | Home Equity | | |
| Caterpillar Financial Assets Trust | Monoline | | 4,323 |
| Conseco Finance | Large Equipment | | |
| Union Bank of Switzerland AG | Loan | | 3,273 |
| | Home Equity | | |
| | Monoline | | 3,231 |
| | Cash on Hand | | 2,278 |
| | | | ----- |
| | | | 88,288 |
| * Boston Safe Deposit and Trust Company | Temporary cash investment | | 58,378 |
| | | | ----- |
| Total Interest Income Fund | | ** | 990,085 |
| | | | ----- |
| Asset Allocation Fund | | | |
| ----- | | | |
| * Barclays Global Investors U.S. Tactical Asset Allocation Fund F | 28,701,138 units | ** | 461,802 |
| | | | ----- |
| Global Equity Fund | | | |
| ----- | | | |
| * Barclays Global Investors U.S. Equity Market Fund F | 3,016,479 units | | 80,088 |
| * Barclays Global Investors EAFE Equity Index Fund F | 1,452,100 units | | 22,725 |
| | | | ----- |
| Total Global Equity Fund | | ** | 102,813 |
| | | | ----- |
| Mid and Small Cap Stock Fund | | | |
| ----- | | | |
| Extended Equity Market Fund F | 7,320,297 units | ** | 105,632 |
| | | | ----- |
| International Stock Fund | | | |
| ----- | | | |
| International Stock | 1,690,367 units | ** | 26,454 |
| | | | ----- |
| Loan Fund | | | |
| ----- | | | |
| * Loans to Plan Participants | 5.75% - 10.00% | ** | 85,727 |
| * Ameritech Loan Fund | 6.00% - 8.00% | ** | 48,806 |
| | | | ----- |
| Total Loan Fund | | | 134,533 |
| | | | ----- |

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TOTAL

\$ 6,979,525
=====

- * 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 duly caused this annual report to be signed by the undersigned thereunto duly authorized.

SBC SAVINGS 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

Date: June 27, 2002

EXHIBIT INDEX

Exhibit identified below, is filed herein as exhibit hereto.

Exhibit
Number

23 Consent of Independent Auditors Ernst & Young LLP.