SBC COMMUNICATIONS INC
Form 11-K
June 24, 2004

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, 2003

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 Exhibit

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTI

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

We have audited the accompanying statements of net assets available for benefits of SBC Savings a
2003 and 2002, and the related statement of changes in net assets available for benefits for the
financial statements are the responsibility of the Plan's management. Our responsibility is to e
statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversig
standards require that we plan and perform the audit to obtain reasonable assurance about whether
of material misstatement. An audit includes examining, on a test basis, evidence supporting the
financial statements. An audit also includes assessing the accounting principles used and signif
as well as evaluating the overall financial statement presentation. We believe that our audits p
opinion.

In our opinion, the financial statements referred to above present fairly, in all material respec
benefits at December 31, 2003 and 2002, and the changes in its net assets available for benefits
2003, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken supplemental schedules of assets (held at end of year) as of December 31, 2003, delinquent partic transactions for the year then ended are presented for purposes of additional analysis and are no statements but are supplementary information required by the Department of Labor's Rules and Regu under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the management. The supplemental schedules have been subjected to auditing procedures applied in our and in our opinion, are fairly stated in all material respects in relation to the financial state

/s/ ERNST & YOUNG

San Antonio, Texas
June 21, 2004

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

	December 31, 2003	December 31, 2002
ASSETS		
Investments (See Note 3)	$ 4,732,060	$ 4,471
Dividends and interest receivable	31	
Receivable for investments sold	603	
Contributions receivable	-	
Total Assets	4,732,694	4,471
LIABILITIES		
Administrative expenses payable	2,025	
Payable for investments purchased	3,305	3
Excess Contribution	29	
Total Liabilities	5,359	3
Net Assets Available for Benefits	$ 4,727,335	$ 4,468

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, 2003
(Dollars in Thousands)

Net Assets Available for Benefits, December 31, 2002	$	4,468,213
Additions to Net Assets:		
Contributions:		
Participant contributions		287,614
Employer contributions		155,455
		443,069
Investment Income:		
Net appreciation in value of investments		95,766
Dividends on SBC common shares		132,958
Interest		51,914
		280,638
Total Net Additions		723,707
Deductions from Net Assets:		
Administrative expenses		8,246
Distributions		456,337
Transfer to other plan (See Note 1)		2
Total Deductions		464,585
Net Assets Available for Benefits, December 31, 2003	$	4,727,335

See Notes to Financial Statements.

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 Communic provide a convenient way for eligible employees to save for retirement on a regular and long eligible employees are represented by the Communications Workers of America. The following general information. The Plan has detailed provisions covering participant eligibility, par participant withdrawals, participant loans, employer contributions and related vesting of co Plan text and prospectus include complete descriptions of these and other Plan provisions. of the Employee Retirement Income Security Act of 1974 (ERISA).

In 2000, SBC entered into the Cingular Wireless (Cingular) joint venture agreement with Bell this agreement, certain SBC employees were leased to Cingular. In December 2001 these emplo During 2003 the Plan transferred approximately $2 to State Street Bank and Trust related to employees of Cingular.

Participants can invest their contributions in one or more of the following funds in five do Shares Fund, the Bond Fund, the Large Cap Stock Fund, the Interest Income Fund, the Asset Al 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 h 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 paid into a separate fund known as a Dividend Fund Account (DFA) for distribution at the end year, dividends held in the DFA are paid out to the participant. Interest earned onividen the SBC Shares Fund. During 2003, Plan participants elected to receive $25,525 in dividend included in distributions 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 disco and to terminate the Plan subject to the provisions of ERISA. In the event that the conditions set forth by ERISA, the account balances of all participants shall be 100% vested

2. Accounting Policies - The values of investments are determined as follows: SBC common shares reported on the New York Stock Exchange; contracts with insurance companies and other financ reinvested interest which approximates fair value; common collective trust funds at values o temporary cash investments at cost, which approximates fair value. Purchases and sales of s trade date. Dividend income is recognized on the ex-dividend date. Interest earned on inve basis.

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

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

	2003	200
Employee Stock Ownership Plan *		
SBC common shares	$ 1,034,075	$ 1,012
SBC Shares Fund		

SBC common shares	$ 1,507,927	$ 1,581
Large Cap Stock Fund		
Barclays Global Investors Equity Index Fund F	$ 528,101	$ 399

* Nonparticipant-directed

During 2003, the Plan's investments (including gains and losses on investments bought and so appreciated (depreciated) in value as follows:

Common Stock	$ (93,288)
Common Collective Trusts	189,054
Total	$ 95,766

The Interest Income Fund consists of contracts with various financial institutions and insur principal plus accrued income at contract maturity, subject to the creditworthiness of the i generally established when the contract is purchased and are periodically reset. For the ye the average interest rates earned on these contracts were 4.44% and 5.39%. At December 31, rates on these contracts ranged from 3.24% to 7.97%. At December 31, 2002, the fixed credit ranged from 2.83% to 8.00%. No valuation reserves were recorded to adjust contract amounts

The Interest Income Fund invests in both guaranteed investment contracts (GICs) and syntheti differ from GICs in that the assets supporting the SICs are owned by the Plan. A bank or in contract that allows participant directed transactions to be made at contract value. Wrappe difference between the fair value of the supporting assets and the contract value. The asse generally consist of high quality fixed income securities with a fair value of $778,091 and 2002.

The Plan provides for investments in various investment securities, which in general, are ex interest rate, credit, and overall market volatility risks. Due to the level of risk associ securities, it is reasonably possible that changes in the values of investment securities wi such change could materially affect the amounts reported in the statements of net assets ava account balances.

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

	2003	2002
Assets		
SBC common shares	$ 1,034,075	$ 1,012,278
Temporary cash investments	4,069	4,366
Dividends and interest receivable	2	3
Receivable for investments sold	603	55
Total Assets	1,038,749	1,016,702
Liabilities		
Administrative expenses payable	430	55
Payable for investments purchased	3,305	3,241
Total Liabilities	3,735	3,296
Net Assets Available for Benefits	$ 1,035,014	$ 1,013,406

		2003
Net Assets Available for Benefits, December 31, 2002	$	1,013,406
Employer contributions		155,455
Interest income		26
Dividends		3
Transfers from other fund(s)		9
Net depreciation in fair value of investments		(31,938)
Administrative expenses		(1,840)
Distributions		(82,109)
Transfers to other fund(s)		(17,998)
		21,608
Net Assets Available for Benefits, December 31, 2003	$	1,035,014

5. Tax Status - The Plan has received a determination letter from the Internal Revenue Service
March 25, 2004, stating that the Plan is qualified under Section 401(a) of the Internal Reve
related trust is exempt from taxation. Once qualified, the Plan is required to operate in c
its qualification. The plan sponsor has indicated that it will take the necessary steps, if
qualified status.

6. Reconciliation of Financial Statements to Form 5500 - The following is a reconciliation of N
the financial statements to the Form 5500 as of December 31:

		2003	
Net Assets Available for Benefits per the financial statements	$	4,727,335	$
Less: Distribution payable to participants		(5,022)	
Net Assets Available for Benefits per the Form 5500	$	4,722,313	$

The following is a reconciliation of benefits paid to participants per the financial stateme
year ended December 31, 2003:

Distributions to participants per the financial statements	$
Add: Distributions payable to participants at December 31, 2003	
Less: Distributions payable to participants at December 31, 2002	
Distributions to participants per the Form 5500	$

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

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

2003 Form 5500 Line 4a - Schedule of Delinquent Participant Contri
(Dollars in Thousands)

December 31, 2003 Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Pr Transactions
$ 3	$ 3

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, 2003
(Dollars in Thousands)

Identity of Issue	Description of Investment	Co
Employee Stock Ownership Plan		
* SBC common shares	39,665,345 shares	$ 8
* Mellon Trust of New England, N.A.	Temporary cash investment	
Total Employee Stock Ownership Plan		8
SBC Shares Fund		
* SBC common shares	57,841,475 shares	

* Mellon Trust of New England, N. A.	Temporary cash investment	
Total SBC Shares Fund		*
Bond Fund		
* Barclays Global Investors Intermediate		
Government/Credit Bond Index Fund F	9,400,728 units	**
Large Cap Stock Fund		
* Barclays Global Investors Equity Index Fund F	34,381,599 units	*
Interest Income Fund		
Bank of America National Association	Synthetic contract wrapper #99-086, 4.04%	
Capital Auto Rec Asset Trust	Prime Auto	
Capital Auto Rec Asset Trust	Prime Auto	
Capital Auto Rec Asset Trust	Prime Auto	
Capital Fin Asset Trust	Large Equipment Loan	
Chase Manhattan Auto Owner Trust	Prime Auto	
Commercial Mortgage Asset Trust	Conduit	
Credit Suisse First Boston	Conduit	
Federal Home Loan Banks	Agency Debenture	
Federal Home Loan Mortgage Company	Agency Debenture	
Federal Home Loan Mortgage Company	Agency Debenture	
Federal National Mtge Assn	Agency Hybrid	
Federal National Mtge Assn	Agency CMO	
Federal National Mtge Assn	Home Equity Agency	
Federal National Mtge Assn	MBS Agency Hybrid	
Fleet Credit Card MT	Bank Credit Card	
Household Private lab MT2	Retail Credit Card	
MBNA Master Credit Card Trust	Monoline Credit Card	
Nordstrom Pvt Lbl CC MT	Retail Credit Card	
Prime Credit Card MT	Retail Credit Card	
Residential Funding Mtg Sec	Conduit	
TIAA Cref	Conduit	
Union Acceptance Corp	Sub-Prime Auto	
United States Treasury	Treasury Note	
United States Treasury	Treasury Note	
WFS Financial Owners Trust	Sub-Prime Auto	
Bank of America National Association	Cash on Hand	
CDC Financial Products Inc.	7.00% - 7.01%, 8/29/05 - 10/17/05	
GE Life and Annuity	7.45% 7/7/2004	
JP Morgan Chase Bank	Synthetic contract wrapper #426424-T, 3.83%	

Amex Optima CC MT	Monoline Credit Card
CIT Equipment Collateral	Small Equipment Lease
Capital One Master Trust	Monoline Credit Card
Catipillar Fin Asset Trust	Large Equipment Loan
Chase Credit Card MT	Bank Credit Card
Citibank Credit Card IT	Bank Credit Card
Citibank Credit Card IT	Bank Credit Card
Credit Suisse First Boston	Conduit
Daimler Chrysler NA Hldg	Prime Auto
John Deere Owner Trust	Large Equipment Loan
Federal National Mtge Assn	Agency Debenture
Federal National Mtge Assn Whole Loan	Agency CMO
Federal National Mtge Assn	Agency PAC
Federal Home Loan Mtge Corp	Agency PAC
Federal National Mtge Assn	Agency Hybrid
Ford Auto Owners Trust	Prime Auto
Ford Auto Owners Trust	Prime Auto
Honda Auto Receivables	Prime Auto
Household Private lbl. CC	Retail Credit Card
Lehman Brothers Comm Conduit Mtg	Conduit
National City Auto Rec Trust	Prime Auto
USAA Auto Owner Trust	Prime Auto
United States Treasury	Treasury Note
WFS Financial Owners Trust	Sub-Prime Auto
JP Morgan Chase	Cash on hand
Metropolitan Life	Synthetic contract wrapper #28434, 3.5%
Capital Auto Rec Asset Trust	Prime Auto
Carmax Auto Owner Trust	Non Prime Auto
Citibank Credit Card IT	Bank Credit Card
Chase Manhattan Auto Owns Trust	Conduit
Federal Home Loan Mortgage Co	Agency Debenture
Federal National Mtge Assn	Agency Debenture
Federal National Mtge Assn	Agency Mortgage PoolIntex
Federal National Mtge Assn - ACES	Agency CMBS
Federal National Mtge Assn Whole Loan	Agency CMO
Honda Auto Receivables	Prime Auto
Household Auto Trust	Subprime Auto
MBNA Master Credit Card Trust	Monoline Credit Card
Nissan Auto Owners Trust	Prime Auto
Nomura Asset Securities Corporation	Conduit
Toyota Auto Owners Trust	Prime Auto
Union Acceptance Corp	Sub Prime Auto
United States Treasury	Treasury Note
WFS Financial Owners Trust	Sub-Prime Auto
Metropolitan Life	Cash on hand
Monumental	7.17% 7/25/2005
Monumental	Synthetic Wrapper Contract MDA00292TR, 4.82%
Amex Optima CC MT	Monoline Credit Card
Ameriquest Mtg Securities Inc	Home Equity Senior Sub
Asset Backed Funding Certificates	Home Equity Senior Sub
Bank One Issuance Trust	Bank Credit Card

CIT Equipment Collateral	Small Equipment Lease
Capital Auto Recovery Asset Trust	Prime Auto
Capital One Auto	Sub Prime Auto
Carmax Auto Owner Trust	Nonprime Auto
Discover Card Master Trust	Bank Credit Card
Federal National Mtge Assn	Agency CMBS
Federal National Mtge Assn Grantor Trust	Home Equity Agency
Federal National Mtge Assn MBS	Home Equity Agency
Federal Home Loan Mtge Corp	Home Equity Agency
Federal National Mtge Assn Whole Loan	Home Equity Agency
Federal National Mtge Assn Whole Loan	Home Equity Agency
Ford Auto Owners Trust	Prime Auto
Home Ownership Funding	Step Down
Home Ownership Funding	Step Down
Honda Auto Receivables	Prime Auto
Honda Auto Receivables	Prime Auto
Household Auto Trust	Subprime Auto
MBNA Master Trust	Monoline Credit Card
Pinnacle CBO Ltd	Asset Backed
KEYCORP	Conduit
Res Asset Mtg Products	Home Equity Agency
Residential Asset Sec	Home Equity Monoline
Sears Credit Account Trust	Retail Credit Card
United States Treasury	Treasury Note
Vanderbilt Mortgage Finance	Mfg HsgSrSub
WFS Financial Owners Trust	Sub Prime Auto
Monumental	Cash on hand
New York Life Insurance Company	5.28% 2/2/2004
Prudential Insurance Company	6.02%-7.48% 9/7/04-11/30/05
Rabobank Nederland	Synthetic contract wrapper SBC-060201, 3.24%
Chase Manhattan Auto Owner Trust	Prime Auto
Federal Home Loan Mtge Corp	Agency Hybrid
Federal Home Loan Mtge Company	Agency Debenture
Federal National Mtge Assn Whole Loan	Home Equity Agency
Federal National Mtge Assn Whole Loan	Home Equity Agency
Federal National Mtge Assn	Agency Hybrid
GMACC Commercial Mtg Securities	Conduit
Saxon Asset Securities Trust	Home Equity Senior Sub
United States Treasury	Treasury Note
United States Treasury	Treasury Note
Rabobank Nederland	Cash on hand
Security Life of Denver	7.39% 10/4/2004
State Street Bank	Synthetic Contract Wrapper 99039, 4.93%
Amex. Optima CC MT	Monoline Credit Card
Amex. Optima CC MT	Monoline Credit Card
Bank One Issuance Trust	Bank Credit Card
Capital One Master Trust	Monoline Credit Card
Capital One Auto	Subprime Auto

Chase Manhattan Auto Owns Trust	Prime Auto	
Citibank Credit Card MT	Bank Credit Card	
Commercial Mtg Acceptance Corp	Conduit	
Delta Funding HEL Trust	Home Equity Monoline	
Federal Home Loan Mtge Corp	Agency Hybrid	
Federal Home Loan Mtge Corp	Agency Debenture	
Federal National Mtg Assn	Home Equity Agency	
Federal Home Loan Mtge Corp	Home Equity Agency	
Federal National Mtge Assn Whole Loan	Agency CMO	
Federal National Mtge Assn Whole Loan	Home Equity Agency	
Federal Home Loan Mtge Corp	Agency PAC	
Federal Home Loan Mtge Corp	Agency PAC	
Federal National Mtge Assn	Agency Hybrid	
Honda Auto Receivables	Prime Auto	
MBNA Master Trust	Monoline Credit Card	
MBNA Master Trust	Monoline Credit Card	
MBNA Master Trust	Monoline Credit Card	
Nissan Auto Owners Trust	Prime Auto	
KEYCORP	Conduit	
Sears Credit Account Trust	Retail Credit Card	
United States Treasury	Treasury Note	
State Street Bank	Cash on Hand	
SunAmerica Life Insurance Company	7.14%-7.97% 1/2/04-9/22/05	
UBS AG	Synthetic Contract Wrapper 5029, 3.24%	
Americredit Auto Rec	Subprime Auto	
Capital One Auto	Subprime Auto	
Chase Credit Card MT	Bank Credit Card	
Chase Funding Mtg Loan Asset-Back	Home Equity Senior Sub	
Commercial Mtg Pass-Thru Cert	Conduit	
Federal Home Loan Mortgage Corporation	Agency Hybrid	
Federal Home Loan Banks	Agency Debenture	
Federal National Mtge Assn	Home Equity Agency	
Federal National Mtge Assn	Home Equity Agency	
Federal National Mtge Assn Whole Loan	Home Equity Agency	
Federal National Mtge Assn Whole Loan	Home Equity Agency	
Federal Home Loan Mtge Corp	Agency PAC	
Morgan Stanley Capital I	Conduit	
Res Asset Mtg Products	Home Equity Agency	
TIAA Real Estate CDO Ltd	Conduit	
United States Treasury	Treasury Note	
United States Treasury	Treasury Note	
USB AG	Cash on hand	
* Mellon Trust of New England, N.A.	Temporary cash investment	
Total Interest Income Fund		**
Asset Allocation Fund		
* Barclays Global Investors U.S. Tactical Asset Fund F	13,688,570 units	**

Global Equity Fund		
* Barclays Global Investors U.S. Equity Market Fund F	2,012,571 units	
* Barclays Global Investors EAFE Equity Index Fund F	974,589 units	
Total Global Equity Fund		**
Mid and Small Cap Stock Fund		
Extended Equity Market Fund F	6,019,806 units	**
International Fund		
* Barclays Global Investors U.S. Equity Market Fund F	1,013,473 units	**
Loan Fund		
* Loans to Plan Participants	5.00% - 5.25%	**
TOTAL		

* Party-in-Interest.
** Participant-directed investment, cost not required.
*** Synthetic Insurance Contracts, no stated maturity.

SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS
December 31, 2003
(Dollars in Thousands)

Identity of Party Involved	Description of Asset	Purchase Price	Selli Pric
Category (iii) - Series of Transactions in Excess of 5 Percent of Plan Assets			
*SBC Communications Inc.	SBC Communications Inc. common stock	$ 150,482	$
*SBC Communications Inc.	SBC Communications Inc. common stock	-	82,
*Mellon Trust of New England, N. A.	Pooled Employee Funds Daily Liquidity Fund	194,222	
*Mellon Trust of New England, N. A.	Pooled Employee Funds Daily Liquidity Fund	-	194,

* All transactions were purchased and sold on the market.

There were no Category (i), (ii) or (iv) reportable transactions during the year ended December 3

SIGNATURE

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

SBC SAVINGS AND SECURITY PLAN

By SBC Communications Inc., Pl
for the Foregoing Plan

By /s/ Karen E. Jennings

Karen E. Jennings
Senior Executive Vice Pr
Human Resources and Comm

Date: June 23, 2004

EXHIBIT INDEX

Exhibit identified below, Exhibit 23 is filed herein as an exhibit hereto.

Exhibit Number	
23	Consent of Independent Registered Public Accounting Firm

Consent of Independent Registered Public Accounting F

We consent to the incorporation by reference in the Registration Statement (Form S-8, No
Savings and Security Plan of our report dated June 21, 2004, with respect to the financi
schedules of SBC Savings and Security Plan included in this Annual Report (Form 11-K) fo

/s/ ERNST & YOUNG LLP

San Antonio, Texas
June 21, 2004