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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 ACCOUNTING FIRM

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 and Security Plan for the years ended December 31, 2003 and 2002, and the related statement of changes in net assets available for benefits for the year ended December 31, 2003. The preparation of the 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 the standards of the Public Company Accounting Oversight Board (PCAOB). 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, 2003 and 2002, and the changes in its net assets available for benefits for the year ended December 31, 2003, in conformity with U.S. generally accepted accounting principles.

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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 | 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.

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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.

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

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

Participants can invest their contributions in one or more of the following funds in five dollar increments: the SBC Shares Fund, the Bond Fund, the Large Cap Stock Fund, the Interest Income Fund, the Asset Allocation 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 Employee 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 or paid into a separate fund known as a Dividend Fund Account (DFA) for distribution at the end of the year, dividends held in the DFA are paid out to the participant. Interest earned on dividends is reinvested in the SBC Shares Fund. During 2003, Plan participants elected to receive \$25,525 in dividends which were 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 discontinue contributions 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 financial institutions at their carrying value; reinvested interest which approximates fair value; common collective trust funds at values of their underlying assets; temporary cash investments at cost, which approximates fair value. Purchases and sales of investments are recorded on their trade date. Dividend income is recognized on the ex-dividend date. Interest earned on investments is recognized on an 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 notes. Actual results could differ from those estimates.

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

| | 2003 | 2002 |
|---------------------------------|--------------|--------------|
| | ----- | ----- |
| Employee Stock Ownership Plan * | | |
| SBC common shares | \$ 1,034,075 | \$ 1,012,000 |
| SBC Shares Fund | | |

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| | | | | |
|---|----|-----------|----|-------|
| 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 sold and depreciation) 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 insurance companies. The contracts are for a fixed period of time and the principal plus accrued income at contract maturity, subject to the creditworthiness of the issuer, is generally established when the contract is purchased and are periodically reset. For the year ended December 31, 2003, the average interest rates earned on these contracts were 4.44% and 5.39%. At December 31, 2002, the average interest rates on these contracts ranged from 3.24% to 7.97%. At December 31, 2002, the fixed credit rates on these contracts 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 synthetic GICs. Synthetic GICs differ from GICs in that the assets supporting the SICs are owned by the Plan. A bank or insurance company issues a contract that allows participant directed transactions to be made at contract value. Wrapper contracts are the difference between the fair value of the supporting assets and the contract value. The assets supporting the wrapper contracts generally consist of high quality fixed income securities with a fair value of \$778,091 and \$778,091 as of December 31, 2002.

The Plan provides for investments in various investment securities, which in general, are exposed to interest rate, credit, and overall market volatility risks. Due to the level of risk associated with these securities, it is reasonably possible that changes in the values of investment securities will occur. Such change could materially affect the amounts reported in the statements of net assets available for benefits 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 is as follows:

| | 2003 | 2002 |
|-----------------------------------|--------------|--------------|
| | ----- | ----- |
| <u>Assets</u> | | |
| 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 |
| | ----- | ----- |
| <u>Liabilities</u> | | |
| 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 |
| | ===== | ===== |

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| | 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 Revenue Code. The related trust is exempt from taxation. Once qualified, the Plan is required to operate in compliance with its qualification. The plan sponsor has indicated that it will take the necessary steps, if required, to maintain its qualified status.
6. Reconciliation of Financial Statements to Form 5500 - The following is a reconciliation of 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 statements for the 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

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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 Contributions
(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 ----- |
|--------------------------------------|---------------------------------------|-------------|
| <u>Employee Stock Ownership Plan</u> | | |
| * SBC common shares | 39,665,345 shares | \$ 8 |
| * Mellon Trust of New England, N.A. | Temporary cash investment | 8 |
| Total Employee Stock Ownership Plan | | 8 |
| <u>SBC Shares Fund</u> | | |
| * SBC common shares | 57,841,475 shares | |

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* 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%

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| | |
|---------------------------------------|----------------------------|
| 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 |

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| | |
|--|----------------------------|
| 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 |

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| | |
|---------------------------------------|----------------------|
| 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 |
|--------|------------------|

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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.

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

| Identity of Party Involved | Description of Asset | Purchase Price | Selling Price |
|--|---|----------------|------------------|
| 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 31, 2003.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator for the Plan has caused this 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

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

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 Firm

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 financial schedules of SBC Savings and Security Plan included in this Annual Report (Form 11-K) for

/s/ ERNST & YOUNG LLP

San Antonio, Texas
June 21, 2004

