

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.