

BELLSOUTH CORP
Form 11-K
June 28, 2005
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 11-K

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

For the fiscal year ended December 31, 2004

or

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

For the transition period from

Commission file number
1-8607

_____ to _____

BellSouth Savings and
Security Plan

BellSouth Corporation

1155 Peachtree Street, N.E.

Atlanta, Georgia 30309-3610

Table of Contents

BELLSOUTH SAVINGS AND SECURITY PLAN

Table of Contents

	<u>Page</u>
<u>Report of Independent Registered Public Accounting Firm</u>	2
<u>Statement of Net Assets Available for Benefits as of December 31, 2004</u>	3
<u>Statement of Net Assets Available for Benefits as of December 31, 2003</u>	4
<u>Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2004</u>	5
<u>Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2003</u>	6
<u>Notes to Financial Statements</u>	7
<u>Signature Page</u>	19
<u>Supplemental Schedules*</u>	
Schedule of Assets (Held at End of Year)	20
<p>* Other supplemental schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.</p>	
<u>Exhibit 23 - Consent of Independent Registered Public Accounting Firm</u>	21

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of the

BellSouth Savings and Security Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the BellSouth Savings and Security Plan (the Plan) at December 31, 2004 and 2003, and the changes in net assets available for benefits for the years ended December 31, 2004 and 2003 in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with the standards of the Public Company Accounting Oversight Board (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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2004 is presented for the purpose of additional analysis and is not a required part of the basic 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 the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

Atlanta, Georgia

June 27, 2005

Table of Contents**BELLSOUTH SAVINGS AND SECURITY PLAN****STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS****December 31, 2004****(In Thousands)**

	Investment Funds	Participant Loans	Total
ASSETS			
Share of Master Savings Trust net assets	\$ 2,210,940	\$	\$ 2,210,940
Total Investments	2,210,940		2,210,940
Participant loans receivable		31,452	31,452
Contributions receivable	4,925		4,925
Other receivables net	1,469	1,241	2,710
Total Assets	2,217,334	32,693	2,250,027
LIABILITIES			
Distributions payable	723		723
Other payables net	7,815		7,815
Total Liabilities	8,538		8,538
Net Assets Available for Benefits	\$ 2,208,796	\$ 32,693	\$ 2,241,489

The accompanying notes are an integral part of these financial statements

Table of Contents**BELLSOUTH SAVINGS AND SECURITY PLAN****STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS****December 31, 2003****(In Thousands)**

	Investment Funds	Participant Loans	Employee Stock Ownership Plan Allocated	Total
ASSETS				
Share of Master Savings Trust net assets	\$ 1,764,772	\$	\$	\$ 1,764,772
Investment in BellSouth Savings and Security Employee Stock Ownership Plan Trust:				
Shares of BellSouth common stock allocated to participants			468,907	468,907
Temporary cash investments			757	757
Total Investments	1,764,772		469,664	2,234,436
Participant loans receivable		31,137		31,137
Contributions receivable	2,855			2,855
Other receivables net	1,685	1,302		2,987
Total Assets	1,769,312	32,439	469,664	2,271,415
LIABILITIES				
Distributions payable	578		33	611
Other payables net	7,712		394	8,106
Total Liabilities	8,290		427	8,717
Net Assets Available for Benefits	\$ 1,761,022	\$ 32,439	\$ 469,237	\$ 2,262,698

The accompanying notes are an integral part of these financial statements

[Table of Contents](#)
BELLSOUTH SAVINGS AND SECURITY PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year Ended December 31, 2004
(In Thousands)

	Investment Funds	Participant Loans	Employee Stock Ownership Plan Allocated	Total
Net Assets Available for Benefits, December 31, 2003	\$ 1,761,022	\$ 32,439	\$ 469,237	\$ 2,262,698
Employee contributions	95,770		1,100	96,870
Employer contributions	37,121			37,121
Transfer of participants' balances net	385,734	2,835	(424,878)	(36,309)
Total Contributions, Allocations and Transfers	518,625	2,835	(423,778)	97,682
Share of Master Savings Trust investment activities	165,653			165,653
Net appreciation/(depreciation) in investments			(35,230)	(35,230)
Total additions	684,278	2,835	(459,008)	228,105
Less: Distributions to participants	(236,504)	(2,581)	(10,229)	(249,314)
Net Assets Available for Benefits, December 31, 2004	\$ 2,208,796	\$ 32,693	\$	\$ 2,241,489

The accompanying notes are an integral part of these financial statements

Table of Contents**BELLSOUTH SAVINGS AND SECURITY PLAN****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS****Year Ended December 31, 2003****(In Thousands)**

	Investment Funds	Participant Loans	Employee Stock Ownership Plan		Total
			Allocated	Unallocated	
Net Assets Available for Benefits, December 31, 2002	\$ 1,578,642	\$ 34,561	\$ 461,201	\$ 17,584	\$ 2,091,988
Employee contributions	104,668				104,668
Transfer of participants' balances net	47,230	580	(51,112)		(3,302)
Transfer of dividends to offset expenses				(187)	(187)
Supplemental contributions			96	21,665	21,761
Allocation of shares to participants			41,359	(41,359)	
Transfer for loan repayment			(4,881)	4,881	
Total Contributions, Allocations and Transfers	151,898	580	(14,538)	(15,000)	122,940
Share of Master Savings Trust investment activities	213,678				213,678
Net appreciation/(depreciation) in investments			55,194	(453)	54,741
Total additions	365,576	580	40,656	(15,453)	391,359
Less: Distributions to participants	(183,196)	(2,702)	(32,620)		(218,518)
Interest on notes payable				(2,131)	(2,131)
Net Assets Available for Benefits, December 31, 2003	\$ 1,761,022	\$ 32,439	\$ 469,237	\$	\$ 2,262,698