

BELLSOUTH CORP

Form 11-K

June 12, 2002

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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, 2001

or

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

For the transition period from _____ to _____

Commission file number
1-8607

BellSouth Savings and
Security Plan

BellSouth Corporation

1155 Peachtree Street, N.E.
Atlanta, Georgia 30309-3610

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BELLSOUTH SAVINGS AND SECURITY PLAN

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Participants and Plan 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, 2001 and 2000, and the changes in net assets available for benefits for each of the three years in the period ended December 31, 2001 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 auditing standards generally accepted in the United States of America, which 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 Fund Information in the statements of net assets available for benefits and the statements of changes in net assets available for benefits is presented for purposes of additional analysis rather than to present the net assets available for benefits and changes in net assets available for benefits of each fund. The Fund Information 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.

/s/ PricewaterhouseCoopers LLP
Atlanta, Georgia

June 10, 2002

Table of Contents**BELLSOUTH SAVINGS****STATEMENT OF NET ASSETS AVAILABLE**

	December (In Tho					
	BellSouth Stock Fund	Indexed Stock Fund	Interest Income Fund	Vanguard Growth Index-Institutional	Fidelity Growth & Income Portfolio	Balanced Fund
ASSETS						
Share of Trust net assets	\$ 1,115,367	\$ 129,225	\$ 361,691	\$ 66,884	\$ 54,692	\$ 21,940
Investment in BellSouth Savings and Security Employee Stock Ownership Plan Trust:						
Shares of BellSouth common stock allocated to participants						
Shares of BellSouth common stock held for future allocation						
Temporary cash investments						
Total Investments	1,115,367	129,225	361,691	66,884	54,692	21,940
Contributions receivable	1,467	319	613	267	198	64
Fund, BellSouth Retirement Savings Plan and other transfers receivable net	183	62	30			
Total Assets	1,117,017	129,606	362,334	67,151	54,890	22,004
LIABILITIES						
Distributions payable	340	47	194	12	15	1
Fund, BellSouth Retirement Savings Plan and other transfers payable net				19	11	63
Notes payable						
Total Liabilities	340	47	194	31	26	64
Net Assets Available for Benefits	\$ 1,116,677	\$ 129,559	\$ 362,140	\$ 67,120	\$ 54,864	\$ 21,940

The accompanying notes are an integ

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AND SECURITY PLAN

FOR BENEFITS, WITH FUND INFORMATION

31, 2001
usands)

Bond Fund	T. Rowe Price Mid-Cap Growth	DFA U.S. Small Cap Value II Fund	DFA International Value II Fund	DFA U.S. Large Cap Value II Fund	Participant Loans	Other	Employee Stock Ownership Plan		Total
							Allocated	Unallocated	
\$ 25,415	\$ 47,109	\$ 23,860	\$ 5,351	\$ 16,364	\$ 38,094	\$ 7,004	\$	\$	\$ 1,912,996
							811,095		811,095
								136,874	136,874
							858	6,739	7,597
25,415	47,109	23,860	5,351	16,364	38,094	7,004	811,953	143,613	2,868,562
78	164	102	24	62					3,358
107				12	1,310				1,704
25,600	47,273	23,962	5,375	16,438	39,404	7,004	811,953	143,613	2,873,624
5	5	2	5	9	4		202		841
	296	1				7,004	11		7,405
								66,068	66,068
5	301	3	5	9	4	7,004	213	66,068	74,314
\$ 25,595	\$ 46,972	\$ 23,959	\$ 5,370	\$ 16,429	\$ 39,400	\$	\$ 811,740	\$ 77,545	\$ 2,799,310

ral part of these financial statements.

Table of Contents**BELLSOUTH SAVINGS****STATEMENT OF NET ASSETS AVAILABLE**

	December (In Tho					
	BellSouth Stock Fund	Indexed Stock Fund	Interest Income Fund	Vanguard Growth Index-Institutional	Fidelity Growth & Income Portfolio	Balanced Fund
ASSETS						
Share of Trust net assets	\$ 1,323,639	\$ 176,541	\$ 334,662	\$ 97,374	\$ 66,864	\$ 22,870
Investment in BellSouth Savings and Security Employee Stock Ownership Plan Trust:						
Shares of BellSouth common stock allocated to participants						
Shares of BellSouth common stock held for future allocation						
Temporary cash investments						
Total Investments	1,323,639	176,541	334,662	97,374	66,864	22,870
Contributions receivable	1,553	384	537	330	203	61
Fund, BellSouth Retirement Savings Plan and other transfers receivable net	310	197			44	14
Total Assets	1,325,502	177,122	335,199	97,704	67,111	22,945
LIABILITIES						
Distributions payable	677	98	96	51	17	4
Fund, BellSouth Retirement Savings Plan and other transfers payable net			376	185		
Notes payable						
Total Liabilities	677	98	472	236	17	4
Net Assets Available for Benefits	\$ 1,324,825	\$ 177,024	\$ 334,727	\$ 97,468	\$ 67,094	\$ 22,941

The accompanying notes are an integ

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FOR BENEFITS, WITH FUND INFORMATION

31, 2000
usands)

Bond Fund	T. Rowe Price Mid-Cap Growth	DFA U.S. Small Cap Value II Fund	DFA International Value II Fund	DFA U.S. Large Cap Value II Fund	Participant Loans	Other	Employee Stock Ownership Plan		Total
							Allocated	Unallocated	
\$ 8,587	\$ 52,782	\$ 13,112	\$ 6,102	\$ 8,652	\$ 39,982	\$ 9,665	\$	\$	\$ 2,160,832
							879,192		879,192
								214,370	214,370
							414	7,302	7,716
8,587	52,782	13,112	6,102	8,652	39,982	9,665	879,606	221,672	3,262,110
26	160	40	23	38			1,840		5,195
123		16		24	1,306				2,034
8,736	52,942	13,168	6,125	8,714	41,288	9,665	881,446	221,672	3,269,339
	5	1	2	15	4		108		1,078
	262					9,665	17		10,505
								98,175	98,175
	267	1	2	15	4	9,665	125	98,175	109,758
\$ 8,736	\$ 52,675	\$ 13,167	\$ 6,123	\$ 8,699	\$ 41,284	\$	\$ 881,321	\$ 123,497	\$ 3,159,581

ral part of these financial statements.

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	BELLSOUTH SAVINGS						
	STATEMENT OF CHANGES						
	FOR BENEFITS,						
	Year Ended Dec						
	(In Tho						
	BellSouth	Indexed	Interest	Vanguard	Fidelity	Balanced	Bond
	Stock	Stock	Income	Growth	& Income	Fund	Fund
	Fund	Fund	Fund	Index-Institutional	Portfolio	Fund	Fund
Net Assets Available for Benefits, December 31, 2000	\$ 1,324,825	\$ 177,024	\$ 334,727	\$ 97,468	\$ 67,094	\$ 22,941	\$ 8,736
Employee contributions	40,503	10,001	26,312	8,146	5,785	2,076	2,742
Transfer of participants balances net	(64,564)	(21,052)	50,643	(17,015)	(3,612)	434	15,847
Supplemental contributions							
Allocation of shares to participants							
Transfer for loan repayment							
Total Contributions, Allocations and Transfers	(24,061)	(11,051)	76,955	(8,869)	2,173	2,510	18,589
Share of Trust investment activities	(49,549)	(20,421)	20,712	(12,217)	(6,420)	(640)	1,323
Total	(73,610)	(31,472)	97,667	(21,086)	(4,247)	1,870	19,912
Less: Distributions to participants	134,538	15,993	70,254	9,262	7,983	2,871	3,053
Interest on notes payable							
Net Assets Available for Benefits, December 31, 2001	\$ 1,116,677	\$ 129,559	\$ 362,140	\$ 67,120	\$ 54,864	\$ 21,940	\$25,595

The accompanying notes are an integ

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**IN NET ASSETS AVAILABLE
WITH FUND INFORMATION**

December 31, 2001
(in thousands)

T. Rowe Price Mid-Cap Growth	DFA U.S. Small Cap Value II Fund	DFA International Value II Fund	DFA U.S. Large Cap Value II Fund	Participant Loans	Other	Employee Stock Ownership Plan		Total
						Allocated	Unallocated	
\$ 52,675	\$ 13,167	\$ 6,123	\$ 8,699	\$ 41,284	\$	\$ 881,321	\$ 123,497	\$ 3,159,581
4,801	1,702	706	1,762					104,536
(3,799)	8,134	452	7,464	(2,127)	166	(9,575)		(38,604)
							26,102	26,102
						65,492	(65,492)	
						(10,109)	10,109	
1,002	9,836	1,158	9,226	(2,127)	166	45,808	(29,281)	92,034
(1,250)	3,125	(915)	150	3,222	(166)	(42,203)	(8,423)	(113,672)
(248)	12,961	243	9,376	1,095		3,605	(37,704)	(21,638)
5,455	2,169	996	1,646	2,979		73,186		330,385
							8,248	8,248
\$46,972	\$ 23,959	\$ 5,370	\$ 16,429	\$ 39,400	\$	\$ 811,740	\$ 77,545	\$ 2,799,310

... part of these financial statements.

Table of Contents**BELLSOUTH SAVINGS****STATEMENT OF CHANGES
FOR BENEFITS, WITH****Year Ended Dec
(In Tho**

	BellSouth Stock Fund	Indexed Stock Fund	Interest Income Fund	Vanguard Growth Index-Institutional	Fidelity Growth & Income Portfolio	Balanced Fund	Bond Fund
Net Assets Available for Benefits, December 31, 1999	\$ 1,752,157	\$ 207,625	\$ 351,123	\$ 90,650	\$ 70,927	\$ 25,154	\$ 7,715
Employee contributions	50,900	13,445	35,526	11,208	6,589	2,450	744
Transfer of participants' balances net	(111,811)	708	37,950	41,946	1,433	(1,784)	681
Supplemental contributions							
Allocation of shares to participants							
Transfer for loan repayment							
Total Contributions, Allocations and Transfers	(60,911)	14,153	73,476	53,154	8,022	666	1,425
Share of Trust investment activities	(148,371)	(17,323)	20,131	(27,360)	(1,659)	798	819