

BELLSOUTH CORP

Form 11-K

June 28, 2004

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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, 2003

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 Retirement Savings Plan

BellSouth Corporation

1155 Peachtree Street, N.E.

Atlanta, Georgia 30309-3610

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BELLSOUTH RETIREMENT SAVINGS PLAN

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<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>	
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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of the

BellSouth Retirement Savings 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 Retirement Savings Plan (the Plan) at December 31, 2003 and 2002, and the changes in net assets available for benefits for each of the three years in the period ended December 31, 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, 2003 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. The 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 25, 2004

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			Employee Stock Ownership Plan		
	Investment Funds	Participant Loans	Allocated	Unallocated	Total
ASSETS					
Share of Master Savings Trust net assets	\$ 4,110,900	\$	\$	\$	\$ 4,110,900
Investment in BellSouth Retirement Savings					
Employee Stock Ownership Plan Trust:					
Shares of BellSouth common stock allocated to participants			576,064		576,064
Shares of BellSouth common stock held for future allocation				34,558	34,558
Temporary cash investments			200		200
Total Investments	4,110,900		576,264	34,558	4,721,722
Participant loans receivable		44,524			44,524
Contributions receivable	4,805				4,805
Other receivables net	4,622	1,433			6,055
Total Assets	4,120,327	45,957	576,264	34,558	4,777,106
LIABILITIES					
Distributions payable	524		16		540
Other payables net	15,077		1,114		16,191
Total Liabilities	15,601		1,130		16,731
Net Assets Available for Benefits	\$ 4,104,726	\$ 45,957	\$ 575,134	\$ 34,558	\$ 4,760,375

The accompanying notes are an integral part of these financial statements

Table of Contents**BELLSOUTH RETIREMENT SAVINGS PLAN****STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS****December 31, 2002****(In Thousands)**

			Employee Stock Ownership Plan		
	Investment Funds	Participant Loans	Allocated	Unallocated	Total
ASSETS					
Share of Trust net assets	\$ 3,600,100	\$ 50,041	\$	\$	\$ 3,650,141
Investment in BellSouth Retirement Savings					
Employee Stock Ownership Plan Trust:					
Shares of BellSouth common stock allocated to participants			567,859		567,859
Shares of BellSouth common stock held for future allocation				109,603	109,603
Temporary cash investments			201	10,176	10,377
Total Investment	3,600,100	50,041	568,060	119,779	4,337,980
Contributions receivable	4,754				4,754
Fund, BellSouth Savings and Security Plan and other transfers receivable net	1,988	1,533	32		3,553
Total Assets	3,606,842	51,574	568,092	119,779	4,346,287
LIABILITIES					
Distributions payable	787	51	127		965
Fund, BellSouth Savings and Security Plan and other transfers payable net	7,005				7,005
Notes payable				77,387	77,387
Total Liabilities	7,792	51	127	77,387	85,357
Net Assets Available for Benefits	\$ 3,599,050	\$ 51,523	\$ 567,965	\$ 42,392	\$ 4,260,930

The accompanying notes are an integral part of these financial statements.

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	Investment Funds	Participant Loans	Employee Stock Ownership Plan		Total
			Allocated	Unallocated	
Net Assets Available for Benefits, December 31, 2002	\$ 3,599,050	\$ 51,523	\$ 567,965	\$ 42,392	\$ 4,260,930
Employee contributions	201,493				201,493
Transfer of participants' balances net	94,857	(290)	(90,216)		4,351
Transfer of dividends to offset expenses				(827)	(827)
Supplemental contributions				63,409	63,409
Allocation of shares to participants			77,052	(77,052)	
Transfer for loan repayment			(7,650)	7,650	
Total Contributions, Allocations and Transfers	296,350	(290)	(20,814)	(6,820)	268,426
Share of Master Savings Trust Investment activities	576,236				576,236
Net appreciation/(depreciation) in investments			67,667	4,265	71,932
Total	872,586	(290)	46,853	(2,555)	916,594
Less: Distributions to participants	366,910	5,276	39,684		411,870
Interest on notes payable				5,279	5,279
Net Assets Available for Benefits, December 31, 2003	\$ 4,104,726	\$ 45,957	\$ 575,134	\$ 34,558	\$ 4,760,375

The accompanying notes are an integral part of these financial statements

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BELLSOUTH RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE

FOR BENEFITS

Year Ended December 31, 2002

(In Thousands)

			Employee Stock Ownership Plan		
	Investment Funds	Participant Loans	Allocated	Unallocated	Total
Net Assets Available for Benefits, December 31, 2001	\$ 4,392,136	\$ 69,657	\$ 1,141,661	\$ 147,857	\$ 5,751,311
Employee contributions	227,427				227,427
Transfer of participants' balances, net	&nb				