

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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SBC COMMUNICATIONS INC

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report: November 14, 1996

SBC COMMUNICATIONS INC.

A Delaware Corporation

Commission File No. 1-8610

IRS Employer No. 43-1301883

175 E. Houston, San Antonio, Texas 78205

Telephone Number (210) 821-4105

Item 7. Financial Statements and Exhibits

SBC Communications Inc. (SBC) hereby incorporates by reference herein Pacific Telesis Group's (PAC) Quarterly Report on Form 10-Q for the quarter ended September 30, 1996 as filed with the Securities and Exchange Commission (File No. 1-8609). SBC also presents herein unaudited pro forma combined condensed financial statements of SBC and PAC to reflect the proposed business combination of SBC and PAC as of and for the nine months ended September 30, 1996.

(a) UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL
STATEMENTS OF SBC COMMUNICATIONS INC. AND PACIFIC TELESIS
GROUP

The following unaudited pro forma combined condensed financial statements and notes thereto are presented assuming the merger will be accounted for as a "pooling of interests." Under this method of accounting, SBC will restate its consolidated financial statements to include the assets, liabilities, shareowners' equity and results of operations of PAC.

The following unaudited pro forma combined condensed financial statements have been prepared using an assumed exchange ratio of 0.733. The actual exchange ratio is subject to change under the terms of the merger agreement.

The unaudited pro forma combined condensed income statements reflect the combination of the historical operating results of SBC and PAC for the nine months ended September 30, 1996. The unaudited pro forma combined condensed balance sheets reflect the combination of the historical balance sheets of SBC and PAC at September 30, 1996. The information set forth in the pro forma financial statements below should be read in conjunction with the annual financial statements and notes thereto included in (a) SBC's 1995 Annual Report to Shareowners, which is incorporated by reference into SBC's Annual Report on Form 10-K for 1995, and (b) PAC's 1996 Proxy Statement, which is incorporated by reference into SBC's registration statement on Form S-4, dated June 3, 1996 (File No. 333-02587).

The unaudited pro forma combined condensed financial statements are not necessarily indicative of the results of operations or financial position that actually would have occurred had the merger been consummated on the dates indicated or that may be obtained in the future. These unaudited pro forma combined condensed financial statements should be read in conjunction with the related historical financial statements and notes thereto of SBC and PAC noted above, and (a) SBC's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, and (b) PAC's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996.

SBC COMMUNICATIONS INC. AND PACIFIC TELESIS GROUP
Unaudited Pro Forma Combined Condensed Balance Sheet
As of September 30, 1996

Historical		Pro Forma	
SBC	PAC	Adjustments	Combined

(in millions)

Assets

Current Assets

Cash and cash equivalents	\$ 690	\$ 81	\$ -	\$ 771
Accounts receivable - net	2,371	1,598	-	3,969
Other current assets	1,163	1,004	(53) 2a	2,114
Total current assets	4,224	2,683	(53)	6,854
Property, Plant and Equipment - Net	13,509	11,660	-	25,169
Intangible Assets - Net	2,564	1,027	-	3,591
Other Assets	2,845	855	(477) 2a	3,223
Total Assets	\$ 23,142	\$ 16,225	\$ (530)	\$ 38,837

Liabilities and

Shareowners' Equity

Current Liabilities

Debt maturing within one year	\$ 1,975	\$ 484	\$ -	\$ 2,459
Other current liabilities	3,597	2,784	(53) 2a	6,328
Total current liabilities	5,572	3,268	(53)	8,787
Long-term debt	5,482	5,424	-	10,906
Postemployment benefit obligation	2,739	2,424	-	5,163
Other noncurrent liabilities	2,509	1,486	(477) 2a	3,518
Corporation-obligated mandatorily redeemable preferred securities of subsidiary trusts*	-	1,000	-	1,000
Shareowners' Equity				
Common shares	621	43	271 2b	935
Capital in excess of par value	6,317	3,502	(402) 2b	9,417

Retained earnings (deficit)	1,453	(619)	-	834
Guaranteed obligations of ESOPs	(242)	-	-	(242)
Deferred compensation- LESOP trust	-	(172)	-	(172)
Foreign currency translation adjustment	(602)	-	-	(602)
Treasury shares	(707)	(131)	131 2b	(707)
Total shareowners' equity	6,840	2,623	-	9,463
Total Liabilities and Shareowners' Equity	\$ 23,142	\$ 16,225	\$ (530)	\$ 38,837

* The trusts contain an asset of \$1,030 million in principal amount of the Subordinated Debentures of PAC.

The accompanying notes are an integral part of these pro forma combined condensed financial statements.

SBC COMMUNICATIONS INC. AND PACIFIC TELESIS GROUP
Unaudited Pro Forma Combined Condensed Statement of Income
For the Nine Months Ended September 30, 1996

	Historical SBC	PAC	Pro Forma Adjustments	Pro Forma Combined
	(in millions, except per share amounts)			
Total operating revenues	\$ 10,130	\$ 7,145	\$	\$ 17,275
Total operating expenses	7,505	5,385		12,890
Operating Income	2,625	1,760		4,385
Interest expense	353	265		618
Other income (expense) - net	165	(38)		127
Income Before Income Taxes	2,437	1,457		3,894
Income Taxes	879	592		1,471

Net Income	\$	1,558	\$	865	\$	2,423
Earnings Per Common Share:	\$	2.56	\$	2.02	\$	2.63
Weighted Average Number of Common Shares Outstanding		609.0		428.4	(114.4)2c	923.0

The accompanying notes are an integral part of these pro forma combined condensed financial statements.

SBC COMMUNICATIONS INC. AND PACIFIC TELESIS GROUP

NOTES TO UNAUDITED PRO FORMA
COMBINED CONDENSED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The accompanying unaudited pro forma combined condensed financial statements are presented for illustrative purposes only and do not give effect to any cost savings which may result from the integration of SBC's and PAC's operations. Additionally, the unaudited pro forma combined condensed financial statements do not include any future transaction costs relating to the merger (which are estimated to be approximately \$55 million), nor do they consider any reorganization or regulatory costs that might occur as a result of the merger. Differences in accounting policies do not have a material effect on either the pro forma financial position or pro forma results of operations and have not been reflected in the unaudited pro forma combined condensed financial statements. The unaudited pro forma combined condensed balance sheets reflect the merger as if it had occurred on September 30, 1996. The unaudited pro forma combined condensed statements of income reflect the merger as if it had been in effect on January 1, 1996.

The unaudited pro forma combined condensed financial statements are not necessarily indicative of the results of operations or financial position that actually would have occurred had the merger been consummated on the dates indicated or that may be obtained in the future. These unaudited pro forma combined condensed financial statements should be read in conjunction with the related historical financial statements and notes thereto included in (a) SBC's 1995 Annual Report to Shareowners, which is incorporated by reference into SBC's Annual Report on Form 10-K for 1995, and (b) PAC's 1996 Proxy Statement, which is incorporated by reference into SBC's registration statement on Form S-4, dated June 3, 1996 (File No. 333-02587), and (c) SBC's Quarterly Report on Form 10-Q for the quarter ended September 30,

1996, and (d) PAC's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996.

Note 2 - Pro Forma Adjustments

- a. Deferred income taxes - Deferred income taxes were reclassified to present a net asset or liability for both current and non-current amounts.
- b. Shareowners' Equity - The shareowners' equity accounts of PAC have been adjusted to reflect the assumed issuance of approximately 314 million shares of SBC Common Stock in exchange for all of the issued and outstanding PAC Common Stock (assuming an Exchange Ratio of 0.733 of a share of SBC Common Stock for each share of PAC Common Stock; the exchange ratio is subject to change under the terms of the merger agreement). The actual number of shares of SBC Common Stock to be issued in connection with the merger will be based upon the number of shares of PAC Common stock issued and outstanding immediately prior to the consummation of the merger and the exchange ratio determined as of the effective date of the merger.
- c. Earnings per Common Share - Pro forma combined earnings per common share information for the nine months ended September 30, 1996 is based on the combined weighted average shares outstanding for the nine months ended September 30, 1996 after conversion of PAC's weighted average shares outstanding at a ratio of 0.733 shares of SBC Common Stock for each share of PAC Common Stock. The actual ratio is subject to change under the terms of the merger agreement.
- d. Intercompany transactions - There are no significant intercompany transactions between SBC and PAC.
- e. Effective with the dividend for the second quarter of 1996, PAC's quarterly dividend per share will not exceed 0.733 multiplied by SBC's quarterly dividend per share. Dividends per share of the combined company are expected to be equivalent to the dividend per share of SBC Common Stock.

Note 3 - Federal Income Tax Consequences of the Merger

The unaudited pro forma combined condensed financial statements assume that the merger qualifies as a tax-free reorganization for federal income tax purposes.

(b) Exhibits

Exhibit 15 Letter regarding unaudited interim financial information.

Exhibit 99 Pacific Telesis Group's Quarterly
Report on Form 10-Q for the quarter ended September 30, 1996
(File No. 1-8609) is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act
of 1934, the registrant has duly caused this report to be signed
on its behalf by the undersigned thereunto duly authorized.

SBC Communications Inc.

/s/ Donald E. Kiernan
Donald E. Kiernan
Senior Vice President, Treasurer
and Chief Financial Officer

November 14, 1996

November 13, 1996

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: SBC Communications, Inc.
Report on Form 8-K

We are aware that our report dated November 13, 1996 on our review of interim financial information of Pacific Telesis Group for the nine-month period ended September 30, 1996 and included in Pacific Telesis Group's quarterly report on Form 10-Q for the quarter then ended is incorporated by reference in this report on Form 8-K. Pursuant to Rule 436(c) under the Securities Act of 1933, this report should not be considered a part of the registration statement prepared or certified by us within the meaning of Sections 7 and 11 of that Act.

Coopers & Lybrand L.L.P.