

Edgar Filing: SBC COMMUNICATIONS INC - Form 8-K

SBC COMMUNICATIONS INC
Form 8-K
May 27, 2004

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: May 25, 2004

SBC COMMUNICATIONS INC.

(Exact name of registrant as specified in its charter)

1-8610

(Commission File Number)

DELAWARE

(State or other jurisdiction of incorporation)

43-1301883

(I.R.S. Employer Identification Number)

175 E. Houston, San Antonio, Texas, 78205
(Address of principal executive offices and zip code)

(210) 821-4105
(Registrant's telephone number, including area code)

Item 5. Other Events

On May 25, 2004, SBC Communications Inc. (SBC) announced that it had reached agreement with the union on a new, five-year contract covering approximately 100,000 SBC employees, subject to approval by the Board of Directors.

The new contract provides for a 2 percent base salary increase and a 1 percent lump-sum payment in years one and two, with wage increases of 2.5 percent in years two and three. Wage increases in years four and five are 2.25 percent and 2.0 percent, plus a cost-of-living increase based on the consumer price index. The new contract also provides for lump-sum payments of \$375 in years three and \$375 in years four and five. Pension band increases will be in ranges similar to wage increases. The new contract provides for increased health care co-payments.

SBC agreed to make one-time lump-sum payments totaling approximately \$2,500 per person to approximately 100,000 employees and retirees. Half of the amount is to be paid on or about December 31, 2004 and the other half, on or about December 31, 2005. SBC expects increased operating expenses in the second quarter of 2004 of approximately \$250 million due to lump-sum payments to retirees and strike-related expenses.

When compared to the provisions of the previous contract, and, combined with changes to retiree benefits, the new contract is expected to result in cost savings of up to \$2 billion over the period of the new contract.

Information set forth in this report contains financial estimates and other forward-looking statements. Actual results may differ materially. A discussion of factors that may affect financial results is included in the report. SBC disclaims any obligation to update or revise this report based on new information or otherwise.

Edgar Filing: SBC COMMUNICATIONS INC - Form 8-K

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be prepared on behalf of the undersigned hereunto duly authorized.

SBC COMMUNICATIONS INC.

Date: May 25, 2004

By: ___/s/ John J. Stephens_____
John J. Stephens
Vice President and Cont