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BELLSOUTH CORP  
Form 8-K  
October 06, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported): October 4, 2004

BELLSOUTH CORPORATION

-----  
(Exact Name of Registrant as Specified in Its Charter)

GEORGIA

-----  
(State or Other Jurisdiction of Incorporation)

1-8607

58-1533433

-----  
(Commission File Number)

(IRS Employer Identification No.)

Room 15G03, 1155 Peachtree Street, N. E., Atlanta, Georgia

30309-3610

-----  
(Address of Principal Executive Offices)

(Zip Code)

(404) 249-2000

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(Registrant's Telephone Number, Including Area Code)

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(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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### Item 1.01 Entry into a Material Definitive Agreement

On October 4, 2004, BellSouth Corporation entered into a Credit Agreement (the "Agreement") with JPMorgan Chase Bank, Lehman Commercial Paper Inc., Citibank, N.A., Goldman Sachs Credit Partners L.P., Morgan Stanley Bank, Morgan Stanley Senior Funding, Inc. and The Royal Bank of Scotland plc, as Lenders, and JPMorgan Chase Bank, as Administrative Agent. The Agreement provides for commitments in the aggregate principal amount of \$9 billion and matures on October 3, 2005.

Along with a separate credit agreement that provides the Company with commitments in the aggregate principal amount of \$1.5 billion, the Agreement acts as a backup facility for the Company's \$10.5 billion commercial paper program. In addition, loans made pursuant to the Agreement may be used to make capital contributions to Cingular Wireless Corporation ("Cingular") to finance BellSouth's portion of the cost of the pending acquisition by Cingular of AT&T Wireless Services, Inc. (the "Acquisition"). The proceeds of any commercial paper backstopped by the Agreement will be placed in escrow until the Acquisition is consummated.

The Agreement provides that the commitments reduce over time as follows:

| Date of Commitment Reduction  | Amount  |
|---|---|
| A. Thirty days after consummation of the Acquisition  | \$1,500,000,000   |
| B. The second business day following the date of any receipt of net cash proceeds (as defined in the Agreement) pursuant to the Company's agreement to sell its Latin American operations to Telefonica Moviles         | The amount of such net cash proceeds from such sale up to an aggregate of \$3,500,000,000                           |
| C. The second business day following (i) the incurrence of any funded debt (as defined in the Agreement) and (ii) the issuance of any equity securities other than pursuant to certain plans described in the Agreement | The amount of such funded debt or the net proceeds of such issuance of such equity securities                       |
| D. December 31, 2004  | \$3,200,000,000 less any reductions in commitments caused by (B) above and any voluntary reductions in commitments. |
| E. April 29, 2005   | \$1,300,000,000 less any reductions in commitments  |

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caused by (B) above and any  
voluntary reductions in  
commitments, in either case  
only to the extent not  
applied pursuant to (D)  
above

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F. October 3, 2005  
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Any remaining commitments  
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Except as described in this paragraph, the Agreement contains no financial covenants or requirements for compensating balances. Further, the Agreement does not contain any provisions that are tied to the ratings assigned to us or our affiliates. At the Company's election, any outstanding borrowings may be converted to a one-year term loan, in which case the debt of the Company and its consolidated subsidiaries is not permitted, as of the end of any fiscal quarter, to exceed 300% of consolidated earnings before interest, taxes, depreciation and amortization for the preceding four quarters.

The Agreement prohibits the Company and its significant subsidiaries from permitting liens to be placed on their properties or assets except in specified circumstances. If BellSouth or any of its subsidiaries, except for its Latin American entities, defaults on any outstanding debt in excess of \$200 million, and such default results in the acceleration of such debt, then that acceleration will cause an event of default to occur under the Agreement. If we borrow funds under this Agreement, the same event of default clause will become applicable to certain of BellSouth's Latin American credit facilities. The Agreement also provides that, unless waived by the banks, an event of default shall occur if the Acquisition shall not have been consummated on or before November 18, 2004.

A copy of the Agreement is attached as Exhibit 10xx to this Current Report on Form 8-K.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The information provide in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

10xx Credit Agreement dated as of October 4, 2004 among BellSouth Corporation, the Lenders Party Thereto and JPMorgan Chase Bank, As Administrative Agent

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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.

BELLSOUTH CORPORATION

By: /s/ W. Patrick Shannon  
W. Patrick Shannon  
Vice President - Finance  
October 6, 2004