VERIZON COMMUNICATIONS INC
Form S-4/A
August 31, 2005
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As filed with the Securities and Exchange Commission on August 31, 2005

Registration No. 333-124008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 6

TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Verizon Communications Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**4813**	**23-2259884**
(State or other jurisdiction of incorporation)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

1095 Avenue of the Americas

New York, New York 10036

(212) 395-2121
(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant s Principal Executive Offices)

Marianne Drost, Esq.

Senior Vice President, Deputy General Counsel and Corporate Secretary

Verizon Communications Inc.

1095 Avenue of the Americas

New York, New York 10036

(212) 395-2121

(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

With copies to:

Jeffrey J. Rosen, Esq.	**Anastasia D. Kelly, Esq.**	**Phillip R. Mills, Esq.**
William D. Regner, Esq.	**General Counsel**	**Michael Kaplan, Esq.**
Debevoise & Plimpton LLP	**MCI, Inc.**	**Davis Polk & Wardwell**
919 Third Avenue	**22001 Loudoun County Parkway**	**450 Lexington Avenue**
New York, New York 10022	**Ashburn, Virginia 20147**	**New York, New York 10017**
(212) 909-6000	**(703) 886-5600**	**(212) 450-4000**

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and at the closing of the merger of MCI, Inc. with and into Eli Acquisition, LLC, a Delaware limited liability company and a direct, wholly owned subsidiary of Verizon Communications Inc. (or at the closing of the alternative merger of a direct and wholly owned subsidiary of Verizon with and into MCI, if either Verizon or MCI fails to receive, from its respective counsel, a tax opinion to the effect that the merger will qualify as a reorganization for tax purposes, or if certain other conditions are not satisfied), sometimes referred to as the merger, as described in the Agreement and Plan of Merger, dated as of February 14, 2005, as amended as of March 4, 2005, March 29, 2005 and May 1, 2005, included as Annex A to the enclosed proxy statement and prospectus forming a part of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATES AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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The information in this proxy statement and prospectus is not complete and may be changed. The securities being offered by the use of this proxy statement and prospectus may not be issued until the registration statement filed with the Securities and Exchange Commission, of which this proxy statement and prospectus is a part, is declared effective. This proxy statement and prospectus is not an offer to sell these securities nor a solicitation of any offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

(SUBJECT TO COMPLETION DATED AUGUST 31, 2005)

PRELIMINARY PROXY STATEMENT AND PROSPECTUS

SPECIAL MEETING OF STOCKHOLDERS OF MCI, INC.

Dear MCI Stockholder:

August 31, 2005

After careful consideration, MCI s board of directors has unanimously approved the Agreement and Plan of Merger, dated as of February 14, 2005, among Verizon, Eli Acquisition LLC and MCI, Inc., as amended as of March 4, 2005, March 29, 2005 and May 1, 2005, and as may be amended from time to time, sometimes referred to collectively as the merger agreement, and declared that the merger and the other transactions contemplated by the merger agreement, including the special cash dividend, are advisable.

MCI s Board of Directors unanimously recommends that you vote FOR the adoption of the merger agreement and approval of the merger and FOR authorizing MCI s board of directors to act in its discretion with respect to any adjournments or postponements of the special meeting to permit further solicitation of proxies for the merger at the special meeting of stockholders to be held on October 6, 2005, beginning at 10:00 a.m. local time.

The merger agreement provides that when the merger closes, you will receive consideration that will be worth $20.40 per share if there are no upward or downward adjustments. The merger consideration may be increased by up to $5.60 per share to the extent MCI has not paid MCI stockholders a special cash dividend of $5.60 per share prior to the closing of the merger. More particularly:

The merger agreement provides that after MCI s stockholders approve the merger, MCI will declare and pay a special cash dividend of up to $5.60 per share (reduced by the amount of any other dividends declared by MCI from the date of this proxy statement and prospectus until the payment of the special cash dividend). If MCI pays less than the full amount, the remainder will be paid out by Verizon as cash merger consideration, without interest, at the closing of the merger. If Verizon pays any shortfall in the special cash dividend, stockholders will receive that amount later than if MCI paid the special cash dividend in full.

In addition, at the closing of the merger, each share of MCI common stock that you hold will be converted into the right to receive 0.5743 shares of Verizon common stock. If the average trading price for Verizon s common stock is less than $35.52 over the 20 trading days ending on the third trading day prior to closing, you will have the right to receive additional Verizon common stock or cash (at Verizon s option) in an amount sufficient to assure that, prior to any reduction under the potential downward purchase price adjustment, the merger consideration is at least $20.40 per share.

The merger consideration you will receive may be decreased since it is subject to a potential downward purchase price adjustment based upon the amount of certain specified liabilities of MCI, which include MCI bankruptcy claims, including tax claims, as well as certain international tax liabilities. MCI currently estimates that the amount of specified liabilities at closing could range between an amount that would not result in any adjustment to the purchase price and an amount that would result in an adjustment to the purchase price of $0.21 per MCI share. This estimate was prepared by MCI and not by Verizon. Verizon does not intend to prepare its estimate until closer to the closing of the merger. It is possible that assumptions made by MCI could prove incorrect, circumstances could change, intervening events could affect the amount of specified liabilities, or Verizon and MCI could have substantially different views as to how the downward purchase price adjustment should be calculated. Accordingly, under certain circumstances, there could be a materially greater purchase price adjustment. Under the purchase price adjustment mechanism, the full amount of the merger consideration is at risk. You should only vote in favor of the merger if you are prepared to accept the risk that the merger consideration may be reduced as a result of this purchase price adjustment mechanism and that any reduction could be material. For more information, see The Merger Potential Downward Purchase Price Adjustment on page 95.

If there is no downward purchase price adjustment and Verizon chooses not to issue additional shares in the event that Verizon s average stock price during the measurement period is less than $35.52 per share, then Verizon will issue approximately 164.4 million shares of common stock in connection with the merger for a total value to MCI s stockholders (not including shares beneficially owned by Verizon), including the special cash dividend, of approximately $7.4 billion and, after the merger, MCI s former stockholders (not including shares beneficially owned by Verizon) will own approximately 5.6% of Verizon s outstanding common stock.

We cannot determine now, and, at the time of the MCI stockholders meeting, we will not be able to determine, the value of the aggregate merger consideration, the number of Verizon shares you will receive in the merger and the ratio of stock to cash you will receive in the merger, because:

The special cash dividend will not be paid until after the MCI stockholders approve the merger at the MCI stockholders meeting;

The average of the trading prices for Verizon s common stock over the measurement period cannot be determined until the third business day before the closing of the merger; and

The estimated amount of the liabilities which will determine whether there will be a downward purchase price adjustment will not finally be determined until the closing of the merger.

The accompanying document describes the special meeting of MCI stockholders, the merger, the documents related to the merger and other related matters. **Please read this entire document carefully, including the section discussing risk factors beginning on page 28 for a discussion of the risks related to the merger.** You can also obtain information about MCI and Verizon from documents that each company has filed with the SEC.

Sincerely,

Michael D. Capellas, *Chief Executive Officer, MCI, Inc.*

MCI common stock is quoted on NASDAQ under the symbol MCIP. Verizon common stock is quoted on the NYSE under the symbol VZ.

Neither the SEC nor any state securities commission has approved or disapproved of the merger described in this proxy statement and prospectus or the securities to be issued pursuant to the merger under this proxy statement and prospectus or determined that this proxy statement and prospectus is accurate or adequate. Any contrary representation is a criminal offense.

This proxy statement and prospectus is dated August 31, 2005, and is expected to be first mailed to MCI stockholders on or about September 2, 2005.

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MCI, INC.

22001 Loudoun County Parkway

Ashburn, Virginia 20147

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On October 6, 2005

To the Stockholders of MCI, Inc.:

NOTICE IS HEREBY GIVEN that the special meeting of stockholders of MCI, Inc., a Delaware corporation, will be held at MCI, Inc. Corporate Headquarters, 22001 Loudoun County Parkway, Ashburn, Virginia 20147 on October 6, 2005, at 10:00 a.m., Eastern Daylight Time, to consider and vote upon the proposal to adopt the Agreement and Plan of Merger, dated as of February 14, 2005, among Verizon Communications Inc., Eli Acquisition, LLC and MCI, Inc., as amended as of March 4, 2005, March 29, 2005 and May 1, 2005 and as it may be amended from time to time, and to approve the merger contemplated by the merger agreement.

MCI s board of directors unanimously recommends that you vote **FOR** the adoption of the merger agreement and approval of the merger and **FOR** authorizing MCI s board of directors to act in its discretion with respect to any adjournments or postponements of the special meeting to permit further solicitation of proxies for the merger.

We have fixed the close of business on August 30, 2005 as the record date for the special meeting of MCI stockholders. Only holders of record of our common stock on that date will be entitled to notice of and to vote at the special meeting of MCI stockholders or any adjournments or postponements of the special meeting of MCI stockholders.

The accompanying document describes the proposed merger in more detail. We encourage you to read the entire document carefully, including the merger agreement which is included as Annex A to the document.

Whether or not you expect to attend the special meeting of MCI stockholders, to ensure that your shares are represented at the special meeting of MCI stockholders, please complete, date, sign and return the enclosed proxy card in the envelope that has been provided or vote your shares by using a touch-tone telephone or through the Internet, as explained in the proxy voting instructions attached to the proxy card. No postage is required for mailing in the United States. Voting by mail, by telephone or through the Internet will not prevent you from voting in person at the meeting. If you are able to attend the meeting, you may revoke your proxy and vote your shares in person even if you have previously completed and returned the enclosed proxy card or voted by telephone or through the Internet. Thank you for acting promptly.

Michael D. Capellas

Chief Executive Officer

August 31, 2005

Ashburn, Virginia

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THIS PROXY STATEMENT AND PROSPECTUS INCORPORATES ADDITIONAL INFORMATION

This proxy statement and prospectus incorporates important business and financial information about Verizon Communications Inc., sometimes referred to as Verizon, and MCI, Inc., sometimes referred to as MCI, from documents that are not included in or delivered with this proxy statement and prospectus. This information is available to you without charge upon request. You can obtain the documents incorporated by reference in this proxy statement and prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Verizon Communications Inc.	**MCI, Inc.**
1095 Avenue of the Americas	22001 Loudoun County Parkway
New York, New York 10036	Ashburn, Virginia 20147
Attention: Investor Relations	Attention: Investor Relations
Telephone: (212) 395-2121	Telephone: (703) 886-5600

Investors may also consult Verizon s or MCI s respective Web sites for more information concerning the merger described in this proxy statement and prospectus, which is sometimes referred to as the merger. Verizon s Web site is www.verizon.com. MCI s Web site is www.mci.com. Information included on either Web site is not incorporated by reference in this proxy statement and prospectus.

Please note that copies of the documents to be provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference into the documents or into this proxy statement and prospectus.

PLEASE CONTACT VERIZON OR MCI, AS APPLICABLE, NO LATER THAN SEPTEMBER 29, 2005 IN ORDER TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS BEFORE THE SPECIAL MEETING OF MCI STOCKHOLDERS.

Also see Where You Can Find More Information beginning on page 187.

ABOUT THIS PROXY STATEMENT AND PROSPECTUS

This document, which forms part of a registration statement on Form S-4 filed with the SEC by Verizon, constitutes a prospectus of Verizon under Section 5 of the Securities Act of 1933, as amended, which is sometimes referred to as the Securities Act, with respect to the shares of Verizon common stock to be issued to MCI stockholders in connection with the merger. This document also constitutes a proxy statement of MCI under Section 14(a) of the Securities Exchange Act of 1934, as amended, which is sometimes referred to as the Exchange Act, and the rules thereunder, and a notice of meeting with respect to the special meeting of stockholders of MCI, Inc. to consider and vote upon the proposal to adopt the merger agreement and approve the merger.

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QUESTIONS AND ANSWERS FOR MCI STOCKHOLDERS

ABOUT THE MERGER AND THE APPROVAL OF THE MERGER

Q: Why are the companies proposing the merger?

A. We believe that the merger will capitalize on the complementary strengths of the two companies and will create one of the world s leading providers of communication services, including local, nationwide and international long-distance voice, data and advanced Internet protocol, sometimes referred to as IP, communication services, wireless services, and value-added services and solutions for residential consumers, businesses and governmental entities. For a discussion of our reasons for the merger, we urge you to read the information under The Merger Verizon s Reasons for the Merger beginning on page 62 of this proxy statement and prospectus and The Merger MCI s Reasons for the Merger beginning on page 67 of this proxy statement and prospectus. For a discussion of risk factors relating to the merger, we urge you to read the information under Risk Factors Relating to the Merger beginning on page 28.

We also believe that operating the businesses of MCI with Verizon will create greater value for each company s stockholders than would be achieved if the merger did not occur.

Q: What will I receive in the merger and when will I receive it?

A: The merger agreement provides that after MCI s stockholders approve the merger, MCI will declare and pay a special cash dividend of up to $5.60 per share which will be reduced by the amount of any other dividends declared by MCI from the date of this proxy statement and prospectus until the payment of the special cash dividend. This special cash dividend will be paid to MCI s stockholders of record as of the special cash dividend record date. If MCI pays less than the full amount of this special cash dividend, Verizon will pay the remainder as cash merger consideration, without interest, at the closing of the merger. If Verizon pays any shortfall in the special cash dividend, stockholders will receive that amount later than if MCI paid the special cash dividend in full.

In addition, at the closing of the merger, each share of MCI common stock that you hold will be converted into the right to receive 0.5743 shares of Verizon common stock, plus, if the average trading price for Verizon s common stock is less than $35.52 over the 20 trading days ending on the third trading day prior to closing, sometimes referred to as the measurement period, additional Verizon common stock or cash (at Verizon s option) in an amount sufficient to assure that, prior to any reduction under the potential downward purchase price adjustment, the merger consideration is at least $20.40 per share. You will also receive, as noted in the preceding paragraph, any amount of the special cash dividend not previously paid.

The consideration you will receive is subject to a potential downward purchase price adjustment based upon the amount of certain liabilities, which include MCI bankruptcy claims as described under The Merger Potential Downward Purchase Price Adjustment on page 95, including tax claims, as well as certain international tax liabilities. MCI currently estimates that the amount of specified liabilities at closing could range between an amount that would not result in any adjustment to the purchase price and an amount that would result in an adjustment to the purchase price of $0.21 per MCI share. The merger agreement provides that the amount of a purchase price adjustment, if any, will not be determined until shortly before the closing of the merger. MCI s estimate was prepared to provide MCI stockholders with an indication of its current view as to whether there will be a downward purchase price adjustment and the potential magnitude of any adjustment, in light of the complexity and uncertainty regarding determination of the specified liabilities for which adjustment may be made. Under certain circumstances, a materially greater purchase price adjustment could occur. Verizon did not participate in the preparation of this estimate and is not required to prepare an independent estimate of the specified liabilities. The merger agreement includes a procedure for the determination of the amount of the specified liabilities that commences when either Verizon or MCI reasonably believes that closing will occur within 120 days. Under the purchase price adjustment mechanism,

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the full amount of the merger consideration is at risk. You should only vote in favor of the merger if you are prepared to accept the risk that the merger consideration may be reduced as a result of this purchase price adjustment mechanism and that any reduction could be material. Any downward purchase price adjustment would be applied first to any cash merger consideration that would otherwise be payable at the closing. For more information on the procedure for determining the purchase price adjustment, MCI s current estimate of the potential downward purchase price adjustment and the factors that MCI believes are most likely to affect whether the actual purchase price adjustment exceeds the top of MCI s estimate, see The Merger Potential Downward Purchase Price Adjustment on page 95.

If Verizon s average stock price during the measurement period is $35.52 or less, the aggregate value of Verizon common stock and cash, if any, you will receive when the merger is completed, taken together with the special cash dividend, will represent a total value, prior to any reduction under the potential downward purchase price adjustment, of at least $26.00 per share. The total value of the consideration you will receive may be greater than $26.00 per share if Verizon s stock price exceeds $35.52 at the closing of the merger. The total value of the consideration you will receive may be less than $26.00 per share if there is a downward purchase price adjustment. For more detailed discussion of the timing of the closing of the merger, please refer to the question entitled When do you expect the merger of Verizon and MCI to close?

Q: When is the special meeting of MCI stockholders?

A: The special meeting of MCI stockholders will take place on October 6, 2005, at the time and location specified on the cover page of this proxy statement and prospectus.

Q: What do I need to do now?

A: After you have carefully read this entire proxy statement and prospectus, please vote your shares of MCI common stock. You may do this either by completing, signing, dating and mailing the enclosed proxy card or by submitting your proxy by telephone or through the Internet, as explained in the voting instructions attached to your proxy card. This will enable your shares of MCI common stock to be represented and voted at the special meeting of MCI stockholders. If you submit a valid proxy and do not indicate how you want to vote, we will vote your shares of MCI common stock in accordance with the unanimous recommendation of MCI s board of directors and in favor of the proposal to adopt the merger agreement and approve the merger.

MCI s board of directors unanimously recommends that MCI stockholders vote FOR the adoption of the merger agreement and approval of the merger and FOR authorizing MCI s board of directors to act in its discretion with respect to any adjournments or postponements of the special meeting to permit further solicitation of proxies for the merger.

Q: What constitutes a quorum at the special meeting of MCI stockholders?

A: The presence of the holders of record of a majority of the issued and outstanding shares of MCI common stock entitled to vote at the special meeting of MCI stockholders constitutes a quorum. Stockholders may be present in person or by proxy. You will be considered part of the quorum if you return a signed and dated proxy card, if you vote by telephone or the Internet, or if you vote in person at the special meeting of MCI stockholders.

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Shares of MCI common stock voted by a bank or broker holding shares of MCI common stock for a beneficial owner and abstentions are counted as present and entitled to vote only for purposes of determining a quorum.

Q: What vote is required to adopt the merger agreement and approve the merger?

A: The approval of this proposal, and therefore the closing of the merger, requires the affirmative vote of the holders of a majority of the outstanding shares of MCI common stock.

Q: What is the effect of not voting?

A: If you do not return your proxy card, submit your proxy by telephone or through the Internet or vote in person at the special meeting of MCI stockholders, it will be more difficult for MCI to obtain the necessary quorum to hold the special meeting of MCI stockholders.

Your failure to vote or your abstention from voting will have the same effect as a vote against the adoption of the merger agreement and the approval of the merger. Brokers holding shares of MCI common stock as nominees who do not receive instructions from the beneficial owners of those shares of MCI common stock will not have discretionary authority to vote those shares of MCI common stock. Therefore, your failure to provide voting instructions to your broker will also have the same effect as a vote against the adoption of the merger agreement and approval of the merger.

Q: What if I fail to instruct my broker?

A: A broker non-vote will be counted towards a quorum at the special meeting of MCI stockholders, but will have the same effect as a vote against the proposal to adopt the merger agreement and approve the merger.

Q: Can I attend the special meeting of MCI stockholders and vote my shares of MCI common stock in person?

A: All MCI stockholders are invited to attend the special meeting of MCI stockholders. However, only MCI stockholders of record as of August 30, 2005 will be entitled to vote in person at the special meeting of MCI stockholders. If a bank, broker or other nominee holds your shares of MCI common stock, then you are not the stockholder of record and you must ask your bank, broker or other nominee how you can vote in person at the special meeting of MCI stockholders. If your shares of MCI common stock are not held in the name of a bank, broker or other nominee, your admission ticket is the left side of your voting information form.

Q: Can I change my vote after I have submitted my proxy card or submitted my proxy by telephone or through the Internet?

A: Yes. If you are a record holder, you can change your proxy instructions after you have submitted your proxy card, or submitted your proxy by telephone or through the Internet, at any time before your proxy is exercised at the special meeting of MCI stockholders, by:

- submitting a written notice prior to the special meeting of MCI stockholders revoking your proxy to the corporate secretary of MCI;
- submitting a new proxy card with a later date, or submitting a new proxy by telephone or through the Internet; or

attending the special meeting of MCI stockholders and voting in person.

For more detailed procedures on revoking a proxy, see the description under The Special Meeting of MCI Stockholders Proxies beginning on page 173.

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If you own your shares of MCI common stock through a broker, you must follow the directions you receive from your broker in order to change or revoke your vote.

Q: Should I send in my stock certificates now?

A: No. You should not send in your stock certificates at this time. MCI stockholders who hold their shares of MCI common stock in certificated form will need to exchange their MCI stock certificates for the Verizon common stock and cash, if any, provided for in the merger agreement after we complete the merger. We will send MCI stockholders instructions for exchanging MCI stock certificates at that time. MCI stockholders who hold their shares in the name of a broker or nominee will receive instructions for exchanging their shares of MCI common stock after we complete the merger.

Q: When do you expect the merger of Verizon and MCI to close?

A: Our target is to close the merger of Verizon and MCI in late 2005 or early 2006. However, we cannot assure you when or if the merger will be completed. We must first obtain the necessary approval of the MCI stockholders at the special meeting of MCI stockholders and all necessary regulatory approvals.

Q: Whom should I call with questions?

A: MCI stockholders with any questions about the merger should call the MCI stockholder investor relations department at (866) 642-0211.

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SUMMARY

This summary highlights selected information contained elsewhere in this proxy statement and prospectus and may not contain all of the information about the merger that is important to you. We urge you to read carefully the entire proxy statement and prospectus, including the attached annexes and the other documents to which we refer, in order to understand fully the merger and the related transactions. See also Where You Can Find More Information beginning on page 187. Where applicable, we have included page references to direct you to a more complete description of the topics presented in this summary.

The Companies

Verizon

Verizon Communications Inc.

1095 Avenue of the Americas

New York, New York 10036

Telephone: (212) 395-2121

www.verizon.com

Verizon is one of the world s leading providers of communications services. Verizon s domestic wireline telecommunications business provides local telephone services, including broadband, in 28 states and Washington, D.C. and nationwide long distance and other communications products and services. The domestic wireline consumer business generally provides local, broadband and long distance services to customers. Verizon s domestic wireline business also provides a variety of services to other telecommunications carriers as well as large and small businesses. Verizon s domestic wireless business provides wireless voice and data products and services across the United States using one of the most extensive wireless networks. Information Services operates directory publishing businesses and provides electronic commerce services. Verizon s international presence extends primarily to the Americas. Verizon also maintains investments in Europe. Verizon employs approximately 214,000 people. For the six months ended June 30, 2005, Verizon reported $36.7 billion in operating revenues and net income of $3.9 billion. For the year ended December 31, 2004, Verizon reported $71.3 billion in operating revenues and net income of $7.8 billion.

MCI

MCI, Inc.

22001 Loudoun County Parkway

Ashburn, Virginia 20147

Telephone: (703) 886-5600

www.mci.com

MCI is one of the world s leading global communication companies, providing a broad range of services in over 200 countries on six continents. Each day, MCI provides Internet, data and voice communication services for thousands of businesses and government entities throughout the world and millions of consumers in the United States. MCI owns and operates one of the most extensive communications networks in the world, comprising approximately 100,000 route miles of network connections linking metropolitan centers and various regions across North America, Europe, Asia, Latin America, the Middle East, Africa and Australia. In addition to transporting customer traffic over its network, MCI provides value-added services that make communications more secure, reliable and efficient and MCI provides managed network services for customers that outsource all or portions of their communications and information processing operations. As of June 30, 2005, MCI had approximately 40,000 full and part-time employees.

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MCI is the successor to Worldcom, Inc. following Worldcom s emergence from bankruptcy on April 20, 2004. For the six months ended June 30, 2005, MCI had revenue of $9.5 billion and net income of $62 million. For the year ended December 31, 2004, MCI had revenue of $20.7 billion and net loss of $4.0 billion (including an impairment charge of $3.5 billion).

The Special Meeting of MCI Stockholders (See page 172)

Meeting. The special meeting of MCI stockholders will be held on October 6, 2005, at 10:00 a.m., Eastern Daylight Time, at MCI, Inc. Corporate Headquarters, 22001 Loudoun County Parkway, Ashburn, Virginia 20147. At the special meeting of MCI stockholders, MCI stockholders will be asked to vote on the adoption of the merger agreement and approval of the merger.

Record Date. MCI has fixed the close of business on August 30, 2005 as the record date for determining the MCI stockholders entitled to receive notice of and to vote at the special meeting of MCI stockholders. Only holders of record of MCI common stock on the record date are entitled to receive notice of and to vote at the special meeting of MCI stockholders. Each share of MCI common stock is entitled to one vote.

Required Vote. The adoption of the merger agreement and approval of the merger, and therefore the closing of the merger, requires the affirmative vote of the holders of a majority of the outstanding shares of MCI common stock. The failure of an MCI stockholder to vote, an abstention or a broker non-vote with respect to the proposal to adopt the merger agreement and approve the merger will have the same effect as a vote against the adoption of the merger agreement and approval of the merger.

As of the MCI record date, directors and executive officers of MCI and their affiliates beneficially owned 2,643,384 shares of MCI common stock, or approximately 0.8 percent of the outstanding shares of MCI common stock entitled to vote at the special meeting of MCI stockholders. MCI s directors and executive officers have informed the company that they intend to vote their shares of MCI common stock in favor of the adoption of the merger agreement and approval of the merger. At that date, directors and executive officers of Verizon and their affiliates, including Verizon, beneficially owned 43.4 million shares of MCI common stock, or approximately 13.3 percent of the outstanding shares of MCI common stock entitled to vote at the special meeting of MCI stockholders. Verizon acquired 43.4 million shares of MCI common stock on May 17, 2005 pursuant to a stock purchase agreement with certain of MCI s stockholders. These shares were transferred to a trustee under agreements with the United States Department of Justice and a trust agreement with Dick Thornburgh as trustee. Under the terms of the trust agreement, Verizon is entitled to instruct the trustee to vote these shares in favor of the adoption of the merger agreement and the approval of the merger. Under the terms of the merger agreement, Verizon is required to vote these shares (and any other shares of MCI common stock that Verizon acquires) in favor of adoption of the merger agreement and the approval of the merger so long as adoption and approval is then recommended by MCI s board of directors.

Recommendation of MCI s Board of Directors (See page 76)

MCI s board of directors has unanimously determined that the merger agreement and the merger are fair to and in the best interests of MCI and its stockholders. MCI s board of directors unanimously recommends that MCI s stockholders vote **FOR** the adoption of the merger agreement and approval of the merger and **FOR** authorizing MCI s board of directors to act in its discretion with respect to any adjournments or postponements of the special meeting to permit further solicitation of proxies for the merger.

The Merger (See page 38)

A copy of the merger agreement is attached as Annex A to this proxy statement and prospectus. Verizon and MCI encourage you to read the entire merger agreement carefully because it is the governing document for the merger.

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Structure of the Merger (See page 120)

Under the merger agreement, MCI will merge with and into Eli Acquisition, LLC, sometimes referred to as Eli Acquisition, a direct, wholly owned subsidiary of Verizon. Eli Acquisition will continue as the surviving entity and will be renamed MCI, LLC. This structure is sometimes referred to as the original structure. Verizon and MCI have agreed that if their respective legal advisors are unable to deliver their opinions regarding the treatment of the merger as a reorganization for tax purposes or if Verizon determines in its reasonable judgment that effecting the merger under the original structure would result in a material risk of materially adverse regulatory or other materially adverse consequences, the merger will be completed by causing a Delaware corporation wholly owned by Verizon to merge with and into MCI, with MCI continuing as the surviving corporation. This structure is sometimes referred to as the alternative merger. For example, in certain situations under the original structure, because MCI will not be the surviving corporation in the merger, certain state public service or public utility commissions or similar state regulatory bodies, from whom we must obtain approvals before the merger can be consummated, could take the view that a change in control would require each MCI subsidiary currently holding a certificate of public convenience and necessity in the state to obtain a new certificate or transfer the existing certificate. If a state public service or public utility commission or similar state regulatory body were to take this view, we might be required to file an amendment to our application to request a transfer of the existing certificate, which may delay the merger. Additionally, the state public service or public utility commission or similar state regulatory body may deny MCI permission to transfer its existing certificate. In either event, Verizon may choose to use the alternative merger structure if it determines in its reasonable judgment that effecting the merger under the original structure will result in materially adverse regulatory or other materially adverse conditions. To date, no state public service or public utility commission or similar state regulatory body has required us to obtain a new certificate or transfer the existing certificate.

The original structure and the alternative merger will have different tax consequences to MCI stockholders. See Material United States Federal Income Tax Considerations on pages 12-14 and beginning on page 114. By voting in favor of the merger, you are authorizing Verizon and MCI to complete the merger using either the original structure (a reorganization for tax purposes) or the alternative merger (which would be fully taxable to MCI stockholders), and, consequently, you accept the risk that the transaction may be fully taxable.

Merger Consideration and Conversion of MCI Common Stock (See page 120)

At the closing of the merger, each share of MCI common stock that you hold will be converted into the right to receive 0.5743 shares of Verizon common stock, plus, if the average trading price for Verizon s common stock is less than $35.52 over a measurement period prior to closing, additional Verizon common stock or cash (at Verizon s option) in an amount sufficient to assure that, prior to any reduction under the potential downward purchase price adjustment, the merger consideration is at least $20.40 per share. In addition, if MCI does not pay the special cash dividend in full, Verizon will pay the unpaid balance per share at closing as merger consideration. The amount of cash payable in the merger as described above is sometimes referred to as the per share cash amount. At this time, we are unable to determine the U.S. federal income tax treatment of the special cash dividend or the cash payable in the merger, and we will not be able to make that determination at the time of the MCI stockholders meeting, as this tax treatment will depend, among other things, on whether the cash is paid by MCI or Verizon. Any per share cash amount that is paid to you by Verizon will be taxable to you to the extent of the gain you realize in the transaction. The tax treatment of any cash dividend paid to you by MCI is uncertain. This cash dividend may be treated as additional merger consideration, taxable in the same manner as cash paid by Verizon, or it may be treated as a dividend for U.S. federal income tax purposes. For more information, see Material United States Federal Income Tax Considerations on pages 12-14 and beginning on page 114. If Verizon pays a per share cash amount as part of the merger consideration, MCI stockholders will be entitled to appraisal rights. See Appraisal Rights beginning on page 111.

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The aggregate value of the cash, if any, and the shares of Verizon stock you will receive at the closing will decrease if there is a downward purchase price adjustment based on the then outstanding amount of certain MCI liabilities.

We cannot determine now, and, at the time of the MCI stockholders meeting, we will not be able to determine the definitive value of the aggregate merger consideration, the number of Verizon shares you will receive and the ratio of stock to cash you will receive in the merger because:

- The special cash dividend will not be paid until after the MCI stockholders approve the merger at the MCI stockholders meeting.

- The measurement period for the average of the trading prices for Verizon s common stock is the 20 trading day period immediately prior to the third business day before the closing of the merger; and

- The estimated aggregate amount of specified liabilities, which will determine whether there will be a downward purchase price adjustment, cannot be determined until the closing of the merger. See The Merger Potential Downward Purchase Price Adjustment beginning on page 95. Under the purchase price adjustment mechanism, the full amount of the merger consideration is at risk.

You should only vote in favor of the merger if you are prepared to accept the risk that the merger consideration may be reduced as a result of this purchase price adjustment mechanism and that any reduction could be material.

Special Cash Dividend (See page 130)

As soon as practicable after the MCI stockholders adopt the merger agreement and approve the merger, and prior to the closing of the merger, MCI s board of directors will, to the extent not prohibited by applicable law (including Delaware General Corporation Law, sometimes referred to as the DGCL, and applicable fraudulent transfer statutes) or covenants in certain existing indentures, declare and pay a special cash dividend. This special cash dividend will be equal to $5.60 per share, less the per share amount of any dividend declared by MCI from the date of this proxy statement and prospectus until the payment of the special cash dividend. If less than the full amount of the special cash dividend is paid, the remainder will be paid by Verizon, without interest, as a per share cash amount at the closing of the merger. If Verizon pays any shortfall in the special cash dividend, stockholders will receive that amount later than if MCI paid the special cash dividend in full. MCI currently expects to be able to pay the special cash dividend in an amount equal to $5.60 per share. Under the merger agreement, MCI has agreed not to declare, set aside, make or pay any dividend or other distribution (whether in cash, stock or property) after the date the special cash dividend is paid. See The Merger Senior Notes beginning on page 108 for a more detailed discussion of the restrictions under the Senior Notes affecting the ability of MCI to pay dividends. See The Merger Restrictions on Payments of Dividends under Applicable Law beginning on page 109 for a more detailed discussion of the restrictions under the DGCL and applicable fraudulent transfer statutes that could affect the ability of MCI to pay dividends.

Potential Downward Purchase Price Adjustment (See page 95)

The merger agreement provides that if the estimated amount of cash that will be required after the closing of the merger to fully satisfy specified MCI bankruptcy claims and international tax liabilities, together with the amount of cash actually spent by MCI from and after January 1, 2005 through closing of the merger to satisfy these specified liabilities, exceeds $1,775 million, the consideration that MCI stockholders will receive in connection with the merger will be reduced by an amount equal to the per share equivalent of the amount by which the sum of the previously-paid specified liabilities and the remaining specified liabilities exceeds $1,775 million. MCI currently estimates that the sum of the amount of previously-paid specified liabilities and remaining specified liabilities could range between an amount that would not result in any adjustment to the purchase price and an amount that would result in a downward adjustment to the purchase price of $0.21 per MCI share. MCI prepared its estimate in order to provide MCI stockholders with an indication of its current view as to whether there will be a downward purchase price adjustment and the potential magnitude of any adjustment. Verizon does not have the information necessary to prepare and has not prepared an estimate of the final amount of the specified liabilities. In order for Verizon to prepare an estimate, it will need to perform detailed analyses and evaluation of the facts and circumstances related to numerous complex bankruptcy claims and domestic and international tax matters. This process is likely to be highly fact intensive. Verizon has not reviewed or concurred with the interpretation or methodology MCI used in preparing its estimated range and has not verified MCI s estimate.

For a description of the circumstances under which there may be a per share cash amount payable at the time of closing, see Merger Consideration and Conversion of MCI Common Stock on page 120. For example, if the specified liabilities amount is $2,029 million, then the aggregate cash amount would be reduced by $0.77 per share, assuming that there are 329,700,000 shares of MCI stock issued and outstanding and reserved for issuance under MCI s plan of reorganization immediately prior to the closing of the merger.

If the amount by which the per share equivalent of the specified liabilities amount is greater than $1,775 million exceeds any per share cash amount, the cash payment will be eliminated and the number of shares of Verizon common stock you will receive in the merger will be adjusted downward proportionately in accordance with a formula specified in the merger agreement. Using the example from the preceding paragraph, if the downward purchase price adjustment is $0.77 per share and the per share cash amount is $0.37 per share, then the cash payment would be eliminated, the exchange ratio would be reduced to 0.5631 and you would receive approximately 1.9% fewer shares of Verizon common stock. If there is no per share cash amount payable in connection with the merger, any downward purchase price adjustment will be effected solely through an adjustment of the number of shares of Verizon common stock you will receive in the merger. Again using the example from the preceding paragraph, if the downward purchase price adjustment is $0.77 per share and there is no per share cash amount, the exchange ratio would be reduced to 0.5526 and you would receive approximately 3.8% fewer shares of Verizon common stock. Under the purchase price adjustment mechanism, the full amount of the merger consideration is at risk. However, in order for an MCI stockholder to receive no merger consideration, other than the special cash dividend, the specified liabilities would have to exceed approximately $8.5 billion, as compared to MCI s current estimate of between $1.615 billion and $1.845 billion. See The Merger Potential Downward Adjustment beginning on page 95 for a description of the potential downward purchase price adjustment.

Before the closing of the merger, Verizon and MCI will prepare an estimate of the amount of cash in U.S. dollars that will be required to satisfy in full all of the remaining specified liabilities. Verizon and MCI have agreed in the merger agreement that at any time either Verizon or MCI reasonably believes that closing of the merger will occur within 120 days, either party may request by written notice to the other the commencement of a procedure to determine the best estimate of the amount of cash that will be required to satisfy in full all remaining specified liabilities following the closing of the merger. MCI will deliver to Verizon a schedule listing and describing the status of all remaining specified liabilities, and MCI will give Verizon access to relevant information about the remaining specified liabilities. From the delivery of the written notice until the closing of the merger, Verizon and MCI will use their best efforts to agree on the amount of the remaining specified liabilities. If MCI and Verizon are unable to agree, they will then submit their respective estimates to arbitrators. For more information on the procedure for determining the purchase price adjustment, MCI s estimate of the potential downward purchase price adjustment and the factors that MCI believes could cause the actual purchase price adjustment to exceed the top of MCI s estimate, see The Merger Potential Downward Purchase Price Adjustment on page 95.

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The merger agreement requires that (i) the remaining specified liabilities amount be the best estimate of the amount of cash required from the closing of the merger to satisfy in full all remaining specified liabilities and (ii) Verizon and MCI use their best efforts to agree on the final amount of any remaining specified liabilities. Verizon and MCI have not agreed to any other standards or assumptions, in the merger agreement or elsewhere, governing the determination of the specified liabilities. Accordingly, it is possible that Verizon may disagree with some of the standards that MCI used and some of the assumptions that MCI made in calculating its estimate of the amount of cash that will be required to satisfy in full all remaining specified liabilities. Any disagreement would then be resolved though the arbitration process provided for in the merger agreement. Verizon does not intend to prepare its estimate until closer to the closing of the merger. If Verizon has a materially different view on how to calculate the downward purchase price adjustment, then the adjustment could be materially greater than the top of MCI s estimated range.

No Solicitation by MCI (See page 127)

Subject to specified legal and fiduciary exceptions, the merger agreement provides that neither MCI nor any of its subsidiaries will directly or indirectly:

- Initiate or solicit or knowingly facilitate or encourage any inquiry or the making of any proposal, sometimes referred to as a takeover proposal, with respect to:
  - A merger, consolidation or similar transaction involving MCI or any of MCI s subsidiaries representing an amount equal to or greater than 15% of MCI s consolidated assets in which a third party will own more than 15% of MCI s outstanding capital stock immediately following the merger; or
  - Any acquisition by a third party of 15% or more of any class of capital stock of MCI or of 15% or more of the consolidated assets of MCI and MCI s subsidiaries.
- Enter into any letter of intent, memorandum of understanding, merger agreement or other understanding relating to any takeover proposal; or
- Participate in any discussions or negotiations regarding, furnish to any person any information or data with respect to, or otherwise cooperate with or take any other action to facilitate any proposal that constitutes a takeover proposal or requires MCI to abandon, terminate or fail to consummate the merger or any other transactions contemplated by the merger agreement.

On March 31, 2005, Verizon and MCI entered into a letter agreement pursuant to which the parties agreed that, until the date of the special MCI stockholder meeting, MCI may engage in discussions with Qwest Communications International Inc, sometimes referred to as Qwest, regarding any proposal by Qwest to acquire MCI and that these discussions will not be deemed to violate the no solicitation provisions of the merger agreement. In order to engage in these discussions with parties other than Qwest, the no solicitation provisions of the merger agreement would require a finding that the failure to engage in discussions could reasonably be expected to result in a breach of MCI s board of directors fiduciary duties to the MCI stockholders and that the third party proposal could reasonably be expected to lead to a superior proposal that would be, among other things, more favorable to the stockholders of MCI than the merger and the special cash dividend and is reasonably capable of being consummated.

Changes in MCI s Recommendation (See page 129)

MCI s board of directors may change its recommendation to its stockholders in favor of the adoption of the merger agreement and approval of the merger in response to certain superior proposals or intervening events if MCI s board of directors determines in good faith, after consultation with its outside legal and financial advisors, that the failure to do so would be reasonably expected to result in a breach of its fiduciary duties to the MCI stockholders.

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To effect a change in its recommendation, MCI s board of directors must provide prior written notice to Verizon. Verizon will then have five business days (or, if later, three business days after a material modification of a takeover proposal) to make a proposal that is at least as favorable to the MCI stockholders as the superior proposal or obviates the need for a change in its recommendation as a result of the intervening event, during which period MCI will negotiate in good faith with Verizon.

If MCI s board of directors changes, withdraws, modifies or qualifies its recommendation of the merger to MCI stockholders, Verizon has the option to request MCI to cause a stockholder meeting to be held to consider the adoption of the merger agreement and the approval of the merger. If Verizon exercises this option, Verizon will not be entitled to terminate the merger agreement as a result of the changed recommendation. If Verizon fails to exercise this option, MCI may terminate the merger agreement provided that MCI pays a $240 million termination fee to Verizon prior to termination and reimburses Verizon for up to $10 million in expenses. See The Merger Agreement Termination of the Merger Agreement beginning on page 134 for a more detailed discussion of the termination of the merger agreement.

Conditions to the Closing of the Merger (See page 132)

The obligations of Verizon and MCI to close the merger are subject to the satisfaction or waiver of the following conditions:

- The affirmative vote of the holders of a majority of the shares of MCI common stock to adopt the merger agreement and approve the merger;
- The authorization for listing on the NYSE of the shares of Verizon common stock to be issued in connection with the merger;
- The receipt of regulatory approvals, including those required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, sometimes referred to as the HSR Act, from the Federal Communications Commission, sometimes referred to as the FCC, and from those state public utility commissions that have jurisdiction over the merger;
- The absence of any legally enforceable requirement and the absence of any order, injunction or similar action taken by a court or other governmental entity that makes the merger illegal or otherwise prohibits the closing of the merger, except by governmental entities outside the United States the effect of which would not reasonably be expected to be material to Verizon or would not provide a reasonable basis to conclude that Verizon, MCI or their respective directors or officers would be subject to the risk of criminal liability;
- The declaration by the SEC that the registration statement of which this proxy statement and prospectus forms a part is effective and the absence of any stop order by the SEC suspending the effectiveness of the registration statement or any proceedings for that purpose; and
- The determination of the potential downward purchase price adjustment, if any, for specified liabilities.

Verizon s obligation to close the merger is also conditioned on the satisfaction or waiver of the following conditions:

MCI s representations and warranties being true and correct as of February 14, 2005 and as of the date of the closing of the merger (subject to customary exceptions);

MCI s performance in all material respects of all agreements and covenants required to be performed by MCI under the merger agreement;

The absence of any litigation by a U.S. governmental entity, that has a reasonable likelihood of success, (i) challenging the merger, or seeking damages (in an amount material in relation to MCI and its

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subsidiaries taken together) from Verizon, MCI or Eli Acquisition, (ii) seeking to prohibit or limit the ownership or operation by Verizon or MCI or any of their subsidiaries of any material portion of the business or assets of Verizon, MCI or their respective subsidiaries or to compel Verizon, MCI or any of their subsidiaries to dispose of, or hold separate, any material portion of the business or assets of Verizon, MCI or any of their respective subsidiaries, (iii) seeking to limit Verizon s ability to acquire or hold or exercise full rights of ownership of MCI common stock, or (iv) seeking to prohibit Verizon or any of its subsidiaries from effectively controlling in any material respect the business or operations of MCI and its subsidiaries;

The receipt of an order from the United States Bankruptcy Court for the Southern District of New York, sometimes referred to as the bankruptcy court, providing that Verizon may issue shares of Verizon common stock in lieu of shares of MCI common stock to which certain general unsecured creditors would have been entitled in satisfaction of their claims pursuant to the MCI plan of reorganization;

The receipt of an order from the United States District Court for the Southern District of New York providing that, among other things, the oversight of the corporate monitor is no longer required and that neither Verizon nor any of its subsidiaries, including MCI, LLC, will be subject to the corporate governance principles and processes developed by the corporate monitor, to which MCI and its predecessor company were subject;

The absence of any change or development, with certain exceptions, since February 14, 2005, that has had or would have a material adverse effect on MCI; and

The receipt of the required regulatory approvals not causing or being reasonably expected to cause, individually or in the aggregate, a material adverse effect on Verizon or MCI (with Verizon measured for these purposes as if Verizon and its subsidiaries were a consolidated entity equal in size to MCI and its subsidiaries).

MCI s obligation to close the merger is also conditioned on the satisfaction or waiver of the following conditions:

Verizon s representations and warranties being true and correct as of February 14, 2005, and as of the date of the closing of the merger (subject to customary exceptions);

Verizon s performance in all material respects of all agreements and covenants required to be performed by Verizon under the merger agreement; and

The absence of any change or development, with certain exceptions, since February 14, 2005 that has had or would have a material adverse effect on Verizon.

In addition, the parties obligations to close the merger pursuant to the original structure (a merger of MCI with and into Eli Acquisition) is also conditioned on the satisfaction or waiver of the following condition:

Each of Verizon and MCI has received the opinion of its respective counsel that the original structure (a merger of MCI with and into Eli Acquisition) will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended from time to time, sometimes referred to as the Code, and that Verizon and MCI will each be a party to that reorganization within the meaning of Section 368(b) of the Code.

If the parties respective advisors are unable to deliver their opinions regarding the treatment of the original structure as a reorganization for tax purposes or if certain other conditions are not satisfied, the transaction will be completed as the alternative merger by causing a Delaware corporation wholly owned by Verizon to merge with and into MCI, with MCI continuing as the surviving corporation. Verizon and MCI expect that this would be a fully taxable transaction.

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On or before the closing of the merger, MCI or Verizon may each waive any of the conditions to the closing of the other party and complete the merger even though one of these conditions has not been met. However, under Delaware law, MCI stockholder approval is required to close the merger.

Verizon has determined that it will not waive the condition that it receive the opinion of its counsel that the original structure will qualify as a reorganization under Section 368(a) of the Code and that each of MCI and Verizon will be a party to this reorganization for U.S. federal income tax purposes. Accordingly, the merger will not be effected under the original structure unless Verizon receives this opinion of counsel.

Termination of the Merger Agreement (See page 134)

Verizon and MCI can jointly agree to terminate the merger agreement at any time. Either party may also terminate the merger agreement if the merger is not completed by February 14, 2006. However, either party has the right to extend that date for up to an aggregate of 180 days to obtain certain regulatory approvals and further for up to an aggregate of 120 days to resolve disputes relating to the estimated liability for certain MCI bankruptcy claims and international tax liabilities, including tax claims, as well as certain international tax liabilities. For a description of these bankruptcy claims, see The Merger Potential Downward Purchase Price Adjustment on page 95. This February 14, 2006 date, as it may be extended, is sometimes referred to as the outside date. The merger agreement provides that MCI will pay Verizon a $240 million termination fee, and reimburse Verizon for up to $10 million in expenses, if the merger agreement is terminated under the following circumstances:

- Verizon terminates because MCI or its representatives breach the no solicitation provisions of the merger agreement;

- Verizon terminates because MCI s board of directors fails to recommend the merger or changes its recommendation, or fails to recommend that the stockholders reject a competing tender offer;

- MCI terminates because it decides to enter into an agreement with respect to a superior proposal as described under The Merger Agreement No Solicitation by MCI on page 127 or as a result of an intervening event as described under The Merger Agreement Changes in MCI s Recommendation on page 129 (MCI is not permitted to terminate if Verizon has exercised its option to require MCI to cause a special meeting of the MCI stockholders to be held to consider approval of the merger notwithstanding a change in the MCI recommendation);

- If the MCI stockholders fail to approve the merger, and, with respect to the termination fee (but not with respect to the expense reimbursement which MCI is required to pay after the MCI stockholders fail to vote to approve the merger), within 12 months after the termination of the merger agreement, MCI enters into a definitive agreement to consummate the transactions contemplated by any takeover proposal; or

- Verizon terminates because MCI breaches its obligations (i) to call a stockholders meeting as soon as reasonably practicable after the proxy statement and prospectus becomes effective and (ii) to solicit proxies in favor of the adoption of the merger agreement and approval of the merger, subject to MCI s board of directors right to change its recommendation to MCI s stockholders. See The Merger Agreement Changes in MCI s Recommendation beginning on page 129.

While payment of the termination fee and expense reimbursement would reduce MCI s cash and cash equivalents and marketable securities, which were $5.3 billion as of June 30, 2005, the impact on MCI of paying the termination fee is not expected to be significant to MCI in the near term as that amount is not material in relation to MCI s current or expected cash position. However, see Risk Factors Relating to the Merger beginning on page 28 for more information regarding the risks related to the merger not occurring.

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Reasons for the Merger (See pages 62 and 67)

Verizon s Reasons for the Merger. Verizon s board of directors considered a wide variety of factors when determining whether to enter into the merger agreement. Verizon believed that its strategic position would be enhanced by MCI s strong business customer base, portfolio of advanced data and IP services and extensive network assets, its growth platform would be strengthened by MCI s presence in the U.S. and international markets and MCI s long haul fiber network infrastructure and it would achieve operational benefits, operating savings and revenue enhancements following the closing of the merger. Verizon also considered other material factors relating to the merger, including operating and financial markets conditions, the uncertainty of Verizon s forecasts relating to its businesses due to the changing and competitive telecommunications environment, the financial terms of the merger and the strategic alternatives available to Verizon in light of the evolving competitive landscape and ongoing consolidation within the telecommunications industry.

Verizon also considered the potential risks associated with the merger, including, among other things, the challenges inherent in operating the businesses of MCI in conjunction with those of Verizon, the potential liabilities associated with the business of MCI and the possibility that Verizon might not realize all anticipated savings following the merger.

See The Merger Verizon s Reasons for the Merger beginning on page 62 for a description of the factors considered by Verizon s board of directors in reaching a decision to adopt the merger agreement and approve the merger.

MCI s Reasons for the Merger. MCI also considered a wide variety of factors weighing favorably towards the merger. MCI s board of directors determined that the proposed merger with Verizon was in the best interests of MCI and its stockholders. Due to the significant technological and market changes occurring within the telecommunications industry, including (i) increasingly severe price competition, (ii) the entry of regional Bell operating companies, sometimes referred to as RBOCs, into the long-distance market, (iii) regulatory changes increasing the difficulty for companies such as MCI to provide traditional telephone service, particularly to consumer customers without owning substantial facilities, and (iv) the merging of significant competitors, including AT&T Corp. with SBC Communications Inc. and Sprint Corporation with Nextel Communications Inc., MCI s board of directors noted, among other things, that the total consideration to be received by MCI stockholders includes an equity stake in a larger and more diverse company, as compared to MCI as a stand-alone company, and that the merger agreement includes a potentially beneficial pricing mechanism that would guarantee, subject to the potential downward purchase price adjustment, the minimum value of the consideration to be received by MCI stockholders at closing against declines in Verizon s common stock price. MCI s board of directors also determined that the proposed merger with Verizon was more favorable to MCI s stockholders than the then-most recent competing proposal from Qwest (which has since been withdrawn by Qwest) in light of the range of potential values for MCI s stockholders under that proposal and the risks to achieving those values.

MCI s board of directors also considered the potential risks associated with the merger, including, among other things, a potential downward purchase price adjustment to the merger consideration based on certain liabilities and the other risks noted below.

See The Merger MCI s Reasons for the Merger beginning on page 67 for a description of the factors considered by MCI s board of directors in reaching its decision to adopt the merger agreement and approve the merger agreement.

Risks Associated with the Merger (See page 28)

While the merger is pending and if the merger is completed, MCI stockholders will be subject to a number of risks to which they otherwise may not be subject, including the following:

- The consideration to be received by the MCI stockholders in connection with the merger is subject to a potential downward purchase price adjustment for certain MCI bankruptcy claims, including tax claims, as well as certain international tax liabilities. For a description of these bankruptcy claims and international tax liabilities, see The Merger Potential Downward Purchase Price Adjustment on page 95. Under the purchase price adjustment mechanism, the full amount of the merger consideration is at risk.

- Obtaining regulatory approvals may delay or prevent the closing of the merger, reduce the benefits of the merger to MCI stockholders, result in additional transaction costs or impose burdens on Verizon or MCI. The determination of the downward purchase price adjustment may also delay the closing of the merger. Any delay in the closing will result in MCI stockholders receiving the merger consideration later than they otherwise would have. In addition, a delay will change the measurement period over which the average trading price of Verizon s common stock is measured for purposes of determining the merger consideration. See Merger Consideration and Conversion of MCI Common Stock on page 120. Also, the closing will remain subject to the satisfaction or waiver of closing conditions as of the delayed closing date. The value of the aggregate merger consideration cannot be determined now or at the time of the MCI stockholders meeting.

- The merger may not be effected as a reorganization for tax purposes, in which case the transaction will be fully taxable and MCI stockholders will be required to recognize gain or loss based upon all the consideration they receive in connection with the merger (including the value of Verizon common stock issued as merger consideration).

- MCI and Verizon are the subject of various legal proceedings instituted by MCI s stockholders relating to the merger, which may have the effect of delaying, enjoining or preventing the merger, or of requiring payment of damages. See Risk Factors Relating to the Merger beginning on page 28.

- Following the merger, the market price of Verizon s common stock may be affected by factors different from those currently affecting the market price of Verizon common stock and MCI common stock.

- Verizon may face challenges as it operates the businesses of MCI in conjunction with those of Verizon following the closing of the merger and Verizon may not realize the anticipated benefits of the merger to the extent or in the time frame expected.

Opinions of MCI s Financial Advisors (See page 76)

Greenhill & Co., LLC, sometimes referred to as Greenhill, J.P. Morgan Securities Inc., sometimes referred to as JPMorgan, and Lazard Frères & Co. LLC, sometimes referred to as Lazard, each delivered its opinion to MCI s board of directors that, as of May 1, 2005 and based upon and subject to the factors, assumptions, procedures, limitations and qualifications set forth in its respective opinion, the merger consideration and the special cash dividend to be issued and paid in connection with the merger agreement is fair from a financial point of view to MCI s stockholders.

The full text of the written opinions of Greenhill, JPMorgan and Lazard, dated May 1, 2005, which contain assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken in connection with the opinions, are attached as

Annexes B, C, and D to this proxy statement and prospectus. The opinions should be read in their entirety. Greenhill, JPMorgan and Lazard provided their advisory services and opinions for the information and assistance of MCI s board of directors in connection with

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its consideration of the proposed merger. Greenhill, JPMorgan and Lazard have not expressed any opinion as to the relative merits of or consideration offered in any other transaction as compared to the transactions contemplated by the merger agreement. The Greenhill, JPMorgan and Lazard opinions do not constitute recommendations as to how MCI stockholders should vote with respect to the proposed merger.

MCI does not intend to obtain updated opinions from its financial advisors in the event the merger consideration is adjusted downward pursuant to the terms of the merger agreement. See Potential Downward Purchase Price Adjustment for Specified Liabilities on page 95.

Regulatory Approvals Required for the Merger (See page 107)

U.S. Antitrust Laws. Under the HSR Act and its associated rules, the merger cannot be completed until notifications have been given and information and materials have been furnished to and reviewed by the Antitrust Division of the U.S. Department of Justice, sometimes referred to as the DOJ, and the Federal Trade Commission, sometimes referred to as the FTC, and the required waiting period has expired or been terminated. Verizon and MCI filed the required notification and report forms under the HSR Act with the FTC and the DOJ in February 2005. Since the DOJ has issued a request for additional information, the waiting period has been extended and the parties will not be able to complete the merger until the earlier of (i) 30 days after both parties substantially comply with the DOJ s request for additional information or on the next regular business day if the 30th day falls on a Saturday, Sunday or legal public holiday or (ii) when the DOJ terminates its review of the merger. Verizon certified substantial compliance with the DOJ s second request for additional information on May 27, 2005, and MCI certified substantial compliance with the DOJ s second request for additional information on June 17, 2005.

FCC Approvals. Verizon and MCI filed their applications for FCC approval on March 11, 2005. The approval of the FCC must be obtained before the merger can be completed.

Other Approvals. The approvals required to be obtained from various state public service or public utility commissions or similar state regulatory bodies and, subject to certain exceptions, under any foreign antitrust, competition, telecommunications regulatory or similar law must be obtained before the merger can be completed.

Accounting Treatment of the Merger (See page 108)

The merger will be accounted for using the purchase method of accounting, and Verizon will be considered the acquirer of MCI for accounting purposes.

Material United States Federal Income Tax Considerations (See page 114)

Form of Transaction. At this time, we are unable to determine the U.S. federal income tax consequences of the transaction to MCI stockholders, and we will not be able to make that determination at the time of the MCI stockholders meeting, because the determination depends on whether the transaction is effected in the form of the original structure or the alternative merger. We will not be able to determine whether the transaction will be effected in the form of the original structure or the alternative merger until the closing of the merger. Under the merger agreement, the form of the transaction will depend on whether the original structure will qualify as a reorganization within the meaning of Section 368(a) of the Code. Whether the original structure will so qualify cannot be determined until closing because in order for the original structure to qualify as a reorganization it must, among other things, satisfy a judicial continuity of interest requirement that is based on the ratio of the total value of the Verizon common stock issued at closing to MCI stockholders to the total amount of cash paid to MCI stockholders in connection with the merger. For this purpose, the cash paid to MCI stockholders in connection with the merger will include any cash paid by Verizon pursuant to its right to pay cash to the extent

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the exchange ratio is greater than 0.5743 and any cash paid by Verizon in respect of any portion of the special cash dividend not paid by MCI. This cash also potentially includes the special cash dividend paid by MCI and the maximum amount of cash paid or payable by Verizon under the stock purchase agreement with eight entities affiliated with Mr. Carlos Slim Helu. We will not be able to determine whether or not the continuity of interest requirement will be met until closing of the merger. For example, the occurrence of any of the following, either individually or collectively, could cause a material decrease in the relative total value of Verizon s common stock issued at closing and prevent the transaction from being effected using the original structure:

Verizon common stock could suffer a material decline in value prior to closing and Verizon could exercise its right to pay cash to compensate for the exchange ratio exceeding 0.5743;

the additional cash amount paid or payable to the eight entities affiliated with Mr. Slim may be significant; and

the purchase price adjustment for specified liabilities could significantly reduce the ratio of the total value of the Verizon common stock issued at closing to MCI stockholders to the total amount of cash paid to MCI stockholders in connection with the merger.

By voting in favor of the merger, you are authorizing Verizon and MCI to complete the merger using either the original structure (a reorganization for tax purposes) or the alternative merger (which would be fully taxable to MCI stockholders), and, consequently, you accept the risk that the transaction may be fully taxable.

Tax Consequences of Original Structure. If the transaction is effected pursuant to the original structure, for U.S. federal income tax purposes:

an MCI stockholder who realizes a gain as a result of the transaction will be required to recognize that gain only to the extent of cash, if any, received in the transaction from Verizon (and from MCI if the special cash dividend were treated as additional merger consideration rather than as a distribution with respect to MCI common stock), and

an MCI stockholder who realizes a loss as a result of the transaction will not be permitted to recognize that loss.

The amount of gain or loss realized by an MCI stockholder will be equal to the difference between the amount realized and the stockholder s tax basis in the MCI common stock surrendered. The amount realized will be determined as described below under Tax Consequences of Alternative Merger.

The obligations of Verizon and MCI to effect the transaction pursuant to the original structure are subject to the condition that Verizon and MCI each receive a legal opinion at closing from its respective counsel that the original structure will qualify as a reorganization within the meaning of Section 368(a) of the Code. The transaction will be effected pursuant to the original structure only if in the opinion of counsel to Verizon and in the opinion of counsel to MCI at the time of closing, the original structure will qualify as a reorganization within the meaning of Section 368(a) of the Code.

Tax Consequences of Alternative Merger. If the transaction is effected pursuant to the alternative merger, the alternative merger will be a fully taxable transaction and each MCI stockholder will be treated as having exchanged MCI common stock for Verizon common stock and cash, if any, received from Verizon (and from MCI if the special cash dividend were treated as additional merger consideration rather than as a distribution with respect to MCI common stock). An MCI stockholder will recognize capital gain or loss in an amount equal to the difference between the amount realized and the stockholder s tax basis in the MCI common stock surrendered. The amount realized will be determined by adding the fair market value of the Verizon common stock to the amount of cash, if any, received from Verizon (and from MCI if the special cash dividend were treated as additional merger consideration rather than as a distribution with respect to MCI common stock) in connection

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with the alternative merger. The transaction will be effected pursuant to the alternative merger if either Verizon or MCI fails to receive the tax opinion of its respective counsel described above, or if Verizon determines that closing the merger of MCI with and into Eli Acquisition under the original structure would result in a material risk of materially adverse regulatory or other consequences.

Tax Consequences of Special Cash Dividend. At this time, we are unable to determine the U.S. federal income tax treatment of the special cash dividend, and we will not be able to make that determination at the time of the MCI stockholders meeting, because there is a conflict among legal authorities as to whether and under what circumstances a pre-merger distribution will be treated as a dividend or treated as additional merger consideration. Because of this conflict and the absence of any other authority that addresses a pre-merger distribution under the facts and circumstances similar to those present in the merger, counsel to Verizon and MCI are each unable to provide a legal opinion regarding the tax treatment that will apply in this case.

If the special cash dividend is paid by MCI and is treated as a dividend for tax purposes, the actual amount of the special cash dividend paid to you will be characterized as dividend income to the extent paid out of MCI s current or accumulated earnings and profits.

If the special cash dividend is paid by MCI or Verizon and is treated for tax purposes as consideration in connection with the merger, the amount of cash that you receive will be taxable to you to the extent of the gain you realize in the merger. MCI expects to report the entire amount of the special cash dividend it pays as a taxable dividend for U.S. federal income tax purposes.

See Material United States Federal Income Tax Considerations beginning on page 114.

Senior Notes (See page 108)

The closing of the merger will constitute a change of control under MCI s outstanding 2007 Senior Notes, 2009 Senior Notes and 2014 Senior Notes. Unless these Senior Notes are redeemed by MCI in accordance with their terms prior to the closing of the merger, MCI, LLC will be obligated to make an offer to purchase these notes within 30 days following the closing of the merger at a purchase price equal to 101% of the principal amount plus accrued interest.

Interests of MCI Directors and Executive Officers in the Merger (See page 103)

When considering the unanimous recommendation of MCI s board of directors that MCI stockholders vote in favor of the adoption of the merger agreement and approval of the merger, you should be aware that MCI s executive officers, including Mr. Capellas, who is also one of MCI s directors, have financial interests in the merger that are greater than, and in addition to, the interests of MCI stockholders generally. If MCI s executive officers were entitled to terminate employment for good reason following the closing of the merger and they exercised this right, or if they were terminated without cause following the closing of the merger (and, for certain executive officers, if their employment were terminated within six months prior to and in anticipation of a change in control), the additional payments or benefits to which they would be entitled include, as applicable:

a lump-sum severance payment in cash that is a multiple of their respective salaries;

accelerated vesting of restricted stock;

an additional payment in respect of certain taxes; and

continued health coverage for a specified period of time.

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Based on their additional payments or benefits, if the employment of MCI s executive officers were terminated under the circumstances specified above, they could be entitled to an estimated aggregate amount of $107,483,923. This estimated aggregate amount excludes certain items and is explained in further detail in Interests of MCI Directors and Executive Officers in the Merger Estimated Value of Interests of MCI Directors and Executive Officers beginning on page 105.

MCI s directors, other than Mr. Capellas, do not have any financial interests in the merger that are greater than, or in addition to, the interests of MCI stockholders generally.

Treatment of Restricted Shares and Other Equity-Based Awards (See page 122)

Restricted Shares. At the completion of the merger, subject to the potential downward purchase price adjustment (see Potential Downward Purchase Price Adjustment above), each outstanding MCI restricted share will be converted into (i) a number of Verizon restricted shares equal to the exchange ratio plus (ii) a cash payment equal to any per share cash amount payable in the merger, without interest, to the holder of the MCI restricted share. Each Verizon restricted share issued upon the conversion of MCI restricted shares will have and be subject to the same terms and conditions as in effect immediately prior to the closing with respect to the corresponding MCI restricted shares and will bear a legend containing the same restrictions on transferability.

Other Equity-Based Awards. At the completion of the merger, subject to the potential downward purchase price adjustment (see Potential Downward Purchase Price Adjustment above), each then outstanding equity-based award (other than MCI restricted shares or rights under the MCI Employee Stock Purchase Plan) providing for a cash or stock payment measured by the value of MCI common stock will be deemed to refer to (or be measured by) (i) the number of shares of Verizon common stock equal to the number of shares of MCI common stock covered by the outstanding equity-based award multiplied by the exchange ratio plus (ii) a cash payment equal to the number of shares of MCI common stock covered by the outstanding equity-based award multiplied by any per share cash amount payable in the merger, without interest. The rights of any person with respect to shares of Verizon common stock under each outstanding equity-based award will have and be subject to the same terms, conditions and restrictions as in effect immediately prior to the closing with respect to the outstanding equity-based award.

Verizon s Purchase of 13.4% of MCI s Outstanding Shares (See page 110)

On April 9, 2005, Verizon entered into a stock purchase agreement, sometimes referred to as the stock purchase agreement, with eight entities associated with Mr. Carlos Slim Helu, sometimes referred to as the selling group, to acquire approximately 43.4 million shares of MCI common stock from the selling group. Verizon entered into the stock purchase agreement after March 29, 2005, the date that MCI s board of directors received initial fairness opinions from its financial advisors regarding the consideration that all other MCI stockholders would receive under Verizon s March 28, 2005 merger proposal. Verizon entered into the stock purchase agreement because it represented the opportunity to purchase, in a single transaction, the largest block of MCI common stock owned by a single stockholder group and demonstrated Verizon s commitment to completing the transaction. Under MCI s stockholder rights agreement and applicable law, Verizon was able to enter into this agreement without MCI s consent and without triggering certain consequences under the stockholder rights agreement. On May 17, 2005, Verizon closed the transaction contemplated by the stock purchase agreement and acquired approximately 43.4 million shares of MCI common stock from the selling group for $25.72 per share in cash, plus an additional cash amount equal to three percent per annum from April 9, 2005 until May 13, 2005, for a total of $25.79 per share. Under the stock purchase agreement, Verizon will pay the selling group an additional cash amount per share of MCI common stock immediately prior to April 9, 2006, if, at that time, the price of Verizon s common stock exceeds $35.52 per share (measured over a 20-day period).

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The additional amount payable per share of MCI common stock will be calculated by multiplying (i) 0.7241 by (ii) the amount, if any, by which the price of Verizon s common stock exceeds $35.52 per share (measured over a 20-day period). If the closing of the merger occurs before April 9, 2006, the additional amount payable per share of MCI common stock is subject to a maximum of $19.54. After the closing of the stock purchase agreement, Verizon transferred the shares of MCI common stock it had purchased to a trust established pursuant to an agreement between Verizon and the DOJ, sometimes referred to as the DOJ Agreement, and a trust agreement between Verizon and Dick Thornburgh as trustee, sometimes referred to as the trust agreement.

Appraisal Rights (See page 111)

Under Delaware law, MCI stockholders will be entitled to appraisal rights with respect to the merger if they are required under the terms of the merger agreement to accept cash (other than cash in lieu of fractional shares) for their shares and if they perfect their appraisal rights. In general, to preserve their appraisal rights, MCI stockholders who wish to exercise these rights must:

- Deliver a written demand for appraisal to MCI at or before the time the vote is taken at the special meeting of MCI stockholders;
- Not vote their shares for the adoption of the merger agreement and approval of the merger;
- Continuously hold their shares of MCI common stock from the date they make the demand for appraisal through the closing of the merger; and
- Comply with the other procedures set forth in Section 262 of the DGCL.

MCI stockholders will need to take steps to obtain their appraisal rights prior to knowing whether a per share cash payment will be payable in connection with the merger.

The text of Section 262 of the DGCL governing appraisal rights is attached to this proxy statement and prospectus as Annex E. **Failure to comply with the procedures described in Annex E will result in the loss of appraisal rights. We urge you to read carefully the text of Section 262 governing appraisal rights and to consult your legal advisor.**

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Selected Historical Financial Information

Verizon and MCI are providing the following financial information to assist you in your analysis of the financial aspects of the merger. Annual Verizon historical information is derived from the consolidated financial statements of Verizon as of and for each of the years ended December 31, 2000 through 2004. Interim Verizon historical information is derived from the unaudited condensed consolidated financial statements of Verizon as of and for the six months ended June 30, 2005 and for the six months ended June 30, 2004. Annual MCI historical information is derived from the consolidated financial statements of MCI as of and for each of the years ended December 31, 2000 through 2004. Interim MCI historical information is derived from the unaudited condensed consolidated financial statements of MCI as of and for the six months ended June 30, 2005 and for the six months ended June 30, 2004.

MCI adopted fresh-start reporting under the provisions of American Institute of Certified Public Accountants Statement of Position No. 90-7, Financial Reporting by Entities in Reorganization under the United States Bankruptcy Code, as of December 31, 2003. Upon adoption, MCI s reorganization value was $14.5 billion and was allocated to MCI s assets and liabilities. MCI s assets were stated at fair value using the concepts of Statement of Financial Accounting Standards, sometimes referred to as SFAS, No. 141, Business Combinations, and liabilities were recorded at the present value of amounts estimated to be paid. In addition, MCI s accumulated deficit was eliminated, and MCI s new debt and equity were recorded in accordance with distributions pursuant to MCI s plan of reorganization. The adoption of fresh-start reporting had a material effect on MCI s consolidated financial statements. As a result, MCI s consolidated balance sheets as of December 31, 2003 and 2004 included in its Annual Report on Form 10-K for the year ended December 31, 2004 and its unaudited condensed consolidated balance sheet as of June 30, 2005 included in its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005, which are incorporated by reference in this proxy statement and prospectus, and MCI s consolidated statements of operations and cash flows published for periods following December 31, 2003 will not be comparable with those published before that date.

The information is only a summary and should be read in conjunction with each company s historical consolidated financial statements and related notes contained in, as applicable, Verizon s Annual Report on Form 10-K for the year ended December 31, 2004 and Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005, or MCI s Annual Report on Form 10-K and its updated consolidated financial statements filed on Form 8-K for the year ended December 31, 2004 and Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005, all of which have been incorporated by reference in this proxy statement and prospectus, as well as other information that has been filed with the SEC. See Where You Can Find More Information beginning on page 187 for information on where you can obtain copies of this information. The historical results included below and elsewhere in this proxy statement and prospectus may not be indicative of the future performance of Verizon, MCI or Verizon following the merger.

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Verizon Selected Historical Financial Information

	Six months ended June 30,		Years ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(unaudited)		(dollars in millions, except per share amounts)				
Results of Operations:							
Operating revenues	$ 36,748	$ 34,814	$ 71,283	$ 67,468	$ 67,056	$ 66,513	$ 64,093
Operating income	7,474	6,167	13,117	7,407	14,877	11,402	16,725
Income before discontinued operations, extraordinary items and cumulative effect of accounting change	3,870	2,965	7,261	3,460	4,591	545	10,844
Per share of common stock basic	1.40	1.07	2.62	1.26	1.68	.20	4.00
Per share of common stock diluted	1.38	1.06	2.59	1.25	1.67	.20	3.96
Net income	3,870	2,996	7,831	3,077	4,079	389	11,797
Net income available to common shareowners	3,870	2,996	7,831	3,077	4,079	389	11,787
Per share of common stock basic	1.40	1.08	2.83	1.12	1.49	.14	4.34
Per share of common stock diluted	1.38	1.07	2.79	1.12	1.49	.14	4.31
Cash dividends declared per share of common stock	.81	.77	1.54	1.54	1.54	1.54	1.54

	As of June 30, 2005	As of December 31, 2004	2003	2002	2001	2000
	(unaudited)	(dollars in millions)				
Financial Position:						
Total assets	$ 169,377	$ 165,958	$ 165,968	$ 167,468	$ 170,795	$ 164,735
Long-term debt	33,070	35,674	39,413	44,003	44,873	41,858
Employee benefit obligations	18,110	17,941	16,754	15,392	11,895	12,541
Minority interest	25,353	25,053	24,348	24,057	21,915	21,698
Shareowners investment	38,554	37,560	33,466	32,616	32,539	34,578

Significant events affecting historical earnings trends in 2002 through June 30, 2005 are described in Verizon s Annual Report on Form 10-K for the year ended December 31, 2004 and Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005, which are incorporated by reference in this proxy statement and prospectus.

2001 data includes losses on investments, severance benefits charges, and other special and/or non-recurring items.

2000 data includes gains on investments and sales of businesses, merger-related costs, when a Bell Atlantic Corporation subsidiary merged with GTE Corporation, and other special and/or non-recurring items.

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MCI Selected Historical Financial Information

	Successor Company			Predecessor Company			
	As of or for the six months ended June 30,		As of or for the year ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(unaudited)		(dollars in millions, except per share amount)				
Results of Operations[1]:							
Revenues	$ 9,472	$ 10,640	$ 20,690	$ 24,266	$ 28,493	$ 32,913	$ 34,417
Other operating expenses	9,296	10,873	20,368	23,606	27,818	31,544	36,530
Impairment charges			3,513		4,999	9,855	47,180
Operating income (loss)	176	(233)	(3,191)	660	(4,324)	(8,486)	(49,293)
(Loss) income from continuing operations	(24)	(456)	(4,028)	22,469[2]	(8,939)	(11,902)	(47,228)[5]
Net income (loss) from discontinued operations	86	(3)	26	(43)	(202)	(3,696)	(574)
Net (loss) income attributable to common shareholders	62	(459)	(4,002)	22,211	(9,192)	(15,616)	(47,802)[5]
Loss from continuing operations per common share:							
Basic	(.07)	(1.41)	(12.56)				
Diluted	(.07)	(1.41)	(12.56)				
Other Data:							
Cash dividends declared per common share	$ .40	$	$ .80	$	$	$ 1.80	$
End of period stock price per share[3]	25.71	14.43	20.16	23.55	N/A	N/A	N/A

	Successor Company		Predecessor Company			
	As of June 30,	As of December 31,				
	2005	2004	2003[4]	2002	2001	2000
	(unaudited)	(dollars in millions)				
Financial Position:						
Cash and cash equivalents	$ 4,089	$ 4,449	$ 6,178	$ 2,820	$ 1,290	$ 382
Marketable securities	1,244	1,055	15	40	18	2
Property, plant and equipment, net	6,119	6,259	11,538	14,190	21,486	24,477
Total assets	16,337	17,060	27,470	26,762	33,706	44,188
Long-term debt, excluding current portion	5,893	5,909	7,117	1,046	29,310	17,184
Liabilities subject to compromise				37,154		
Minority interests and preferred stock subject to compromise				1,904		
Mandatorily redeemable preferred securities					1,855	752
Shareholders equity (deficit)	4,207	4,230	8,472	(22,295)	(12,941)	1,792

(1) Reflects the reclassification of Embratel, Proceda and OzEmail to discontinued operations in 2001, 2002 and 2003. In 2000, the results of Embratel and Proceda were reclassified to discontinued operations, however, the results of OzEmail were not reclassified as MCI determined that it was impracticable to do so.

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(2) Income from continuing operations for 2003 includes a $22.3 billion reorganization gain due to the effects of MCI s plan of reorganization upon the adoption of fresh-start reporting as of December 31, 2003. Refer to Note 5 to MCI s consolidated financial statements included in MCI s Annual Report on Form 10-K for the year ended December 31, 2004, incorporated by reference in this proxy statement and prospectus, for a description of the components of the gain.

(3) Includes only the period end price for new MCI common stock issued on the emergence date based on NASDAQ as of December 31, 2004 and June 30, 2005 and on a when issued basis as of December 31, 2003 and June 30, 2004.

(4) The consolidated balance sheet as of December 31, 2003 gives effect to the application of fresh-start reporting.

(5) In 2004, MCI estimated the effects of amending its federal income tax returns for 1999 through 2003 to reflect the impact of the restatement of its previously issued consolidated financial statements. In connection with this work, an adjustment of $1.1 billion was identified that increased income tax expense and income tax benefit for the years ended December 31, 1999 and December 31 2000, respectively. The additional tax benefit for the year ended December 31, 2000 has been reflected in the table above. Shareholders equity at December 31, 2000 was not impacted.

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Summary Selected Unaudited Condensed Consolidated Pro Forma Financial Information

The following selected unaudited condensed consolidated pro forma financial data present the effect of the merger. The merger agreement provides that when the merger closes, MCI s stockholders will receive consideration that will be worth $20.40 per MCI share if there are no upward or downward adjustments. The merger consideration may be increased by up to $5.60 per share to the extent MCI does not pay MCI stockholders a special cash dividend of $5.60 per share prior to the closing of the merger. However, the merger consideration may be decreased since it is subject to a potential downward purchase price adjustment based upon the amount of certain specified liabilities of MCI. These liabilities include MCI bankruptcy claims, including tax claims, as well as certain international tax liabilities. For a description of these bankruptcy claims and international tax liabilities, see The Merger Potential Downward Purchase Price Adjustment on page 95.

Verizon has not prepared its own estimate of the specified liabilities because it is not required to do so under the merger agreement. When either Verizon or MCI notifies the other party that it reasonably believes that closing of the merger will occur within 120 days, MCI is required to provide Verizon with a schedule describing all remaining specified liabilities and the status of those specified liabilities. The merger agreement provides that Verizon and MCI will use their best efforts to agree on an estimate of the amount of cash that will be required to satisfy in full all of the remaining specified liabilities following the closing of the merger. At that time, Verizon and MCI will review the then current information regarding the facts and circumstances relating to each unsettled claim expected to be outstanding at the closing of the merger. Verizon and MCI will need to reach agreement as to (i) whether there are classes of liabilities not clearly included or excluded from the definitions in the merger agreement, (ii) the extent to which any potentially offsetting claims or correlative adjustments should be taken into account, (iii) the extent to which any potential unasserted claims should be taken into account, (iv) the extent, if any, to which net operating loss carrybacks and accelerated research and development deductions reduce estimated liabilities for taxes for the purpose of the purchase price adjustment, (v) the best estimate of the likely amount required to settle each claim taken into account, (vi) the appropriate method for pro-ration of taxes in 2004 between pre- and post-emergence periods and (vii) the allocation of payments in settlements among claims and contingencies that are not claims. All of these issues are likely to be highly fact intensive. Verizon has not reviewed or concurred with the interpretation or methodology MCI used in preparing its range.

In order for Verizon to prepare an estimate of the amount of cash required to satisfy in full all remaining specified liabilities, it will need to perform detailed analyses of numerous complex bankruptcy claims and domestic and international tax matters. Verizon is not required to engage in this process until before the closing of the merger. During the process of negotiating or seeking arbitration of the purchase price adjustment, Verizon may disagree with MCI s determination or interpretation of factual issues, its estimates of likely future events or amounts due, its resolution of interpretive issues, including those described above, and the process used by MCI in preparing the estimates included in this proxy statement and prospectus. As a result of the numerous judgments and assumptions used to estimate any downward purchase price adjustment, the resulting estimate is subject to considerable variability. Verizon has not prepared an estimate of these adjustments but has prepared two separate unaudited condensed consolidated pro forma financial information presentations presenting the minimum purchase price adjustment of zero and the maximum purchase price adjustment of $20.40 per MCI share, assuming that MCI has paid the full amount of the special cash dividend prior to the closing of the merger. The first presentation does not reflect any potential downward purchase price adjustment and assumes merger consideration of $20.40 per MCI share. However, because under the terms of the merger agreement, the full amount of the merger consideration may be at risk due to the potential downward purchase price adjustment, Verizon s second presentation reflects a downward adjustment to the purchase price equal to the assumed full merger consideration of $20.40 per MCI share. However, in order for an MCI stockholder to receive no merger consideration, other than the special cash dividend, the sum of the previously-paid specified and the remaining specified liabilities would have to exceed approximately $8.5 billion, as compared to MCI s current estimate of between $1.615 billion and $1.845 billion.

In addition, the footnotes to the pro forma financial information presentation that reflects no downward purchase price adjustment also include summarized impacts on the pro forma financial information of MCI s current estimate of the range of a potential downward purchase price adjustment. MCI has estimated that the sum of the amount of previously-paid specified liabilities and remaining specified liabilities could range between an amount that would not result in any downward adjustment to the purchase price and an amount that would result in a downward adjustment to the purchase price of $0.21 per MCI share. A separate presentation of pro forma financial information was not prepared for the maximum adjustment of $0.21 per MCI share in MCI s estimated range of downward purchase price adjustments because MCI s range and that maximum are only estimates and have not been verified by Verizon, and because the final determination of any downward purchase price adjustment is subject to many uncertainties. However, this additional information has been provided to give MCI stockholders an indication of MCI s current estimate of the range of a potential downward purchase price adjustment. MCI has also indicated that the actual downward purchase price adjustment could be materially greater than the top of the estimated range. If, for example, the actual amount of specified liabilities were determined to be 10% or 20% greater than the maximum adjustment of MCI s current estimated range, the downward purchase price adjustment would be approximately $0.77 or $1.33 per MCI share respectively. Consequently, sensitivity analyses have been provided to illustrate the potential effect on Verizon s pro forma financial position and results of operations as of June 30, 2005, and for the six months then ended, if there were downward purchase price adjustments of either $0.77 or $1.33 per MCI share. See page 154 for a discussion of the factors that may cause the actual downward purchase price adjustment to exceed MCI s estimated range and page 146 for additional discussion of MCI s estimated downward purchase price adjustment range and the sensitivity analyses.

The following selected unaudited condensed consolidated pro forma statement of income data for the six months ended June 30, 2005 and the twelve months ended December 31, 2004 are extracted from the historical financial statements of Verizon and MCI included in their respective Quarterly Reports on Form 10-Q for the quarter ended June 30, 2005 and Annual Reports on Form 10-K for the year ended December 31, 2004, which are incorporated by reference into this proxy statement and prospectus, and consolidated as if the merger had occurred on January 1, 2004. The following selected unaudited condensed consolidated pro forma balance sheet data are extracted from the historical financial statements of Verizon and MCI included in their respective Quarterly Reports on Form 10-Q for the quarterly period ended June 30, 2005, which are incorporated by reference into this proxy statement and prospectus, and consolidated giving effect to the merger as if it had occurred on June 30, 2005.

This selected unaudited condensed consolidated pro forma financial data should be read in conjunction with the Unaudited Condensed Consolidated Pro Forma Financial Statements and related notes included elsewhere in this proxy statement and prospectus and with the historical consolidated financial statements and the related notes of Verizon and MCI that are incorporated by reference in this proxy statement and prospectus.

The unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and does not purport to represent what the actual results of operations of Verizon and MCI would have been had the companies been a single entity during the period or as of the date presented or to project Verizon s results of operations that may be achieved following the merger.

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No Downward Purchase Price Adjustment Presentation

Selected Unaudited Condensed Consolidated Pro Forma Financial Information

	Six months ended June 30, 2005	Year ended December 31, 2004
Results of Operations:		
Operating revenues	$ 45,192	$ 89,709
Operating income	7,445	9,572
Income before discontinued operations	3,711	2,996
Per share of common stock basic	1.27	1.02
Per share of common stock diluted	1.25	1.02

	As of June 30, 2005
Financial Position:	
Total assets	$ 187,579
Long-term debt	33,298
Minority interest	25,353
Shareowners investment	44,393

Downward Purchase Price Adjustment No Merger Consideration Presentation

Selected Unaudited Condensed Consolidated Pro Forma Financial Information

	Six months ended June 30, 2005	Year ended December 31, 2004
Results of Operations:		
Operating revenues	$ 45,192	$ 89,709
Operating income	7,401	2,758
Income (loss) before discontinued operations	3,685	(3,783)
Per share of common stock basic	1.33	(1.37)
Per share of common stock diluted	1.32	(1.37)

	As of June 30, 2005
Financial Position:	
Total assets	$ 188,644
Long-term debt	33,298
Minority interest	25,353
Shareowners investment	38,554

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Unaudited Comparative Per Share Information

The following table sets forth selected historical per share information of Verizon and MCI and unaudited pro forma consolidated per share information after giving effect to the merger, accounted for under the purchase method of accounting, assuming that 0.5743 shares of Verizon common stock had been issued in exchange for each outstanding share of MCI common stock. It has been assumed, for purposes of the pro forma financial information provided, that the merger was completed on January 1, 2004 for income statement purposes and on June 30, 2005 for balance sheet purposes and that the special cash dividend of $5.60 per MCI share was paid prior to the closing of the merger. You should read this information in conjunction with the selected historical financial information, included elsewhere in this proxy statement and prospectus, and the historical financial statements of Verizon and MCI that are incorporated in this proxy statement and prospectus by reference. The pro forma consolidated per share information are derived from, and should be read in conjunction with, the corresponding presentations of the Unaudited Condensed Consolidated Pro Forma Financial Statements and related notes included on page 138 of this proxy statement and prospectus. The historical per share information is derived from the financial statements of both Verizon and MCI as of and for the six months ended June 30, 2005 and the year ended December 31, 2004, which have been incorporated by reference in this proxy statement and prospectus. The unaudited pro forma MCI per share equivalents for the presentation that reflects no downward purchase price adjustment are calculated by multiplying the unaudited Verizon pro forma consolidated per share amounts by an assumed exchange ratio of 0.5743. There is no corresponding calculation for the presentation that reflects a downward purchase price adjustment of the assumed full merger consideration of $20.40 because MCI stockholders would receive no consideration for their shares and no Verizon shares would be issued to MCI stockholders.

The unaudited pro forma consolidated per share information is presented for illustrative purposes only and does not purport to represent what the actual results of operations of Verizon and MCI would have been had the companies been a single entity during the period or as of the date presented, to project Verizon s results of operations that may be achieved following the merger or to predict the final amount of the specified liabilities.

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	Six months ended June 30, 2005	Year ended December 31, 2004
Verizon Historical:		
Income before discontinued operations		
Basic	$ 1.40	$ 2.62
Diluted	1.38	2.59
Dividends per share	.81	1.54
Book value per share	13.94	13.56
MCI Historical:		
Loss before discontinued operations		
Basic	$ (.07)	$ (12.56)
Diluted	(.07)	(12.56)
Dividends per share	.40	.80
Book value per share	12.93	13.24
Verizon Unaudited Pro Forma Consolidated Per Share Information, No Downward Adjustment Presentation:		
Income before discontinued operations		
Basic	$ 1.27	$ 1.02
Diluted	1.25	1.02
Dividends per share	.81	1.54
Book value per share	15.16	N/A