

# SECURITIES AND EXCHANGE COMMISSION

## FORM 425

Filing under Securities Act Rule 425 of certain prospectuses and communications in connection with business combination transactions

Filing Date: **2005-05-02**  
SEC Accession No. **0000950103-05-001339**

([HTML Version](#) on [secdatabase.com](#))

### SUBJECT COMPANY

#### **MCI INC**

CIK: **723527** | IRS No.: **581521612** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **425** | Act: **34** | File No.: **001-10415** | Film No.: **05791928**  
SIC: **4813** Telephone communications (no radiotelephone)

Business Address  
500 CLINTON CENTER DRIVE  
CLINTON MS 39056  
6014605600

### FILED BY

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**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

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**FORM 8-K**

**CURRENT REPORT**  
**Pursuant To Section 13 Or 15(d) of**  
**The Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): May 1, 2005

**MCI, Inc.**

(Exact Name of Registrant as Specified in Charter)

**DELAWARE**

(State or Other Jurisdiction of Incorporation)

**001-10415**

(Commission File Number)

**20-0533283**

(IRS Employer Identification No.)

**22001 Loudoun County Parkway,**  
**Ashburn, Virginia**

(Address of Principal Executive Offices)

**20147**

(Zip Code)

Registrant's telephone number, including area code: **(703) 886-5600**

**Not Applicable**

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## Item 1.01. Entry into a Material Definitive Agreement

On May 1, 2005, Verizon Communications Inc., a Delaware corporation (“**Verizon**”), MCI, Inc., a Delaware corporation (“**MCI**”) and Eli Acquisition, LLC, a wholly owned subsidiary of Verizon and a Delaware limited liability company (“**Merger Sub**”) entered into an amendment (the “**Amendment**”) to the Agreement and Plan of Merger dated as of February 14, 2005, among Verizon, MCI and Merger Sub, as previously amended as of March 4, 2005 and March 29, 2005 (as so amended, the “**Merger Agreement**”). Capitalized terms used but not defined herein shall have the respective meanings specified in the Merger Agreement.

The Amendment amends the terms of the Merger Agreement by providing that, among other things, at the effective time and as a result of the merger, each share of MCI common stock will be converted into the right to receive the number of shares of Verizon common stock equal to the greater of (i) 0.5743, and (ii) the quotient obtained by dividing \$20.40 by the average of the volume weighted averages of the trading prices of Verizon common stock, as these prices are reported on the NYSE Composite Transactions Tape, for each of the 20 trading days ending on the third trading day immediately preceding the closing of the merger; *provided that*, Verizon may, at its option, elect to pay additional cash instead of issuing additional shares over the 0.5743 exchange ratio. The terms of the Merger Agreement also provide that MCI’s board of directors will, except to the extent prohibited by applicable law or covenants in certain existing indentures, declare and pay a special cash dividend in an amount up to \$5.60 per share minus the per share amount of any dividend declared by MCI between February 14, 2005 and the closing of the merger. The purchase price adjustment mechanism previously agreed in the Merger Agreement based on MCI bankruptcy claims and certain tax liabilities has been retained.

Pursuant to the terms of the Merger Agreement as in effect prior to the Amendment, each share of MCI common stock would have been converted, at the effective time and as a result of the merger, into the right to receive (i) a number of shares of Verizon common stock equal to the greater of (a) 0.4062 and (b) the quotient obtained by dividing \$14.75 by the volume weighted average of the closing prices of Verizon common stock, as these prices are reported on the NYSE Composite Transactions Tape, for each of the 20 trading days ending on the third trading day immediately preceding the closing of the merger, *provided that*, Verizon may, at its option, elect to pay additional cash instead of issuing additional shares over the 0.4062 exchange ratio, and (ii) \$2.75 in cash. The terms of the Merger Agreement as in effect prior to the Amendment also provided that MCI’s board of directors would, except to the extent prohibited by applicable law or covenants in certain existing indentures, declare and pay a special cash dividend in an amount up to \$5.60 per share minus the per share amount of any dividend declared by MCI between February 14, 2005 and the closing of the merger.

The foregoing descriptions of the Merger Agreement and the Amendment do not purport to be complete and are qualified in their entireties by reference to the Merger Agreement as filed by Verizon with the Securities and Exchange Commission on April 12, 2005 as part of the proxy statement and prospectus on Form S-4, and the Amendment, which is filed as Exhibit 2.1 hereto. The Merger Agreement and Amendment are incorporated into this report by reference.

## Item 8.01. Other Events.

On May 2, 2005, MCI issued a press release announcing the execution of the Amendment. The press release is attached as Exhibit 99.1 and is incorporated herein by reference.

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## FORWARD-LOOKING STATEMENTS

This document contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: a significant change in the timing of, or the imposition of any government conditions to, the closing of the previously announced proposed transaction between MCI and Verizon; actual and contingent liabilities; and the extent and timing of our ability to obtain revenue enhancements and cost savings following the

previously announced proposed transaction between MCI and Verizon. Additional factors that may affect the future results of MCI and Verizon are set forth in their respective filings with the Securities and Exchange Commission, which are available at [www.mci.com/about/investor\\_relations/sec/](http://www.mci.com/about/investor_relations/sec/) and [investor.verizon.com/SEC/](http://investor.verizon.com/SEC/).

#### Additional Information and Where to Find It

In connection with the previously announced proposed transaction between MCI and Verizon, Verizon filed, with the Securities and Exchange Commission (“SEC”) on April 12, 2005, a proxy statement and prospectus on Form S-4 that contain important information about the previously announced proposed transaction between MCI and Verizon. These materials are not yet final and will be amended. Investors are urged to read the proxy statement and prospectus filed, and any other relevant materials filed by MCI or Verizon because they contain, or will contain, important information about MCI, Verizon and the previously announced proposed transaction between MCI and Verizon. The preliminary materials filed on April 12, 2005, the definitive versions of these materials and other relevant materials (when they become available) and any other documents filed by MCI or Verizon with the SEC, may be obtained for free at the SEC’s website at [www.sec.gov](http://www.sec.gov). Investors may also obtain free copies of these documents at [www.mci.com/about/investor\\_relations](http://www.mci.com/about/investor_relations), or by request to MCI, Inc., Investor Relations, 22001 Loudoun County Parkway, Ashburn, VA 20147. Free copies of Verizon’s filings are available at [www.verizon.com/investor](http://www.verizon.com/investor), or by request to Verizon Communications Inc., Investor Relations, 1095 Avenue of the Americas, 36th Floor, New York, NY 10036. Investors are urged to read the proxy statement and prospectus and the other relevant materials when such other materials become available before making any voting or investment decision with respect to the previously announced proposed transaction between MCI and Verizon.

#### Participants in the Solicitation

MCI, Verizon, and their respective directors, executive officers, and other employees may be deemed to be participants in the solicitation of proxies from MCI shareowners with respect to the previously announced proposed transaction between MCI and Verizon. Information about MCI’s directors and executive officers is available in MCI’s proxy statement for its 2005 annual meeting of shareholders, dated April 20, 2005. Information about Verizon’s directors and executive officers is available in Verizon’s proxy statement for its 2005 annual meeting of shareholders, dated March 21, 2005. Additional information about the interests of potential participants will be included in the registration statement and proxy statement and other materials filed with the SEC.

#### Item 9.01. Financial Statements and Exhibits

##### (c) Exhibits

Exhibit No.	Description
2.1	Amendment, dated as of May 1, 2005, to the Agreement and Plan of Merger dated as of February 14, 2005 among Verizon Communications Inc., Eli Acquisition, LLC, and MCI, Inc., as previously amended as of March 4, 2005 and March 29, 2005.
99.1	Press Release issued by MCI, dated May 2, 2005.

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#### SIGNATURES

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

MCI, INC.

Date: May 2, 2005

By: /s/ Robert T. Blakely

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Name: Robert T. Blakely

Title: Executive Vice President and  
Chief Financial Officer

AMENDMENT TO  
AGREEMENT AND PLAN OF MERGER

This Amendment, dated as of May 1, 2005 (this “Amendment”), to the Agreement and Plan of Merger, dated as of February 14, 2005, among Verizon Communications Inc., a Delaware corporation, Eli Acquisition, LLC, a Delaware limited liability company and a direct, wholly owned subsidiary of Verizon Communications Inc., and MCI, Inc., a Delaware corporation, as previously amended by a letter agreement dated as of March 4, 2005 and by an amendment dated as of March 29, 2005 among the parties to the Merger Agreement (as so amended, the “Merger Agreement”), is entered into by the parties to the Merger Agreement. Capitalized terms used but not defined herein shall have the respective meanings specified in the Merger Agreement.

WHEREAS, Parent, Merger Sub and the Company have entered into the Merger Agreement;

WHEREAS, Parent, Merger Sub and the Company desire to amend the Merger Agreement as provided in this Amendment; and

WHEREAS, the respective Boards of Directors of Parent, Merger Sub and the Company have deemed this Amendment advisable and in the best interests of their respective companies;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements herein made and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Merger Consideration and Related Provisions.

(a) Section 1.8(a) of the Merger Agreement shall be amended and restated to read in its entirety as follows:

“At the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof, each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (excluding any Company Restricted Shares and Excluded Shares) shall be converted into the right to receive (i) a number (the “Exchange Ratio”) of validly issued, fully paid and non-assessable shares of Parent Common Stock equal to the greater of (A) 0.5743 (B) the quotient obtained by dividing \$20.40 by the Average Parent Stock Price (the “Stock Consideration”), and (ii) an amount in cash equal to \$5.60 *minus* the per share amount of any dividends declared by the Company during the period beginning on the date of this Agreement and ending on the Closing Date (the “Per Share Cash Amount”), without interest, together with any cash in lieu of fractional shares of Parent Common Stock to be paid pursuant to Section 2.5 (such shares and cash,

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the “Base Merger Consideration”). Notwithstanding the foregoing, if the Exchange Ratio is greater than 0.5743, then Parent shall have the right, in its absolute discretion, to reduce the Exchange Ratio to an amount no less than 0.5743 and, in such case, the Per Share Cash Amount shall be increased by an amount (rounded to the nearest hundredth of a cent) equal to the product of (x) the amount by which Parent has reduced the Exchange Ratio and (y) the Average Parent Stock Price. The Exchange Ratio and the Per Share Cash Amount determined above shall be subject to adjustment pursuant to Section 1.10 (as so adjusted, the “Merger Consideration”). For purposes of this Agreement, “Average Parent Stock Price” shall mean the average of the volume weighted averages of the trading prices of Parent Common Stock, as such prices are reported on the NYSE Composite Transactions Tape (as reported by Bloomberg Financial Markets or such other source as the parties shall agree in writing), for the 20 trading days ending on the third trading day immediately preceding the Effective Time.”

(b) Section 1.10(g) of the Merger Agreement shall be amended (i) to delete from clause (A) thereof the phrase “(excluding any Excluded Shares other than Dissenting Shares)”, (ii) to delete from the definition of “Aggregate Base Merger Consideration” the reference to the

amount of "\$14.75" and replace it with the amount of "\$20.40", and (iii) to delete from the definition of "Aggregate Base Merger Consideration" the phrase "(excluding any Excluded Shares other than Dissenting Shares)".

(c) Section 9.12 of the Merger Agreement shall be amended (i) to delete from the definition of "Aggregate Incremental Amount" the phrase "(excluding any Excluded Shares)", and (ii) to add to the definition of "Excluded Shares", immediately after the phrase "held by", the phrase "or in trust for the benefit of".

2. Company Disclosure Letter. Article III of the Merger Agreement shall be amended to delete from the first paragraph thereof the phrase "prior to the execution of this Agreement" and replace it with the phrase "on May 1, 2005".

3. Opinions of Financial Advisors. Section 3.28 of the Merger Agreement shall be amended to delete the reference to "March 29, 2005" and replace it with "May 1, 2005".

4. Agreement to Vote Shares. Article VI of the Merger Agreement shall be amended to add the following section to the end thereof:

"Section 6.24 Agreement to Vote Shares. At every meeting of the stockholders of the Company called with respect to the adoption of this Agreement and approval of the Merger, and at every adjournment and postponement thereof, Parent shall vote or cause to be voted any shares of Company Common Stock owned by it or its Subsidiaries in

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favor of the adoption of this Agreement and approval of the Merger, so long as such adoption and approval is then recommended by the Board of Directors of the Company."

5. Ratification. Except as otherwise provided herein, all of the terms, covenants and other provisions of the Merger Agreement are hereby ratified and confirmed and shall continue to be in full force and effect in accordance with their respective terms. After the date hereof, all references to the Merger Agreement shall refer to the Merger Agreement as amended by this Amendment.

6. Miscellaneous. Section 9.10 of the Merger Agreement shall apply to this Amendment *mutatis mutandi*. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall together constitute one and the same instrument and shall bind and inure to the benefit of the parties and their respective successors and assigns.

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IN WITNESS WHEREOF, Parent, Merger Sub and the Company have caused this Amendment to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

VERIZON COMMUNICATIONS INC.

By: /s/ John W. Diercksen

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Name: John W. Diercksen  
Title: Executive Vice President  
Strategy, Planning and Development

ELI ACQUISITION, LLC

By: /s/ John W. Diercksen

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Name: John W. Diercksen

Title: Executive Vice President

Strategy, Planning and Development

MCI, INC.

By: /s/ Michael D. Capellas

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Name: Michael D. Capellas

Title: Chief Executive Officer and President



**MCI RECEIVES INCREASED OFFER FROM VERIZON  
AND MCI BOARD CONCLUDES IT IS SUPERIOR**

**ASHBURN Va., May 2, 2005** -- MCI, Inc. (NASDAQ: MCIP) today announced that its Board of Directors has unanimously determined that a revised offer from Verizon Communications Inc. is superior to the offer received from Qwest Communications International Inc. on April 21.

Verizon's revised offer provides at least \$26.00 per MCI share comprised of \$5.60 in cash which would be paid upon approval of the transaction by MCI's shareholders, plus the greater of 0.5743 Verizon shares for every share of MCI Common Stock or Verizon shares or cash valued at \$20.40. While MCI shareholders benefit from a "floor" of \$20.40, they also benefit from the upside potential of an increase in Verizon's stock price.

In making its determination and in assessing the latest offers from Verizon and Qwest, MCI's Board carefully weighed the expected range of potential values for MCI's shareholders under each offer as well as the risks to achieving those values.

In comparing the financial terms of Verizon's revised offer to Qwest's offer, MCI's Board considered the following factors, among others: the changing competitive nature of the telecommunications industry and the expected competitive position of a combined Verizon/MCI versus a combined Qwest/MCI; the increasing need for scale and comprehensive wireless capabilities; reduction of access costs; the level and achievability of synergies; the size of Qwest's contingent liabilities and the risks associated with those liabilities; the range of possible values for tax savings that could result from Qwest's net operating losses; relative strengths of Verizon's and Qwest's capital structures; the ongoing ability to sustain network service quality both prior to consummation and in connection with achieving promised synergies; the capacity and commitment to and invest in new capabilities; and ensuring ongoing customer confidence among MCI's large enterprise and government customers.

In addition, MCI's Board noted that a large number of MCI's most important business customers had indicated that they prefer a transaction between MCI

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and Verizon rather than a transaction between MCI and Qwest. Additionally, as their contracts come up for renewal, a number of customers have also requested rights to terminate their arrangements with MCI in the event of a Qwest transaction. These customer concerns, in the Board's view, pose risks in connection with a Qwest transaction that could negatively impact the value of the equity stake in a combined Qwest/MCI to be received by MCI's shareholders under Qwest's offer.

"From the standpoint of risk versus reward, Verizon's revised offer presents MCI with a stronger, superior choice," said Nicholas deB. Katzenbach, MCI Board Chairman. "Shareholders receive enhanced value with greater assurance that the transaction will create additional shareholder value."

**Latest Qwest Proposal**

On April 21, 2005, Qwest presented MCI with a revised offer comprised of \$16.00 in cash (excluding MCI's March 15 dividend payment of \$0.40 per share) and 3.373 Qwest shares (subject to adjustment under a collar which fixes the value of the Qwest shares at \$14.00 provided Qwest's share price is between \$3.32 and \$4.15) per MCI share.

**Prior MCI/Verizon Merger Agreement**

On March 29, 2005, MCI and Verizon amended their merger agreement. Under that agreement, each MCI share would receive

cash and stock worth at least \$23.10, comprising \$8.35 in cash (excluding MCI's March 15 dividend payment of \$0.40 per share) as well as the greater of 0.4062 Verizon shares for every share of MCI Common Stock or Verizon shares or cash valued at \$14.75.

## **About MCI**

MCI, Inc. (NASDAQ: MCIP) is a leading global communications provider, delivering innovative, cost-effective, advanced communications connectivity to businesses, governments and consumers. With the industry's most expansive global IP backbone, based on the number of company-owned points of presence, and wholly-owned data networks, MCI develops the converged communications products and services that are the foundation for commerce and communications in today's market. For more information, go to [www.mci.com](http://www.mci.com).

This document contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: a significant change in the timing of, or the imposition of any government conditions to, the closing of the previously announced proposed transaction between MCI and Verizon; actual and contingent liabilities; and the extent and timing of our ability to obtain revenue enhancements and cost savings following the previously announced proposed transaction between MCI and Verizon. Additional factors that may affect the future results of MCI and Verizon are set forth in their respective filings with the Securities and Exchange Commission, which are available at [investor.verizon.com/SEC/](http://investor.verizon.com/SEC/) and [www.mci.com/about/investor\\_relations/sec/](http://www.mci.com/about/investor_relations/sec/).

In connection with the previously announced proposed transaction between MCI and Verizon, Verizon filed, with the Securities and Exchange Commission ("SEC") on April 12, 2005, a proxy statement and prospectus on Form S-4 that contain important information about the previously announced proposed transaction between MCI and Verizon. These materials are not yet final and will be amended. Investors are urged to read the proxy statement and prospectus filed, and any other relevant materials filed by MCI or Verizon because they contain, or will contain, important information about

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MCI, Verizon and the previously announced proposed transaction between MCI and Verizon. The preliminary materials filed on April 12, 2005, the definitive versions of these materials and other relevant materials (when they become available) and any other documents filed by MCI or Verizon with the SEC, may be obtained for free at the SEC's website at [www.sec.gov](http://www.sec.gov). Investors may also obtain free copies of these documents at [www.mci.com/about/investor\\_relations](http://www.mci.com/about/investor_relations), or by request to MCI, Inc., Investor Relations, 22001 Loudoun County Parkway, Ashburn, VA 20147. Free copies of Verizon's filings are available at [www.verizon.com/investor](http://www.verizon.com/investor), or by request to Verizon Communications Inc., Investor Relations, 1095 Avenue of the Americas, 36th Floor, New York, NY 10036. Investors are urged to read the proxy statement and prospectus, the terms and conditions of the merger agreement filed by MCI on Form 8-K on February 17, 2005, the amendments thereto filed by MCI on Forms 8-K on March 4, 2005, on March 29, 2005 and on May 2, 2005, and the other relevant materials, when such other materials become available, before making any voting or investment decision with respect to the previously announced proposed transaction between MCI and Verizon.

MCI, Verizon, and their respective directors, executive officers, and other employees may be deemed to be participants in the solicitation of proxies from MCI shareowners with respect to the previously announced proposed transaction between MCI and Verizon. Information about MCI's directors and executive officers is available in MCI's proxy statement for its 2005 annual meeting of shareholders, dated April 20, 2005. Information about Verizon's directors and executive officers is available in Verizon's proxy statement for its 2005 annual meeting of shareholders, dated March 21, 2005. Additional information about the

interests of potential participants will be included in the registration statement and proxy statement and other materials filed with the SEC.

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