

# 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. **0001193125-05-092518**

([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.: **05791811**  
SIC: **4813** Telephone communications (no radiotelephone)

Business Address  
500 CLINTON CENTER DRIVE  
CLINTON MS 39056  
6014605600

### FILED BY

#### **VERIZON COMMUNICATIONS INC**

CIK: **732712** | IRS No.: **232259884** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **425**  
SIC: **4813** Telephone communications (no radiotelephone)

Mailing Address  
1095 AVE OF THE AMERICAS  
38TH FLOOR  
NEW YORK NY 10036

Business Address  
1095 AVE OF THE AMERICAS  
NEW YORK NY 10036  
2123952121

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT**

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

**Date of Report: May 1, 2005**

**(Date of earliest event reported)**

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**VERIZON COMMUNICATIONS INC.**

*(Exact name of registrant as specified in its charter)*

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**Delaware**  
*(State or other jurisdiction  
of incorporation)*

**1-8606**  
*(Commission File Number)*

**23-2259884**  
*(I.R.S. Employer  
Identification No.)*

**1095 Avenue of the Americas  
New York, New York**  
*(Address of principal executive offices)*

**10036**  
*(Zip Code)*

**Registrant's telephone number, including area code: (212) 395-2121**

**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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry into a Material Definitive Agreement.**

On May 2, 2005, Verizon Communications Inc., a Delaware corporation (“Verizon”), announced that it had entered into an amendment dated as of May 1, 2005 (the “Amendment”) to the Agreement and Plan of Merger, dated as of February 14, 2005, among Verizon, its wholly owned subsidiary, ELI Acquisition, LLC, a Delaware limited liability company, (“Merger Sub”) and MCI, Inc., a Delaware corporation, (“MCI”), as previously amended by a letter agreement dated as of March 4, 2005 and by an amendment dated as of March 29, 2005 (the “Merger Agreement”). The Merger Agreement, as amended, is referred to as the “Amended Merger Agreement”.

Under the Amended Merger Agreement, Verizon has agreed to acquire MCI for \$26.00 per share, not including the \$0.40 per share cash dividend paid by MCI on March 15, 2005. The Merger Agreement provided that Verizon would pay MCI shareholders stock and cash valued at \$23.10 per share, not including the \$0.40 per share cash dividend. The Amended Merger Agreement provides that the MCI stockholders will receive total cash of \$5.60 per share, which is expected to be paid as a special cash dividend. The Amended Merger Agreement further provides that Verizon will issue at least 0.5743 shares of Verizon common stock for each share of MCI common stock. The exact exchange ratio will be determined by dividing \$20.40 by the average of the volume weighted averages of the trading prices of Verizon common stock for the 20 trading days ending on the third trading day immediately preceding the effective time of the merger. The exchange ratio will be deemed equal to 0.5743 if the quotient is less than 0.5743. The merger consideration is subject to downward adjustment for certain remaining bankruptcy claims, including state tax claims, and certain international tax liabilities which exceed \$1,775,000,000.

The Amended Merger Agreement also provides that, at the special meeting of MCI shareholders to vote on adoption of the Amended Merger Agreement and approval of the merger and at every adjournment and postponement thereof, Verizon will vote any shares of MCI common stock it then owns in favor of adoption and approval, so long as such approval and adoption continue to be recommended by the MCI board of directors.

The foregoing description of the Amendment and the Amended Merger Agreement does not purport to be complete and is qualified in its entirety by reference to (i) the Amendment, which is filed as Exhibit 2.1 hereto, (ii) the amendment to the Merger Agreement dated as of March 29, 2005 which was filed as Exhibit 2.1 to Form 8-K filed on March 29, 2005, (iii) the amendment to the Merger Agreement dated as of March 4, 2005 which was filed as Exhibit 2.1 to Form 8-K filed on March 9, 2005 and (iv) the Merger Agreement, which was filed as Exhibit 2.1 to Form 8-K on February 17, 2005, all of which are incorporated into this report by reference.

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**Item 8.01 Other Events**

On May 2, 2005, Verizon and MCI each issued a press release announcing the execution of the Amendment.

Verizon's press release is attached as Exhibit 99.1 and is incorporated herein by reference.

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In connection with the proposed acquisition of MCI, Verizon filed, with the SEC on April 12, 2005, a proxy statement and prospectus on Form S-4 that contain important information about the proposed acquisition. 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 Verizon or MCI because they contain, or will contain, important information about Verizon, MCI and the proposed acquisition. 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 Verizon or MCI 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.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. Free copies of MCI's filings are available 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. 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 proposed acquisition.

Verizon, MCI, 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 proposed transaction. 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. Information about MCI's directors and executive officers is available in MCI's proxy statement for its 2005 annual meeting of stockholders, dated April 20, 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.

This Form 8-K 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 transaction, if consummated; actual and contingent liabilities; and the extent and timing of our ability to obtain revenue enhancements and cost savings following the transaction. Additional factors that may affect the future results of Verizon and MCI are set forth in their respective filings with the Securities and Exchange Commission, which are available at [www.verizon.com/investor/](http://www.verizon.com/investor/) and [www.mci.com/about/investor\\_relations/sec/](http://www.mci.com/about/investor_relations/sec/).

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**Item 9.01. Financial Statements and Exhibits****(c) Exhibits**

<u>Exhibit No.</u>	<u>Description</u>
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., its wholly owned subsidiary, ELI Acquisition, LLC, and MCI, Inc, as previously amended by a letter agreement dated as of March 4, 2005, and an amendment dated as of March 29, 2005 (the schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K).
99.1	Press Release issued by Verizon, 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.

Verizon Communications Inc.

Date: May 2, 2005

By:

/s/ Marianne Drost \_\_\_\_\_

Name: Marianne Drost

Title: Senior Vice President, Deputy General  
Counsel and Corporate Secretary

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,

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 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."

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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.

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. Dierksen

Name: John W. Dierksen

Title: Executive Vice President

Strategy, Planning and Development

ELI ACQUISITION, LLC

By: /s/ John W. Dierksen

Name: John W. Dierksen

Title: Executive Vice President

Strategy, Planning and Development

MCI, INC.

By: /s/ Michael D. Capellas

Name: Michael D. Capellas

Title: Chief Executive Officer and President

*NEWS RELEASE*



**FOR IMMEDIATE RELEASE**

**May 2, 2005**

**Media contact:**

**Peter Thonis**

**212-395-2355**

**[peter.thonis@verizon.com](mailto:peter.thonis@verizon.com)**

**Verizon Announces Amended Agreement With MCI for \$26 per Share**

**NEW YORK** - Verizon Communications Inc. (NYSE:VZ) today announced it had agreed with MCI, Inc. to further amend the terms of the Feb. 14, 2005 agreement to acquire MCI. As with the original offer and the revised bid of March 29, the MCI Board of Directors is unanimously recommending approval of the amended agreement to its shareholders.

Under the amended agreement, each MCI share would be exchanged for cash and stock worth at least \$26.00, consisting of cash of \$5.60 expected to be paid promptly 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 a sufficient number of Verizon shares to deliver \$20.40 of value. Under this price protection feature, Verizon may elect to pay additional cash instead of issuing additional shares over the 0.5743 exchange ratio.

Ivan Seidenberg, Verizon's chairman and CEO, said, "The evolving nature of the telecommunications industry requires that effective competitors have financial strength and a full

array of offerings. Verizon is a leading national communications provider with a stable balance sheet, a premier national wireless business, and a plan to invest in MCI so that MCI's present and future customers can receive world-class products and services."

Commenting on MCI's statements in its press release today regarding customer preference for Verizon, Seidenberg said, "We note MCI's concerns about the impact on its business of the present uncertainty about its future. Verizon is committed to a business plan for MCI that will achieve cost savings in an orderly fashion while maintaining the integrity and scope of MCI's services. We believe Verizon's commitment to build upon MCI's strengths will effectively address the concerns expressed by MCI's customers. The Verizon-MCI combination will deliver large-business and government customers a complete range of state-of-the-art products and services, with end-to-end connectivity on the most sophisticated IP (Internet Protocol) based network, including wireless voice and data services. We believe Verizon shareholders will benefit from the merger because it will enable us to rapidly and cost-effectively accelerate our Enterprise strategy and be a leading competitor in this important market."

The transaction requires approval by MCI shareholders, and regulatory approvals, which the companies are targeting to obtain in about a year. The proxy statement is currently under review by the SEC, and both Verizon and MCI look forward to a shareholder vote this summer.

With more than \$71 billion in annual revenues, Verizon Communications Inc. (NYSE:VZ) is one of the world's leading providers of communications services. Verizon has a diverse work force of 214,000 in four business units: Domestic Telecom provides customers with wireline and other telecommunications services, including broadband. Verizon Wireless owns and operates the nation's most reliable wireless network, serving 45.5 million voice and data customers across the United States. Information Services operates directory publishing businesses and provides electronic commerce services. International includes wireline and wireless operations and investments, primarily in the Americas and Europe. For more information, visit [www.verizon.com](http://www.verizon.com).

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VERIZON' S ONLINE NEWS CENTER: Verizon news releases, executive speeches and biographies, media contacts, high quality video and images, and other information are available at Verizon' s News Center on the World Wide Web at [www.verizon.com/news](http://www.verizon.com/news). To receive news releases by e-mail, visit the News Center and register for customized automatic delivery of Verizon news releases.

In connection with the proposed acquisition of MCI, Verizon filed, with the SEC on April 12, 2005, a proxy statement and prospectus on Form S-4 that contain important information about the proposed acquisition. 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 Verizon or MCI because they contain, or will contain, important information about Verizon, MCI and the proposed acquisition. 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 Verizon or MCI 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.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. Free copies of MCI' s filings are available 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. 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 proposed acquisition.

Verizon, MCI, 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 proposed transaction. 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. Information about MCI' s directors and executive officers is available in MCI' s proxy statement for its 2005 annual meeting of stockholders, dated April 20, 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.

NOTE: 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 transaction, if consummated; actual and contingent liabilities; and the extent and timing of our ability to obtain revenue enhancements and cost savings following the transaction. Additional factors that may affect the future results of Verizon and MCI are set forth in their respective filings with the Securities and Exchange Commission, which are available at [www.verizon.com/investor/](http://www.verizon.com/investor/) and [www.mci.com/about/investor\\_relations/sec/](http://www.mci.com/about/investor_relations/sec/).