

VERIZON COMMUNICATIONS INC

Form S-4/A

May 09, 2005

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As filed with the Securities and Exchange Commission on May 9, 2005

Registration No. 333-124008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 1

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
(State or other jurisdiction

of incorporation)

4813
(Primary Standard Industrial

Classification Code Number)
1095 Avenue of the Americas

New York, New York 10036

23-2259884
(I.R.S. Employer

Identification Number)

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(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)

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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. "

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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. "

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Title of Each Class of Securities to be Registered (1)	Amount to be Registered (2)	Proposed Maximum Offering Price Per Unit (3)	Proposed Maximum Aggregate Offering Price (4)	Amount of Registration Fee (5)
Common Stock (\$0.10 par value)	54,728,871	\$ 25.34	\$ 3,510,502.24	\$ 413.19

- (1) This Registration Statement relates to shares of common stock of the registrant, par value \$0.10 per share, issuable to holders of the common stock, par value \$0.01 per share, of MCI, Inc., in connection with the merger.
- (2) In connection with the original filing of this registration statement on Form S-4 (File No. 333-124008), on April 12, 2005, Verizon registered 132,055,620 shares of its common stock, based on 325,100,000 shares of MCI common stock, the estimated aggregate number of shares of common stock of MCI, Inc. to be cancelled in connection with the merger at an exchange ratio of 0.4062. Verizon Communications Inc. hereby supplements the number of shares to be registered to increase the number by an additional 54,728,871 shares to account primarily for shares of MCI's common stock that have been issued following December 31, 2004 and for the increase in the exchange ratio to 0.5743.
- (3) Estimated for the sole purpose of calculating the registration fee required by Section 6(b) of the Securities Act, and calculated pursuant to Rules 457(c) and 457(f) under the Securities Act. Pursuant to Rules 457(c) and 457(f) under the Securities Act, the proposed maximum offering price per share of the common stock of the registrant was calculated based on the market value of the shares of common stock of MCI, Inc. (the securities to be cancelled in connection with the merger) in accordance with Rule 457(c) under the Securities Act, determined as the average of the high and low prices per share of MCI, Inc. common stock on May 4, 2005, a date that is within five business days prior to the date of filing of this Pre-Effective Amendment No. 1 to Registration Statement, as reported on The NASDAQ National Market, sometimes referred to as NASDAQ.
- (4) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act, and calculated pursuant to Rules 457(c) and 457(f) under the Securities Act. Pursuant to Rules 457(c) and 457(f) under the Securities Act, the proposed maximum aggregate offering price of the common stock of the registrant was calculated based on the market value of the shares of common stock of MCI, Inc. (the securities to be cancelled in connection with the merger) in accordance with Rule 457(c) under the Securities Act, determined as the product of (A) \$25.34, the average of the high and low prices per share of MCI, Inc. common stock on May 4, 2005 as reported on NASDAQ, and (B) 138,536, representing a number of additional shares of the common stock of MCI, Inc. issued primarily since December 31, 2004 that will be cancelled in connection with the merger described in footnote (2) above. The registrant previously paid a registration fee of \$961,581.11 to register 132,055,620 shares of its common stock in connection with the original filing of this Registration Statement on April 12, 2005.
- (5) Calculated by multiplying the proposed maximum aggregate offering price, calculated as described in footnote (4) above, by 0.0001177.

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 MAY 9, 2005

SPECIAL MEETING OF STOCKHOLDERS OF MCI, INC.

May [], 2005

Dear MCI Stockholder:

It is a pleasure to invite you to the special meeting of stockholders of MCI, Inc., on [], 2005, beginning at [] local time.

At the meeting, you will be asked to adopt the Agreement and Plan of Merger, dated as of February 14, 2005, among Verizon, Eli Acquisition LLC and MCI, as amended as of March 4, 2005, March 29, 2005 and May 1, 2005 and as it may be amended from time to time, sometimes referred to collectively as the merger agreement, and approve the merger. In the merger, MCI will merge with and into a wholly owned subsidiary of Verizon (or, in certain situations, as provided in the merger agreement, a wholly owned subsidiary of Verizon will merge with and into MCI) and will become a wholly owned subsidiary of Verizon. MCI and Verizon believe that the merger will create a strong, U.S.-based globally competitive Internet protocol, sometimes referred to as IP, communications network and services provider, positioned to put an American company in a leadership role in the globalization and expansion of advanced IP communications and services.

Upon closing of the merger, each share of MCI common stock you hold will be converted into the right to receive a number of shares of Verizon common stock equal to the greater of the following exchange ratios: (a) 0.5743 and (b) 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 (as reported by Bloomberg Financial Markets or any other source as the parties shall agree in writing), for the 20 trading days ending on the third trading day immediately preceding the closing of the merger. This average of the volume weighted averages of the trading prices is sometimes referred to as the Verizon average stock price. The merger agreement also provides for the distribution by MCI, after MCI stockholder approval of the merger and prior to the closing of the merger, of a special cash dividend to MCI stockholders in the amount of up to \$5.60 per share less the per share amount of any dividend declared by MCI between February 14, 2005 and the closing of the merger (but excluding the \$0.40 per share dividend paid by MCI on March 15, 2005). If less than the full amount of the special cash dividend is paid, the remainder, without interest, will be paid as a per share cash amount you will receive in connection with the merger. If the exchange ratio is greater than 0.5743, Verizon has the right to reduce the exchange ratio to an amount no less than 0.5743 and, instead, pay a per share cash amount equal to the product of (x) the amount by which Verizon has reduced the exchange ratio and (y) the Verizon average stock price. The consideration you will receive is subject to a potential downward purchase price adjustment for certain liabilities, which liabilities include certain MCI bankruptcy claims, including state tax claims, and certain international tax liabilities. Based on a price of \$35.52 per share of Verizon common stock, the 0.5743 exchange ratio, taken together with the \$5.60 special cash dividend (but excluding the \$0.40 per share

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dividend paid by MCI on March 15, 2005), represents total payments of approximately \$26.00 per MCI share. This value may be greater at the closing of the merger if the Verizon average stock price exceeds \$35.52 per share.

After careful consideration, MCI's board of directors has unanimously adopted the merger agreement, declared that the merger and the other transactions contemplated by the merger agreement, including the special cash dividend, are advisable and 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 their discretion with respect to any other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

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,**

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including the section discussing risk factors beginning on page 20 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.

Your vote is very important. Whether or not you expect to attend the meeting, please vote as soon as possible to ensure that your shares are represented at the meeting. Registered stockholders and many broker-managed stockholders can vote their shares by using a toll-free telephone number or the Internet. Instructions for using these convenient services are provided on the proxy card. Of course, you may still vote your shares by marking your votes on the proxy card, signing and dating it and mailing it in the envelope provided. If you sign and return your proxy card without specifying your choices, it will be understood that you wish to have your shares voted in accordance with the directors recommendations.

I look forward to seeing you on [] in [].

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 representation to the contrary is a criminal offense.

This proxy statement and prospectus is dated [], 2005, and is expected to be first mailed to MCI stockholders on or about [], 2005.

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MCI, INC.

22001 Loudoun County Parkway

Ashburn, Virginia 20147

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On [], 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 [] on [], 2005, at [], 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 other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

We have fixed the close of business on [], 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

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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

[], 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.

1095 Avenue of the Americas

New York, New York 10036

Attention: Investor Relations

Telephone: (212) 395-2121

MCI, Inc.

22001 Loudoun County Parkway

Ashburn, Virginia 20147

Attention: Investor Relations

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 [], 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 120.

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 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 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 48 of this proxy statement and prospectus and "The Merger" MCI's Reasons for the Merger," beginning on page 51 of this proxy statement and prospectus.

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: Upon closing of the merger, each share of MCI common stock you hold will be converted into the right to receive a number of shares of Verizon common stock equal to the greater of the following exchange ratios: (a) 0.5743 and (b) the quotient obtained by dividing \$20.40 by the Verizon average stock price. The merger agreement also provides for the distribution by MCI, after MCI stockholder approval of the merger and prior to the closing of the merger, of a special cash dividend to MCI stockholders in the amount of up to \$5.60 per share less the per share amount of any dividend declared by MCI between February 14, 2005 and the closing of the merger (but excluding the \$0.40 per share dividend paid by MCI on March 15, 2005). If less than the full amount of the special cash dividend is paid, the remainder, without interest, will be paid as a per share cash amount you will receive in connection with the merger. If the exchange ratio is greater than 0.5743, Verizon has the right to reduce the exchange ratio to an amount no less than 0.5743 and, instead, pay a per share cash amount equal to the product of (x) the amount by which Verizon has reduced the exchange ratio and (y) the Verizon average stock price. The consideration you will receive is subject to a potential downward purchase price adjustment for certain liabilities, which liabilities include certain MCI bankruptcy claims, including state tax claims, and certain international tax liabilities. Based on a price of \$35.52 per share of Verizon common stock, the 0.5743 exchange ratio, taken together with the \$5.60 special cash dividend (but excluding the \$0.40 per share dividend paid by MCI on March 15, 2005), represents total payments of approximately \$26.00 per MCI share. This value may be greater at the closing of the merger if the Verizon average stock price exceeds \$35.52 per share. 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 [], 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.

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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 their discretion with respect to any other business as may properly come before the special meeting or adjournments or postponements of the special meeting.

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.

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 stockholder vote is required?

A: MCI stockholders are being asked to adopt the merger agreement and approve the merger. 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: If my shares of MCI common stock are held in street name by my broker, will my broker automatically vote my shares of MCI common stock for me?

A: No. Your broker will vote your shares of MCI common stock only if you provide voting instructions to your broker. You should instruct your broker on how to vote your shares of MCI common stock by following the voting instructions your broker provides you. Please check the voting information form used by your broker to see if it offers telephone or Internet voting.

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.

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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 [], 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 106.

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 cash and Verizon common stock 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?

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A: MCI stockholders with any questions about the merger should call MacKenzie Partners, Inc., MCI's proxy solicitors, toll-free at (800) 322-2885 or 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 120. 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.

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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 212,000 people.

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 December 31, 2004, MCI had approximately 40,000 full and part-time employees.

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The Special Meeting of MCI Stockholders (See page 105)

Meeting. The special meeting of MCI stockholders will be held on [], 2005, at [] a.m., Eastern Daylight Time, at []. 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 [], 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 [] shares of MCI common stock, or approximately [] &