ATTACHMENT 8

DECLARATION OF STEPHEN E. SMITH

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Verizon Communications Inc. and	)	
MCI, Inc.	)	WC Docket No**.** 05-75
Applications for Approval of	)	
Transfer of Control	)	

DECLARATION OF STEPHEN E. SMITH

1. I am Group Vice President, Business Development for Verizon's Domestic Telecom Group. In that position, I have responsibility for the evaluation, and subsequent execution, of mergers, acquisitions, dispositions, and strategic alliances for the lines of business within Verizon's Domestic Telecom Group.

2. The acquisition of MCI will produce substantial cost savings (both expense and capital) and revenue improvements. Verizon's Board of Directors has been advised that the acquisition will yield a net present value of $7.0 billion in incremental revenues and operational cost savings, after including the expenses and capital expenditures necessary to achieve these benefits.

3. As described in Verizon CFO Doreen Toben's presentation to investment analysts when the transaction was announced, the cost reductions will come from a variety of steps. (A copy of the presentation is appended as Exhibit 1.) For example, the companies intend to lower costs through headcount reductions of approximately 7000 by eliminating duplicative staff, primarily in support functions such as the network engineering, IT, sales, and human resources departments. The combined companies will be able to reduce information technology costs by eliminating duplicative operating centers, modernizing outdated systems, and re-engineering

other redundant information and operational systems and processes. The companies will achieve savings of more than $100 million annually by more efficiently using existing network capacity to migrate long distance business traffic, which Verizon today transports over third-party networks, onto the network of the combined company. Further, the combined company will avoid the costs that Verizon would have incurred to build out its own long distance and out-of-region networks by using the new company's extensive combined network to meet customer demand. The new company will also be able to take advantage of Verizon's existing vendor relationships to reduce procurement costs and achieve greater economies of scale. Finally, the new company will achieve savings by rationalizing the companies' real estate assets.

4. The revenue enhancements will come from improved customer retention, faster customer growth, and opportunities to sell the broader product and service bundle of the new company to existing customers. Because the new company will be a stronger and more credible competitor in the enterprise space than either company is today on its own, the new company will be able to attract new customers at a faster rate than either company could realize on a standalone basis. Further, the new company will have an expanded bundle of products and services to sell to all customers, including CPE, local, long distance, managed services, and wireless. Thus, for example, the combined companies will be able to sell Verizon's wireless services to MCI's enterprise customer base as the company expands its 3G network. The new company's fiber and Internet backbone assets will help the company grow its optical, Ethernet, and IT service offerings. The company's managed services capacity in voice, data, and IP will allow it to compete more effectively in the high growth managed services segment. In addition, the new company plans to bring its expanded service offerings to mid-sized business customers, which traditionally have not been a target for these services.

5. The cost saving and revenue improvement figures were developed in detail by the Verizon teams that not only performed the MCI diligence but will ultimately be responsible for plan execution. Verizon has publicly announced a high degree of confidence in its ability to achieve the cost savings and revenue improvements that I have described above. Accordingly, officers responsible for particular lines of business within the company will be committing themselves, and their compensation, to achieving these objectives.

6. These financial efficiencies will allow the new company to improve service quality and accelerate the development and offering of new services. The public interest unquestionably will be advanced by the use of fewer economic resources to produce the same services, as well as by the combination of complementary resources to produce improved or new services.

7. My confidence in the certainty of the projected efficiencies is strengthened and validated by the substantial cost savings that Verizon previously achieved through Bell Atlantic's merger with NYNEX Mobile and then NYNEX, as well as its subsequent merger with GTE. Following the merger with NYNEX Mobile, Bell Atlantic's mobile business achieved actual operating and capital expenditure savings that *exceeded* pre-merger estimates by 23% in 1995 and by more than 20% in 1996.[1/] With respect to the Bell Atlantic/NYNEX merger, we projected an increased expense savings of $450 million for 1998 and those savings were

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[1/] *See* Merrill Lynch Capital Markets, *Industry Report No. 1705141 -- Telecom Services/RBOCs & GTE* at 16 (Feb. 23, 1996) (The "synergies the joint venture and much larger footprint" provided were, in fact, "[g]reater than expected."); *see also* Prudential Securities Inc., *Report No. 1659180, Bell Atlantic -- Company Report* at 3 (Oct. 31. 1995); Smith Barney, *Report No. 1740640, Bell Atlantic Corp. -- Company Report* at 3 (May 17, 1996).

achieved.[2/] We similarly achieved the projected annual expense and capital savings for subsequent years. With respect to the Bell Atlantic/GTE merger, we projected savings of $2.7 billion for the period 2000 to 2002. We actually realized savings even greater than projected. After Verizon completed its "bottoms-up" assessment of savings and new revenue opportunities for this transaction with MCI, it compared the total value opportunity against the total benefits that Verizon had previously realized in the Bell Atlantic/NYNEX and Bell Atlantic/GTE combinations. That size-based comparison also supports the conclusion that the expected benefits associated with the MCI combination are achievable.

[2/] *See, e.g.*, Nationsbanc Montgomery, *Bell Atlantic Corporation*, July 23, 1998 ("Merger cost synergies are on schedule to release $450 million in 1998 savings to Bell Atlantic that management can use immediately . . . . We are confident that Bell Atlantic will have in excess of $750 million in 1999 synergies.").

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on March 9, 2005

Stephen E. Smith

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DECLARATION OF STEPHEN E. SMITH

EXHIBIT 1

Doreen Toben

Chief Financial Officer

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Driving Network Efficiency

- Network opportunities
  - Network efficiency
  - Migrating services on net
  - Out-of-Franchise investment
- Savings opportunities
  - Engineering
  - Facilities

Significant network efficiencies

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Significant Operational Initiatives

MCI

- Information Technology
  - Applications, licensing & contracts
  - Data Center efficiency
- Real Estate
- Wholesale
- Procurement
  - Improve vendor efficiency
- Head count reductions primarily in support functions

Lowering our cost position...

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- Stability improves MCI base performance & retention rates
- Bundling across broad portfolio creates attractive value proposition
- Network cost position enables competitive pricing/margin performance
- Unparalleled fiber availability for optical and ethernet portfolio
- Best IP backbone drives IP services growth
- Managed services strength leverages high growth market opportunity
- Wireless Enterprise opportunities increase

...while driving new revenue opportunities

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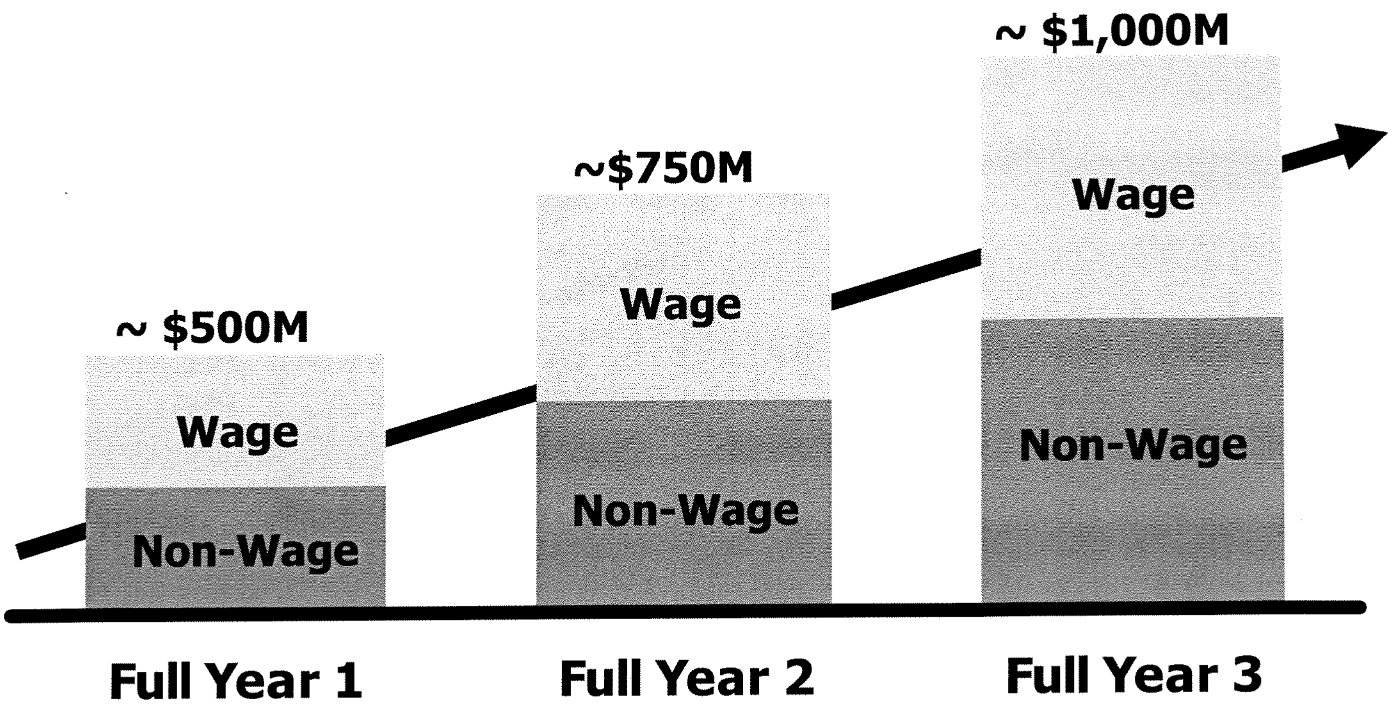
Synergy Impact

MCI



$1 billion run rate in Year 3 & beyond

Consideration

(In millions except for per share data)	Per Share	Aggregate
Effective Value to MCI Shareholders	$20.75	$6,746
Less: Quarterly & Special Cash Dividend	($4.50)	($1,463)
Cash Merger Consideration	($1.50)	($488)
Verizon Stock to be Issued	$14.75	$4,795
Verizon Stock Price @2/11/05	$36.31	
Exchange Ratio	0.4062	
Verizon Shares to be Issued		132.1
% of Pro Forma Outstanding Verizon Shares		4.5%

Equity & cash transaction

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Key Transaction Terms

MCI

- Assumption of Net Debt – Targeted @ $4B
- Closing Adjustment for Contingent Liabilities
  - Bankruptcy, State & International Taxes
  - Downward price adjustment if claims > $1.725B
  - Dollar for Dollar price adjustment
- Customary "Other Terms & Conditions"
- Regulatory approvals required

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Financial Summary

MCI

- Earnings – *(Excluding transition costs & any intangible amortization)*
  - Full Year 1 ~$0.10 dilutive
  - Full Year 3 essentially break even
- Free Cash Flow
  - Accretive in Full Year 3
- Savings
  - $7B NPV
  - Efficiencies driven primarily by expense savings
  - Targeted reduction of 7,000 employees
- Transition Costs
  - Expense - $1.0B - $1.5B through Full Year 3
  - CAPEX - ~$2B through Full Year 3
  - Integration activities largely complete by Full Year 3
- Capital Structure
  - Minimal new share issuance
  - Minimal balance sheet impact while maintaining financial flexibility

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Summary

- Straightforward, simple & smart deal
- Acquire a Next Gen, IP-based product suite
- Improved network capabilities, customer service & account coverage
- Enterprise customers realize a simplified value proposition
- $1B run rate of savings by Full Year 3
- Maintain financial flexibility
- Future stability for MCI
- Create revenue opportunities

Strategic acquisition