Domestic Telecom

Our Domestic Telecom segment consists primarily of our nine operating telephone subsidiaries that provide local telephone services from Maine to Virginia including voice and data transport, enhanced and custom calling features, network access, directory assistance, private lines and public telephones. This segment also provides customer premises equipment distribution, data solutions and systems integration, billing and collections, and Internet access services. Domestic Telecom represents the aggregation of our domestic wireline business units (consumer, enterprise, general, and network services), that focus on specific markets to meet customer requirements.

(Dollars in Millions)	Three Months Ended March 31,		
	2000	1999	% Change
Results of Operations – Adjusted Basis			
Operating Revenues			
Local services	$3,668	$3,488	5.2%
Network access services	2,041	1,944	5.0
Long distance services	455	474	(4.0)
Ancillary services	531	535	(.7)
	6,695	6,441	3.9
Operating Expenses			
Employee costs	1,779	1,806	(1.5)
Depreciation and amortization	1,417	1,336	6.1
Other operating expenses	1,785	1,614	10.6
	4,981	4,756	4.7
Operating Income	$1,714	$1,685	1.7
Adjusted Net Income	$ 893	$ 892	.1

Operating Revenues

Local Services Revenues

Local service revenues are earned by our operating telephone subsidiaries from the provision of local exchange, local private line, public telephone (pay phone) and value-added services. Value-added services are a family of services that expand the utilization of the network. These services include products such as Caller ID, Call Waiting and Return Call.

Growth in local service revenues of $180 million or 5.2% in the first quarter of 2000 was spurred by higher usage of our network facilities. This growth was generated, in part, by an increase in access lines in service of 2.5% from March 31, 1999. We had 43,142,000 switched access lines in service at March 31, 2000, compared to 42,097,000 switched access lines in service at March 31, 1999. Strong customer demand and usage of our data transport and digital services, as well as our value-added and national directory assistance services also contributed to revenue growth in the first quarter of 2000. In addition, the growth in local service revenues was attributable, in part, to the reversal of an accrual as a result of a favorable resolution of a state regulatory matter.

In the first quarter of 2000, local service revenue growth was partially offset by effect of resold access lines and the provision of unbundled network elements to competitive local exchange carriers. Lower revenues from our pay phone services due to the increasing popularity of wireless communications further reduced revenues in the first quarter of 2000.

Network Access Services

Network access services revenues are earned from end-user subscribers and from long distance and other competing carriers who use our local exchange facilities to provide usage services to their customers. Switched access revenues are derived from fixed and usage-based charges paid by carriers for access to our local network. Special access revenues originate from carriers and end-users that buy dedicated local exchange capacity to support their private networks. End-user access revenues are earned from our customers and from resellers who purchase dial-tone services.

Our network access services revenues grew $97 million or 5.0% in the first quarter of 2000, as compared to the same period in 1999. This growth was mainly attributable to higher customer demand, as reflected by growth in access minutes of use of 4.4% from the first quarter of 1999. Volume growth also reflects a continuing expansion of the business market, particularly for high-capacity services. In the first three months of 2000, demand for special access services was robust, reflecting a greater utilization of the network. Higher network usage by alternative providers of intraLATA toll services and higher end-user revenues attributable to an increase in access lines in service also contributed to revenue growth in the first quarter of 2000.

In the first quarter of 2000, network access revenues included approximately $30 million received from customers for the recovery of local number portability (LNP) costs. LNP allows customers to change local exchange carriers while maintaining their existing telephone numbers. In December 1998, the Federal Communications Commission (FCC) issued an order permitting us to recover costs incurred for LNP in the form of monthly end-user charges for a five-year period beginning in March 1999.

Volume-related growth was largely offset by price reductions associated with federal and state price cap filings and other regulatory decisions. State public utility commissions regulate our operating telephone subsidiaries with respect to certain intrastate rates and services and certain other matters. State rate reductions on access services were approximately $22 million in the first three months of 2000, compared to $37 million in first three months of 1999.

The FCC regulates the rates that we charge long distance carriers and end-user subscribers for interstate access services. We are required to file new access rates with the FCC each year. In July 1999, we implemented interstate price decreases of approximately $235 million on an annual basis in connection with the FCC's Price Cap Plan. The rates included in our July 1999 filing will be in effect through June 2000. Interstate price decreases were $175 million on an annual basis for the period July 1998 through June 1999. The rates include amounts necessary to recover our operating telephone subsidiaries' contributions to the FCC's universal service fund and are subject to adjustment every quarter due to potential increases or decreases in our contributions to the fund. The subsidiaries' contributions to the universal service fund are included in Other Operating Expenses. As a result of a U.S. Court of Appeals decision last year, our contributions to the universal service fund were reduced by approximately $107 million annually beginning November 1, 1999, and our interstate access rates were reduced accordingly because we will no longer have to recover these contributions in our rates.

Long Distance Services

Long distance service revenues are earned primarily from calls made to points outside a customer's local calling area, but within the service area of our operating telephone subsidiaries (intraLATA toll). IntraLATA toll calls originate and terminate within the same LATA, but generally cover a greater distance than a local call. These services are regulated by state regulatory commissions, except where they cross state lines. Other long distance services that we provide include 800 services, Wide Area Telephone Service (WATS), corridor services and long distance services outside of our region. In January 2000, we began offering interLATA long distance service in the State of New York.

The decline in long distance service revenues of $19 million or 4.0% in the first quarter of 2000 was principally caused by the competitive effects of presubscription, which enables customers to make intraLATA toll calls using a competing carrier without having to dial an access code. The negative effect of presubscription was partially mitigated by increased network access services revenues for usage of our network by alternative providers. In response to presubscription, we have implemented customer win-back and retention initiatives that include toll calling discount packages and product bundling offers.

These revenue reductions were partially offset by revenues earned from our interLATA long distance services introduced in New York in the first quarter of 2000 and from higher calling volumes attributable to access line growth.

Ancillary Services

Our ancillary services include such services as billing and collections for long distance carriers, collocation and usage of separately priced (unbundled) components of our network by competitive local exchange carriers, data solutions and systems integration, voice messaging, Internet access, customer premises equipment and wiring and maintenance services.

In the first quarter of 2000, we recognized lower ancillary service revenues of $4 million or 0.7% less than the corresponding period last year. The decline was principally due to an accrual for state regulatory matters and from lower billing and collection revenues. These revenue reductions were substantially offset by higher payments received from competitive local exchange carriers for interconnection of their network with our network and for the purchase of unbundled network elements. We also recognized higher revenues from our voice messaging, data solutions and systems integration services.

Operating Expenses

Employee Costs

Employee costs, which consist of salaries, wages and other employee compensation, employee benefits and payroll taxes, decreased in the first quarter of 2000 by $27 million or 1.5%, as compared to the same period in 1999. This expense reduction was largely attributable to lower pension and benefit costs, chiefly due to favorable pension plan investment returns and changes in actuarial assumptions. These factors were partially offset by changes in certain plan provisions, including a previously reported amendment to our management cash balance plan and a special lump sum pension payment to management and associate retirees.

Lower pension and benefit costs were partially offset by the effect of higher work force levels, higher overtime payments, and salary and wage increases for management and associate employees.

Depreciation and Amortization

Depreciation and amortization expense increased $81 million or 6.1% in the first three months of 2000 principally due to growth in depreciable telephone plant and changes in the mix of plant assets. The growth in telephone plant was largely attributable to increased capital expenditures for software and hardware to support the expansion of our network. These expense increases were partially offset by the effect of lower rates of depreciation.

Other Operating Expenses

The increase in other operating expenses of $171 million or 10.6% in the first three months of 2000 was due, in part, to higher costs associated with entering new businesses, such as long distance and data services. Higher interconnection and related costs associated with reciprocal compensation arrangements with competitive local exchange carriers and other carriers to terminate calls on their networks further contributed to the expense increase in the first quarter of 2000. In addition, the growth in other operating expenses was partially attributable to the effect of a reversal in 1999 of an accrual for a tax-related matter. These factors were partially offset by lower costs in the first quarter of 2000 for taxes other than income and Year 2000 readiness.

Global Wireless

Our Global Wireless segment provides wireless telecommunications services to customers in 24 states in the United States and includes foreign wireless investments servicing customers in Latin America, Europe and the Pacific Rim.

(Dollars in Millions)	Three Months Ended March 31,		
	2000	1999	% Change
Results of Operations			
Operating Revenues			
Wireless services	$1,298	$994	30.6%
Operating Expenses			
Employee costs	206	138	49.3
Depreciation and amortization	193	158	22.2
Other operating expenses	684	547	25.0
	1,083	843	28.5
Operating Income	$ 215	$151	42.4
Income (Loss) From Unconsolidated Businesses	$ 25	$ (5)	--
Net Income	$ 93	$ 56	66.1

In December 1999, our domestic wireless subsidiary, Bell Atlantic Mobile (BAM), completed the acquisition of Frontier Corporation's (Frontier) interests in wireless properties doing business under the Frontier Cellular name. This acquisition increased BAM's ownership in Frontier from 50% to 100%. As a result, we changed the accounting for our Frontier Cellular investment from the equity method to full consolidation.

Operating Revenues

First quarter 2000 revenues earned from our consolidated wireless businesses grew by $304 million or 30.6%, as compared to the same period in 1999. This growth was largely attributable to BAM, which contributed $262 million to revenue growth in the first quarter of 2000. Increased usage and customer additions, including the Frontier Cellular acquisition, principally drove this growth. Our domestic cellular customer base grew 24.8% in the first three months of 2000 and total revenue per subscriber was $49.85 in the three month period ended March 31, 2000, compared to $48.03 in the corresponding period in 1999. Revenues from Iusacell S.A. de C.V. (Iusacell), our Mexican wireless investment, grew $43 million or nearly 50% during the first three months of 2000, principally as a result of strong subscriber growth and new pricing plans.

Operating Expenses

Employee Costs

Employee costs at our wireless subsidiaries increased by $68 million or 49.3% in the first three months of 2000, compared to the same period in 1999, principally as a result of higher work force levels at BAM and the effect of the Frontier Cellular acquisition. Employee costs at Iusacell increased slightly in the first quarter of 2000, compared to the same period in 1999, primarily due to salary and wage increases.

Depreciation and Amortization

Depreciation and amortization expense increased by $35 million or 22.2% in the first three months of 2000, compared to the same period in 1999. This increase was mainly attributable to growth in depreciable cellular plant at BAM and Iusacell. These increases were chiefly due to higher capital expenditures to support the increasing demand for wireless services in both the domestic and international markets. The effect of the Frontier Cellular acquisition also contributed to higher depreciation and amortization expense in the first quarter of 2000.

Other Operating Expenses

In the first quarter of 2000, other operating expenses at our Global Wireless subsidiaries increased by $137 million or 25.0%. This expense increase was primarily attributable to the effect of the Frontier Cellular acquisition and increased service costs at our BAM operations due to the growth in BAM's subscriber base, including additional costs of equipment, higher sales commissions and higher roaming payments to wireless carriers. Higher service costs at our Iusacell subsidiary also contributed to expense growth in the first three months of 2000, but to a lesser extent.

Global Wireless – continued

Income (Loss) from Unconsolidated Businesses

In the first quarter of 2000, the increase in equity income from unconsolidated businesses was principally due to improved operating results from our investments in Omnitel Pronto Italia S.p.A. (Omnitel), an international wireless investment in Italy. Omnitel's results were fueled by strong subscriber growth and included the effect of increased goodwill amortization as a result of increases in our economic ownership in Omnitel in 1999 and 1998. Our investments in PrimeCo Personal Communications, L.P. (PrimeCo), a personal communications services (PCS) joint venture and EuroTel Praha in the Czech Republic also reported improved operating results in the first quarter of 2000.

Directory

Our Directory segment consists of our domestic and international publishing businesses, including print directories and Internet-based shopping guides as well as website creation and other electronic commerce services. This segment has operations principally in the United States and Central Europe.

(Dollars in Millions)	Three Months Ended March 31,		
	2000	1999	% Change
Results of Operations			
Operating Revenues			
Directory services	$570	$553	3.1%
Operating Expenses			
Employee costs	84	80	5.0
Depreciation and amortization	9	9	--
Other operating expenses	192	190	1.1
	285	279	2.2
Operating Income	$285	$274	4.0
Net Income	$168	$162	3.7

Operating Revenues

Operating revenues from our Directory segment improved by $17 million or 3.1% in the first quarter of 2000, as compared to the same period in 1999. This revenue growth was principally due to higher business volumes, including revenue from new Internet-based shopping directory and electronic commerce services. Increased prices also contributed to revenue growth in the first quarter of 2000, but to a lesser extent.

Operating Expenses

First quarter 2000 total operating expenses increased $6 million or 2.2% over the corresponding period in 1999, driven principally by increased employee costs due to salary and wage increases.

Other Businesses

Our Other Businesses segment includes international wireline telecommunications investments in Europe and the Pacific Rim and lease financing and all other businesses.

(Dollars in Millions)	Three Months Ended March 31, 2000	1999	% Change
Results of Operations			
Operating Revenues			
Other services	$27	$35	(22.9)%
Operating Expenses			
Employee costs	1	3	(66.7)
Depreciation and amortization	--	--	--
Other operating expenses	18	24	(25.0)
	19	27	(29.6)
Operating Income	$ 8	$ 8	--
Income From Unconsolidated Businesses	$23	$27	(14.8)
Net Income	$36	$39	(7.7)

Operating Results

Operating income results from our Other Businesses were unchanged in the first quarter of 2000, as compared to the corresponding period in 1999. The components of operating income reflect slightly higher operating income growth at our lease financing business, offset by lower operating income at certain non-strategic businesses.

Income from unconsolidated businesses declined by $4 million or 14.8% in the first quarter of 2000, primarily as a result of higher equity losses from our international wireline investment in CWC. These equity losses were partially offset by improved equity results from our investment in Fiberoptic Link Around the Globe (FLAG), which owns an undersea fiberoptic cable system, providing digital communications links between Europe and Asia, and from our investment in BayanTel, a Philippines-based telecommunications company.

Nonoperating Items

(Dollars in Millions)	Three Months Ended March 31,		
	2000	1999	% Change
Interest Expense			
Interest expense from continuing operations	$ 370	$ 315	17.5%
Capitalized interest costs	32	21	52.4
Total interest costs on debt balances	$ 402	$ 336	19.6
Average debt outstanding	$23,898	$20,096	18.9
Effective interest rate	6.7%	6.7%	

Our interest cost on debt balances was higher in the first quarter of 2000 principally due to higher average debt outstanding during the first three months of 2000, as compared to the same period in 1999. Capitalized interest costs were higher in the first quarter of 2000 due to a higher level of plant under construction at our operating telephone subsidiaries.

(Dollars in Millions)	Three Months Ended March 31,		
	2000	1999	% Change
Other Income and (Expense), Net			
Minority interest	$(16)	$(22)	27.3%
Foreign currency gains, net	11	18	(38.9)
Interest income	46	12	--
Other, net	14	11	27.3
Total	$ 55	$ 19	--

The change in other income and expense in the first quarter of 2000, as compared to the same period in 1999, was due to changes in several components, as shown in the table above. In the first quarter of 2000, we recognized lower minority interest expense, principally attributable to our Iusacell investment. The reduction in foreign exchange gains was largely attributable to our Iusacell subsidiary which uses the Mexican peso as its functional currency, but issues U.S. dollar denominated debt.

We recorded additional interest income in the first quarter of 2000 in connection with the settlement of a tax-related matter and higher levels of short-term investments.

	Three Months Ended March 31,	
	2000	1999
Effective Income Tax Rates	38.5%	37.1%

The effective income tax rate is the provision for income taxes as a percentage of income before the provision for income taxes. The increase in the effective income tax rate for the first quarter of 2000 was largely attributable to the loss on the mark-to-market adjustment for exchangeable notes for which there was no state tax benefit provided. This factor was partially offset by a tax benefit associated with the contribution of appreciated property to the Bell Atlantic Foundation.

Consolidated Financial Condition

(Dollars in Millions)	Three Months Ended March 31, 2000	1999	$ Change
Cash Flows From (Used In)			
Operating activities	$3,116	$2,486	$ 630
Investing activities	(3,898)	(998)	(2,900)
Financing activities	45	(1,357)	1,402
Increase (Decrease) in Cash and Cash Equivalents	$ (737)	$ 131	$ (868)

We use the net cash generated from our operations and from external financing to fund capital expenditures for network expansion and modernization, pay dividends, and invest in new businesses. While current liabilities exceeded current assets at March 31, 2000 and 1999 and December 31, 1999, our sources of funds, primarily from operations and, to the extent necessary, from readily available external financing arrangements, are sufficient to meet ongoing operating and investing requirements. We expect that presently foreseeable capital requirements will continue to be financed primarily through internally generated funds. Additional debt or equity financing may be needed to fund additional development activities or to maintain our capital structure to ensure our financial flexibility.

Cash Flows From Operating Activities

Our primary source of funds continued to be cash generated from operations. The increase in cash from operations primarily reflects improved operating income and timing differences in the payment of accounts payable and accrued liabilities.

Cash Flows Used In Investing Activities

Capital expenditures continued to be our primary use of capital resources. We invested $1,770 million in the first quarter of 2000, compared to $1,444 million in the first quarter of 1999 in our Domestic Telecom business to facilitate the introduction of new products and services, enhance responsiveness to competitive challenges and increase the operating efficiency and productivity of the network. We also invested approximately $385 million of capital expenditures in our Wireless, Directory and Other Businesses in the first quarter of 2000, compared to $267 million during the same period last year. We expect capital expenditures in 2000 to be in the range of $8.9 billion to $9.2 billion

We invested $1,038 million in unconsolidated businesses during the first quarter of 2000, including approximately $715 million in Metromedia Fiber Network, Inc. (MFN), $205 million in wireless properties, $96 million in PrimeCo and $22 million in leasing and other partnerships. In the first quarter of 1999, we invested $106 million principally in PrimeCo to fund the build-out and operations of its PCS network.

During the first quarter of 2000, we also invested $975 million in subordinated convertible notes of MFN. You should read Note 3 to the condensed consolidated financial statements for additional information on our relationship with MFN.

In the first quarter of 1999, we received cash proceeds of $612 million in connection with the disposition of our remaining investment in Viacom.

Cash Flows Used In Financing Activities

As in prior quarters, dividend payments were a significant use of capital resources. We determine the appropriateness of the level of our dividend payments on a periodic basis by considering such factors as long-term growth opportunities, internal cash requirements, and the expectations of our shareowners. In the first quarters of 2000 and 1999, we announced a quarterly cash dividend of $.385 per share.

The increase in our total debt (including capital lease obligations) from December 31, 1999 of $2,043 million was primarily due to the mark-to-market adjustment for the CWC exchangeable notes, the purchase of shares in connection with a stock buyback program and to fund capital expenditures. Our debt ratio was 61.0% as of March 31, 2000, compared to 59.7% as of March 31, 1999 and 60.1% as of December 31, 1999.

As of March 31, 2000, we had in excess of $3.8 billion of unused bank lines of credit and $336 million in bank borrowings outstanding. As of March 31, 2000, our operating telephone subsidiaries had shelf registrations for the issuance of up to $2.0 billion of unsecured debt securities. In March 2000, our wholly owned financing subsidiary, Bell Atlantic Financial Services, Inc. (FSI), issued $893 million of medium term notes, the proceeds of which were used to pay down short-term debt. The medium term notes have the benefit of a support agreement between FSI and Bell Atlantic. The debt securities of our telephone and financing subsidiaries continue to be accorded high ratings by primary rating agencies. After the announcement of the Bell Atlantic-GTE merger, the rating agencies placed the ratings of certain of our subsidiaries under review for potential downgrade.

We also have a $2.0 billion Euro Medium Term Note Program, under which we may issue notes that are not registered with the Securities and Exchange Commission. The notes may be issued from time to time by our subsidiary, Bell Atlantic Global Funding, Inc. (BAGF), and will have the benefit of a support agreement between BAGF and Bell Atlantic. There have been no notes issued under this program.

In March 1999, we received cash proceeds of $380 million from a financing transaction involving cellular assets between BAM and Crown Castle International Corporation.

Increase (Decrease) in Cash and Cash Equivalents

Our cash and cash equivalents at March 31, 2000 totaled $360 million, a decrease of $737 million over December 31, 1999. This decrease was primarily attributable to the use of cash from operations to fund the MFN investments. You should read Note 3 to the condensed consolidated financial statements for additional information on the MFN agreement.

Market Risk

We are exposed to various types of market risk in the normal course of our business, including the impact of interest rate changes, foreign currency exchange rate fluctuations, changes in equity investment prices and changes in corporate tax rates. We employ risk management strategies using a variety of derivatives including interest rate swap agreements, interest rate caps and floors, foreign currency forwards and options and basis swap agreements. We do not hold derivatives for trading purposes.

It is our policy to enter into interest rate, foreign currency and other derivative transactions only to the extent necessary to achieve our desired objectives in limiting our exposures to the various market risks. Our objectives include maintaining a mix of fixed and variable rate debt to lower borrowing costs within reasonable risk parameters, hedging the value of certain international investments, and protecting against earnings and cash flow volatility resulting from changes in foreign exchange rates. We do not hedge our market risk exposure in a manner that would completely eliminate the effect of changes in interest rates, equity prices and foreign exchange rates on our earnings. While we do not expect that our liquidity and cash flows will be materially affected by these risk management strategies, our net income may be materially affected by certain market risk associated with the exchangeable notes discussed below.

Exchangeable Notes

In 1998, we issued exchangeable notes as described in Note 6 to the condensed consolidated financial statements and discussed earlier under "Mark-to-Market Adjustment for Exchangeable Notes." These financial instruments expose us to market risk, including:

- Equity price risk, because the notes are exchangeable into shares that are traded on the open market and routinely fluctuate in value.
- Interest rate risk, because the notes carry fixed interest rates.
- Foreign exchange rate risk, because the notes are exchangeable into shares that are denominated in a foreign currency.

Periodically equity price and/or foreign exchange rate movements may require us to mark to market the exchangeable note liability to reflect the increase in the current share price over the established exchange price, resulting in a charge to income.

The following sensitivity analysis measures the effect on earnings and financial condition due to changes in the underlying share prices of the TCNZ and CWC stock.

- At March 31, 2000, the exchange price for the TCNZ shares (expressed as American Depositary Receipts) was $44.93 and the exchange price for the CWC shares (expressed as American Depositary Shares) was $58.18.
- For each $1.00 increase in value of the TCNZ shares or the CWC shares above the exchange price, our earnings would be reduced by approximately $55 million or $56 million, respectively. A subsequent decrease in value of the TCNZ shares or the CWC shares would correspondingly increase earnings, but not to exceed the amount of any previous reductions in earnings. Our earnings are not affected so long as the TCNZ and CWC share prices remain at or below their exchange prices.
- Our cash flows would not be affected by mark-to-market activity relating to the exchangeable notes.
- If we decide to deliver shares in exchange for the notes, the exchangeable note liability (including any mark-to-market adjustments) will be eliminated and the investment will be reduced by the book value of the related number of shares delivered. Upon settlement, the excess of the liability over the book value of the related shares delivered will be recorded as a gain. We also have the option to settle these liabilities with cash upon exchange.

A proposed restructuring of CWC would change the securities to be delivered upon exchange of the CWC exchangeable notes. Under this restructuring, we would receive shares in the two acquiring companies in exchange for our CWC shares.

Equity Risk

We also have equity price risk associated with our investments, primarily in common stocks and convertible debt securities that are carried at their fair value. The value of these investments is subject to changes in the market prices of the securities.

Investments recorded at their fair value totaled $5,093 million at March 31, 2000 and $2,296 million at December 31, 1999. The increase from December 31, 1999 was primarily due to our purchase of common stock and subordinated convertible debt securities of MFN. See Note 3 to the condensed consolidated financial statements for a further description of the MFN transaction.

A sensitivity analysis of our investments recorded at their fair value indicated that a 10% increase or decrease in the fair value of these securities would result in a $509 million increase or decrease in the fair value of the investments. A change in fair value, net of income taxes, would be recognized in Accumulated Other Comprehensive Income (Loss) in our statement of changes in shareowners' investment.

Other Factors That May Affect Future Results

Proposed Bell Atlantic – GTE Merger

Bell Atlantic and GTE Corporation have announced a proposed merger of equals under a definitive merger agreement dated as of July 27, 1998. Under the terms of the agreement, GTE shareholders will receive 1.22 shares of Bell Atlantic common stock for each share of GTE common stock that they own. Bell Atlantic shareholders will continue to own their existing shares after the merger.

We expect the merger to qualify as a pooling of interests, which means that for accounting and financial reporting purposes the companies will be treated as if they had always been combined. At annual meetings held in May 1999, the shareholders of each company approved the merger. The completion of the merger is subject to a number of conditions, including certain regulatory approvals (all of which have been obtained except that of the Federal Communications Commission) and receipt of opinions that the merger will be tax-free.

We are targeting completion of the merger in the second quarter of 2000. In April 2000, we announced that the combined company will be called Verizon Communications.

Future operating revenues, expenses and net income of the combined company may not follow the same historical trends, or reflect the same dependence on economic and competitive factors, as presented above in our discussion of our own historical results of operations and financial condition. You should refer to our Current Report on Form 8-K dated April 17, 2000, as amended by a Form 8-K/A dated May 11, 2000, for unaudited pro forma financial information for the period ended December 31, 1999.

Recent Developments

Verizon Wireless

On April 3, 2000, we and Vodafone AirTouch plc (Vodafone AirTouch) consummated our previously announced agreement to combine our U.S. wireless assets. Vodafone AirTouch contributed its U.S. wireless assets (including its 50% ownership of PrimeCo Personal Communications, L.P.) and approximately $4 billion of liabilities to an existing Bell Atlantic partnership (Cellco Partnership, now doing business as Verizon Wireless) in exchange for a 65.1% interest in Verizon Wireless, and we retained a 34.9% interest. It is anticipated that, upon completion of our merger with GTE, the combined company will contribute its interest in the U.S. wireless assets of GTE and increase its interest in Verizon Wireless to 55%. We have announced that we are planning an initial public offering of part of Verizon Wireless later this year.

We will account for this transaction as a purchase method business combination. For accounting purposes, we will consolidate the Verizon Wireless operations because we control its operating and financial policies. Vodafone AirTouch has the right to require Verizon Wireless and us to purchase up to $20 billion of its interest in Verizon Wireless in several stages between 2003 and 2007.

You should refer to our Current Report on Form 8-K dated April 17, 2000, as amended by a Form 8-K/A dated May 11, 2000, for unaudited pro forma financial information relating to the Verizon Wireless transaction for the period ended December 31, 1999.

FCC Regulation and Interstate Rates

Price Caps

As previously reported, in May 1999, the U.S. Court of Appeals reversed the FCC order that adopted the current 6.5% productivity factor applied to interstate access rates, but granted the FCC a stay of its order until April 1, 2000. The Court has further extended the stay until June 30, 2000 to allow the FCC time to consider an industry proposal to further restructure access rates.

State Regulation

Pennsylvania

On September 30, 1999, the Pennsylvania Public Utility Commission (PUC) issued a final decision in its "Global" proceeding on telecommunications competition matters. The decision proposes to require our operating telephone subsidiary in Pennsylvania, Bell Atlantic – Pennsylvania, to split into separate retail and wholesale corporations. It proposes reductions in access charges applicable to services provided to interexchange carriers and in both unbundled network element rates and wholesale rates applicable to services and facilities provided to competitive local exchange carriers. It requires Bell Atlantic – Pennsylvania to provide combinations of unbundled network elements beyond those required by the FCC. It reclassifies certain business services as "competitive," but restricts the pricing freedom that such classification is supposed to give Bell Atlantic – Pennsylvania. It sets a schedule of prerequisites for state endorsement of a Bell Atlantic – Pennsylvania application to the FCC for permission to offer in-region long distance service under Section 271 of the Telecommunications Act of 1996 (1996 Act) that are likely to delay that endorsement. Bell Atlantic – Pennsylvania has challenged the lawfulness of this order in the Pennsylvania Supreme Court, the Commonwealth Court of Pennsylvania and the Federal District Court.

On January 18, 2000, Bell Atlantic – Pennsylvania and fourteen other parties submitted to the PUC a Joint Petition for Settlement to resolve the appeals from the Global Order. If approved by the PUC, the settlement would eliminate the wholesale/retail separate subsidiary requirement and replace it with a requirement to establish an advanced services affiliate. The settlement would also expedite the process to obtain state endorsement of any Bell Atlantic – Pennsylvania application to the FCC for permission to offer long distance service. On February 2, 2000, the Commonwealth Court denied the PUC's request to consider the settlement and set an expedited briefing schedule for the appeals. On February 22, 2000, the PUC and Bell Atlantic – Pennsylvania appealed this determination to the Pennsylvania Supreme Court and on April 28, 2000, the Pennsylvania Supreme Court denied the appeal. The Commonwealth Court will hear oral arguments on appeals of the Global Order on May 17, 2000. Pending the outcome of the appeals, the PUC has reinstated proceedings to consider the structural separation aspect of its Global Order and has invited Bell Atlantic – Pennsylvania to submit alternative proposals.

Other Matters

Recent Accounting Pronouncements

FASB Accounting Standard – Derivatives and Hedging Activities

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires that all derivatives be measured at fair value and recognized as either assets or liabilities on our balance sheet. Changes in the fair values of derivative instruments will be recognized in either earnings or comprehensive income, depending on the designated use and effectiveness of the instruments.

The FASB amended this pronouncement in June 1999 to defer the effective date of SFAS No. 133 for one year. We must adopt SFAS No. 133 no later than January 1, 2001. On March 3, 2000, the FASB issued a Proposed SFAS, "Accounting for Certain Derivative Instruments and Certain Hedging Activities," which would amend SFAS No. 133. The proposed amendments address certain implementation issues and relate to such matters as the normal purchases and normal sales exception, the definition of interest rate risk, hedging recognized foreign-currency-denominated debt instruments, and intercompany derivatives.

We are currently evaluating the provisions of SFAS No. 133 and the proposed amendments. The impact of adoption will be determined by several factors, including the specific hedging instruments in place and their relationships to hedged items, as well as market conditions at the date of adoption.

FASB Interpretation – Stock Compensation

In March 2000, the FASB issued Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation." Interpretation No. 44 was issued in order to clarify certain issues arising from Accounting Principles Board (APB) Opinion No. 25 "Accounting for Stock Issued to Employees," which was previously issued in October 1972. Interpretation No. 44 is effective July 1, 2000, but certain conclusions cover specific events that occur either after December 15, 1998 or January 12, 2000.

The main issues addressed by Interpretation No. 44 are: (a) the definition of an employee for purposes of applying APB Opinion No. 25, (b) the criteria for determining whether a plan qualifies as a noncompensatory plan, (c) the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange of stock compensation awards in a business combination.

We do not expect that Interpretation No. 44 will have a material impact on our results of operations or financial position.

SEC Staff Accounting Bulletin – Revenue Recognition

In December 1999, the SEC issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements," which currently must be adopted by June 30, 2000. SAB No. 101 provides additional guidance on revenue recognition, as well as criteria for when revenue is generally realized and earned, and also requires the deferral of incremental direct selling costs. We are currently assessing the impact of SAB No. 101 on our results of operations and financial position.

Cautionary Statement Concerning Forward-Looking Statements

In this Management's Discussion and Analysis, and elsewhere in this Quarterly Report, we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "hopes" or similar expressions. 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, along with those discussed elsewhere in this Quarterly Report, could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- materially adverse changes in economic conditions in the markets served by us or by companies in which we have substantial investments;
- material changes in available technology;
- the final outcome of federal, state, and local regulatory initiatives and proceedings, including arbitration proceedings, and judicial review of those initiatives and proceedings, pertaining to, among other matters, the terms of interconnection, access charges, universal service, and unbundled network element and resale rates;
- the extent, timing, success, and overall effects of competition from others in the local telephone and toll service markets;
- the timing and profitability of our entry into the in-region long distance market;
- the timing of, and regulatory or other conditions associated with, the completion of the merger with GTE and our ability to combine operations and obtain revenue enhancements and cost savings following the merger; and
- the ability of Verizon Wireless to combine operations and obtain revenue enhancements and cost savings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information relating to market risk is included in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, in the Financial Condition section under the caption "Market Risk."

Part II - Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) *Exhibits:*

Exhibit Number	
10	Bell Atlantic 1985 Incentive Stock Option Plan, restated as of May 1, 2000, to incorporate *amendments adopted through April 30, 2000.*
12	Ratio of Earnings to Fixed Charges.
27	Financial Data Schedule.

(b) Reports on Form 8-K filed during the quarter ended March 31, 2000:

A Current Report on Form 8-K, dated January 24, 2000, was filed regarding our 1999 financial results.

A Current Report on Form 8-K, dated February 15, 2000, was filed reporting unaudited pro forma combined condensed financial statements for Bell Atlantic Corporation and GTE Corporation for the nine-month period ended September 30, 1999.

A Current Report on Form 8-K, dated March 1, 2000, was filed regarding a new share buyback program.

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 thereunto duly authorized.

BELL ATLANTIC CORPORATION

Date: May 12, 2000

By /s/ Doreen A. Toben

Doreen A. Toben
Vice President - Controller
(Principal Accounting Officer)

UNLESS OTHERWISE INDICATED, ALL INFORMATION IS AS OF MAY 10, 2000.

Exhibit 12

Computation of Ratio of Earnings to Fixed Charges
Bell Atlantic Corporation and Subsidiaries

(Dollars in Millions)	Three Months Ended March 31, 2000
Income before provision for income taxes	$1,188
Minority interest	16
Income from unconsolidated businesses	(123)
Dividends received from unconsolidated businesses	25
Interest expense, including interest related to lease financing activities	374
Portion of rent expense representing interest	45
Amortization of capitalized interest	8
Income, as adjusted	$1,533
Fixed charges:	
Interest expense, including interest related to lease financing activities	$ 374
Portion of rent expense representing interest	45
Capitalized interest	32
Preferred stock dividend requirement	5
Fixed charges	$ 456
Ratio of Earnings to Fixed Charges	3.36