VERIZON COMMUNICATIONS INC
Form PRER14A
December 06, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934 (Amendment No. 2)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under Rule 14a-12

VERIZON COMMUNICATIONS INC.

(Name of Registrant as Specified in its Charter)

(Name(s) of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

x Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid: $7,691,276

(2) Form, Schedule or Registration Statement No.: Registration Statement on Form S-4

(3) Filing Party: Verizon Communications Inc.

(4) Date Filed: October 8, 2013

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Verizon Communications Inc.
140 West Street
New York, New York 10007
Telephone: (212) 395-1000

December [ ], 2013

Dear Fellow Shareholders:

On behalf of the Board of Directors, we invite you to attend a special meeting of the shareholders of Verizon Communications Inc. The meeting will be held on January 28, 2014 at 10:00 a.m., local time, at the Westin Governor Morris, Morristown, 2 Whippany Road, Morristown, New Jersey.

On September 2, 2013, we entered into a stock purchase agreement with Vodafone Group Plc in order to acquire Vodafone s indirect 45% ownership stake in Verizon Wireless for aggregate consideration of approximately $130 billion, consisting primarily of cash and stock.

Our Board of Directors unanimously approved the transaction. The transaction is subject to certain closing conditions, including regulatory approvals and the approvals of both companies shareholders.

Accordingly, you are being asked to consider and vote on a proposal at the special meeting to approve the issuance of shares of our common stock to Vodafone ordinary shareholders in connection with the transaction.

In addition, although we currently have sufficient shares of our common stock authorized to complete this issuance to Vodafone ordinary shareholders, the transaction will require the use of a substantial portion of the remaining authorized but unissued shares of our common stock. To allow for additional authorized common stock to support our growth and provide flexibility for future corporate needs, at the special meeting you will also be asked to consider and vote on a proposal to amend Article 4(A) of our charter to increase the number of shares of common stock we are authorized to issue. The approval of this charter amendment is not a condition to the completion of the transaction.

Our Board of Directors unanimously recommends that our shareholders vote FOR each of these proposals.

Your vote is important. Please take the time to read the accompanying proxy statement and to vote so that your shares are represented at the meeting.

We appreciate your interest and continued support.

Sincerely,

Lowell McAdam

Chairman and Chief Executive Officer

Your vote is important. Please vote promptly.

You may vote online, by telephone or

by signing, dating and returning

the enclosed proxy card.

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Notice of Special Meeting of Shareholders

Time and Date	10:00 a.m., local time, on January 28, 2014
Place	The Westin Governor Morris, Morristown 2 Whippany Road Morristown, New Jersey 07960
Items of Business	Approve the issuance of up to approximately 1.28 billion shares of Verizon common stock to Vodafone ordinary shareholders in connection with Verizon s acquisition of Vodafone s indirect 45% interest in Verizon Wireless Approve an amendment to Article 4(A) of Verizon s restated certificate of incorporation to increase Verizon s authorized shares of common stock by 2 billion shares to an aggregate of 6.25 billion authorized shares of common stock Approve the adjournment of the special meeting to solicit additional votes and proxies if there are insufficient votes at the time of the special meeting to approve the above proposals ***Our Board of Directors unanimously recommends that you vote FOR each of the above proposals.***
How to Vote	If you are a registered shareholder as of the record date for the special meeting, you may vote online at www.envisionreports.com/vz_special, by telephone or by mailing a proxy card. You may also vote in person at the special meeting. If you hold shares through a bank, broker or other institution, you may vote your shares by any method specified on the voting instruction form that the bank, broker or other institution provides. We encourage you to vote your shares as soon as possible.

By Order of the Board of Directors,

William L. Horton, Jr.

Senior Vice President,

Deputy General Counsel and

Corporate Secretary

December [ ], 2013

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PRELIMINARY   SUBJECT TO COMPLETION   DATED DECEMBER 6, 2013

Proxy Statement

We are mailing or otherwise delivering this proxy statement to our shareholders beginning on or about [   ], and it is also available online at www.edocumentview.com/vz or, if you are a registered holder, at www.envisionreports.com/vz_special. The Board of Directors is soliciting proxies in connection with the special meeting of shareholders and encourages you to read this proxy statement and vote your shares online, by telephone or by mailing your proxy card.

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SUMMARY OF THE TRANSACTION

This summary highlights selected information from this proxy statement with respect to the stock purchase agreement and the transaction. It may not contain all of the information that is important to you. To more fully understand the transaction, you should carefully read the entire proxy statement, including the annexes, and the information incorporated by reference or referred to in this proxy statement. See Where You Can Find Additional Information. The page references have been included in this summary to direct you to a more complete description of the topics presented below.

Unless the context requires otherwise, references in this proxy statement to Verizon, we, us and our are to Verizon Communications Inc., a Delaware corporation, and/or its consolidated subsidiaries (including, where the context requires, Verizon Wireless), and references in this proxy statement to Vodafone are to Vodafone Group Plc, an English public limited company, and/or its consolidated subsidiaries.

Overview

Cellco Partnership d/b/a Verizon Wireless (Verizon Wireless) provides wireless communications services across one of the most extensive wireless networks in the United States and operates the country s largest 4G LTE (Long Term Evolution) network. In the United States, Verizon Wireless is the industry leader in terms of retail connections, profitability as measured by EBITDA service margin, and customer loyalty as measured by post-paid churn. Verizon Wireless had operating revenues of $75.9 billion in 2012 and $59.9 billion in the first nine months of 2013. Verizon Wireless was formed in April 2000 by Verizon and Vodafone.

Verizon is a holding company that, acting through its subsidiaries, is one of the world s leading providers of telecommunications services and solutions to individual, business and government customers in the United States and in over 150 countries around the world. Vodafone has equity interests in telecommunications operations in nearly 30 countries and around 50 partner networks worldwide. Currently, Verizon indirectly owns 55% of the interests in Verizon Wireless, and Vodafone indirectly owns 45% of the interests in Verizon Wireless. Additional information about each of these companies can be found under the heading The Transaction The Companies.

On September 2, 2013, Verizon, Vodafone and Vodafone 4 Limited, a wholly owned subsidiary of Vodafone that we refer to as Seller, entered into a stock purchase agreement, pursuant to which Verizon agreed to acquire Vodafone s indirect 45% interest in Verizon Wireless for aggregate consideration of approximately $130 billion. The acquisition is structured as the acquisition by Verizon of 100% of the stock of Vodafone s U.S. holding entity, which indirectly holds Vodafone s 45% interest in Verizon Wireless.

On December 5, 2013, Verizon, Vodafone and Seller entered into the first amendment to the stock purchase agreement, which we refer to as the first amendment, setting forth certain technical amendments to the stock purchase agreement. We refer to the stock purchase agreement, as amended by the first amendment, as the stock purchase agreement.

Pursuant to the terms and subject to the conditions set forth in the stock purchase agreement, Verizon will acquire from Seller all of the issued and outstanding capital stock of Vodafone Americas Finance 1 Inc., a wholly owned indirect U.S. subsidiary of Vodafone that owns the 45% interest in Verizon Wireless indirectly through other U.S. subsidiaries. We refer to Vodafone Americas Finance 1 Inc. as Holdco and to it and its subsidiaries that are being acquired as the purchased entities.

Verizon s Reasons for the Transaction (page 30)

Verizon s Board of Directors approved the transaction for a number of reasons, including because:

the transaction is expected to be accretive to Verizon s earnings per share and cash flow;

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- the transaction is expected to allow Verizon greater flexibility to develop and market converged communications solutions across all its platforms and to improve operating efficiencies;
- due to capital market conditions and the value of Verizon s common stock, the cash flow attributable to the Verizon Wireless interest being acquired is expected to be greater than the cost of servicing the indebtedness incurred to finance the transaction and the cash required to pay dividends on the Verizon common stock to be issued in the transaction; and
- given that Verizon already controls Verizon Wireless, the transaction does not present the integration and due diligence risks associated with many strategic transactions.

These reasons for the transaction, as well as the process the parties engaged in to reach agreement on the transaction, are described in more detail under the headings The Transaction Verizon s Reasons for the Transaction and The Transaction Background of the Transaction. This proxy statement also describes other details of the transaction, including the consideration to be paid, the financing, the risks associated with the transaction and the conditions to consummation of the transaction.

This proxy statement also contains details regarding the special meeting of shareholders that the Board has scheduled to request your vote on matters related to the transaction. This information is included under the heading Special Meeting. For the reasons described, the Board unanimously recommends that you vote **FOR** each of the three proposals included in this proxy statement.

Transaction Consideration (page 51)

In consideration for Vodafone s indirect interest in Verizon Wireless, upon closing of the transaction, Verizon has agreed to:

- pay to Seller approximately $58.9 billion in cash, which we call the cash consideration, subject to the cash election and cash ticking fee (in each case as described herein);
- issue to Vodafone s shareholders that number of shares of Verizon common stock calculated pursuant to the stock purchase agreement by dividing $60.15 billion by the average trading price, as described below, and subject to the stock consideration collar mechanism and cash election described herein, which we call the stock consideration;
- issue to Seller senior unsecured Verizon notes in an aggregate principal amount of $5.0 billion, which we call the Verizon notes;
- transfer to a subsidiary of Vodafone Verizon s indirect 23.1% interest in Vodafone Omnitel N.V. (Omnitel, and such interest, the Omnitel interest), valued at $3.5 billion; and

provide other consideration valued at approximately $2.5 billion, including the indirect assumption of long-term obligations with respect to two classes of outstanding preferred stock with a face amount of $1.65 billion that were issued by one of the purchased entities, are beneficially held by third parties, are mandatorily redeemable in April 2020 and will remain outstanding after the closing of the transaction, which we refer to as the VAI preferred stock.

The exact number of shares of Verizon common stock to be issued in the transaction will be equal to $60.15 billion (as adjusted by any cash election, as described below) divided by the average trading price, which is the volume-weighted average trading price per share of Verizon common stock on the New York Stock Exchange (NYSE) during the 20 consecutive full trading days ending on the third business day prior to the closing of the transaction, except that the price used to determine the number of shares issued will not be less than $47.00 per share or more than $51.00 per share. Depending on the trading prices of Verizon common stock prior to the closing of the transaction, and subject to the assumptions described in this proxy statement, it is expected that current Verizon shareholders will collectively own between approximately 69% and 71% of Verizon s outstanding common stock immediately following the closing, and current Vodafone shareholders will collectively own between approximately 29% and 31% of Verizon s outstanding common stock immediately following the closing.

The Verizon shares to be issued in the transaction are expected to be listed on the NYSE, the NASDAQ Global Select Market (NASDAQ) and the London Stock Exchange (LSE). In addition, Verizon has the right to increase the cash consideration (and correspondingly decrease the stock consideration) by an aggregate amount of up to $15.0 billion in certain specified circumstances.

Vodafone ordinary shareholders will receive all of the stock consideration in proportion to their ownership interest in Vodafone. As of August 30, 2013, based on publicly available information, no Vodafone shareholder owned more than 6% of Vodafone s outstanding shares, and only three Vodafone shareholders owned more than 3% of its outstanding shares.

Transaction Structure (page 54)

The parties will seek to implement the transaction as a scheme of arrangement under the laws of England and Wales. This transaction structure, which we call the scheme, is a U.K. statutory procedure under Part 26 of the UK Companies Act 2006 between a company and its shareholders pursuant to which the High Court of Justice of England and Wales (UK Court) may approve, and thus bind, the company to an arrangement with its shareholders. A scheme of arrangement is commonly used to effect a return of value to shareholders. Under the terms of the scheme, at completion (i) Vodafone will issue bonus shares to its shareholders; (ii) Vodafone will transfer all of the issued and outstanding capital stock in Holdco to Verizon and Verizon will pay Vodafone the cash consideration, the Verizon notes and the remaining consideration payable by Verizon directly to Vodafone under the transaction; and (iii) Verizon will issue the stock consideration, and Vodafone will distribute a portion of the cash consideration, in each case to Vodafone shareholders holding the bonus shares, either as a repayment of capital in exchange for the cancellation of those shares or as a special dividend on those shares, depending on elections (or deemed elections) by Vodafone shareholders.

To become effective, the scheme requires, among other things, the approval of holders of 75% of the Vodafone ordinary shares voting on the scheme and a majority in number of the holders of Vodafone ordinary shares voting on the scheme, as well as the sanction by the UK Court of the scheme and confirmation of the UK Court of the related Vodafone reduction of capital.

If Vodafone shareholder approval, as well as UK Court approval, of the scheme is not obtained or other specified conditions relating to the scheme are not satisfied or waived, or if the scheme lapses in accordance with its terms or is withdrawn, the parties will seek to implement the transaction as a purchase and sale of all of the issued and outstanding capital stock of Holdco held by Seller. We refer to this alternative transaction structure as the share purchase. The share purchase requires, among other things, the approval of holders of a majority of the Vodafone ordinary shares voting on the share purchase. When we use the term transaction or Verizon Wireless transaction in this proxy statement, we are referring to Verizon s acquisition of Vodafone s indirect interest in Verizon Wireless, which acquisition is structured as the acquisition by Verizon of certain of Vodafone s U.S. holding entities that indirectly hold Vodafone s 45% interest in Verizon Wireless, regardless of whether the acquisition is implemented as a scheme or as a share purchase.

The parties structured the transaction to provide for the distribution of Verizon shares to Vodafone s shareholders because Verizon did not want Vodafone to be the sole holder of the Verizon shares to be issued in the transaction. In addition, as set out on page 26, Vodafone requested the use of a scheme of arrangement as it provides a well-established structure for returning value to shareholders, and Vodafone has informed Verizon that Vodafone intends to return 71% of the net proceeds of the transaction (including the Verizon shares constituting the stock consideration) to its shareholders.

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Reorganization (page 54)

Vodafone has agreed to effect a reorganization of the assets and liabilities held under Holdco prior to the closing of the transaction, which we refer to as the Reorganization, so that (i) at closing, the only equity interests held directly or indirectly by Holdco will be equity interests in another purchased entity or in Verizon Wireless, (ii) Verizon will not acquire any assets other than those assets Verizon has expressly agreed to acquire and (iii) Verizon will not assume any liabilities other than those liabilities Verizon has expressly agreed to assume.

As part of the Reorganization, the equity interests of certain non-U.S. entities currently held under Holdco will be sold in exchange for consideration including a note payable by Vodafone. The Reorganization will involve a series of steps as a result of which the purchased entities will be left with no assets or liabilities other than (i) the 45% interest in Verizon Wireless; (ii) the VAI preferred stock; (iii) the note payable by Vodafone, which will be exchanged for (at or immediately after completion of the Verizon Wireless transaction pursuant to the terms of the stock purchase agreement) a note of the same amount and on similar terms issued by Verizon to the Seller, which will remain outstanding after the closing as a Verizon intercompany note held by one of the purchased entities; (iv) certain payables and receivables owed between the purchased entities; and (v) cash in the amount of $250 million.

As further discussed under the heading The Transaction Indemnification Indemnification of Verizon, Vodafone has agreed to indemnify Verizon, its affiliates and their respective representatives against any losses actually incurred or suffered in connection with, arising out of or resulting from, among other things, the Reorganization and all assets and liabilities of the purchased entities other than those that Verizon agreed to acquire or assume as assets and liabilities of the purchased entities following the Reorganization.

Omnitel Transaction (page 55)

As part of the total transaction consideration, Verizon, through a subsidiary, has agreed to transfer the Omnitel interest to a subsidiary of Vodafone pursuant to a separate share purchase agreement, which we refer to as the Omnitel share purchase agreement. Following this transfer, Vodafone will indirectly own 100% of the interests in Omnitel. The completion of the Verizon Wireless transaction is a condition to the completion of the Omnitel transaction, but completion of the Omnitel transaction is not a condition to completion of the Verizon Wireless transaction. It is currently expected that the Omnitel transaction will close concurrently with the Verizon Wireless transaction.

If the Omnitel transaction does not close concurrently with the Verizon Wireless transaction, Verizon has agreed to issue a note to Seller in the amount of $3.5 billion. This note, which we call the Omnitel note, will be surrendered to the selling Verizon subsidiary upon completion of the Omnitel transaction in payment for the Omnitel interest. If the Omnitel transaction has not been completed by the second anniversary of the completion of the Verizon Wireless transaction, either party may terminate the Omnitel share purchase agreement. The Omnitel note would mature upon termination of the Omnitel share purchase agreement and may be settled in cash, shares of Verizon common stock or a combination thereof, at Verizon s election.

Accounting Treatment of the Transaction (page 72)

In accordance with Accounting Standards Codification (ASC) Topic 810, Consolidation, the transaction will be accounted for as an equity transaction. Remeasurement of assets and liabilities of previously controlled and consolidated subsidiaries will not be permitted. The carrying amount of the noncontrolling interest will be adjusted to reflect the change in Verizon s ownership interest in Verizon Wireless. Any difference between the fair value of the consideration paid and the amount by which the noncontrolling interest is adjusted will be recognized in equity attributable to Verizon.

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Opinions of Verizon s Financial Advisors (page 32, Annex C and Annex D)

On September 2, 2013, each of J.P. Morgan Securities LLC, which we refer to as J.P. Morgan, and Morgan Stanley & Co. LLC, which we refer to as Morgan Stanley, rendered its respective oral opinion, which was subsequently confirmed in writing, to Verizon s Board of Directors that, as of such date and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in each such opinion, the consideration to be paid by Verizon pursuant to the transaction, as provided for in the draft stock purchase agreement dated September 2, 2013 that was provided to each of J.P. Morgan and Morgan Stanley, was fair from a financial point of view to Verizon. For a more complete description, see The Transaction Opinions of Verizon s Financial Advisors.

The full texts of the written opinions of J.P. Morgan and Morgan Stanley, dated September 2, 2013, are attached as Annexes C and D, respectively, to this proxy statement. This summary is qualified in its entirety by reference to the full text of such opinions, which opinions should be read in their entirety. J.P. Morgan and Morgan Stanley provided their advisory services and opinions for the information and assistance of Verizon s Board of Directors in connection with its evaluation of the proposed transaction. The opinions of J.P. Morgan and Morgan Stanley do not constitute a recommendation as to how any shareholder of Verizon should vote at the special meeting.

Shareholder Approvals (page 55)

As a condition to completion of the transaction, Verizon shareholders must approve the issuance of the stock consideration, which we call the share issuance, by the affirmative vote of a majority of the votes cast at the Verizon special meeting to which this proxy statement relates. In connection with the transaction, we are also seeking shareholder approval of an amendment to our restated certificate of incorporation, which we refer to as our charter, to provide for an increase in the number of authorized shares of Verizon common stock, which requires the affirmative vote of a majority of all the outstanding shares of Verizon common stock entitled to vote at the special meeting. Shareholder approval of the proposal to amend our charter is not a condition to completion of the transaction.

In connection with the transaction, certain Vodafone shareholder approvals are being requested. As a condition to completion of the transaction, Vodafone shareholders must approve a series of resolutions related to the sale of all of the issued and outstanding capital stock of Holdco and the purchase of the Omnitel interest, which we call the Vodafone sale resolutions. These resolutions must be approved by holders of a majority of the Vodafone ordinary shares voting on the relevant resolutions to be proposed at a general meeting of Vodafone shareholders.

Vodafone is also seeking the necessary shareholder approvals of resolutions to allow the transaction to be implemented as a scheme. The highest vote required for these resolutions is approval from the holders of 75% of the Vodafone ordinary shares voting on the scheme and a majority in number of the holders of Vodafone ordinary shares voting on the scheme. Approval by Vodafone shareholders of the scheme resolutions is a condition to completion of the transaction as a scheme but is not a condition to the completion of the transaction as a share purchase.

Regulatory Approvals (page 56)

As a condition to the completion of the transaction, the parties have obtained approvals from the U.S. Federal Communications Commission (FCC) pursuant to the Communications Act of 1934, as amended. As a condition to completion of the Omnitel transaction, the parties have obtained the approval of the European Commission under the applicable European Union merger regulations and Vodafone has informed Verizon that it has submitted a notice to the Italian Ministry of Economic Development Communication Department with respect to certain of Omnitel s rights to use frequencies in Italy.

If the transaction is implemented as a scheme, the transaction is also subject to the sanction of the scheme and confirmation of the related reduction of capital by the UK Court.

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Conditions to Completion of the Transaction (page 61)

The obligations of Verizon and Vodafone to complete the transaction are subject to the following conditions:

- approval by Verizon shareholders of the share issuance and approval by Vodafone shareholders of the Vodafone sale resolutions;
- Vodafone s completion of the Reorganization in accordance with the stock purchase agreement;
- receipt of any required FCC approvals;
- approval of the Verizon shares to be issued in the transaction for listing on the NYSE and NASDAQ, subject only to official notice of issuance;
- receipt of certain acknowledgements from the LSE and the United Kingdom Listing Authority (UKLA) with respect to the listing of the Verizon shares to be issued in the transaction on the LSE;
- effectiveness under the Securities Act of 1933, as amended, which we refer to as the Securities Act, of the registration statement relating to the issuance of shares of Verizon common stock in the transaction, with no stop order in effect or sought; and
- the absence of any law, injunction or order enacted, issued, promulgated, enforced or entered by any governmental entity that is in effect and has the effect of making the transaction illegal or otherwise preventing or prohibiting the transaction.

Each party s obligation to complete the transaction is conditioned upon:

- the accuracy of the other party s representations and warranties, subject to specified materiality standards;
- the performance by the other party of its obligations under the stock purchase agreement in all material respects; and
- the delivery by the other party of an officer s certificate certifying such accuracy of its representations and warranties and such performance of its obligations.

In addition, the obligations of Verizon and Vodafone to implement the transaction as a scheme are subject to the satisfaction of certain conditions relating to the effectiveness of the scheme under U.K. law.

The parties currently expect the transaction to close in the first quarter of 2014, subject to the satisfaction or waiver of all conditions.

Termination of the Stock Purchase Agreement (page 62)

The stock purchase agreement may be terminated any time prior to completion of the transaction:

- by mutual written agreement of Verizon and Vodafone;

- by either Verizon or Vodafone if the transaction has not been completed on or before September 2, 2014 (unless the failure of the transaction to be completed by such time resulted from such party s breach of the stock purchase agreement);

- by either Verizon or Vodafone if the other party materially violated or breached any provision in the stock purchase agreement or Omnitel share purchase agreement, which has caused or would cause the failure of the mutual closing conditions in the stock purchase agreement to be satisfied and the violation or breach is incapable of being cured or has not been cured within 60 days after written notice (unless the terminating party is in breach of the stock purchase agreement so as to cause the closing conditions for the benefit of the non-terminating party not to be satisfied);

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by either Verizon or Vodafone if (i) the Verizon special meeting has concluded and Verizon shareholder approval of the share issuance has not been obtained or (ii) the general meeting of Vodafone shareholders, which we refer to as the Vodafone general meeting, has concluded and Vodafone shareholder approval of the Vodafone sale resolutions has not been obtained;

by either Verizon or Vodafone if a court of competent jurisdiction or other governmental entity has enacted, entered or enforced any law, injunction, order, ruling or taken any other non-appealable final action, in each case, having the effect of permanently restraining, enjoining or otherwise prohibiting the transaction (unless such circumstance resulted from such party s breach of any provision of the stock purchase agreement);

by either Verizon or Vodafone if the FCC has issued a final order disapproving the transaction (unless such circumstance resulted from such party s breach of any provision of the stock purchase agreement);

by Verizon within 30 days following a change of recommendation of the Vodafone Board of Directors;

by Vodafone within 30 days following a change of recommendation of the Verizon Board of Directors;

by Vodafone if the closing conditions are generally satisfied or capable of being satisfied and the full proceeds of Verizon s financing for the transaction (or, if applicable, replacement financing) are not available which we refer to as a financing failure and Vodafone is prepared to close the transaction and Verizon fails to take certain actions necessary in connection with completion of the transaction as a scheme or to effect the closing as a share purchase within three business days of being required to do so; or

by Vodafone if a Vodafone material adverse financial effect (which could result from certain enacted or proposed changes in U.K., U.S. or Dutch laws that would result in additional tax costs to Vodafone or its subsidiaries, subject to a materiality standard, as more fully described under The Transaction Termination of the Stock Purchase Agreement) has occurred and is continuing.

Termination Fees and Expenses (page 63)

The stock purchase agreement provides for the payment of termination fees by each of Verizon and Vodafone under certain circumstances. Verizon must pay to Vodafone a termination fee of (i) $1.55 billion in the event of termination by either party as a result of failure to obtain Verizon shareholder approval of the share issuance, (ii) $4.65 billion in the event of termination by Vodafone as a result of a change of recommendation of the Verizon Board of Directors or (iii) $10.0 billion in the event of a termination by Vodafone as a result of a financing failure. Vodafone must pay to Verizon a termination fee of $1.55 billion in the event of (i) a termination by either party as a result of failure to obtain Vodafone shareholder approval of the Vodafone sale resolutions, (ii) a termination by Verizon as a result of a change of recommendation of the Vodafone Board of Directors or (iii) a termination by Vodafone as a result of a Vodafone material adverse financial effect.

If the stock purchase agreement is terminated by either party for a material incurable or uncured breach, the breaching party must reimburse the terminating party s out-of-pocket expenses, subject to a limit of $1.55 billion.

Financing of the Transaction (page 70)

Verizon expects to pay the cash consideration and related fees and expenses of the transaction using (i) the cash proceeds of approximately $48.7 billion from the notes offering (as defined below), (ii) up to $12.0 billion from the proceeds of the term loan agreement (as defined below) and (iii) other available cash.

On September 18, 2013, Verizon issued eight series of fixed and floating rate notes with varying maturities, which we refer to as the new notes, in an aggregate principal amount of $49.0 billion, which resulted in cash

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proceeds of approximately $48.7 billion. We refer to the issuance of the new notes as the notes offering. On October 1, 2013, Verizon entered into a $12.0 billion term loan credit agreement with JPMorgan Chase Bank, N.A. (JPM), as administrative agent, and the lenders named therein, which we refer to as the term loan agreement. The term loan agreement provides Verizon with the ability to borrow prior to September 2, 2014 up to $12.0 billion to finance, in part, the transaction and to pay related transaction costs. The term loan agreement provides for floating rate 3-year and 5-year term loans.

On September 2, 2013, Verizon entered into a $61.0 billion bridge credit agreement with JPM, as administrative agent, and the lenders named therein, which we refer to as the bridge credit agreement. The bridge credit agreement provided Verizon with the ability to borrow up to $61.0 billion to finance, in part, the transaction and to pay related transaction costs. Following the notes offering, borrowing availability under the bridge credit agreement was reduced to $12.0 billion. Following effectiveness of the term loan agreement, the bridge credit agreement was terminated in accordance with its terms.

No Appraisal Rights in Connection with the Transaction (page 68)

Neither Verizon shareholders nor Vodafone shareholders have appraisal or dissenters rights with respect to the transaction.

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QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS, SPECIAL MEETING AND VOTING

The following questions and answers address briefly some questions you may have regarding the special meeting and the matters on which you are being asked to vote. These questions and answers may not address all questions that may be important to you as a shareholder of Verizon. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement.

Q: Why am I receiving this proxy statement?

A: On September 2, 2013, Verizon entered into the stock purchase agreement, pursuant to which it agreed to acquire Vodafone s indirect 45% interest in Verizon Wireless. The acquisition is structured as the acquisition by Verizon of certain of Vodafone s U.S. holding entities that indirectly hold Vodafone s 45% interest in Verizon Wireless. For more information, see The Transaction. In order to complete the transaction, among other things, Verizon s shareholders must vote on, and approve, the share issuance proposal that is described in this proxy statement. Accordingly, Verizon s Board of Directors is soliciting your proxy to vote at the special meeting in order to obtain approval of the share issuance proposal, among other proposals.

Q: Where and when is the special meeting?

A: The special meeting will be held on January 28, 2014 at 10:00 a.m., local time, at the Westin Governor Morris, Morristown, 2 Whippany Road, Morristown, New Jersey.

Q: What is the record date for the special meeting?

A: December 9, 2013.

Q: Who is entitled to vote at the special meeting?

A: Shareholders as of the close of business on the record date are entitled to vote. Each share of Verizon stock is entitled to one vote for each proposal.

Q: What matters will be voted on at the special meeting, and how does the Verizon Board of Directors recommend that I vote?

A: You will be asked to consider and vote on the following proposals:

	Proposal	Board s Recommendation	Page (for more information)
(1)	*Share Issuance Proposal*: to approve the issuance of up to approximately 1.28 billion shares of Verizon common stock to Vodafone ordinary shareholders, in accordance with the terms and subject to the conditions set forth in the stock purchase agreement, in connection with Verizon s acquisition of Vodafone s indirect 45% interest in Verizon Wireless	FOR	89
(2)	*Charter Amendment Proposal*: to approve an amendment of Article 4(A) of our charter to increase Verizon s authorized shares of common stock by 2 billion shares to an aggregate of 6.25 billion authorized shares of common stock	FOR	91
(3)	*Adjournment Proposal*: to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional votes and proxies if there are insufficient votes at the time of the special meeting to approve the above proposals	FOR	92

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Q: Why am I being asked to approve the issuance of shares of our common stock to Vodafone ordinary shareholders in connection with the transaction?

A: Our common stock is listed on, and we are subject to the rules and regulations of, the NYSE and NASDAQ. The rules of both the NYSE and NASDAQ require shareholder approval prior to the issuance of our common stock in connection with the acquisition of the securities or assets of another company if (1) the common stock we issue has or will have upon issuance voting power equal to or in excess of 20% of the voting power of our securities outstanding before the issuance or (2) the number of shares of common stock to be issued is or will be equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance.

As more fully described under Proposal No. 1 Share Issuance, we are proposing to issue up to approximately 1.28 billion shares of our common stock to Vodafone ordinary shareholders pursuant to the stock purchase agreement. The number of shares we will issue will exceed 20% of both the voting power and number of shares of our common stock outstanding before the issuance. Accordingly, at the special meeting, we are asking holders of shares of our common stock to consider and vote on the share issuance proposal.

Shareholder approval of the share issuance proposal is a condition to completion of the transaction pursuant to the stock purchase agreement, and we believe the transaction is beneficial to Verizon s shareholders for a number of reasons. See The Transaction Verizon s Reasons for the Transaction for a description of these reasons.

Q: Why am I being asked to approve a charter amendment to increase the number of authorized shares of common stock?

A: Our charter currently authorizes us to issue 4.25 billion shares of common stock. If shareholder approval of the share issuance proposal is received and the transaction is consummated, we expect to issue up to approximately 1.28 billion shares of common stock to Vodafone ordinary shareholders, resulting in up to approximately 4.14 billion shares of our common stock being issued and outstanding based on approximately 2.86 billion shares of our common stock outstanding as of October 31, 2013. To allow for additional authorized common stock to support our growth and provide flexibility for future corporate needs, at the special meeting we are asking our shareholders to consider and vote on the charter amendment proposal to amend Article 4(A) of our charter to increase the number of shares of common stock we are authorized to issue by 2 billion shares, to an aggregate of 6.25 billion authorized shares of common stock.

Q: What will be the consequences to Verizon if shareholder approval of the proposals is not obtained?

A: If our shareholders do not approve the share issuance proposal, we will be unable to complete the transaction, and both Verizon and Vodafone would be permitted to terminate the stock purchase agreement. We will be contractually obligated to pay Vodafone a termination fee of $1.55 billion upon such a termination of the stock purchase agreement.

If our shareholders do not approve the charter amendment proposal, we will nevertheless have sufficient authorized shares of common stock to complete the transaction, but a substantial portion of our currently authorized shares of common stock will be used in connection with the transaction. Without approval of the charter amendment to increase our authorized shares of common stock, the relatively small amount of authorized but unissued shares of common stock remaining after completion of the transaction could potentially limit our ability to issue stock to satisfy other corporate needs in the future. See Proposal No. 2 Charter Amendment for more information.

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Q: Where can I find more information about the special meeting?

A: We provide more information about the special meeting and voting in the section of this proxy statement entitled Special Meeting.

If you have more questions about the transaction or the special meeting, or require assistance in submitting your proxy or voting your shares or need additional copies of the proxy statement or the enclosed proxy card, please contact either of Georgeson Inc. or MacKenzie Partners, Inc., which are acting as Verizon s proxy solicitation agents.

Georgeson Inc.	MacKenzie Partners, Inc.
480 Washington Blvd.	105 Madison Avenue
26th Floor	New York, New York 10016
Jersey City, New Jersey 07310	(800) 322-2885
(800) 267-4403	

If your broker, bank or other nominee holds your shares, you should also contact your broker, bank or other nominee for additional information.

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Selected Historical Consolidated Financial Data of Verizon

The tables below set forth Verizon s selected historical consolidated financial data for the periods indicated. The financial information as of and for the fiscal years ended December 31, 2008 through December 31, 2012 was derived from Verizon s historical audited consolidated financial statements for the fiscal years then ended, and the financial information as of and for the nine months ended September 30, 2013 was derived from Verizon s unaudited condensed consolidated financial statements. The tables below provide only a summary and should be read together with the financial statements of Verizon and the related notes, as well as Management s Discussion and Analysis of Financial Condition and Results of Operations, contained in Verizon s Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, which Verizon has filed with the Securities and Exchange Commission (SEC) and are incorporated by reference into this proxy statement. See Where You Can Find Additional Information for instructions on how to obtain the information that has been incorporated by reference. Historical results are not necessarily indicative of any results to be expected in the future. See Cautionary Statement Regarding Forward-Looking Statements and Risk Factors.

	Nine Months Ended September 30,	Year Ended December 31,				
	2013	2012	2011	2010	2009	2008
	(dollars in millions, except per share amounts)					
Results of Operations						
Operating revenues	**$ 89,485**	$ 115,846	$ 110,875	$ 106,565	$ 107,808	$ 97,354
Operating income	**19,905**	13,160	12,880	14,645	15,978	2,612
Net income (loss) attributable to Verizon	**6,430**	875	2,404	2,549	4,894	(2,193)
Per common share basic	**2.24**	.31	.85	.90	1.72	(.77)
Per common share diluted	**2.24**	.31	.85	.90	1.72	(.77)
Cash dividends declared per common share	**1.560**	2.030	1.975	1.925	1.870	1.780
Net income attributable to noncontrolling interests	**9,201**	9,682	7,794	7,668	6,707	6,155

	As of September 30,	As of December 31,				
	2013	2012	2011	2010	2009	2008
	(dollars in millions)					
Financial Position						
Total assets	**$ 276,675**	$ 225,222	$ 230,461	$ 220,005	$ 226,907	$ 202,185
Debt maturing within one year	**8,202**	4,369	4,849	7,542	7,205	4,993
Long-term debt	**90,938**	47,618	50,303	45,252	55,051	46,959
Employee benefit obligations	**33,738**	34,346	32,957	28,164	32,622	32,512
Noncontrolling interests	**55,280**	52,376	49,938	48,343	42,761	37,199
Equity attributable to Verizon	**34,985**	33,157	35,970	38,569	41,382	41,592

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Selected Unaudited Pro Forma Condensed Consolidated Financial Data

The unaudited pro forma condensed consolidated financial statements and the related notes contained in this proxy statement give effect to the transaction and certain related financing transactions, based on the assumptions and adjustments described in the section of this proxy statement entitled Unaudited Pro Forma Condensed Consolidated Financial Statements. The following selected unaudited pro forma condensed consolidated statements of income of Verizon for the nine months ended September 30, 2013 and year ended December 31, 2012 have been prepared to give effect to the transaction and certain related financing transactions as if such transactions had been completed on January 1, 2012, and the following selected unaudited pro forma condensed consolidated balance sheet data at September 30, 2013 of Verizon has been prepared to give effect to the transaction and certain related remaining financing transactions as if such transactions had been completed on September 30, 2013.

The following selected unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only, does not purport to be indicative of the operating results or financial position that would have actually been obtained had the transaction and certain related financing transactions occurred on the dates indicated and is not intended as a projection of operating results or financial position that may be obtained in the future. See also Cautionary Statement Regarding Forward-Looking Statements and Risk Factors. The following selected unaudited pro forma condensed consolidated financial information was derived from, and should be read in conjunction with, the consolidated financial statements of Verizon, which are incorporated by reference into this proxy statement, and the more detailed unaudited pro forma condensed consolidated financial statements and accompanying notes included elsewhere in this proxy statement. See Unaudited Pro Forma Condensed Consolidated Financial Statements.

	Pro forma (dollars in millions, except per share amounts)	
	Nine months ended September 30, 2013 (Unaudited)	Year ended December 31, 2012
Statements of Operations Information:		
Revenue	$ 89,485	$ 115,846
Operating income	19,905	13,160
Net income	10,629	4,604
Diluted earnings per common share	2.52	1.06

	As of September 30, 2013 (Unaudited)
Balance Sheet Data:	
Total assets	$ 225,895
Long-term debt	108,648
Total stockholders equity of Verizon	7,850

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement and the documents incorporated by reference into this proxy statement contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as anticipates, believes, feels, expects, estimates, seeks, strives, plans, intends, outlook, forecast, position, t achievable, potential, strategy, goal, aspiration, outcome, continue, remain, maintain, trend, obj such words and similar expressions, or future or conditional verbs such as will, would, should, could, might, c or similar words or expressions often identify forward-looking statements.

These forward-looking statements are estimates reflecting the best judgment of Verizon s senior management based on information known to such senior management as of the date of this proxy statement or, with respect to documents incorporated by reference into this proxy statement, as of the date of the incorporated document. They do not purport to speak as of any other date. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Many of the factors that will determine actual results are beyond the ability of Verizon to control or to predict. Important factors that could cause actual results to differ materially from estimates, projections or other expectations contained in the forward-looking statements include:

- the ability to realize the expected benefits of the transaction in the timeframe expected or at all;
- the ability to complete the transaction in the timeframe expected or at all and the costs that could be required to do so;
- failure to obtain applicable regulatory or shareholder approvals in a timely manner or at all;
- failure to satisfy other closing conditions to the transaction or events giving rise to termination of the stock purchase agreement;
- an adverse change in the ratings afforded Verizon s debt securities by nationally accredited ratings organizations or adverse conditions in the credit markets affecting the cost, including interest rates, and/or availability of further financing;
- significantly increased levels of indebtedness as a result of the transaction;
- changes in tax laws or treaties, or in their interpretation;
- adverse conditions in the U.S. and international economies;

material adverse changes in labor matters, including labor negotiations, and any resulting financial and/or operational impact;

material changes in technology or technology substitution;

disruption of Verizon s key suppliers provisioning of products or services;

changes in the regulatory environment in which Verizon operates, including any increase in restrictions on the ability to operate its networks;

breaches of network or information technology security, natural disasters, terrorist attacks or acts of war or significant litigation and any resulting financial impact not covered by insurance;

the effects of competition in the markets in which Verizon operates;

changes in accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings;

significant increases in benefit plan costs or lower investment returns on plan assets;

- the inability of Verizon to implement its business strategies;

- those factors referenced in Verizon s filings with the SEC; and

- the matters set forth under Risk Factors beginning on page 16.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they were made. Except as required by applicable law, regulation or listing rules, Verizon undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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RISK FACTORS

The following discussion of Risk Factors identifies the most significant factors that may adversely affect our business, operations, financial condition or future performance. This information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Result of Operations and the consolidated financial statements and related notes included or incorporated by reference in this proxy statement. The following discussion of risks is not all-inclusive but is designed to highlight what we believe are important factors to consider when evaluating our business and expectations. These factors could cause our future results to differ materially from our historical results and from expectations reflected in forward-looking statements.

Risks Related to the Transaction

The mechanism for determining the number of shares to be issued or distributed in the transaction presents several risks to Verizon and its current shareholders.

The exact number of shares of Verizon common stock to be issued or distributed to Vodafone shareholders in the transaction will be equal to $60.15 billion (as adjusted by any cash election, as described herein) divided by the average trading price, which is the volume-weighted average trading price per share of Verizon common stock on the NYSE during the 20 consecutive full trading days ending on the third business day prior to the closing of the transaction, except that the price used to determine the number of shares issued or distributed will not be less than $47.00 per share or more than $51.00 per share. See The Transaction Transaction Consideration Stock Consideration.

The mechanism for determining the number of shares to be issued or distributed in the transaction presents several risks to Verizon and its current shareholders:

- First, because the number of shares issued or distributed depends on the average trading price of Verizon common stock during the 20-day measurement period, Verizon and its current shareholders cannot determine the exact number of shares of Verizon common stock to be issued or distributed to Vodafone shareholders in the transaction. Such number may be higher than the number of such shares that would have been issued or distributed if the transaction were to have closed on the date of this proxy statement, subject to a maximum of approximately 1.28 billion shares to be issued or distributed as established by the stock consideration collar mechanism. In that event, Verizon s current shareholders would own a proportionately smaller interest in Verizon following the closing than they would have if the transaction were to have closed on the date of this proxy statement.

- Second, because the stock consideration collar mechanism puts an upper limit of $51.00 on the price used to determine the number of shares issued or distributed by Verizon, the aggregate value of such shares based on the average trading price will be more than $60.15 billion if the average trading price is more than $51.00.

- Finally, the Verizon shares received by Vodafone shareholders may have a per share trading price at closing that is higher than the value of such shares determined by the mechanism used to determine the number of shares to be issued or distributed, which depends on the average trading price of Verizon stock during the 20-day measurement period.

Sales of shares of Verizon common stock before and after the completion of the transaction may cause the market price of Verizon common stock to fall.

As of October 31, 2013, Verizon had approximately 2.86 billion shares of common stock outstanding. Verizon currently expects that it will issue up to approximately 1.28 billion shares of Verizon common stock in connection with the transaction, based on the stock consideration collar mechanism. The issuance of these new shares of Verizon common stock could have the effect of depressing the market price for Verizon common stock.

In addition, many Vodafone shareholders are already shareholders of Verizon and those shareholders may decide not to hold the Verizon shares they will receive in the transaction. Other Vodafone shareholders, such as funds with geographic limitations on their permitted investments, may be required to sell the shares of Verizon

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common stock that they receive in the transaction. Such sales of Verizon common stock could also have the effect of depressing the market price for Verizon common stock.

The failure to complete the transaction or to do so within the anticipated time frame, or to realize the expected benefits of the transaction, could negatively affect the price of Verizon shares and the future business and financial results of Verizon.

The closing of the transaction, which is expected to occur during the first quarter of 2014, is subject to the satisfaction or waiver of certain conditions, many of which are beyond the control of Verizon or Vodafone, including, among others, regulatory approvals and approvals by the shareholders of Verizon and the shareholders of Vodafone. See The Transaction Conditions to Completion of the Transaction. Any delay in completion of the transaction could reduce the expected benefits of the transaction and adversely affect Verizon s results of operations. Moreover, there can be no assurance that Verizon will realize the benefits which it seeks to achieve from the transaction.

If the transaction is not completed, Verizon will be subject to a number of risks, including the following:

- paying termination fees or reimbursing expenses under the stock purchase agreement, including a termination fee payable by Verizon to Vodafone of $10.0 billion in the event of a termination by Vodafone because of a financing failure, $4.65 billion in the event of a termination by Vodafone as a result of a Verizon change of recommendation or $1.55 billion in the event of a termination by either party as a result of failure to obtain Verizon shareholder approval of the share issuance or reimbursing Vodafone s expenses in an amount up to $1.55 billion in the event of a termination as a result of a material uncured or incurable breach of the stock purchase agreement by Verizon (see The Transaction Termination Fees and Expenses);

- facing negative reactions from the financial markets as a result of not completing the transaction; and

- without realizing any of the expected benefits of the transaction, having dedicated substantial time and resources, including the attention of management, to the transaction instead of to the pursuit of other business opportunities that could have been beneficial to Verizon.

Additionally, if the transaction has not been completed on or before September 2, 2014 or the stock purchase agreement is terminated prior to such date, Verizon will be required to redeem the $49.0 billion aggregate principal amount of new notes at a 1% premium over their face value on the earlier of October 2, 2014 if the transaction was not completed on or before September 2, 2014 and the twentieth business day after termination of the stock purchase agreement.

If the transaction is not completed, these risks may materialize and could have a material adverse effect on the share price, business and cash flows, financial condition and results of operations of Verizon.

If the transaction is completed on or after May 1, 2014 for any reason other than as a result of Vodafone s or Seller s breach of the stock purchase agreement, the purchase price will be increased by $10 million in cash for each day from and including May 1, 2014 through and including the closing date. We refer to such additional cash payments as the cash ticking fee. See The Transaction Transaction Consideration Cash Consideration.

Verizon s debt has increased significantly, will increase further in connection with the financing of the transaction and could increase further if Verizon incurs additional debt in the future and does not retire existing debt.

As of June 30, 2013, Verizon had approximately $49.8 billion of outstanding indebtedness, as well as approximately $6.1 billion of unused borrowing capacity under its existing credit facility. Since that date, Verizon has issued $49.0 billion in aggregate principal amount of fixed and floating rate notes and entered into a 364-day revolving credit agreement that provides an additional $2 billion of unused borrowing capacity subject to the satisfaction of certain conditions, including the consummation of the transaction. Verizon also may incur

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up to $12.0 billion of additional indebtedness under the new term loan agreement to finance the cash consideration. See Financing of the Transaction. Moreover, as part of the transaction Verizon is acquiring the entity that issued the mandatorily redeemable VAI preferred stock with a face amount of $1.65 billion and is issuing the Verizon notes in an aggregate principal amount of $5.0 billion. Verizon s debt level and related debt service obligations could have negative consequences, including:

- requiring Verizon to dedicate significant cash flow from operations to the payment of principal, interest and other amounts payable on its debt and the VAI preferred stock, which would reduce the funds Verizon has available for other purposes, such as working capital, capital expenditures and acquisitions;
- making it more difficult or expensive for Verizon to obtain any necessary future financing for working capital, capital expenditures, debt service requirements, debt refinancing, acquisitions or other purposes;
- reducing Verizon s flexibility in planning for or reacting to changes in its industry and market conditions;
- making Verizon more vulnerable in the event of a downturn in its business; and
- exposing Verizon to increased interest rate risk given that a portion of its debt obligations are at variable interest rates.

Verizon has incurred and will incur significant costs relating directly and indirectly to the transaction.

Verizon expects to incur a number of non-recurring costs in connection with the transaction, including financing costs and legal, banking, accounting and other professional fees. Although Verizon expects that the benefits of the transaction will offset these transaction and transaction-related costs over time, these net benefits may not be achieved in the near term or at all.

While the transaction is pending, Verizon will be subject to contractual limitations that could adversely affect its business.

The stock purchase agreement restricts Verizon from taking certain specified actions while the transaction is pending without Vodafone s consent. These restrictions may prevent Verizon from pursuing otherwise attractive business opportunities and making other changes to its business prior to closing of the transaction or termination of the stock purchase agreement. See The Transaction Covenants and Agreements Conduct of Businesses Prior to Completion of the Transaction.

The stock purchase agreement contains provisions that limit the ability of the Verizon Board of Directors to change its recommendation with respect to the transaction, and such a change in recommendation would give Vodafone a right to terminate the stock purchase agreement and receive a termination fee from Verizon.

Under the stock purchase agreement, the Board of Directors of Verizon is limited in its ability to change its recommendation with respect to the share issuance in connection with the transaction. In the event of such a change in recommendation by Verizon s Board of Directors, Vodafone would be permitted to terminate the stock purchase agreement. If Vodafone terminated the stock purchase agreement on this basis, Verizon would be required to pay Vodafone a termination fee of $4.65 billion.

Verizon shareholders will have a reduced ownership and voting interest after the transaction.

Depending on the trading prices of Verizon common stock prior to the closing of the transaction, and subject to the assumptions described in this proxy statement, it is expected that current Verizon shareholders will collectively own between approximately 69% and 71% of Verizon s outstanding common stock immediately

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following the closing, and current Vodafone shareholders will collectively own between approximately 29% and 31% of Verizon s outstanding common stock immediately following the closing. Consequently, current Verizon shareholders, as a group, will have reduced ownership and voting power in Verizon immediately following completion of the transaction compared to their ownership and voting power in Verizon immediately prior to completion of the transaction.

Risks Related to Verizon s Business

Adverse conditions in the U.S. and international economies could impact our results of operations.

Unfavorable economic conditions, such as a recession or economic slowdown in the United States or elsewhere, could negatively affect the affordability of and demand for some of our products and services. In difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of our products, electing to use fewer higher margin services or obtaining lower-cost products and services offered by other companies. Similarly, under these conditions, the business customers that we serve may delay purchasing decisions, delay full implementation of service offerings or reduce their use of services. In addition, adverse economic conditions may lead to an increased number of our consumer and business customers that are unable to pay for services. If these events were to occur, it could have a material adverse effect on our results of operations.

We face significant competition that may reduce our profits.

We face significant competition in our industry. The rapid development of new technologies, services and products has eliminated many of the traditional distinctions between wireless, cable, Internet, local and long distance communication services and brought new competitors to our markets, including other telephone companies, cable companies, wireless service providers, satellite providers, application and device providers, electric utilities and providers of voice over Internet protocol (VoIP) services. While these changes have enabled us to offer new types of services, they have also allowed other service providers to broaden the scope of their own competitive offerings. Our ability to compete effectively will depend on, among other things, our network quality, capacity and coverage, the pricing of our services and equipment, the quality of our customer service, our development of new and enhanced products and services, the reach and quality of our sales and distribution channels and our capital resources. It will also depend on how successfully we anticipate and respond to various factors affecting our industry, including new technologies and business models, changes in consumer preferences and demand for existing services, demographic trends and economic conditions. If we are not able to respond successfully to these competitive challenges, we could experience reduced profits.

If we are not able to adapt to changes in technology and address changing consumer demand on a timely basis, we may experience a decline in the demand for our services, be unable to implement our business strategy and experience reduced profits.

Our industry is experiencing rapid change as new technologies are developed that offer consumers an array of choices for their communications needs. In order to grow and remain competitive, we will need to adapt to future changes in technology, enhance our existing offerings and introduce new offerings to address our customers changing demands. If we are unable to meet future challenges from competing technologies on a timely basis or at an acceptable cost, we could lose customers to our competitors. We may not be able to accurately predict technological trends or the success of new services in the market. In addition, there could be legal or regulatory restraints on our introduction of new services. If our services fail to gain acceptance in the marketplace, or if costs associated with implementation and completion of the introduction of these services materially increase, our ability to retain and attract customers could be adversely affected.

In addition to introducing new technologies and offerings, we must phase out outdated and unprofitable technologies and services. If we are unable to do so on a cost-effective basis, we could experience reduced profits. In addition, there could be legal or regulatory restraints on our ability to phase out current services.

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We depend on key suppliers and vendors to provide equipment that we need to operate our business.

We depend on various key suppliers and vendors to provide us, directly or through other suppliers, with equipment and services, such as switch and network equipment and handsets, that we need in order to operate our business and provide products to our customers. For example, our handset and other device suppliers often rely on one vendor for the manufacture and supply of critical components, such as chipsets, used in their devices. If these suppliers or vendors fail to provide equipment or service on a timely basis or fail to meet our performance expectations, we may be unable to provide products and services as and when requested by our customers. We also may be unable to continue to maintain or upgrade our networks. Because of the costs and time lags that can be associated with transitioning from one supplier to another, our business could be substantially disrupted if we were required to, or chose to, replace the products or services of one or more major suppliers with products or services from another source, especially if the replacement became necessary on short notice. Any such disruption could increase our costs, decrease our operating efficiencies and have a material adverse effect on our business, results of operations and financial condition.

The suppliers and vendors on which we rely may also be subject to litigation with respect to technology on which we depend, including litigation involving claims of patent infringement. Such claims have been growing rapidly in the communications industry. We are unable to predict whether our business will be affected by any such litigation. We expect our dependence on key suppliers to continue as we develop and introduce more advanced generations of technology.

Changes in the regulatory framework under which we operate could adversely affect our business prospects or results of operations.

Our domestic operations are subject to regulation by the FCC and other federal, state and local agencies, and our international operations are regulated by various foreign governments and international bodies. These regulatory regimes frequently restrict or impose conditions on our ability to operate in designated areas and to provide specified products or services. We are frequently required to maintain licenses for our operations and conduct our operations in accordance with prescribed standards. We are often involved in regulatory and other governmental proceedings related to the application of these requirements. It is impossible to predict with any certainty the outcome of pending federal and state regulatory proceedings relating to our operations, or the reviews by federal or state courts of regulatory rulings. Without relief, existing laws and regulations may inhibit our ability to expand our business and introduce new products and services. Similarly, we cannot guarantee that we will be successful in obtaining the licenses needed to carry out our business plan or maintaining our existing licenses. For example, the FCC grants wireless licenses for terms generally lasting 10 years, subject to renewal. The loss of, or a material limitation on, certain of our licenses could have a material adverse effect on our business, results of operations and financial condition.

New laws or regulations or changes to the existing regulatory framework at the federal, state and local, or international, level could restrict the ways in which we manage our wireline and wireless networks, impose additional costs, impair revenue opportunities and potentially impede our ability to provide services in a manner that would be attractive to us and our customers. For example, the development of new technologies, such as intellectual property-based services, VoIP and/or super high-speed broadband and video, could be subject to conflicting regulation by the FCC and/or various state and local authorities, which could significantly increase the cost of implementing and introducing new services.

As another example, we hold certain wireless licenses that require us to comply with so-called open access FCC regulations, which generally require licensees of particular spectrum to allow customers to use devices and applications of their choice. In addition, our broadband Internet access services are subject to so-called network neutrality rules, which are subject to a pending appeal, imposed by the FCC. These rules limit the ways that a broadband Internet access service provider can manage its network and the services it can provide over the network. The scope of both the open access and network neutrality rules are not fully defined. The further

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regulation of broadband, wireless and other of our activities, and any related court decisions, could restrict our ability to compete in the marketplace and limit the return we can expect to achieve on past and future investments in our networks.

Cyber attacks or other breaches of network or information technology security could have an adverse effect on our business.

Cyber attacks or other breaches of network or information technology (IT) security may cause equipment failures or disruptions to our operations. Our inability to operate our wireline or wireless networks as a result of such events, even for a limited period of time, may result in significant expenses and/or loss of market share to other communications providers. In addition, the potential liabilities associated with these events could exceed the insurance coverage we maintain. Cyber attacks, which include the use of malware, computer viruses and other means for disruption or unauthorized access, on companies, including Verizon, have increased in frequency, scope and potential harm in recent years. While, to date, we have not been subject to cyber attacks or other cyber incidents which, individually or in the aggregate, have been material to our operations or financial condition, the preventive actions we take to reduce the risk of cyber incidents and protect our information technology and networks may be insufficient to repel a major cyber attack in the future. The costs associated with a major cyber attack on Verizon could include expensive incentives offered to existing customers and business partners to retain their business, increased expenditures on cyber security measures, lost revenues from business interruption, litigation and damage to our reputation. Further, certain of Verizon s businesses, including the provisioning of security solutions and infrastructure and cloud services to business customers, could be negatively affected if our ability to protect our own networks is called into question as a result of a cyber attack. In addition, if we fail to prevent the theft of valuable information such as financial data, sensitive information about Verizon and intellectual property, or if we fail to protect the privacy of customer and employee confidential data against breaches of network or IT security, it could result in damage to our reputation, which could adversely impact customer and investor confidence. Any of these occurrences could result in a material adverse effect on our results of operations and financial condition.

Natural disasters, terrorist acts or acts of war could cause damage to our infrastructure and result in significant disruptions to our operations.

Our business operations are subject to interruption by natural disasters, power outages, terrorist attacks, other hostile acts and events beyond our control. Such events could cause significant damage to our infrastructure upon which our business operations rely, resulting in degradation or disruption of service to our customers. While we maintain insurance coverage for some of these events, the potential liabilities associated with these events could exceed the insurance coverage we maintain. Our system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient for all eventualities. These events could also damage the infrastructure of the suppliers that provide us with the equipment and services we need to operate our business and provide products to our customers. A natural disaster or other event causing significant physical damage could cause us to experience substantial losses resulting in significant recovery time and expenditures to resume operations. In addition, these occurrences could result in lost revenues from business interruption as well as damage to our reputation.

Adverse changes in the credit markets could increase our borrowing costs and the availability of financing.

We require a significant amount of capital to operate and grow our business. We fund our capital needs in part through borrowings in the public and private credit markets. Adverse changes in the credit markets, including increases in interest rates, could increase our cost of borrowing and/or make it more difficult for us to obtain financing for our operations or refinance existing indebtedness. In addition, our borrowing costs can be affected by short- and long-term debt ratings assigned by independent rating agencies, which are based, in significant part, on our performance as measured by customary credit metrics. A decrease in these ratings would likely increase our cost of borrowing and/or make it more difficult for us to obtain financing. A severe disruption in the global financial markets could impact some of the financial institutions with which we do business, and such instability could affect our access to financing.

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Increases in costs for pension benefits and active and retiree healthcare benefits may reduce our profitability and increase our funding commitments.

With approximately 167,000 employees and approximately 209,000 retirees as of December 1, 2013 eligible to participate in Verizon s benefit plans, the costs of pension benefits and active and retiree healthcare benefits have a significant impact on our profitability. Our costs of maintaining these plans, and the future funding requirements for these plans, are affected by several factors, including the continuing implementation of the provisions of the Patient Protection and Affordable Care Act and the Health Care Education Reconciliation Act of 2010, increases in healthcare costs, decreases in investment returns on funds held by our pension and other benefit plan trusts and changes in the discount rate used to calculate pension and other postretirement expenses. If we are unable to limit future increases in the costs of our benefit plans, those costs could reduce our profitability and increase our funding commitments.

A significant portion of our workforce is represented by labor unions, and we could incur additional costs or experience work stoppages as a result of the renegotiation of our labor contracts.

As of December 1, 2013, approximately 29% of our workforce was represented by labor unions. We are currently engaged in contract negotiations with labor unions representing approximately 3,100 employees of our wireline business, and we will engage in additional negotiations as other labor contracts expire in the future. Depending on the outcome of these negotiations, we could incur additional costs and/or experience lengthy work stoppages, which could adversely affect our business operations, including causing a loss of revenue and strained relationships with customers.

We are subject to a significant amount of litigation, which could require us to pay significant damages or settlements.

Our business faces a substantial amount of litigation, including, from time to time, patent infringement lawsuits, antitrust class actions, wage and hour class actions, personal injury claims and lawsuits relating to our advertising, sales, billing and collection practices. In addition, our wireless business also faces personal injury and consumer class action lawsuits relating to alleged health effects of wireless phones or radio frequency transmitters, and class action lawsuits that challenge marketing practices and disclosures relating to alleged adverse health effects of handheld wireless phones. We may incur significant expenses in defending these lawsuits. In addition, we may be required to pay significant awards or settlements.

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THE TRANSACTION

The following discussion contains material information about the transaction and describes certain material provisions of the stock purchase agreement but does not describe all of the terms of the stock purchase agreement and may not contain all of the information about the transaction or the stock purchase agreement that is important to you. The following description is subject to, and qualified in its entirety by reference to, the stock purchase agreement and the first amendment, which are attached to this proxy statement as Annex A and Annex B, respectively, and are incorporated by reference into this proxy statement. You should read the stock purchase agreement, as amended by the first amendment, carefully and in its entirety.

General

Pursuant to the terms and subject to the conditions set forth in the stock purchase agreement, Verizon will acquire all of the issued and outstanding capital stock of Holdco, which through the purchased entities indirectly holds Vodafone s indirect 45% interest in Verizon Wireless. As a result of the transaction, Verizon will indirectly own 100% of the interests in Verizon Wireless.

The Companies

Verizon Communications Inc.

Verizon, a Delaware corporation incorporated in 1983 as Bell Atlantic Corporation, is a holding company that, acting through its subsidiaries, is one of the world s leading providers of telecommunications services and solutions to individual, business and government customers in the United States and in over 150 countries around the world.

The address of Verizon s principal executive office is 140 West Street, New York, New York 10007, and its telephone number is (212) 395-1000.

Additional information about Verizon is included in documents incorporated by reference in this proxy statement. See Where You Can Find Additional Information.

Vodafone Group Plc

Vodafone, an English public limited company, is one of the world s largest mobile communications companies by revenue, with approximately 404 million customers around the world in its controlled and jointly controlled markets as of March 31, 2013. Vodafone has equity interests in telecommunications operations in nearly 30 countries and around 50 partner networks worldwide.

The address of Vodafone s principal executive office is Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN England, and its telephone number is +44-1635-33251.

Vodafone 4 Limited

Seller is an indirect, wholly owned subsidiary of Vodafone. Seller directly holds all of the issued and outstanding capital stock of Holdco and indirectly holds, through other U.S. subsidiaries, Vodafone s indirect 45% interest in Verizon Wireless.

The address of Seller s principal executive office is Rivium Quadrant 173, 15th Floor, 2909 LC Capelle aan den Ijssel, The Netherlands, and its telephone number is +31-10 498 77 11.

Background of the Transaction

Verizon Wireless was formed in April 2000 as a joint venture between Verizon and Vodafone. Verizon Wireless is generally controlled by Verizon, although decisions involving certain matters require the approval of representatives on the board of representatives of Verizon Wireless designated by both Verizon and Vodafone, and Vodafone has the

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right to nominate one executive officer of Verizon Wireless. During the course of this joint venture, Verizon has from time to time considered various transactions involving Vodafone, including the acquisition by Verizon of Vodafone s indirect 45% interest in Verizon Wireless, a potential combination of Verizon and Vodafone or an acquisition of Vodafone by Verizon, alone or with other parties. In addition, Verizon and Vodafone have from time to time discussed the possibility of various transactions. For example, in 2004, Verizon and Vodafone had advanced discussions regarding a potential acquisition of Vodafone s indirect 45% interest in Verizon Wireless in connection with Vodafone s potential acquisition of another U.S. wireless carrier. Verizon and Vodafone also had preliminary discussions regarding potential transactions on other occasions. None of these discussions resulted in any transaction.

On June 2, 2011, Mr. Lowell C. McAdam, then President and Chief Operating Officer of Verizon and now Chairman and Chief Executive Officer of Verizon, provided an update to the Verizon Board of Directors regarding efforts to determine whether a strategic business combination with Vodafone was advisable, including efforts to determine the potential synergies of such a transaction. No conclusions were reached with respect to the attractiveness of such a transaction.

On September 1, 2011, Mr. John W. Diercksen, then Executive Vice President Strategy, Development and Planning for Verizon, and Mr. Francis J. Shammo, Executive Vice President and Chief Financial Officer of Verizon, provided a strategic update to the Verizon Board of Directors regarding various Vodafone transaction options being considered by Verizon management. On September 7, 2011, Verizon entered into nondisclosure agreements with each of Guggenheim Securities, LLC, which we refer to as Guggenheim Securities, J.P. Morgan Securities LLC, which we refer to as J.P. Morgan, and Morgan Stanley & Co. LLC, which we refer to as Morgan Stanley, in connection with their provision of financial advice to Verizon relating to possible transactions with Vodafone.

At various times in 2011, Verizon and Vodafone held discussions regarding potential transactions, including the potential acquisition by Verizon of Vodafone s indirect 45% interest in Verizon Wireless or a potential combination of the two companies. None of these discussions led to any transaction. Effective as of November 10, 2011, Verizon and Vodafone entered into a nondisclosure agreement in connection with these discussions, which had a one-year standstill applicable to both parties. The Verizon Board of Directors received updates regarding these potential Vodafone transaction options in late 2011 and early 2012. Similarly, the Vodafone Board of Directors received updates regarding the various options being considered by Vodafone management throughout this period of time.

On March 2, 2012, the Verizon Board of Directors held a meeting at which they again discussed Vodafone transaction options. During this meeting, various aspects of these options were addressed by Verizon s management and financial and legal advisors. These discussions and reviews, however, did not result in any transaction between Verizon and Vodafone or any proposal by Verizon for any such transaction.

On September 6, 2012 and December 6, 2012, Mr. Diercksen provided additional strategic updates to the Verizon Board of Directors regarding potential Vodafone transaction options.

On January 24 and 25, 2013, Mr. McAdam and Mr. Randal S. Milch, Executive Vice President Public Policy and General Counsel of Verizon, met in London, England with Mr. Vittorio Colao, Chief Executive Officer and Executive Director of Vodafone, and Mr. Gerard Kleisterlee, Chairman of Vodafone. During these meetings, Messrs. McAdam and Milch indicated that Verizon would be interested in discussing a purchase of Vodafone s indirect 45% interest in Verizon Wireless for consideration consisting of cash, shares of Verizon common stock and Verizon s Omnitel interest, with an aggregate value of $95 billion. In response, Messrs. Colao and Kleisterlee indicated their belief that $95 billion represented inadequate consideration for Vodafone s indirect 45% interest in Verizon Wireless, but did not propose any counteroffer for such a transaction. At these meetings and on other occasions, Mr. Colao also suggested that Verizon consider a possible merger of Verizon and Vodafone. Following these meetings, Verizon continued to consider and discuss various transaction options involving Vodafone, including a possible merger with, or acquisition of, Vodafone.

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On February 6, 2013, Mr. McAdam discussed with members of the Verizon Board of Directors the most recent discussions with Vodafone. On February 7, 2013, Mr. Diercksen provided strategic updates to the Verizon Board of Directors regarding possible Vodafone transaction options and described the most recent discussions with Vodafone.

On February 19, 2013, Messrs. McAdam and Colao met in New York, New York and again discussed possible transactions, although no proposals were made at this time.

On March 2, 2013, during a telephone conversation with Mr. Colao, Mr. McAdam again stated that Verizon was prepared to propose an acquisition of Vodafone s indirect 45% interest in Verizon Wireless for $95 billion. Mr. Colao indicated that Vodafone would not be receptive to selling the indirect 45% interest at this price, but did not propose any counteroffer for such a transaction. Thereafter, representatives of Verizon further considered various transaction alternatives with respect to Vodafone, including a possible merger with, or acquisition of, Vodafone.

On March 7, 2013, Mr. McAdam updated members of the Verizon Board of Directors with respect to possible Vodafone transaction options. The Board of Directors discussed these options in executive session on March 8, 2013. Following this meeting, Verizon engaged Wachtell, Lipton, Rosen & Katz, which we refer to as Wachtell Lipton, and Macfarlanes LLP, which we refer to as Macfarlanes, as legal counsel in connection with a potential transaction with Vodafone.

On March 18, 2013, Messrs. McAdam and Colao had further discussions by telephone with respect to various transaction options.

On April 2, 2013, a Financial Times blog post cited unnamed sources for a report that Verizon was working with a third party on a joint bid for Vodafone. In response to a request for a public statement from the Panel on Takeovers and Mergers of the United Kingdom, Verizon issued on that date an announcement stating: As Verizon has said many times, it would be a willing purchaser of the 45% stake that Vodafone holds in Verizon Wireless. It does not, however, currently have any intention to merge with or make an offer for Vodafone, whether alone or in conjunction with others. Also on that date, Mr. Colao and Mr. McAdam had a telephone conversation to discuss Verizon s announcement.

On April 16, 2013, Mr. McAdam met with Mr. Kleisterlee, and on April 18, 2013, Mr. McAdam met with Mr. Colao, to discuss Verizon s continued interest in purchasing Vodafone s indirect 45% interest in Verizon Wireless.

On May 1 and 2, 2013, the Verizon Board of Directors held a meeting at which the directors discussed options for strengthening Verizon s prospects for future growth. During this meeting, the directors discussed the strategy and rationale for the potential acquisition of Vodafone s 45% stake in Verizon Wireless, as well as potential alternative transactions with Vodafone. The Board of Directors also discussed alternative strategies for achieving the company s business objectives.

On May 9, 2013, Mr. McAdam and Mr. Colao again met and discussed various options for a transaction between Verizon and Vodafone. Mr. McAdam reiterated Verizon s interest in the potential acquisition of Vodafone s 45% stake in Verizon Wireless.

On or around May 10, 2013, Verizon provided a nondisclosure agreement to PJT Capital LLC, of which Mr. Paul J. Taubman is the principal, in connection with Mr. Taubman s provision of financial advice to Verizon relating to Verizon s consideration of a possible transaction with Vodafone. Mr. Taubman had previously advised Verizon on Vodafone transaction options when he was employed by Morgan Stanley.

On June 6, 2013, at a meeting of the Verizon Board of Directors, the Board reviewed a number of options relating to Vodafone and Verizon Wireless with Verizon s management and financial and legal advisors, including an increased offer for Vodafone s 45% stake in Verizon Wireless or a continuation of the status quo with the possibility of a renewed offer for the stake, or an offer for all of Vodafone, at some future date. At this meeting, the Board authorized management to make a formal offer to Vodafone to acquire Vodafone s 45% stake in Verizon Wireless for aggregate consideration of $120 billion.

On June 10, 2013, during a meeting in Amsterdam, the Netherlands, Messrs. McAdam and Milch conveyed to Messrs. Kleisterlee and Colao a proposal by Verizon to acquire Vodafone s indirect 45% interest in Verizon Wireless for $120 billion, consisting of at least $60 billion in cash; Verizon common stock that would be delivered to Vodafone s shareholders, and/or a Verizon security to be mutually agreed between Verizon and Vodafone; and Verizon s Omnitel interest. The Vodafone representatives stated that they would review this proposal with the Vodafone Board of Directors and provide a response within 10 days.

On June 19, 2013, after the review of Verizon s proposal by the Vodafone Board of Directors, Vodafone sent a letter to Verizon proposing a purchase price for the 45% interest that would result in net proceeds of $135 billion (after any taxes payable by Vodafone as a result of the transaction), plus an adjustment for the difference between Verizon Wireless net debt at closing and $10 billion, and ascribing a valuation of Verizon s Omnitel interest of $3 billion. In the letter, Vodafone indicated that it desired for the consideration to be paid in all cash.

On June 21, 2013, Verizon sent a letter to the Vodafone Board of Directors conveying in writing the proposal made to Messrs. Kleisterlee and Colao in Amsterdam on June 10, 2013. Also on June 21, 2013, members of Verizon s management updated the Verizon Board of Directors on the status of discussions with Vodafone, as well as financing considerations in connection with a potential transaction.

On June 24, 2013, Vodafone sent a letter to Verizon reiterating the position taken in its June 19, 2013 letter.

On July 2, 2013, members of Verizon s management updated the Verizon Board of Directors on financing considerations related to the transaction and on the status of discussions with Vodafone.

On July 9, 2013, Messrs. Diercksen and Milch, together with Mr. Taubman and representatives of Guggenheim Securities and Wachtell Lipton, met in Amsterdam with Mr. Warren Finegold, Group Strategy and Business Development Director of Vodafone, Mr. Pierre Klotz, Group Mergers and Acquisition Director of Vodafone, Ms. Rosemary Martin, Group General Counsel and Company Secretary of Vodafone, representatives of Goldman Sachs International, which we refer to as Goldman Sachs, and UBS Limited, which we refer to as UBS, financial advisors to Vodafone, and a representative of Slaughter and May, legal counsel to Vodafone. During this meeting, the participants discussed Verizon s and Vodafone s respective positions regarding the terms of a potential sale of Vodafone s indirect 45% interest in Verizon Wireless. The Vodafone representatives reiterated Vodafone s previously indicated proposed net purchase price of $135 billion, which they estimated would result in a total purchase price of $140 billion, as compared to Verizon s proposed purchase price of $120 billion, and requested a further upward purchase price adjustment that would provide Vodafone with a share of the cash flows generated by Verizon Wireless for the period from signing of the definitive agreement until closing. The participants in the meeting also discussed the possibility that a portion of the consideration may be composed of Verizon notes or other securities to be issued to Vodafone, and discussed other elements of a possible transaction, including the financing and transaction structure. In response to Vodafone s request that Verizon obtain financing for the cash portion of the purchase price on a U.K.-style certain-funds basis (*i.e.*, with the financing being unconditionally available), the Verizon representatives stated that Verizon would be seeking financing in the U.S. debt markets and would attempt to obtain the best possible terms, but there was no assurance that it could obtain financing on a certain-funds basis. The Vodafone representatives also indicated that they desired to structure the transaction as a scheme of arrangement in order to allow Vodafone shareholders to elect the manner in which their receipt of Verizon common stock in the transaction would be treated for U.K. tax purposes.

On July 16, 2013, members of Verizon s management updated the Verizon Board of Directors on the status of discussions with Vodafone, as well as financing considerations in connection with the transaction.

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On July 17, 2013, Verizon sent a letter to Vodafone with a revised proposal for the acquisition of Vodafone s indirect 45% interest in Verizon Wireless for total consideration of $125.35 billion, consisting of $60 billion in cash (subject to increase at Verizon s option); $60 billion in Verizon common stock subject to a 5% symmetrical fixed value collar around a base share price to be mutually agreed (and subject to decrease if the cash consideration were increased); up to $10 billion in a 10-year note (which would reduce the amount of Verizon common stock); Verizon s Omnitel interest, valued at $4 billion; and an additional $1.35 billion in cash, representing Vodafone s 45% share of a $3 billion distribution that was included in Verizon Wireless business plan for 2013. The letter also set forth other proposed terms and conditions, including that the transaction would be structured as an acquisition of Holdco, after all assets and liabilities other than the indirect 45% interest in Verizon Wireless had been removed; that Vodafone would indemnify Verizon for any unrelated liabilities remaining in Holdco; and that each party would be responsible for its own tax liabilities.

On July 23, 2013, Vodafone sent a letter that proposed consideration of $135 billion for Vodafone s indirect 45% interest, consisting of at least $60 billion in cash; $10 billion in Verizon notes; Verizon shares with a value of $62 billion, subject to a 10% symmetrical fixed value collar; and a valuation of Verizon s Omnitel interest of $3 billion. The letter also proposed payment of an additional pro-rata $560 million monthly cash adjustment to reflect Verizon Wireless cash flow from June 30, 2013 through closing, plus pro-rata proceeds from spectrum license transactions announced in January 2013, as well as other potential purchase price adjustments. The letter also set forth other proposed terms and conditions, including that Vodafone would indemnify Verizon for certain liabilities relating to the internal reorganization of Holdco, that Vodafone had been advised that U.K.-style certain funds were currently available in the U.S. market and that if the financing could not be obtained on this basis, Vodafone would require an appropriate termination fee in the event the financing was unavailable prior to closing.

On July 30, 2013, members of Verizon s management updated the Verizon Board of Directors on the status of discussions with Vodafone.

On July 31, 2013, Messrs. McAdam and Colao met in San Francisco, California, to discuss price and the principal terms of a purchase by Verizon of Vodafone s indirect 45% interest in Verizon Wireless. Mr. McAdam proposed an all-in price of $130 billion as Verizon s best and final offer. Mr. Colao indicated that he would review the proposal with Vodafone s Board of Directors.

Throughout the course of these discussions, the Vodafone Board of Directors held several meetings, together with its senior management team and advisors, to review and consider the various proposals and discussions between Verizon and Vodafone. Also during this period, Vodafone conducted due diligence with respect to Verizon based on publicly available information.

On August 2, 2013, Mr. Colao contacted Mr. McAdam and indicated that Vodafone would be willing to accept the purchase price of $130 billion if the parties negotiating teams could reach an equitable resolution of other material transaction terms. Messrs. McAdam and Colao agreed to instruct their respective teams to seek to negotiate the other material terms and conditions of a transaction on that basis.

On August 6, 2013, members of Verizon s management updated the Verizon Board of Directors on the status of discussions with Vodafone, including the meeting on July 31 and Vodafone s communication on August 2.

On August 6 and 7, 2013, Simpson Thacher & Bartlett LLP, which we refer to as Simpson Thacher, legal counsel to Vodafone, and Wachtell Lipton exchanged forms of draft agreements for the transaction. On August 9, 2013, representatives of Verizon and Vodafone and their respective legal counsel participated in a discussion regarding the terms of the agreements for the transaction. The participants on the call included William L. Horton, Jr., Senior Vice

President, Deputy General Counsel and Corporate Secretary of Verizon, Jackson Goodwin Bennett, Senior Vice President and Deputy General Counsel of Verizon, representatives of Wachtell Lipton and Macfarlanes, Ms. Helen Lamprell, Group Legal Director Corporate and Commercial of Vodafone, and representatives of Simpson Thacher and Slaughter and May. The parties discussed, among other things, Vodafone s request that

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Verizon s financing be on a certain-funds basis, with Vodafone having the right to compel specific performance of the agreement even if Verizon s financing were to be unavailable; Verizon s request that if the transaction could not be completed by way of scheme of arrangement (*e.g.*, due to the failure to reach the higher Vodafone shareholder vote thresholds required for a scheme), but could be completed by way of a purchase of the shares of Holdco, the transaction would proceed as a share purchase; the ability of each party s Board of Directors to change its recommendation in respect of the transaction; termination fee and expense reimbursement provisions; the scope of the Vodafone material adverse financial effect termination right requested by Vodafone; and the closing conditions and scope of post-closing indemnities. The participants also noted certain business issues that remained open, including Vodafone s request for a monthly cash adjustment in the event closing did not occur by December 31, 2013; whether the consideration would include Verizon notes; the terms of the stock consideration collar and measurement period used for determining the number of Verizon shares to be issued; the valuation of Verizon s interest in Omnitel; and other possible components of, or adjustments to, the purchase price.

On August 12, 2013, Verizon began discussions with J.P. Morgan and Morgan Stanley on the terms of a bridge credit facility to provide up to $61 billion to finance a portion of the consideration to be paid to Vodafone if a stock purchase agreement were to be signed by the parties.

On August 13, 2013, Messrs. Diercksen, Horton, Bennett and Finegold, as well as Mr. Taubman, representatives of Guggenheim Securities, Wachtell Lipton and Macfarlanes, and representatives of Goldman Sachs, UBS, Simpson Thacher and Slaughter and May, participated in a conference call regarding the principal open business issues. During this call, the Verizon representatives indicated that Verizon would be open to including Verizon notes in the consideration, but at an amount less than $10 billion and on terms that Verizon believed would not affect its ability to obtain committed financing for the cash portion of the consideration, and that Verizon also would consider some purchase price adjustment from cash flow generated by Verizon Wireless, but only beginning at a date substantially later than December 31, 2013.

On August 15, 2013, Verizon indicated to Vodafone that Verizon believed it was important to be able to access the debt markets in early September in connection with the financing of the proposed transaction and that, accordingly, Verizon believed it was essential for the parties to resolve open issues and execute the stock purchase agreement no later than September 2, 2013.

On August 16, 2013, representatives of Wachtell Lipton and Simpson Thacher participated in a conference call regarding the open legal issues. The issues discussed included Verizon s request that if the transaction could not be completed by way of scheme of arrangement, but could be completed by way of a purchase of the shares of Holdco, the transaction would proceed as a share purchase; the ability of each party s Board of Directors to change its recommendation in respect of the transaction; and the scope of post-closing indemnities. In addition, that same day, Simpson Thacher delivered a draft of the Omnitel share purchase agreement to Wachtell Lipton.

On August 20, 2013, the Verizon Board of Directors had a call to discuss the status of negotiations with Vodafone and financing considerations in connection with the transaction. That same day, representatives of Verizon and Vodafone met at Wachtell Lipton s offices in New York, New York. Present at this meeting were Messrs. Diercksen, Horton and Bennett, Mr. John Fitzgerald, a Vice President of Verizon, Mr. Taubman, representatives of Guggenheim Securities, Wachtell Lipton and Macfarlanes, Mr. Finegold, Mses. Martin and Lamprell and representatives of Goldman Sachs, UBS, Simpson Thacher and Slaughter and May. During this meeting, the participants discussed and agreed on the value of certain additional consideration (approximately $2.5 billion), including certain liabilities of Vodafone that would effectively be assumed by Verizon relating to the U.S. group; that if the transaction could not be completed by way of a scheme of arrangement, but could be completed by way of a purchase by Verizon of the shares of Holdco, the transaction would proceed as such a share purchase; and that the transaction would not be conditioned on Verizon shareholder approval of an amendment to its certificate of incorporation increasing the number of authorized shares of Verizon common stock. During this meeting, the Vodafone representatives requested that in the event of a termination by Vodafone for a change in recommendation by the Verizon Board of Directors, Verizon would pay a termination fee of 3% of the value of Vodafone, and Verizon Wireless would also adopt a policy providing for regular distributions to Vodafone and Verizon. The Verizon representatives did not agree with this request. The participants in this meeting also discussed the upper and lower limits of the stock consideration collar, particularly in light of the decline in the trading price of Verizon s common stock since the beginning of August.

Following the August 20, 2013 meeting, Verizon and Vodafone and their respective financial and legal advisors continued to discuss the terms of the potential transaction, and Wachtell Lipton and Simpson Thacher exchanged drafts of the stock purchase agreement and ancillary documents reflecting the parties respective positions. Over the course of these discussions, the parties agreed on various matters, including the period during which the Verizon average trading price would be measured for purposes of determining the number of shares of Verizon common stock issuable as part of the transaction consideration (20 trading days ending three business days prior to closing), and the scope of Vodafone s payment obligations in the event it exercised its termination right as a result of a Vodafone material adverse financial effect (a termination fee of $1.55 billion).

On August 27, 2013, Wachtell Lipton provided Simpson Thacher a draft of the bridge credit agreement that Verizon had been negotiating with its financing sources.

During August 2013, Vodafone continued conducting due diligence with respect to Verizon, and on August 26 and 27, 2013, members of Verizon management made various due diligence presentations on Verizon to members of Vodafone management and its advisors.

On August 28, 2013, Messrs. Diercksen and Taubman and representatives of Guggenheim Securities held a discussion with Mr. Finegold and representatives of Goldman Sachs and UBS regarding the open business issues. During this discussion, the parties reached an understanding that Verizon would issue to Vodafone $5 billion of notes on mutually satisfactory terms as part of the transaction consideration. The parties also discussed that Verizon would be obligated to pay a termination fee of 3% of the value of Vodafone in the event of a termination by Vodafone for a change in recommendation by the Verizon Board of Directors and that there would be a purchase price adjustment that would begin to accrue on May 1, 2014, if the closing had not occurred by that date, in an amount of $10 million per day. Following these discussions, the Vodafone Board of Directors held a meeting to review in full the proposed transaction, based on the then current terms and conditions. In addition, the Board of Directors of Seller, which had been meeting regularly throughout the period from June through August 2013, held a further meeting on August 28, 2013 to review in full the proposed transaction, based on the then current terms and conditions.

After the close of trading in the U.S. on August 28, 2013, the Wall Street Journal published a report that Verizon and Vodafone were in discussions with respect to a potential acquisition of Vodafone s indirect 45% interest in Verizon Wireless. The next day, before the open of trading in the U.K., Vodafone released a statement that it was in discussions with Verizon regarding the possible disposal of Vodafone s U.S. group whose principal asset is its indirect 45% interest in Verizon Wireless, though there was no certainty that an agreement would be reached.

On August 30, 2013, the Verizon Board of Directors held a meeting for a full review of the proposed transaction, based on the terms of the then current draft of the stock purchase agreement. Members of senior management of Verizon discussed the proposed transaction with the Board members, including the strategic rationale for the transaction, the economic terms, the proposed financing and the potential impact on Verizon. Representatives of Guggenheim Securities and Mr. Taubman, as well as representatives of J.P. Morgan and Morgan Stanley, discussed the financial terms of the proposed transaction; representatives of J.P. Morgan and Morgan Stanley rendered their preliminary views with respect to the fairness, from a financial point of view, to Verizon of the consideration to be paid in the proposed transaction; and Mr. Milch, as well as representatives of Wachtell Lipton and Macfarlanes, discussed the proposed stock purchase agreement and other legal issues. The Board agreed to reconvene on September

2, 2013, to consider final approval of the transaction assuming the remaining open issues were resolved and a final stock purchase agreement was ready to be executed at that time.

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On August 31, 2013, representatives of Verizon and Vodafone and their respective legal counsel participated in several discussions regarding the terms of the stock purchase agreement. The participants in these discussions included Messrs. Horton and Bennett, representatives of Wachtell Lipton and Macfarlanes, Ms. Lamprell and representatives of Simpson Thacher and Slaughter and May. The parties discussed, among other things, the financing-related covenants, representations and warranties and the termination rights and remedies relating to financing failure (including the amount of the termination fee payable by Verizon in the event of a termination by Vodafone because of a financing failure, which was ultimately agreed at $10 billion); provisions relating to tax matters; and the ability of each party s Board of Directors to change its recommendation in respect of the transaction.

Also on August 31, 2013, Messrs. McAdam and Colao had a telephone conversation to discuss the remaining principal open issues. During this meeting, Messrs. McAdam and Colao agreed to recommend that the minimum and maximum prices used for the stock consideration collar would be $47.00 and $51.00, respectively; that Vodafone would provide Verizon with a full indemnity with respect to the Reorganization; and that Verizon s Omnitel interest would be valued at $3.5 billion, with Omnitel not paying any dividends between signing and closing. The $3.5 billion valuation of Verizon s Omnitel interest was determined based on the parties respective financial analyses and represented a negotiated compromise by each party in connection with the overall negotiations between Verizon and Vodafone.

On September 1, 2013, Vodafone issued a public statement confirming that it was in advanced discussions with Verizon regarding the disposal of Vodafone s U.S. group whose principal asset is its indirect 45% interest in Verizon Wireless for $130 billion, though there was no certainty that an agreement would be reached.

Later in the day on September 1, 2013, the Vodafone Board of Directors (and on September 2, 2013, the Seller Board of Directors) met to consider the proposed transaction. Throughout the day on September 1, 2013 and during the early morning of September 2, 2013, Verizon and Vodafone, and particularly Mr. Milch and Ms. Martin, and the companies respective legal advisors continued to discuss and finalized the terms of the stock purchase agreement, including the provisions relating to Vodafone s right to terminate the agreement for a Vodafone material adverse financial effect and the terms of the post-closing indemnity.

On September 2, 2013, the Verizon Board of Directors held a telephonic meeting, together with representatives of Verizon s senior management and representatives of Verizon s financial and legal advisors, to consider the proposed transaction. At this meeting, a representative of each of J.P. Morgan and Morgan Stanley rendered an oral opinion (which was subsequently confirmed in writing) to the Board that, as of such date and based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken in connection with its respective opinion, the consideration to be paid pursuant to the transaction, as provided for in the draft of the stock purchase agreement dated September 2, 2013 that was provided to J.P. Morgan and Morgan Stanley, was fair, from a financial point of view, to Verizon. Following the presentation of the financial advisors, and after further discussion, the Verizon Board of Directors approved and declared advisable the stock purchase agreement and the transactions contemplated thereby, including the share issuance, and resolved to recommend that the Verizon shareholders approve the share issuance.

Verizon, Vodafone and Seller then entered into the stock purchase agreement and the applicable subsidiaries of Verizon and Vodafone entered into the Omnitel share purchase agreement, and the parties announced the execution of the stock purchase agreement.

On December 5, 2013, Verizon, Vodafone and Seller entered into the first amendment to the stock purchase agreement, setting forth certain technical amendments to the stock purchase agreement.

Verizon s Reasons for the Transaction

Verizon s Board of Directors unanimously approved the transaction and stock purchase agreement. Verizon s Board of Directors viewed favorably the business operations and prospects of Verizon and Verizon Wireless following the transaction, as described below, and took into account Verizon s existing knowledge and familiarity with the business and operations of Verizon Wireless given its current controlling stake in Verizon Wireless. In reaching its determination, Verizon s Board of Directors consulted with Verizon s management, as well as with Verizon s legal and financial advisors, and considered a variety of factors weighing favorably towards the transaction, including the factors described below.

Expected Benefits of the Transaction. Verizon believes that the transaction will allow it to capture fully the growth opportunities available to the wireless business and to realize other significant benefits, including the following:

Financial Benefits. Verizon expects that the transaction will be immediately accretive to its earnings per share and cash flow. Verizon also believes that the transaction will result in a more efficient capital structure and that the additional cash flow from owning the remainder of Verizon Wireless will exceed the costs of servicing the indebtedness incurred to pay the cash portion of the consideration and the dividends on the shares of Verizon common stock issued in the transaction.

Converged Services. Following the transaction, it is expected that Verizon can better integrate the services of its wireless and wireline businesses and enhance its offerings of global Internet protocol and cloud services to create improved offers and more integrated customer experiences, such as those relating to mobile commerce and mobile video.

Operational Efficiency. Verizon believes that it will achieve operational benefits through, among other things, having full control of Verizon Wireless, streamlining its organization and governance processes, eliminating duplicative staff and information and operation systems and using its existing networks more efficiently. Verizon also believes that, because of its existing operating control of Verizon Wireless, these benefits can be realized without the integration risks that attach to typical business acquisitions. As a result, Verizon and Verizon Wireless expect to be better equipped to take advantage of the changing competitive dynamics in the market and capitalize on the continuing evolution of consumer demand for wireless, video and broadband services.

Financial Markets Conditions. Verizon considered then current financial market conditions, the availability of debt financing on favorable terms and management s expectation that Verizon would maintain investment-grade credit ratings upon incurrence of the debt financing for the transaction. Verizon s Board of Directors also took into account the current and historical market prices and volatility of, and trading information with respect to, shares of Verizon common stock.

Financial Terms of the Transaction. Verizon s Board of Directors reviewed the amount and forms of consideration to be paid in the transaction, the collar around the price of Verizon common stock to be issued to shareholders of Vodafone (which establishes minimum and maximum limits on the total number of shares potentially issuable), Verizon s right to increase the cash portion of the consideration in certain circumstances, the terms of the notes to be issued to Vodafone, the percentage of the outstanding shares of

Verizon common stock that Verizon shareholders are expected to own following the closing and the other financial terms of the transaction.

Provisions of the Stock Purchase Agreement. Verizon s Board of Directors considered the structure of the transaction and terms and conditions of the stock purchase agreement, including the financial terms discussed above, the provisions relating to the ability of the Boards of Directors of Verizon and Vodafone to change their respective recommendations to shareholders, the conditions to completion of the transaction and the termination rights and the obligations of the parties to pay termination fees or reimburse expenses in certain circumstances.

Strategic Alternatives. Verizon s Board of Directors considered the strategic alternatives available to Verizon in the United States and globally.

Shareholder Approval. Verizon s Board of Directors considered that Verizon s shareholders will have the opportunity to vote on the issuance of the shares in the transaction, and that shareholder approval of such issuance is a condition to Verizon s obligation to complete the transaction.

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Likelihood of Completion. Verizon s Board of Directors considered the regulatory approvals required to consummate the transaction and the expectation of Verizon s management that the transaction would be approved by the requisite authorities on a timely basis, without the imposition of conditions that would materially adversely affect the businesses of Verizon and Verizon Wireless after the transaction, and that completion of the Omnitel transaction was not a condition to completion of the transaction.

Financing. Verizon s Board of Directors considered management s expectations as to the ability of the company to obtain financing on favorable terms and that the company would enter into a bridge credit agreement pursuant to which four major financial institutions would commit to fund up to $61 billion to pay the cash consideration and other costs and expenses, subject to certain limited conditions to funding set forth in the bridge credit agreement, and Verizon s plans to issue debt securities in the capital markets with maturity dates later than the maturity date for borrowings under the bridge credit agreement, rather than draw the full amount available under the bridge credit agreement.

Verizon s Board of Directors also identified and considered certain potentially negative factors in its deliberations to be balanced against the positive factors, including:

costs and expenses associated with the transaction;

the possibility that Verizon would be required to pay a termination fee to or reimburse a certain amount of expenses of Vodafone under certain circumstances, as more fully described under The Transaction Termination Fees and Expenses ;

the provisions of the stock purchase agreement that place restrictions on the interim operations of Verizon and its subsidiaries pending the closing, as described under The Transaction Covenants and Agreements Conduct of Businesses Prior to Completion of the Transaction ;

the significant amount of indebtedness that Verizon would incur in connection with the transaction;

the risk that the transaction might not be consummated despite the parties efforts or that the closing of the transaction may be unduly delayed;

the risk that, if the price of Verizon common stock exceeds $51.00 per share at the closing of the transaction, the value of the stock consideration to be issued to Vodafone shareholders at closing would be greater than the anticipated value of the stock consideration as of September 2, 2013, the date of the stock purchase agreement; and

the other risks described under the sections of this proxy statement entitled Cautionary Statement Regarding Forward-Looking Statements and Risk Factors.

After consideration of these factors, Verizon s Board of Directors determined that, overall, the potential benefits of the transaction outweighed the potential risks.

This discussion of the information and factors considered by Verizon s Board of Directors includes the material positive and negative factors considered by Verizon s Board of Directors, but it is not intended to be exhaustive and may not include all the factors considered by Verizon s Board of Directors. Verizon s Board of Directors did not quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the stock purchase agreement and the transaction. Rather, Verizon s Board of Directors viewed its position and recommendation as being based on the totality of the information presented to and factors considered by it. In addition, individual members of Verizon s Board of Directors may have given differing weights to different factors. It should be noted that this explanation of the reasoning of Verizon s Board of Directors and certain information presented in this section is forward-looking in nature and, therefore, that information should be read in light of the factors discussed in the Cautionary Statement Regarding Forward-Looking Statements.

Opinions of Verizon s Financial Advisors

Verizon retained J.P. Morgan and Morgan Stanley to advise its Board of Directors in connection with the transaction. Pursuant to their engagement, Verizon requested each of J.P. Morgan and Morgan Stanley to

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evaluate the fairness, from a financial point of view, to Verizon of the consideration to be paid by Verizon in connection with the proposed transaction as provided for in the draft stock purchase agreement dated September 2, 2013 that was provided to each of J.P. Morgan and Morgan Stanley. At a meeting of Verizon s Board of Directors on September 2, 2013, J.P. Morgan and Morgan Stanley presented joint materials and each rendered its respective oral opinion, subsequently confirmed in writing, that as of such date and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in each such opinion, the consideration to be paid by Verizon in connection with the proposed transaction as provided for in the draft of the stock purchase agreement dated September 2, 2013 that was provided to J.P. Morgan and Morgan Stanley was fair, from a financial point of view, to Verizon.

Opinion of J.P. Morgan Securities LLC

The full text of the written opinion of J.P. Morgan dated September 2, 2013, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, is attached as Annex C to this proxy statement and is incorporated into this proxy statement by reference. You are urged to, and should, read the opinion carefully and in its entirety. J.P. Morgan s written opinion is addressed to the Board of Directors of Verizon, is directed only to the consideration to be paid in the proposed transaction and does not constitute a recommendation to any shareholder of Verizon as to how such shareholder should vote at the Verizon special meeting. The summary of the opinion of J.P. Morgan set forth in this proxy statement is qualified in its entirety by reference to the full text of such opinion.

In arriving at its opinion, J.P. Morgan, among other things:

- reviewed a draft, dated September 2, 2013, of the stock purchase agreement;

- reviewed certain publicly available business and financial information concerning Verizon Wireless and Verizon and the industries in which they operate;

- reviewed the publicly available financial terms of certain precedent transactions;

- compared the financial and operating performance of Verizon Wireless and Verizon with publicly available information concerning certain other companies in the same industry as Verizon Wireless and Verizon, reviewed the financial and operating performance of certain other publicly traded companies and reviewed the current and historical market prices of Verizon common stock and certain publicly traded securities of such other companies;

- reviewed certain publicly available financial forecasts relating to the business and financial prospects of Verizon Wireless, and, at Verizon s direction, compiled a forecast relating to the business and financial prospects of Verizon Wireless derived from a consensus of selected analysts that were identified, and approved by, Verizon management, which we call the Verizon Wireless Street Forecasts;

reviewed certain publicly available financial forecasts relating to the business and financial prospects of Verizon, and, at Verizon s direction, compiled a forecast relating to the business and financial prospects of Verizon excluding Verizon Wireless derived from a consensus of selected analysts that were identified, and approved, by Verizon management, which we call the Verizon Corporate and Wireline Street Forecasts; and

performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

J.P. Morgan also held discussions with certain members of the management of Verizon with respect to certain aspects of the proposed transaction, and the past and current business operations of Verizon Wireless and Verizon, the financial condition and future prospects and operations of Verizon Wireless and Verizon, the effects of the transaction on the financial condition and future prospects of Verizon Wireless and Verizon, and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

J.P. Morgan relied upon, and assumed the accuracy and completeness of, all information that was publicly available or was furnished to or discussed with J.P. Morgan by Verizon or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan did not independently verify (nor has J.P. Morgan assumed responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan did not conduct, nor was it provided with, any valuation or appraisal of any assets or liabilities, nor did J.P. Morgan evaluate the solvency of Verizon Wireless or Verizon under any state or federal laws relating to bankruptcy, insolvency or similar matters.

At the direction of Verizon s management, J.P. Morgan s analysis relating to the business and financial prospects for Verizon Wireless and Verizon for purposes of rendering its opinion was made on the basis of the Verizon Wireless Street Forecasts and the Verizon Corporate and Wireline Street Forecasts, respectively. J.P. Morgan was advised by Verizon, and J.P. Morgan assumed, with Verizon s consent, that Verizon Wireless Street Forecasts and Verizon Corporate and Wireline Street Forecasts were a reasonable basis upon which to evaluate the business and financial prospects of Verizon Wireless and Verizon, respectively. J.P. Morgan expressed no view as to the Verizon Wireless Street Forecasts and the Verizon Corporate and Wireline Street Forecasts or the assumptions on which they were based, including the selection of the analyst forecasts from which the Verizon Wireless Street Forecasts and the Verizon Corporate and Wireline Street Forecasts were derived.

In rendering its opinion, J.P. Morgan assumed that the transaction will be consummated as described in the draft dated September 2, 2013 of the stock purchase agreement reviewed by it. J.P. Morgan also assumed that (i) the notes forming part of the transaction consideration will have a fair value equal to their principal amount, (ii) Verizon will not exercise the Cash Election (as defined in such draft of the stock purchase agreement), (iii) no payment will be made in respect of the Cash Flow Adjustment Amount (as defined in such draft of the stock purchase agreement), (iv) no claims for indemnification under the stock purchase agreement that are material to its analysis will be made against Verizon, (v) (A) prior to closing, Vodafone will undertake a reorganization as provided in such draft of the stock purchase agreement pursuant to which, immediately prior to the consummation of the transaction, Seller will own, directly or indirectly, all of the outstanding capital stock of Holdco and its subsidiaries, except for the VAI preferred stock, (B) the only assets and liabilities of Holdco and its subsidiaries will be those related to Verizon Wireless, the Vodafone BV Inc. Note (as defined in such draft of the stock purchase agreement), intercompany notes among Holdco and its subsidiaries and $250 million in cash and cash equivalents in one of the subsidiaries of Holdco, and Verizon will be indemnified fully for any unrelated liabilities and any tax liabilities incurred in connection with the reorganization, with the result that (except for the VAI preferred stock) Verizon will not, directly or indirectly, bear any incremental liabilities, which are not fully indemnified compared to a purchase of Verizon Wireless interests directly and (C) the fair value of the VAI preferred stock is $1.65 billion, (vi) the fair value of the receivable related to the ELPI Contribution (as defined in such draft of the stock purchase agreement) is $814 million, (vii) after two years from the Closing Date (as defined in such draft of the stock purchase agreement), the $250 million in cash, cash equivalents and third-party investments held in Vodafone BV Inc. pursuant to such draft of the stock purchase agreement will be available to Verizon in full to discharge debt or for other purposes, (viii) Verizon Wireless will not make any distributions between signing and closing and (ix) the definitive stock purchase agreement will not differ in any material respects from the draft thereof furnished to J.P. Morgan. J.P. Morgan also assumed that the representations and warranties made by Verizon and Verizon Wireless in the stock purchase agreement and the related agreements are and will be true and correct in all respects material to its analysis. J.P. Morgan is not a legal, regulatory or tax expert and it relied on the assessments made by advisors to Verizon with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the transaction will be obtained without any material adverse effect on Verizon Wireless or Verizon or on the contemplated benefits of the transaction.

In rendering its opinion, J.P. Morgan further understood that Verizon will sell its indirect equity interest in Omnitel to Vodafone for either $3.5 billion in cash, if the sale of Omnitel occurs concurrently with consummation of the transaction, or otherwise the Omnitel note in such amount. J.P. Morgan was not requested to provide its opinion with respect to, and its opinion does not address, the fairness from a financial point of view of the Omnitel transaction. Furthermore, at Verizon s direction, in connection with preparing its opinion,

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J.P. Morgan assumed that consummation of the Omnitel transaction will occur concurrently with the consummation of the transaction, and that the Omnitel transaction is fair from a financial point of view to Verizon. J.P. Morgan also assumed that no claims for indemnification under the Omnitel share purchase agreement that are material to its analysis will be made against Verizon or its affiliates.

J.P. Morgan s opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of such opinion. Subsequent developments may affect J.P. Morgan s opinion, and J.P. Morgan does not have any obligation to update, revise or reaffirm such opinion. J.P. Morgan s opinion is limited to the fairness, from a financial point of view, of the consideration to be paid by Verizon in the proposed transaction, and J.P. Morgan has expressed no opinion as to the fairness of the transaction consideration to the holders of any class of securities, creditors or other constituencies of Verizon or the underlying decision by Verizon to engage in the transaction. J.P. Morgan expressed no opinion as to what the value of Verizon common stock will be when issued pursuant to the transaction, or the price at which Verizon common stock will trade at any time. Furthermore, J.P. Morgan expressed no opinion with respect to the amount or nature of any compensation to any officers, directors or employees of any party to the transaction, or any class of such persons relative to the transaction consideration to be paid by Verizon in the transaction or with respect to the fairness of any such compensation.

In the ordinary course of its businesses, J.P. Morgan and its respective affiliates may actively trade or hold the securities of Verizon and Vodafone for their own account or for the account of their customers and, accordingly, may at any time hold a long or short position in such securities.

J.P. Morgan s opinion was approved by a fairness opinion committee of J.P. Morgan.

Opinion of Morgan Stanley & Co. LLC

The full text of Morgan Stanley s written opinion, dated September 2, 2013, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is attached to this proxy statement as Annex D and is incorporated into this proxy statement by reference. The summary of Morgan Stanley s opinion is qualified in its entirety by reference to the full text of the opinion. You are urged to, and should, read the opinion carefully and in its entirety. Morgan Stanley s opinion was directed to the Board of Directors of Verizon in connection with its evaluation of the proposed transaction and was limited to the fairness, from a financial point of view, as of the date of the opinion, to Verizon of the consideration to be paid in connection with the transaction, as provided in the draft stock purchase agreement dated September 2, 2013 that was provided to Morgan Stanley. Morgan Stanley s opinion does not in any manner address the price at which Verizon common stock will trade following consummation of the transaction or at any time and does not express any opinion or recommendation as to how any shareholder of Verizon should vote at the special meeting to be held in connection with the transaction.

In connection with rendering its opinion, Morgan Stanley, among other things:

reviewed certain publicly available financial forecasts relating to the business and financial prospects of Verizon Wireless, and, at Verizon s direction, compiled Verizon Wireless Street Forecasts, which were derived from a consensus of selected analysts that were identified and approved by Verizon s management;

reviewed certain publicly available financial forecasts relating to the business and financial prospects of Verizon, and, at Verizon s direction, compiled Verizon Corporate and Wireline Street Forecasts, which were derived from a consensus of selected analysts that were identified and approved by Verizon s management;

reviewed certain publicly available business and financial information concerning Verizon and Verizon Wireless and the industries in which they operate;

discussed the past and current operations and financial condition and the prospects of Verizon and Verizon Wireless, including information relating to certain strategic and operational benefits anticipated from the transaction, with senior executives of Verizon;

reviewed the reported prices and trading activity for Verizon common stock;

compared the financial and operating performance of Verizon and Verizon Wireless with publicly available information concerning certain other companies Morgan Stanley deemed relevant and reviewed the current and historical market prices of Verizon common stock and certain publicly traded securities of such other companies;

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

reviewed the stock purchase agreement and certain related documents; and

performed such other analyses and reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to it by Verizon, and formed a substantial basis for this opinion. At Verizon s direction, Morgan Stanley s analysis relating to the business and financial prospects for Verizon Wireless and Verizon for purposes of this opinion was made on the basis of the Verizon Wireless Street Forecasts and the Verizon Corporate and Wireline Street Forecasts, respectively. Morgan Stanley was advised by Verizon, and assumed, with Verizon s consent, that the Verizon Wireless Street Forecasts and the Verizon Corporate and Wireline Street Forecasts were a reasonable basis upon which to evaluate the business and financial prospects of Verizon Wireless and Verizon, respectively. Morgan Stanley expressed no view as to the Verizon Wireless Street Forecasts and the Verizon Corporate and Wireline Street Forecasts or the assumptions on which they were based, including the selection of the analyst forecasts from which the Verizon Wireless Street Forecasts and the Verizon Corporate and Wireline Street Forecasts were derived. Morgan Stanley s opinion did not address the relative merits of the transaction as compared to any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. Morgan Stanley s opinion is not a solvency opinion and does not in any way address the solvency or financial condition of Verizon.

In addition, Morgan Stanley assumed that the transaction will be consummated in compliance with all applicable laws and in accordance with the terms set forth in the draft stock purchase agreement reviewed by it without any waiver or amendment of any terms or conditions. Morgan Stanley also assumed that (i) the notes forming part of the transaction consideration will have a fair value equal to their principal amount, (ii) Verizon will not exercise the Cash Election (as defined in such draft of the stock purchase agreement), (iii) no payment will be made in respect of the Cash Flow Adjustment Amount (as defined in such draft of the stock purchase agreement), (iv) no claims for indemnification under the stock purchase agreement that are material to its analysis will be made against Verizon, (v) (A) prior to closing, Vodafone will undertake a reorganization as provided in such draft of the stock purchase agreement pursuant to which, immediately prior to the consummation of the transaction, Seller will own, directly or indirectly, all of the outstanding capital stock of Holdco and its subsidiaries, except for the VAI preferred stock (as defined in such draft of the stock purchase agreement), (B) the only assets and liabilities of Holdco and its subsidiaries will be those related to

Verizon Wireless, the Vodafone BV Inc. Note (as defined in such draft of the stock purchase agreement), intercompany notes among Holdco and its subsidiaries and $250 million in cash and cash equivalents in one of the subsidiaries of Holdco, and Verizon will be indemnified fully for any unrelated liabilities and any tax liabilities incurred in connection with the reorganization, with the result that (except for the VAI preferred stock) Verizon will not, directly or indirectly, bear any incremental liabilities, which are not fully indemnified, compared to a purchase of Verizon Wireless interests directly and (C) the fair value of the VAI preferred stock is $1.65 billion, (vi) the fair value of the receivable related to the ELPI Contribution (as defined in such draft of the stock purchase agreement) is $814 million, (vii) after two years from the Closing Date (as defined in such draft of the stock purchase agreement), the $250 million in cash, cash equivalents and third party investments held in Vodafone BV Inc.

pursuant to the stock purchase agreement will be available to Verizon in full to discharge debt or for other purposes, (viii) Verizon Wireless will not make any distributions between signing and closing and (ix) the definitive stock purchase agreement will not differ in any material respects from the draft thereof furnished to Morgan Stanley.

Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed transaction, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed transaction. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley acted as a financial advisor only and relied upon, without independent verification, the assessment of Verizon and its legal, tax or regulatory advisors with respect to legal, tax or regulatory matters. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of any compensation to any officers, directors or employees of any party to the transaction, or any class of such persons relative to the transaction consideration to be paid by Verizon in the transaction. Morgan Stanley has not made any independent valuation or appraisal of the assets or liabilities of Verizon Wireless or Verizon, nor has Morgan Stanley been furnished with any such valuations or appraisals. Morgan Stanley s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of, the date of its opinion. Events occurring after the date of its opinion may affect Morgan Stanley s opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion.

In rendering its opinion, Morgan Stanley further understood that Verizon will sell its equity interest in Omnitel to Vodafone for either $3.5 billion in cash, if the sale of Omnitel occurs concurrently with the consummation of the transaction, or otherwise the Omnitel note in such amount. Morgan Stanley was not requested to provide its opinion with respect to, and its opinion did not address, the fairness from a financial point of view of the Omnitel transaction. Furthermore, at Verizon s direction, in connection with preparing its opinion, Morgan Stanley assumed that the consummation of the Omnitel transaction will occur concurrently with the consummation of the transaction and that the Omnitel transaction is fair from a financial point of view to Verizon. Morgan Stanley also assumed that no claims for indemnification under the Omnitel share purchase agreement that are material to its analysis will be made against Verizon or its affiliates.

Morgan Stanley s opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with its customary practice.

Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Its securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of Verizon, Vodafone, or any other company, or any currency or commodity, that may be involved in this transaction, or any related derivative instrument.

Summary of Material Analyses

In accordance with customary investment banking practices, J.P. Morgan and Morgan Stanley employed generally accepted valuation methods in reaching their opinions. At a meeting of Verizon s Board of Directors on August 30, 2013, J.P. Morgan and Morgan Stanley jointly presented materials describing the financial analyses undertaken in connection with rendering their respective opinions. These joint materials were subsequently updated on September 2, 2013 to (i) reflect the agreed upon range of the collar from $47.00 to $51.00 (for illustrative purposes the August 30 materials assumed a collar range of 5% around $46.56, Verizon s closing price on August 28, 2013, the last trading day before Vodafone s public announcement of the existence of advanced negotiations with respect to the transaction, which we refer to as the Unaffected Date), (ii) reflect that

$250 million in cash, cash equivalents and third-party investments would remain in one of the subsidiaries of Holdco and that this amount would be offset by a note in such principal amount issued by Verizon upon consummation of the closing of the transaction and (iii) update the stock prices throughout the presentation from August 28, 2013 closing prices to August 30, 2013 closing prices (other than stock prices for Verizon and Vodafone, which were measured as of the Unaffected Date). The updated materials were jointly presented to the Verizon Board of Directors on September 2, 2013.

The following is a summary of the material financial analyses in the joint presentation that was made by J.P. Morgan and Morgan Stanley to the Board of Directors of Verizon on September 2, 2013, and does not purport to be a complete description of the analyses underlying J.P. Morgan s and Morgan Stanley s respective opinions, nor does the order of analyses described represent the relative importance or weight given to those analyses by J.P. Morgan or Morgan Stanley. Some of the summaries of financial analyses are presented in tabular format. To fully understand the financial analyses, the tables should be read together with the text of each summary. Considering the data set forth in the table without considering the narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses.

Transaction Overview

Based on the closing price of the Verizon common stock of $47.38 as of August 30, 2013 and taking into account the stock consideration collar range of $47.00 to $51.00, J.P. Morgan and Morgan Stanley noted that the implied aggregate value of the consideration to be paid by Verizon in the transaction as of September 2, 2013 was $130 billion. J.P. Morgan and Morgan Stanley noted that the $130 billion value for 45% of Verizon Wireless implied an equity value for 100% of Verizon Wireless of approximately $288.9 billion. J.P. Morgan and Morgan Stanley also noted that Verizon s current shareholders would own approximately 69.4% to 71.1% of Verizon pro forma for the issuance of Verizon common stock in connection with the transaction, assuming the $47.00 to $51.00 collar price per share range. J.P. Morgan and Morgan Stanley also noted that Verizon s current shareholders would own approximately 70.3% of Verizon pro forma for the issuance of Verizon common stock in connection with the transaction, assuming a price per share in the midpoint of the collar of $49.00; this calculation assumed that approximately 1.228 billion shares of Verizon common stock would be issued in the transaction, resulting in a total pro forma diluted share count of approximately 4.134 billion.

Street Forecasts

Verizon directed J.P. Morgan and Morgan Stanley to use sellside equity analyst projections in rendering their respective fairness opinions. Specifically, Verizon identified five sellside equity analysts from which consensus projections were derived for both Verizon Wireless and Verizon Corporate and Wireline, referred to below as the Verizon Wireless Street Forecasts and the Verizon Corporate and Wireline Street Forecasts. The sellside equity analyst reports and models were published following Verizon s second quarter earnings release on July 18, 2013, and comprised the following analysts: Citibank, Deutsche Bank, J.P. Morgan, Morgan Stanley and UBS.

The Verizon Wireless Street Forecasts and the Verizon Corporate and Wireline Street Forecasts consisted of the average of each estimate published by the selected sellside equity analysts for calendar years 2013 and 2014. Thereafter, for calendar years 2015 through 2018, the Verizon Wireless Street Forecasts and the Verizon Corporate and Wireline Street Forecasts were derived as follows:

Revenue estimates were calculated based on the average of the revenue growth rates projected by each selected sellside equity analyst.

Earnings before interest, taxes, depreciation and amortization, which we refer to as EBITDA, estimates were calculated based on the average growth in EBITDA as a percentage of revenue.

Capital expenditure estimates were calculated based on the average growth in capital expenditures as a percentage of revenue.

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Depreciation and amortization estimates were calculated based on the average growth in depreciation and amortization as a percentage of capital expenditures.

Change in net working capital estimates were calculated based on the average increase in the change in net working capital as a percentage of the change in revenue.

Earnings per share estimates were calculated based on the average earnings per share growth rates.

All other figures including equity income from unconsolidated investments, other income, non-controlling interest expense, and other operating cash flow items were calculated as the average of each estimate.
Furthermore, at Verizon s direction, the average of the effective tax rate estimates from the selected sellside equity analysts for Verizon was applied in both the Verizon Wireless Street Forecasts and the Verizon Corporate and Wireline Street Forecasts for calendar years 2013 through 2018.

The foregoing method for deriving the Verizon Wireless Street Forecasts and the Verizon Corporate and Wireline Street Forecasts was developed by J.P. Morgan and Morgan Stanley in consultation with Verizon s management. J.P. Morgan and Morgan Stanley were advised by Verizon, and J.P. Morgan and Morgan Stanley assumed, with Verizon s consent, that the Verizon Wireless Street Forecasts and the Verizon Corporate and Wireline Street Forecasts were a reasonable basis upon which to evaluate the business and financial prospects of Verizon Wireless and Verizon, respectively.

Analyses of Verizon Wireless

Discounted Cash Flow Analysis

J.P. Morgan and Morgan Stanley conducted a discounted cash flow analysis for the purpose of determining the equity value for Verizon Wireless. J.P. Morgan and Morgan Stanley calculated the unlevered free cash flows that Verizon Wireless is expected to generate during fiscal years 2013 through 2018 based upon the Verizon Wireless Street Forecasts. J.P. Morgan and Morgan Stanley also calculated a range of terminal values of Verizon Wireless at the end of 2018 by applying a perpetual growth rate ranging from 0.5% to 1.5% of the unlevered free cash flow of Verizon Wireless during the final year of the period. The unlevered free cash flows and the range of terminal values were then discounted to present values using a range of discount rates from 6.0% to 7.0%, which were chosen by J.P. Morgan and Morgan Stanley based upon an analysis of the weighted average cost of capital of Verizon Wireless. The present value of the unlevered free cash flows and the range of terminal values were then adjusted for Verizon Wireless estimated cash, total debt, non-controlling interests and unconsolidated investments as of June 30, 2013. The discounted cash flow analysis indicated a range of implied equity values for Vodafone s indirect 45% stake in Verizon Wireless of approximately $131 billion to $182 billion.

Public Trading Benchmarks

Wireless Pure Play. Using publicly available information, J.P. Morgan and Morgan Stanley compared selected financial data of Verizon Wireless with similar data for selected publicly traded companies engaged in the wireless communications industry, which we refer to as the Wireless Pure Play companies.

The public companies considered by J.P. Morgan and Morgan Stanley were:

T-Mobile US, Inc.

Sprint Corp.

Vodafone Group Plc

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J.P. Morgan and Morgan Stanley compared certain operating and financial metrics of Verizon Wireless to these three companies. These metrics included:

- the firm value for each company
- the percentage of estimated calendar year 2013 EBITDA derived from the United States wireless communications industry for each company
- the number of prepaid and postpaid subscribers for each company (other than Vodafone)
- the number of net additions for the quarter ended June 30, 2013, for each company (other than Vodafone)
- the churn rate for each company (other than Vodafone)
- the LTE U.S. population coverage for each company (other than Vodafone)
- the percentage of postpaid subscribers as compared to total subscribers for each company (other than Vodafone)
- the calendar year 2013 revenue estimate for each company
- the estimated compound annual revenue growth rate for the period spanning calendar year 2013 to calendar year 2015 for each company
- the calendar year 2013 EBITDA estimate as a percentage of the calendar year 2013 revenue estimate, which we call the 2013E EBITDA margin, for each company
- the calendar year 2013 EBITDA less capital expenditures (which we call 2013E EBITDA less capex) estimate as a percentage of the calendar year 2013 revenue estimate (which we call 2013E EBITDA less capex margin) for each company

For reference purposes, J.P. Morgan and Morgan Stanley also presented the same metrics for the Wireless division of AT&T Inc., although they did not reference AT&T Inc. s trading multiples for purposes of valuing Verizon Wireless. J.P. Morgan and Morgan Stanley concluded that Verizon Wireless is a premium asset with substantially stronger operating and financial characteristics than the Wireless Pure Play companies.

Certain of these metrics are shown in the following table:

	Verizon Wireless	Sprint	T-Mobile	AT&T[3]	Vodafone
Percentage of 2013E EBITDA from US Wireless	100.0%	91.3%	100.0%	60.4%	41.3%
Prepaid and Postpaid Subscribers ('000s)	100,124	45,666	35,718	78,362	N/M[1]
Net Adds ('000s)	1,038	(292)	678	562	N/M[1]
Churn	1.23%	3.59%	3.00%	1.36%	N/M[1]
LTE PoPs (mm)	301	200[2]	157	225	N/M[1]
Postpaid as % of Total	94.2%	66.7%	58.2%	91.0%	N/M[1]

					Proportionate	Consolidated
2013E Revenue ($B)	$ 81.0	$ 35.5	$ 25.5	$ 67.8	$ 107.7	$ 71.2
'13E-'15E Revenue CAGR	4.4%	1.5%	4.0%	3.0%	2.0%	0.8%

Note: Based on publicly available information; all Vodafone metrics are pro forma for Vodafone s then-pending acquisition of Kabel Deutschland.

1 Operating metrics are reported by geography/country and are not meaningful for comparison with the United States.
2 Company guidance for coverage by year end 2013.
3 Metrics for the Wireless division of AT&T, Inc., were presented for reference purposes only, not for purposes of valuing Verizon Wireless.

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In their analyses, J.P. Morgan and Morgan Stanley derived and compared multiples for the Wireless Pure Play companies, calculated as the firm value as a multiple of EBITDA for calendar year 2014, which we refer to as 2014E FV/EBITDA. J.P. Morgan also calculated the 2013E FV/EBITDA multiples for the Wireless Pure Play companies. The analysis indicated the following:

Company	2013E FV/EBITDA	2014E FV/EBITDA
T-Mobile US, Inc.	6.7x	6.0x
Sprint Corp.	9.5x	7.2x
Vodafone Group Plc*	5.6x	5.5x

* J.P. Morgan and Morgan Stanley noted that the market data for Vodafone was presented as of August 28, 2013, the last trading day before Vodafone announced the existence of advanced negotiations with Verizon.

Using a reference range of 6.0x to 7.5x Verizon Wireless 2014E FV/EBITDA, J.P. Morgan and Morgan Stanley determined a range of implied equity values for Verizon Wireless. This analysis indicated a range of implied equity values for Vodafone s indirect 45% stake in Verizon Wireless of approximately $92 billion to $116 billion using Verizon Wireless 2014E FV/EBITDA. J.P. Morgan also determined a range of implied equity values for Verizon Wireless using valuation multiples for calendar year 2013 estimates. J.P. Morgan also used a reference range of 6.5x to 7.5x Verizon Wireless 2013E FV/EBITDA to determine a range of implied equity values for Verizon Wireless. This analysis indicated a range of implied equity values for Vodafone s indirect 45% stake in Verizon Wireless of approximately $94 billion to $110 billion using Verizon Wireless 2013E FV/EBITDA.

No company in the above analysis is identical to Verizon Wireless. In evaluating the peer group, J.P. Morgan and Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Verizon and Verizon Wireless, such as the impact of competition on Verizon Wireless business or the industry generally, industry growth and the absence of any material change in the financial condition and prospects of Verizon Wireless or the industry or in the financial markets in general. Mathematical analysis, such as determining the average or median, is not in itself a meaningful method of using peer group data.

Implied Value Based on Verizon Market Value and Assumed Verizon Corporate and Wireline Valuation. Using publicly available information, J.P. Morgan and Morgan Stanley calculated the implied equity value of Verizon s 55% stake in Verizon Wireless by subtracting the implied equity value of Verizon Corporate and Wireline based on the Public Trading Benchmarks analysis for Verizon Corporate and Wireline (described below) from Verizon s market capitalization as of the Unaffected Date.

J.P. Morgan and Morgan Stanley noted that the multiples defined below for Verizon Corporate and Wireline were presented on a pension and other post-employment benefit (OPEB)-adjusted basis for firm value, EBITDA and EBITDA less capex. Specifically, the firm values were adjusted by adding back the latest publicly available after-tax pension and OPEB underfunding balance, and the EBITDA estimates were adjusted by adding back the pension and OPEB expense other than service cost.

Using a reference range of 5.0x to 6.0x Verizon Corporate and Wireline s 2014E FV/EBITDA and 8.0x to 10.5x Verizon Corporate and Wireline s 2014E FV/EBITDA less capex (as defined below), J.P. Morgan and Morgan Stanley determined a range of implied equity values for Verizon s 55% stake in Verizon Wireless. This analysis indicated a range of implied equity values for Vodafone s indirect 45% stake in Verizon Wireless of approximately $113 billion to

$143 billion using Verizon Corporate and Wireline 2014E FV/EBITDA and 2014E FV/EBITDA less capex. J.P. Morgan also determined a range of implied equity values for Verizon Wireless using valuation multiples for Verizon Corporate and Wireline for calendar year 2013 estimates. Using a reference range of 5.0x to 6.0x Verizon Corporate and Wireline s 2013E FV/EBITDA and 7.5x to 11.0x Verizon Corporate and Wireline s 2013E FV/EBITDA less capex (as defined below), J.P. Morgan determined a range of implied equity values for Verizon s 55% stake in Verizon Wireless. This analysis indicated a range of implied equity values for Vodafone s indirect 45% stake in Verizon Wireless of approximately $115 billion to $147 billion using Verizon Corporate and Wireline 2013E FV/EBITDA and 2013E FV/EBITDA less capex.

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Illustrative Fully Distributed Equity Valuation. Using publicly available information, J.P. Morgan and Morgan Stanley compared selected financial data of Verizon Wireless with the following benchmarks:

AT&T Inc. as of August 30, 2013

Constituents of the S&P 500 with market capitalizations greater than $75 billion as of August 30, 2013, excluding companies in the financials, energy and tobacco industries, which we collectively call the Large Cap Companies. Specifically, the following 25 companies: Apple Inc., Google Inc., Microsoft Corporation, Johnson & Johnson, Wal-Mart Stores Inc., Proctor & Gamble Co., International Business Machines Corp., Pfizer Inc., AT&T Inc., The Coca-Cola Company, Oracle Corporation, Merck & Co. Inc., Cisco Systems, Inc., Pepsico, Inc., Qualcomm Incorporated, Comcast Corporation, Intel Corporation, Walt Disney Co., The Home Depot, Inc., McDonald s Corp., United Technologies Corp., United Parcel Service, Inc., Amgen Inc., The Boeing Company and 3M Co.

The S&P 500 index as of August 30, 2013

Verizon as of the Unaffected Date

J.P. Morgan and Morgan Stanley assumed a target capital structure range for Verizon Wireless of 1.5x to 2.5x net debt to 2013E EBITDA in order to derive an estimated range of net incomes for Verizon Wireless. J.P. Morgan and Morgan Stanley derived and compared multiples for the above benchmarks, calculated as the price per share divided by the estimated earnings per share, or EPS, for calendar year 2014, which we refer to as 2014E P/E. The analysis indicated the following:

Company	**2014E P/E**
AT&T Inc.	12.6x
Large Cap Companies*	13.9x
The S&P 500	14.1x
Verizon**	14.8x

* J.P. Morgan and Morgan Stanley noted that the Large Cap Companies multiple represented the average of the multiples for the selected companies.

** J.P. Morgan and Morgan Stanley noted that the market data for Verizon was presented as of August 28, 2013, the Unaffected Date.

Using a reference range of 12.5x to 15.0x Verizon Wireless 2014E P/E, J.P. Morgan and Morgan Stanley determined a range of implied equity values for Verizon Wireless. This analysis indicated a range of implied equity values for Vodafone s indirect 45% stake in Verizon Wireless of approximately $114 billion to $145 billion using Verizon Wireless 2014E P/E. J.P. Morgan and Morgan Stanley noted that the Illustrative Fully Distributed Equity Valuation methodology was presented for illustrative purposes. J.P. Morgan further noted that the Illustrative Fully Distributed Equity Valuation methodology was used by J.P. Morgan for reference only, and was not part of J.P. Morgan s core valuation analysis.

Sellside Equity Analyst Valuation (Undiscounted)

J.P. Morgan and Morgan Stanley reviewed the equity valuations for Verizon Wireless published by sellside equity analysts covering Verizon and Vodafone after Verizon s earnings release for the first quarter of 2013. J.P. Morgan and Morgan Stanley noted that such equity values for Vodafone s indirect 45% stake in Verizon Wireless ranged from $115 billion to $145 billion for analysts covering Verizon, and $81 billion to $136 billion for analysts covering Vodafone (except for the $81 billion valuation from one analyst, the valuations for Vodafone s indirect 45% stake in Verizon Wireless from all the other analysts covering Vodafone ranged from $105 billion to $136 billion). J.P. Morgan and Morgan Stanley noted that the valuations above were presented as published without any adjustment.

J.P. Morgan and Morgan Stanley noted that the Sellside Equity Analyst Valuation was presented merely for reference purposes only, and was not relied upon for valuation purposes.

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Illustrative Minority Buy-in Premium Precedents

Using publicly available information, J.P. Morgan and Morgan Stanley reviewed the premiums paid historically in minority buy-ins of public companies with over $1 billion in transaction value since 2005, which are set forth in the following table:

Date	Target name	Acquiror name	Deal value ($M)	Consideration	Initial ownership (%)	Premium to (%) 1-day prior	1-month average	52-week high
21-Jul-08	Genentech	Roche Holding AG	$ 46,763	Cash	55.8%	16.1%	23.7%	15.8%
10-Jan-05	Fox Entertainment	News Corp	$ 6,532	Stock	82.1%	9.8%	9.3%	(0.0%)
23-Jul-10	Southern Copper	Grupo Mexico SAB de CV	$ 5,473	Stock	80.0%	29.0%	39.0%	10.1%
12-Aug-08	UnionBancal	Mitsubishi UFJ Financial Group	$ 3,511	Cash	64.9%	38.6%	46.7%	16.4%
18-Jan-05	UnitedGlobalCom	Liberty Media International	$ 3,480	Stock	53.8%	2.5%	1.0%	(11.2%)
6-Feb-06	Lafarge North America	Lafarge SA	$ 3,293	Cash	53.2%	34.8%	40.3%	22.5%
20-Nov-06	TD Banknorth	TD Bank Financial Group	$ 3,006	Cash	57.0%	6.5%	8.7%	3.2%
1-Sep-05	7-Eleven Inc	Seven-Eleven Japan Co Ltd	$ 2,451	Cash	72.7%	32.3%	23.1%	7.9%
10-Mar-08	Nationwide Financial Services	Nationwide Mutual Insurance Co	$ 2,440	Cash	66.3%	28.3%	24.0%	(19.1%)
17-Dec-12	Clearwire[1]	Sprint Nextel[1]	$ 2,175	Cash	50.4%	86.6%	116.6%	81.8%
2-June-10	Gerdau Ameristeel	Gerdau SA	$ 1,620	Cash	66.3%	47.7%	47.4%	15.7%
23-Sep-09	SkyTerra Communications	Investor Group	$ 1,211	Cash	69.4%	51.5%	54.5%	7.5%
30-May-12	CNH Global	Fiat Industrial	$ 1,149	Cash	88.0%	NA	NA	NA
23-Feb-11	Duncan Energy Partners	Enterprise Products Partners	$ 1,047	Stock	58.0%	34.4%	32.9%	8.3%
4-Sep-09	Odyssey RE Holdings	Fairfax Financial Holdings	$ 1,014	Cash	72.6%	29.4%	33.7%	19.7%
Mean					**67.1%**	**27.8%**	**29.6%**	**7.4%**
Median					**66.3%**	**29.4%**	**32.9%**	**8.3%**

[1] *Sprint Nextel transaction excluded from mean and median calculations.*

Based on the review of these precedents, J.P. Morgan and Morgan Stanley applied an illustrative range of premiums of 15% to 30% to the low and high ends of the valuation range derived from the Wireless Pure Play 2014E FV/EBITDA methodology, and arrived at an estimated range of equity values for Vodafone s indirect 45% stake in Verizon Wireless of approximately $106 billion to $151 billion.

J.P. Morgan and Morgan Stanley noted that the Illustrative Minority Buy-in Premium Precedents were presented merely for reference purposes only, and were not relied upon for valuation purposes.

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Illustrative Precedent Transaction Analysis

Using publicly available information, J.P. Morgan and Morgan Stanley examined selected transactions involving companies that operated in, or were exposed to, the United States wireless telecommunications industry. J.P. Morgan and Morgan Stanley reviewed the transaction firm value as a multiple of the target company s next twelve months, or NTM, EBITDA, immediately preceding announcement of the transaction, which we refer to as FV/NTM EBITDA. Specifically, J.P. Morgan and Morgan Stanley reviewed the following transactions:

Acquiror	Target	Announcement Date	Transaction Firm Value (in millions)	FV/NTM EBITDA
	Selected transactions of over $20 billion in transaction value			
Cingular	AT&T Wireless	February 2004	$ 47,886	10.0x
Softbank	Sprint	October 2012	$ 42,026	7.2x
AT&T	T-Mobile USA*	March 2011	$ 39,000	7.0x
Verizon Wireless	Alltel	June 2008	$ 28,100	8.3x
TPG, Goldman Sachs	Alltel	May 2007	$ 27,494	9.1x
			Mean	**8.3x**
			Median	**8.3x**
	Selected transactions of less than $20 billion and of over $1 billion in transaction value			
T-Mobile USA	MetroPCS	October 2012	$ 6,266	4.7x
Alltel	Western Wireless	January 2005	$ 5,681	7.5x
AT&T	Dobson	June 2007	$ 5,063	9.5x
AT&T	LEAP	July 2013	$ 4,045	8.8x
AT&T	Centennial	November 2008	$ 2,840	6.7x
Verizon Wireless	Rural Cellular	July 2007	$ 2,670	10.0x
T-Mobile USA	Suncom	September 2007	$ 2,405	11.8x
AT&T	Divestiture of assets by Verizon Wireless	May 2009	$ 2,350	N/A
			Mean	8.4x
			Median	8.8x

* Transaction value based on terms mutually agreed to by AT&T and T-Mobile/Deutsche Telekom on March 20, 2011; the proposed transaction was terminated on December 19, 2011.

Using a reference range of 7.0x to 10.0x Verizon Wireless NTM EBITDA as of June 30, 2013, J.P. Morgan and Morgan Stanley determined a range of implied equity values for Verizon Wireless. This analysis indicated a range of implied equity values for Vodafone s indirect 45% stake in Verizon Wireless of approximately $105 billion to $152 billion.

No company or transaction utilized as a comparison in the illustrative precedent transaction analysis is identical to Verizon Wireless, Vodafone or Verizon, nor are any such precedent transactions identical to the transaction.

In evaluating the transactions listed above, J.P. Morgan and Morgan Stanley made judgments and assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Verizon Wireless, Verizon and Vodafone, including, but not limited to, the impact of competition on their respective businesses, industry growth, and that absence of any material change in the financial condition and prospects of Verizon Wireless, Verizon, Vodafone or the industry or the financial markets in general, which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared. Mathematical analysis, such as determining the average or median, is not in itself a useful method of using comparable transaction data.

J.P. Morgan and Morgan Stanley noted that the acquisition of Vodafone s indirect 45% interest in Verizon Wireless, has unique characteristics that are not directly comparable to any prior transaction. As a result, the Precedent Transaction Analysis was presented merely for reference purposes only and was not relied upon for valuation purposes.

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Verizon Corporate and Wireline Analyses

Discounted Cash Flow Analysis

J.P. Morgan and Morgan Stanley conducted a discounted cash flow analysis for the purpose of determining the equity value for Verizon Corporate and Wireline. J.P. Morgan and Morgan Stanley calculated the unlevered free cash flows that Verizon Corporate and Wireline is expected to generate during fiscal years 2013 through 2018 based upon the Verizon Corporate and Wireline Street Forecasts. J.P. Morgan and Morgan Stanley also calculated a range of terminal values of Verizon Corporate and Wireline at the end of 2018 by applying a perpetual growth rate ranging from (0.5%) to 0.5% of the unlevered free cash flow of Verizon Corporate and Wireline during the final year of the period. The unlevered free cash flows and the range of terminal values were then discounted to present values using a range of discount rates from 6.0% to 7.0%, which were chosen by J.P. Morgan and Morgan Stanley based upon an analysis of the weighted average cost of capital of Verizon Corporate and Wireline. The present value of the unlevered free cash flows and the range of terminal values (which included projected pension and OPEB cash contributions until the underfunding is satisfied) were then adjusted for Verizon Corporate and Wireline s estimated cash, total debt and unconsolidated investments as of June 30, 2013. The discounted cash flow analysis indicated a range of implied equity values for Verizon Corporate and Wireline of approximately ($16) billion to ($8) billion.

Public Trading Benchmarks

Using publicly available information, J.P. Morgan and Morgan Stanley compared selected financial data of Verizon Corporate and Wireline with similar data for selected publicly traded companies engaged in businesses which J.P. Morgan and Morgan Stanley judged to be relevant to Verizon Corporate and Wireline. The companies selected by J.P. Morgan and Morgan Stanley were:

CenturyLink, Inc.

Frontier Communications Corporation

Windstream Corporation

BT Group plc

Time Warner Cable Inc.

Comcast Corporation

Cablevision Systems Corporation

Charter Communications, Inc.

J.P. Morgan and Morgan Stanley noted that Cablevision Systems Corporation and Charter Communications, Inc. were not used to derive the Verizon Corporate and Wireline valuation multiple range because J.P. Morgan and Morgan Stanley concluded that the trading valuations for these companies were driven by operating and financial characteristics that differed from Verizon Corporate and Wireline.

In their analyses, J.P. Morgan and Morgan Stanley derived and compared multiples for the selected companies, calculated as follows:

the 2014E FV/EBITDA

the firm value as a multiple of EBITDA less capex for calendar year 2014, which we refer to as 2014E FV/EBITDA less capex

J.P. Morgan also calculated the 2013E FV/EBITDA and 2013E FV/EBITDA less capex multiples for the selected companies.

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J.P. Morgan and Morgan Stanley noted that the multiples defined above for Verizon Corporate and Wireline and the selected companies were presented on a pension and OPEB-adjusted basis for firm value, EBITDA and EBITDA less capex. The firm values were adjusted by adding back the latest publicly available after-tax pension and OPEB underfunding balance as of December 31, 2012 or June 30, 2013, when available. The EBITDA estimates were adjusted by adding back the pension and OPEB expense other than service cost.

The analysis indicated the following:

Company	2013E FV/EBITDA	2014E FV/EBITDA	2013E FV/EBITDA less capex	2014E FV/EBITDA less capex
CenturyLink, Inc.	6.1x	6.2x	10.3x	10.3x
Frontier Communications Corporation	5.5x	5.6x	7.6x	7.8x
Windstream Corporation	6.0x	6.1x	9.5x	9.2x
BT Group plc	6.0x	5.9x	10.3x	10.0x
Time Warner Cable Inc.	6.7x	6.4x	11.2x	10.5x
Comcast Corporation	6.1x	5.7x	9.8x	8.9x
Cablevision Systems Corporation	8.3x	7.9x	19.3x	15.5x
Charter Communications, Inc.	8.6x	7.6x	23.1x	17.0x

The firm values for Verizon Corporate and Wireline are set forth in the following table:

	Verizon Corporate and Wireline Valuation Based On[1]			
	FV/EBITDA		FV/(EBITDA Capex)	
2013E Multiple	**6.0x**	**5.0x**	**11.0x**	**7.5x**
FV including pension	$ 49.5	$ 41.3	$ 13.9	$ 9.5
FV excluding pension	$ 28.3	$ 20.0	($ 7.3)	($ 11.8)
2014E Multiple	**6.0x**	**5.0x**	**10.5x**	**8.0x**
FV including pension	$ 51.9	$ 43.2	$ 19.4	$ 14.7
FV excluding pension	$ 30.6	$ 22.0	($ 1.9)	($ 6.5)

[1] Dollars in billions, except for multiples. Includes $4.5 billion of unconsolidated investments and $37.6 billion of net debt, consisting of $39.7 billion of debt and $2.0 billion of cash, as of June 30, 2013.

Using a reference range of 8.0x to 10.5x Verizon Corporate and Wireline s 2014E FV/EBITDA less capex and 5.0x to 6.0x Verizon Corporate and Wireline s 2014E FV/EBITDA, J.P. Morgan and Morgan Stanley determined a range of implied equity values for Verizon Corporate and Wireline. This analysis indicated a range of implied equity values for Verizon Corporate and Wireline of approximately ($40) billion to ($35) billion using Verizon Corporate and Wireline 2014E FV/EBITDA less capex and ($11) billion to ($3) billion using Verizon Corporate and Wireline 2014E FV/EBITDA. J.P. Morgan also determined a range of implied equity values for Verizon Corporate and Wireline using valuation multiples for calendar year 2013 estimates. Using a reference range of 7.5x to 11.0x Verizon Corporate and Wireline s 2013E FV/EBITDA less capex and 5.0x to 6.0x Verizon Corporate and Wireline s 2013E FV/EBITDA, J.P. Morgan determined a range of implied equity values for Verizon Corporate and Wireline. This analysis indicated a range of implied equity values for Verizon Corporate and Wireline of approximately ($45) billion to ($40) billion using Verizon Corporate and Wireline 2013E FV/EBITDA less capex and ($13) billion to ($5) billion using Verizon Corporate and Wireline 2013E FV/EBITDA.

No company in the above analysis is identical to Verizon s Corporate and Wireline business. In evaluating the peer group, J.P. Morgan and Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Verizon, such as the impact of competition on Verizon s business or the industry generally, industry growth and the absence of any material change in the financial condition and prospects of Verizon or the industry or in the financial markets in general. Mathematical analysis, such as determining the average or median, is not in itself a meaningful method of using peer group data.

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Verizon Analyses Based on Sum-of-the-Parts

Discounted Cash Flow Analysis

J.P. Morgan and Morgan Stanley determined the implied fully diluted equity value per share for Verizon common stock on a standalone basis without giving effect to the proposed transaction based on a sum-of-the-parts of Verizon Wireless and Verizon Corporate and Wireline discounted cash flow analyses. By adding the equity value ranges of Verizon s 55% stake in Verizon Wireless and Verizon s 100% stake in Verizon Corporate and Wireline, this analysis indicated a range of implied values per share of Verizon common stock of approximately $49.75 to $73.75.

Public Trading Benchmarks

Assuming Verizon Wireless Valued as Wireless Pure Play. J.P. Morgan and Morgan Stanley determined the implied fully diluted equity value per share for Verizon common stock on a standalone basis without giving effect to the proposed transaction based on a sum-of-the-parts of Verizon Wireless Public Trading Benchmarks valuation based on Wireless Pure Play companies and Verizon Corporate and Wireline Public Trading Benchmarks valuation. By adding the equity value ranges of Verizon s 55% stake in Verizon Wireless and Verizon s 100% stake in Verizon Corporate and Wireline, this analysis indicated a range of implied values per share of Verizon common stock of approximately $25.25 to $48.00 for the valuation multiples based on 2014 estimates. J.P. Morgan also determined a range of implied equity values per share for Verizon common stock using valuation multiples for calendar year 2013 estimates. By adding the equity value ranges of Verizon s 55% stake in Verizon Wireless and Verizon s 100% stake in Verizon Corporate and Wireline, J.P. Morgan s analysis indicated a range of implied values per share of Verizon common stock of approximately $24.25 to $44.50 based on 2013 estimates.

Assuming Verizon Wireless Valued at Illustrative Fully Distributed Equity Valuation. J.P. Morgan and Morgan Stanley determined the implied fully diluted equity value per share for Verizon common stock on a standalone basis without giving effect to the proposed transaction based on a sum-of-the-parts of Verizon Wireless Public Trading Benchmarks valuation based on the Illustrative Fully Distributed Equity Valuation and Verizon Corporate and Wireline Public Trading Benchmarks valuation. By adding the equity value ranges of Verizon s 55% stake in Verizon Wireless and Verizon s 100% stake in Verizon Corporate and Wireline, this analysis indicated a range of implied values per share of Verizon common stock of approximately $34.25 to $60.00 for the valuation multiples based on 2014 estimates. J.P. Morgan and Morgan Stanley noted that the Illustrative Fully Distributed Equity Valuation methodology was presented for illustrative purposes. J.P. Morgan further noted that the Illustrative Fully Distributed Equity Valuation methodology was used by J.P. Morgan for reference only, and was not part of J.P. Morgan s core valuation analysis.

Verizon Consolidated Analyses for Reference Only

Historical Share Price Analysis

J.P. Morgan and Morgan Stanley noted that the low and high trading prices per share of Verizon common stock during the 52-week period ending on August 28, 2013, the Unaffected Date, were approximately $40.50 and $54.25, compared to the closing price per share of Verizon common stock of $46.56 on August 28, 2013.

J.P. Morgan and Morgan Stanley noted that the Historical Share Price Analysis was presented merely for reference purposes only, and was not relied upon for valuation purposes.

Sellside Equity Analyst Price Targets (Undiscounted)

J.P. Morgan and Morgan Stanley reviewed the public market trading price targets for Verizon published by sellside equity analysts covering Verizon. J.P. Morgan and Morgan Stanley noted that such price targets for Verizon ranged from $49.00 to $59.00 per share. J.P. Morgan and Morgan Stanley noted that the price targets above were presented as published and were not discounted back to the valuation date.

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J.P. Morgan and Morgan Stanley noted that the Sellside Equity Analyst Price Targets were presented merely for reference purposes only, and were not relied upon for valuation purposes.

Public Trading Benchmark

Using publicly available information, J.P. Morgan and Morgan Stanley compared selected financial data of Verizon with similar data for selected publicly traded companies engaged in businesses which J.P. Morgan and Morgan Stanley judged to be comparable to Verizon. The company selected by J.P. Morgan and Morgan Stanley was AT&T Inc. In their analyses, J.P. Morgan and Morgan Stanley derived and compared multiples for AT&T, calculated as the price per share divided by the estimated EPS for calendar year 2014, which we refer to as 2014E P/E. J.P. Morgan also calculated the 2013E P/E for AT&T. The analysis indicated the following:

Company	2013E P/E	2014E P/E
AT&T Inc.	13.6x	12.6x

Using the above multiple of 12.6x Verizon s 2014E P/E, J.P. Morgan and Morgan Stanley determined the implied equity value per share for Verizon common stock. This analysis indicated an implied equity values per share for Verizon common stock of approximately $39.75 using Verizon 2014E P/E. J.P. Morgan also determined the implied equity value per share for Verizon common stock using the trading multiple for calendar year 2013 estimates. Using the above multiple of 13.6x Verizon s 2013E P/E, J.P. Morgan determined the implied equity values per share for Verizon common stock. This analysis indicated an implied equity value per share for Verizon common stock of approximately $38.25 using Verizon s 2013E P/E.

J.P. Morgan and Morgan Stanley noted that the Verizon Publicly Trading Benchmark analysis was presented merely for reference purposes only, and was not relied upon for valuation purposes.

Relative Value Contribution Analysis

Based upon the implied valuations for each of Verizon Wireless and Verizon derived as described above under the headings Analyses of Verizon Wireless Discounted Cash Flow Analysis and Verizon Analyses Based on Sum-of-the-Parts Discounted Cash Flow Analysis, J.P. Morgan and Morgan Stanley calculated a range of implied pro forma ownership interests of Verizon s current shareholders in Verizon after completing the proposed transaction, and then compared that range of implied pro forma ownership interests to the pro forma ownership interest range in the proposed transaction of 69.4% to 71.1%.

J.P. Morgan and Morgan Stanley calculated the pro forma ownership interest by dividing the sum of the high end of the implied equity value for Verizon Corporate and Wireline and the low end of the implied equity value for Verizon s 55% stake in Verizon Wireless, by the sum of the low end of the implied equity value for Vodafone s indirect 45% stake in Verizon Wireless, less the aggregate amount of cash and other non-stock consideration to be paid in the transaction, and the sum of the high end of the implied equity value for Verizon Corporate and Wireline and the low end of the implied equity value for Verizon s 55% stake in Verizon Wireless. J.P. Morgan and Morgan Stanley also calculated the pro forma ownership interest by dividing the sum of the low end of the implied equity value for Verizon Corporate and Wireline and the high end of the implied equity value for Verizon s 55% stake in Verizon Wireless, by the sum of the high end of the implied equity value for Vodafone s indirect 45% stake in Verizon Wireless, less the aggregate amount of cash and other non-stock consideration to be paid in the transaction, and the sum of the low end of the implied equity value for Verizon Corporate and Wireline and the high end of the implied equity value for Verizon s 55% stake in Verizon Wireless.

This analysis indicated the range of implied pro forma ownership interests for Verizon s current shareholders of 64.8% to 71.4%, compared to the pro forma ownership interest range in the proposed transaction of 69.4% to 71.1%.

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Illustrative Value Creation Analysis

J.P. Morgan and Morgan Stanley performed an illustrative value creation analysis based on the equity values derived from the discounted cash flow analyses for Verizon Wireless and Verizon Corporate and Wireline. The equity value of Verizon pro forma for the transaction is equal to the sum of the equity value of Verizon and Vodafone s indirect 45% stake in Verizon Wireless based on the average valuations derived from the discounted cash flow analyses, less estimated transaction expenses of $1.6 billion, cash consideration, seller notes and assumed liabilities of $66.4 billion, and the proceeds from the sale of Verizon s 23% stake in Omnitel for $3.5 billion. The implied equity attributable to Verizon s current shareholders is calculated as using Verizon s pro forma ownership range implied by the collar range of $47.00 to $51.00 per Verizon share. This analysis yielded the following results:

Verizon share price	Verizon pro forma ownership	Value creation (in billions)	Value creation %
Assuming average valuation for Verizon Wireless and Verizon Corporate and Wireline			
$51.00	71.1%	$ 8.6	4.8%
$49.00	70.3%	$ 6.4	3.6%
$47.00	69.4%	$ 4.1	2.3%

J.P. Morgan and Morgan Stanley also performed a sensitivity on the illustrative value creation analysis based on the high and low end of the range for the equity values of both Verizon Wireless and Verizon Corporate and Wireline derived from the discounted cash flow analyses for Verizon Wireless and Verizon Corporate and Wireline. The analysis was performed at the midpoint of the collar range of $49.00 per Verizon share. J.P. Morgan and Morgan Stanley calculated the illustrative value creations assuming:

The high end of the implied equity value for Verizon Corporate and Wireline and the low end of the implied equity value for Verizon Wireless

The average of the implied equity value for Verizon Corporate and Wireline and the average of the implied equity value for Verizon Wireless

The low end of the implied equity value for Verizon Corporate and Wireline and the high end of the implied equity value for Verizon Wireless

This analysis yielded the following results:

Verizon Wireless valuation	Verizon Corporate and Wireline valuation	Value creation (in billions)	Value creation %
Assuming $49.00 Verizon share price			
Low	High	($ 3.5)	(2.3%)
Average	Average	$ 6.4	3.6%

High	Low	$ 16.3	7.9%

General

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by J.P. Morgan and Morgan Stanley. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan and Morgan Stanley believe that the foregoing summary and their respective analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of their respective analyses as a whole, could create an incomplete view of the processes underlying their respective analyses and opinions. In arriving at their respective opinions, J.P. Morgan and Morgan Stanley did not attribute any particular weight to any analyses or factors considered by them and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support their respective opinions. Rather, J.P. Morgan and Morgan Stanley each considered the totality of the factors and analyses performed in determining their respective opinions. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above should not be taken to be the view of J.P. Morgan or Morgan Stanley with respect to the actual value of Verizon Wireless or Verizon common stock.

In performing their analyses, J.P. Morgan and Morgan Stanley considered and made numerous assumptions with respect to industry performance, general business, regulatory, economic, market and financial conditions and other matters existing as of the date of their opinions, many of which are beyond the control of Verizon and Verizon Wireless. None of the selected companies reviewed as described in the above summary is identical to Verizon, and none of the selected transactions reviewed was identical to the transaction. However, the companies selected were chosen because they are companies with operations and businesses that, for purposes of J.P. Morgan s and Morgan Stanley s analysis, may be considered similar to those of Verizon. The transactions selected were chosen because their participants, size and other factors, for purposes of J.P. Morgan s and Morgan Stanley s analysis, may be considered similar to the transaction. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to Verizon and the transactions compared to the proposed transaction.

The estimates contained in the analyses performed by J.P. Morgan and Morgan Stanley and the valuation ranges resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by such estimates. In addition, analyses relating to the value of the businesses or securities do not necessarily purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. J.P. Morgan and Morgan Stanley were advised by Verizon, and J.P. Morgan and Morgan Stanley assumed, with Verizon s consent, that Verizon Wireless Street Forecasts and Verizon Corporate and Wireline Street Forecasts were a reasonable basis upon which to evaluate the business and financial prospects of Verizon Wireless and Verizon, respectively. Accordingly, the estimates used in, and the results derived from, the analyses performed by J.P. Morgan and Morgan Stanley are inherently subject to substantial uncertainty.

The type and amount of consideration payable in the transaction was determined through arm s-length negotiations between Verizon and Vodafone and was approved by Verizon s Board of Directors. Neither J.P. Morgan nor Morgan Stanley recommended any specific amount, type or mix of consideration in connection with the proposed transaction or that any specific consideration constituted the only appropriate consideration for the proposed transaction. The opinions of J.P. Morgan and Morgan Stanley and their joint presentation to Verizon s Board of Directors should not be viewed as determinative of the views of the Board of Directors of Verizon or Verizon management with respect to the transaction or the transaction consideration to be paid by Verizon in connection with the proposed transaction.

In selecting J.P. Morgan and Morgan Stanley as its financial advisors in connection with the transaction, Verizon considered, among other things, their qualifications, expertise and reputations for providing high-quality financial advisory services. In addition, J.P. Morgan and Morgan Stanley have longstanding relationships and are familiar with Verizon and have substantial knowledge of and experience in the technology, media and telecommunications sectors. J.P. Morgan and Morgan Stanley are internationally recognized investment banking firms that regularly engage in the valuation of businesses and their securities in connection with mergers and acquisitions, underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. For the foregoing reasons, Verizon selected J.P. Morgan and Morgan Stanley as financial advisors in connection with the proposed transaction.

Pursuant to the terms of their respective engagement letters, J.P. Morgan and Morgan Stanley acted as financial advisors to Verizon s Board of Directors in connection with the transaction, and Verizon agreed to pay J.P. Morgan a transaction fee of approximately $20 million, approximately $12.5 million of which is contingent upon closing of the transaction, and Verizon agreed to pay Morgan Stanley a transaction fee of $20 million, of which $12.5 million is contingent upon closing of the transaction. In addition, at the time the opinions were rendered, J.P. Morgan and one or more of its affiliates, and Morgan Stanley and one or more of its affiliates, expected to provide for or arrange a portion of the financing required in connection with the transaction, including acting as global coordinators and, together with other financial institutions, as joint lead arrangers and joint bookrunners of (i) a $61.0 billion bridge credit agreement, (ii) a $12 billion term loan credit agreement and (iii) a $2 billion revolving credit facility, and as underwriters of securities to be issued by Verizon in connection with the financing of the transaction. Verizon entered into the bridge credit agreement on September 2, 2013, the same day that the opinions were rendered. Since the date of the opinions, Verizon has entered into the term loan agreement and each of J.P. Morgan and Morgan Stanley have acted as joint bookrunners and underwriters for $49 billion aggregate principal amount of notes issued by Verizon to finance the transaction, in part. Following the issuance of the new notes and the effectiveness of the term loan agreement, the bridge credit agreement was terminated in accordance with its terms. In addition, Verizon has entered into a $2.0 billion 364-day revolving credit facility that may be used for general corporate purposes. For a more complete description of Verizon s financing in connection with the transaction, see Financing of the Transaction. In connection with such financing transactions, each of J.P. Morgan (or its affiliates) and Morgan Stanley (or its affiliates) have received certain fees and expect to receive additional fees based on, among other things, the timing of the closing of the transaction, the amount drawn, if any, on the term loan agreement and the amount and type of securities issued by Verizon in connection with the financing of the transaction and the portion of any such securities underwritten by J.P. Morgan (or its affiliates) and Morgan Stanley (or its affiliates). Each of J.P. Morgan (or its affiliates) and Morgan Stanley (or its affiliates) expect to receive aggregate fees of approximately $129 million in connection with the transaction (including fees for the related financing services). Verizon has also agreed to reimburse J.P. Morgan and Morgan Stanley for their expenses incurred in performing their services, including customary travel and other expenses and fees and expenses of their legal counsel. In addition, Verizon has agreed to indemnify J.P. Morgan, Morgan Stanley and their respective affiliates, directors, officers, agents and employees and each person, if any, controlling J.P. Morgan and Morgan Stanley or any of their affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to or arising out of J.P. Morgan s and Morgan Stanley s engagements.

In the two years prior to the date of their opinions, J.P. Morgan and Morgan Stanley have provided, and are currently providing, to Verizon and to Vodafone, financial advisory and financing services. Between September 2, 2011 and the date of its opinion, J.P. Morgan and its affiliates have received aggregate fees of approximately $21.4 for commercial or investment banking services provided to Verizon and its affiliates, excluding any fees payable in connection with the pending transaction, and aggregate fees of approximately $8.6 million for commercial or investment banking services provided to Vodafone and its affiliates. Between September 2, 2011 and the date of its opinion, Morgan Stanley and its affiliates have received aggregate fees of approximately $15.5 million for financial advisory and financing services provided to Verizon and its affiliates, excluding any fees payable in connection with the pending transaction, and aggregate fees of approximately $8.2 million for financial advisory and financing services provided to Vodafone and its affiliates. J.P. Morgan and Morgan Stanley may also seek to provide financial advisory and financing services to Verizon and Vodafone in the future and would expect to receive fees for rendering of these services.

Transaction Consideration

The aggregate transaction consideration, totaling approximately $130 billion, consists of cash consideration, stock consideration, the Verizon notes, Verizon s Omnitel interest and other consideration, in each case, as more fully described herein.

Cash Consideration

Upon completion of the transaction, Verizon will pay to Seller approximately $58.9 billion in cash, plus any additional cash we elect or are required to pay at closing as described in this section.

The terms of the stock purchase agreement entitle Verizon, at its election, to increase the cash consideration (and correspondingly decrease the stock consideration) by up to $15 billion on any single occasion up to ten business days prior to the date that the Vodafone circular is posted or published. As of the date of this proxy statement, Verizon has not exercised this right and, assuming that the Vodafone circular is posted or published on or before December [ ],

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2013, Verizon may no longer exercise this right. If Verizon s shareholders do not approve the proposed amendment to Verizon s charter to increase the number of authorized shares of Verizon common stock, we may elect on any single occasion up to ten business days prior to the anticipated closing date to increase the cash consideration by up to $5 billion. We refer to the additional amount of cash we elect to pay, if any, as the cash election. Upon the making of the cash election, Verizon s representation in the stock purchase agreement regarding the sufficiency of financing and cash on hand for the payment of the cash consideration and any other amounts required to be paid in connection with the consummation of the transaction must remain true and accurate in all material respects after giving effect to such election.

In addition, if the transaction has not been completed prior to May 1, 2014 for any reason other than as a result of Vodafone s or Seller s breach of the stock purchase agreement, the cash consideration payable at closing will increase by the cash ticking fee of $10 million for each day from and including May 1, 2014 through and including the closing date.

Stock Consideration

In connection with completion of the transaction, we will also issue to Vodafone s shareholders up to approximately 1.28 billion shares of Verizon common stock, based on the stock consideration collar mechanism described below. The exact number of shares of Verizon common stock to be issued as stock consideration in the transaction will be calculated by dividing (i) $60.15 billion, less the amount of the cash election, if any, by (ii) the volume-weighted average of the per share trading prices of Verizon common stock on the NYSE as reported through Bloomberg (based on all NYSE trades in Verizon common stock during the primary trading session from 9:30 a.m., New York City time, to 4:00 p.m., New York City time, and not an average of daily averages) during the 20 consecutive full trading days ending on the third business day prior to the closing of the transaction. This volume-weighted average trading price is referred to as the average trading price, and this 20-day period is referred to as the measurement period. If the average trading price during the measurement period is less than $47.00 or more than $51.00, it will be deemed to be $47.00 or $51.00, respectively, for purposes of determining the number of shares of Verizon common stock to be issued.

All of the stock consideration will be issued directly or distributed to the Vodafone ordinary shareholders. Vodafone ordinary shareholders will receive their pro rata portion of the aggregate stock consideration, provided that they will receive cash in lieu of fractional Verizon shares.

If an ex-dividend date for Verizon common stock occurs during the period beginning on the first day of the measurement period and ending on (and including) the closing date of the transaction, then the volume-weighted average trading price for each day during the portion of the measurement period that precedes such ex-dividend date will be reduced by the amount of the applicable dividend payable on a share of Verizon common stock.

To the extent that Verizon determines that it is illegal or that compliance with applicable law makes it unduly burdensome to deliver shares to Vodafone shareholders in foreign jurisdictions, which jurisdictions we refer to as Restricted Jurisdictions, it will cause the shares that would otherwise have been delivered to be sold in the market and the proceeds from such sale to be delivered to the affected Vodafone shareholders.

Verizon currently expects that:

- Verizon will issue a minimum of approximately 1.18 billion shares and a maximum of approximately 1.28 billion shares; and

Current Verizon shareholders will collectively own between approximately 69% and 71% of Verizon s outstanding common stock immediately following the closing of the transaction, and current Vodafone shareholders will collectively own between approximately 29% and 31% of Verizon s outstanding common stock immediately following the closing of the transaction.

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The average trading price during the 20 consecutive full trading days ending on December 3, 2013, the third business day prior to December 6, 2013 (being the latest practicable date prior to the date of this proxy statement) would have been approximately $50.20. Based on this price, had the transaction been completed as of December 6, 2013, Verizon would have been required to issue approximately 1.20 billion shares of Verizon common stock, with an aggregate market value of approximately $58.6 billion (based on the per share closing stock price of Verizon common stock on the NYSE of $48.91 as of December 5, 2013) under the terms of the stock purchase agreement.

The foregoing is based on the approximately 2.86 billion outstanding shares of Verizon common stock as of December 5, 2013 and assumes no exercise by Verizon of the cash election and no ex-dividend date occurring during the period beginning on the first day of the measurement period and ending on (and including) the closing date of the transaction.

Verizon Notes

Upon completion of the transaction, Verizon will issue to Seller senior unsecured notes in an aggregate principal amount of $5.0 billion. The Verizon notes will be issued under the indenture between Verizon and U.S. Bank National Association, as trustee, dated as of December 1, 2000, as amended. The Verizon notes will be issued in two separate series, with $2.5 billion due on the eighth anniversary of the closing of the transaction and $2.5 billion due on the eleventh anniversary of the closing of the transaction. Each series of the Verizon notes will bear interest at a floating rate equal to the three-month London Interbank Offered Rate (LIBOR), plus an agreed margin for such series, which rate will be reset quarterly, with interest payable quarterly in arrears, beginning three months after the closing of the transaction. The agreed margin will be determined on the basis of set of pre-agreed criteria designed to ensure that the Verizon notes are priced in line with the trading levels of similar Verizon senior debt prior to the closing of the transaction. The indenture that will govern the Verizon notes contains certain negative covenants, including a negative pledge covenant and a merger or similar transaction covenant, affirmative covenants and events of default that are customary for companies maintaining an investment grade credit rating. An event of default for either series of the Verizon notes may result in acceleration of the entire principal amount of all debt securities of that series. Beginning two years after the closing of the transaction, Verizon may redeem all or any portion of the outstanding Verizon notes held by Vodafone or any of its affiliates for a redemption price of 100% of the principal amount plus accrued and unpaid interest. The Verizon notes may not be transferred by Vodafone to third parties until January 1, 2017, following which Vodafone will be able to sell up to $2.5 billion of the 8-year Verizon notes between January 1, 2017 and June 30, 2017, up to a further $2.5 billion of the Verizon notes between January 1, 2019 and June 30, 2019 and an unlimited amount from June 30, 2020. The Verizon notes held by third parties will not be redeemable prior to maturity. Subject to certain conditions, Verizon has agreed to file a registration statement with respect to the Verizon notes at least three months prior to the Verizon notes becoming transferable. Verizon will be required to pay additional interest at a rate of 0.25% during any time that it fails to comply with the registration obligation, subject to certain restrictions.

Omnitel Interest

As part of the total transaction consideration, Verizon has agreed through its subsidiary to transfer to a subsidiary of Vodafone its indirect 23.1% interest in Omnitel, which Verizon and Vodafone agreed to value at $3.5 billion. Omnitel, a Dutch *naamloze vennootschap*, is a mobile and fixed telecommunications business with a leading position in the Italian mobile market. It is currently a joint venture between Vodafone and Verizon, with 23.1% indirectly owned by Verizon and the remaining 76.9% indirectly owned by Vodafone. As a result of the Omnitel transaction, Vodafone will indirectly own 100% of Omnitel. The parties have agreed to implement the transfer of the Omnitel interest pursuant to a separate share purchase agreement. See also The Transaction Omnitel Transaction.

Other Consideration

Verizon has also agreed to provide other consideration valued at approximately $2.5 billion, including the indirect assumption of the obligations under the VAI preferred stock. The VAI preferred stock, which consists of two classes and has a face value of $1.65 billion, is beneficially held by third parties and will remain outstanding after the closing. Both classes of VAI preferred stock are mandatorily redeemable in April 2020 at face value plus any accrued and unpaid dividends, with dividends accruing at 5.143% per annum.

Transaction Structure

The parties structured the transaction to provide for the distribution of Verizon shares to Vodafone s shareholders because Verizon did not want Vodafone to be the sole holder of the Verizon shares to be issued in the transaction. In addition, as set out on page 26, Vodafone requested the use of a scheme of arrangement as it provides a well-established structure for returning value to shareholders, and Vodafone has informed Verizon that Vodafone intends to return 71% of the net proceeds of the transaction (including the Verizon shares constituting the stock consideration) to its shareholders.

Scheme

The parties will seek to implement the transaction as a scheme of arrangement under the laws of England and Wales. This transaction structure is a U.K. statutory procedure under Part 26 of the UK Companies Act 2006 between a company and its shareholders pursuant to which the UK Court may approve, and thus bind, the company to an arrangement with its shareholders. A scheme of arrangement is commonly used to effect a return of value to shareholders. Under the terms of the scheme, at completion (i) Vodafone will issue bonus shares to its shareholders; (ii) Vodafone will transfer all of the issued and outstanding capital stock in Holdco to Verizon and Verizon will pay Vodafone the cash consideration, the Verizon notes and the remaining consideration payable by Verizon directly to Vodafone under the transaction; and (iii) Verizon will issue the stock consideration, and Vodafone will distribute a portion of the cash consideration, in each case to Vodafone shareholders holding the bonus shares, either as a repayment of capital in exchange for the cancellation of those shares or as a special dividend on those shares, depending on elections (or deemed elections) by Vodafone shareholders.

To become effective, the scheme requires, among other things, the approval of holders of 75% of the Vodafone ordinary shares voting on the scheme and a majority in number of the holders of Vodafone ordinary shares voting on the scheme, as well as the sanction by the UK Court of the scheme and confirmation of the UK Court of the related Vodafone reduction of capital.

Share Purchase

If Vodafone shareholder approval, as well as UK Court approval, of the scheme is not obtained or other specified conditions relating to the scheme are not satisfied or waived, or if the scheme lapses in accordance with its terms or is withdrawn, the parties will seek to implement the transaction as a purchase and sale of all of the issued and outstanding capital stock of Holdco held by Seller. We refer to this alternative transaction structure as the share purchase. The share purchase requires, among other things, the approval of holders of a majority of the Vodafone ordinary shares voting on the share purchase. When we use the term transaction or Verizon Wireless transaction in this proxy statement, we are referring to Verizon s acquisition of Vodafone s indirect interest in Verizon Wireless, which acquisition is structured as the acquisition by Verizon of certain of Vodafone s U.S. holding entities that indirectly hold Vodafone s 45% interest in Verizon Wireless, regardless of whether the acquisition is implemented as a scheme or as a share purchase.

Reorganization

Vodafone has agreed to effect a pre-closing reorganization of the purchased entities and their respective subsidiaries, so that (i) at closing, the only equity interests held directly or indirectly by Holdco will be equity interests in another purchased entity or in Verizon Wireless; (ii) Verizon will not acquire any assets other than those assets Verizon has expressly agreed to acquire; and (iii) Verizon will not assume any liabilities other than those liabilities Verizon has expressly agreed to assume.

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As part of the Reorganization, the equity interests of certain non-U.S. entities currently held under Holdco will be sold, in exchange for consideration including a note payable by Vodafone. The Reorganization will involve a series of steps as a result of which the purchased entities will be left with no assets or liabilities other than (i) the 45% interest in Verizon Wireless; (ii) the VAI preferred stock; (iii) the note payable by Vodafone, which will be exchanged for (at or immediately after completion of the Verizon Wireless transaction pursuant to the terms of the stock purchase agreement) a note of the same amount and on similar terms issued by Verizon to the Seller, which will remain outstanding after the closing as a Verizon intercompany note held by one of the purchased entities; (iv) certain payables and receivables owed between the purchased entities and (v) cash in the amount of $250 million.

As further discussed under the heading The Transaction Indemnification Indemnification of Verizon, Vodafone has agreed to indemnify Verizon, its affiliates and their respective representatives against any losses actually incurred or suffered in connection with, arising out of or resulting from, among other things, the Reorganization and all assets and liabilities of the purchased entities other than those that Verizon agreed to acquire or assume as assets and liabilities of the purchased entities following the Reorganization.

Omnitel Transaction

Pursuant to the terms and subject to the conditions set forth in the separate share purchase agreement relating to the Omnitel transaction, a subsidiary of Vodafone will purchase the Omnitel interest from a subsidiary of Verizon. The completion of the Omnitel transaction is subject to certain closing conditions, including, among others, (i) receipt of regulatory approval from the European Commission under the applicable European Union merger regulations, which approval has been received, and the submission of a notice to the Italian Ministry of Economic Development Communication Department, which Vodafone has informed Verizon has been submitted, as described under The Transaction Regulatory Approvals, (ii) approval of the Omnitel transaction by the Vodafone ordinary shareholders and (iii) prior or concurrent completion of the Verizon Wireless transaction. Although completion of the Verizon Wireless transaction is a condition to completion of the Omnitel transaction, completion of the Omnitel transaction is not a condition to completion of the Verizon Wireless transaction. It is currently expected that the Omnitel transaction will close concurrently with the Verizon Wireless transaction.

If the Omnitel transaction does not close prior to or concurrently with the Verizon Wireless transaction, Verizon has agreed to issue the Omnitel note to Seller in the amount of $3.5 billion. If the Omnitel transaction is completed prior to the second anniversary of the completion of the Verizon Wireless transaction, the Omnitel note will be surrendered to the selling Verizon subsidiary upon completion of the Omnitel transaction in payment for the Omnitel interest. If the Omnitel transaction has not been completed by the second anniversary of the completion of the Verizon Wireless transaction, either party may terminate the Omnitel share purchase agreement. The Omnitel note will mature upon termination of the Omnitel share purchase agreement and may be settled in cash, Verizon common stock or a combination thereof, at Verizon s election.

Shareholder Approvals

Verizon Shareholder Approval

In connection with the transaction, Verizon shareholders are being asked to approve at the Verizon special meeting:

- the share issuance, as required by NYSE and NASDAQ listing rules, which requires the affirmative vote (in person or by proxy) of a majority of the votes cast at the Verizon special meeting;

an amendment to our charter to provide for an increase in the number of authorized shares of Verizon common stock from 4.25 billion shares to 6.25 billion shares, which requires the affirmative vote (in person or by proxy) of a majority of the outstanding common stock entitled to vote at the Verizon special meeting; and a proposal to adjourn the Verizon special meeting, if necessary or appropriate, to solicit additional votes and proxies if there are not sufficient votes to approve the share issuance or Verizon charter amendment at the time of the special meeting, which requires the affirmative vote (in person or by proxy) of a majority of the votes cast at the Verizon special meeting.

Verizon shareholder approval of the share issuance proposal is a condition to completion of the transaction, but Verizon shareholder approval of the Verizon charter amendment proposal or of the adjournment proposal is not a condition to completion of the transaction.

Vodafone Shareholder Approval

In connection with the transaction, several Vodafone shareholder approvals are being sought, which are referred to as the Vodafone resolutions.

It is a condition to closing that Vodafone shareholders approve the Vodafone sale resolutions, which requires the Vodafone shareholders to approve in a single resolution:

the disposal of all of the issued and outstanding capital stock of Holdco and the acquisition by Vodafone s subsidiary of the Omnitel interest as a Class 1 transaction under chapter 10 of the Listing Rules of the UKLA, which requires approval of holders of a majority of the Vodafone ordinary shares voting on the relevant resolution; and

the disposal of all of the issued and outstanding capital stock of Holdco and the acquisition by Vodafone s subsidiary of the Omnitel interest as a related party transaction under chapter 11 of the Listing Rules of the UKLA, which requires approval of holders of a majority of the Vodafone ordinary shares voting on the relevant resolution.

In order for the transaction to be implemented as a scheme, Vodafone shareholders must also approve the scheme at a meeting of Vodafone shareholders convened by the UK Court, which we refer to as the Vodafone court meeting, and a series of other resolutions related to the implementation of the scheme at the Vodafone general meeting, including to issue the Vodafone Class B and Class C shares in connection with the scheme, cancel them pursuant to a reduction of capital, effect the Vodafone share consolidation and amend Vodafone s articles of association to the extent necessary in connection with such resolutions. The highest vote required for these resolutions is the approval of holders of 75% of the Vodafone ordinary shares voting on the scheme and a majority in number of the holders of Vodafone ordinary shares voting on the scheme. Approval by Vodafone shareholders of the scheme resolutions is a condition to completion of the transaction as a scheme but is not a condition to the completion of the transaction as a share purchase.

Regulatory Approvals

On December 4, 2013, in connection with the transaction, Verizon, on behalf of its FCC licensee subsidiaries, obtained approval of the FCC pursuant to the Communications Act of 1934, as amended, with respect to a petition for declaratory ruling regarding foreign ownership of Verizon and the FCC license transfers that may be required in connection with the transaction. Approval of the FCC with respect to the foreign ownership of Verizon is only required if, as a result of the transaction, the foreign ownership of Verizon stock exceeds 25%. The transaction may result in an estimated aggregate foreign ownership of Verizon of between 24.3% and 25.3%. Receipt of any required FCC approvals is a condition to closing of the transaction.

In addition, the parties will seek the approval of the UK Court, specifically the sanction of the scheme by the UK Court and confirmation of the Vodafone capital reduction by the UK Court. Receipt of such approvals is a condition to closing of the transaction as a scheme but not as a share purchase.

In connection with the Omnitel transaction, Vodafone has obtained the approval of the European Commission pursuant to the applicable European Union merger regulations with respect to the Omnitel transaction and

Vodafone has informed Verizon that is has submitted a notice to the Italian Ministry of Economic Development Communication Department with respect to certain of Omnitel s rights to use frequencies in Italy. Receipt of such approval and submission of such notice are expected to satisfy a condition to closing of the Omnitel transaction.

See also The Transaction Omnitel Transaction, The Transaction Covenants and Agreements Regulatory Matters and The Transaction Conditions to Completion of the Transaction.

Change of Recommendation

Verizon Change of Recommendation

Verizon has agreed that the Verizon Board of Directors may not withhold or withdraw (or qualify or modify in any manner adverse to Vodafone) its approval and recommendation of the share issuance (we refer to any such withholding, withdrawal, qualification or modification as a Verizon change of recommendation), except prior to obtaining Verizon shareholder approval of the share issuance, under certain circumstances. The Verizon Board of Directors may make a change of recommendation if the Verizon Board of Directors determines in good faith (after consultation with outside counsel and a financial advisor, each of nationally recognized reputation) that, as a result of an intervening event (as defined below), the exercise of its fiduciary duties under applicable law requires such Verizon change of recommendation. The stock purchase agreement defines an intervening event as a material event or circumstance occurring or arising after execution of the stock purchase agreement that was not known or reasonably foreseeable to the Verizon Board of Directors at the time of execution of the stock purchase agreement but becomes known to it prior to obtaining Verizon shareholder approval of the share issuance, other than: (i) general events or changes in the industries in which Verizon and its subsidiaries operate; (ii) changes in the market price or trading volume of Verizon common stock (provided that the underlying cause of such change may be taken into account when determining whether there has been an intervening event); (iii) any action taken by the parties pursuant to and in compliance with the stock purchase agreement or related agreements; (iv) any event or change adversely affecting the availability or terms of the financing or any replacement financing; (v) any event or change that has had or would reasonably be expected to have an adverse effect on the business, financial condition or operations of Verizon or its subsidiaries; and (vi) the receipt, existence or terms of any proposal or offer relating to a merger, joint venture, tender offer, spin-off, reorganization, business combination or the like involving Verizon or any of its subsidiaries.

Prior to any Verizon change of recommendation, Verizon must first wait at least four business days after providing Vodafone with written notice of its intention to effect a Verizon change of recommendation and negotiate in good faith with Vodafone with respect to any changes to the terms of the transaction proposed by Vodafone during that four-business-day period. In determining whether to make a Verizon change of recommendation, the Verizon Board of Directors must take into account any changes to the terms of the stock purchase agreement proposed by Vodafone in response to written notice from Verizon of its intention to effect a Verizon change of recommendation.

Vodafone Change of Recommendation

Vodafone has agreed that the Vodafone Board of Directors may not withhold or withdraw (or qualify or modify in any manner adverse to Verizon) its recommendation to the Vodafone shareholders to vote in favor of the Vodafone resolutions (we refer to any such withholding, withdrawal, qualification or modification as a Vodafone change of recommendation), except prior to obtaining Vodafone shareholder approval of the Vodafone sale resolutions under certain circumstances. The Vodafone Board of Directors may make a change of recommendation if the Vodafone Board of Directors determines in good faith (in its sole discretion but after consultation with outside counsel and a financial advisor, each of nationally recognized reputation) that the exercise of its fiduciary duties as a Board of

Directors of an English public limited company requires such Vodafone change of recommendation. Prior to any Vodafone change of recommendation, Vodafone must first, to the extent reasonably practicable and legally permissible, seek to consult with Verizon. In determining whether to make a Vodafone change of recommendation, the Vodafone Board of Directors must take into account any changes to the terms of the stock purchase agreement proposed by Verizon in such consultation. Vodafone has also agreed that, in the event of any Vodafone change of recommendation following the posting of the Vodafone circular, upon request by Verizon, Vodafone will withdraw the scheme.

Covenants and Agreements

Shareholder Meetings and Preparation of Disclosure Documents

Each of Verizon and Vodafone agreed to convene and hold shareholder meetings as soon as reasonably practicable after execution of the stock purchase agreement and to cooperate to ensure that the Vodafone general meeting, the Vodafone court meeting and the Verizon special meeting are held on the same date and at substantially the same time.

Verizon has agreed to take all action necessary to convene and hold a special meeting of shareholders for the purpose of approving the share issuance. So long as the stock purchase agreement remains in effect, Verizon must submit the share issuance for a vote by Verizon shareholders even if the Verizon Board of Directors no longer recommends approval of the share issuance and use commercially reasonable efforts to obtain the approval of the Verizon shareholders for the share issuance. Verizon has also agreed to, as soon as reasonably practicable following the execution of the stock purchase agreement: (i) prepare and file with the SEC the registration statement relating to the issuance of shares of Verizon common stock in the transaction, which we call the US Prospectus, (ii) prepare and file with the SEC a proxy statement relating to the share issuance and other Verizon proposals, which is this proxy statement, and (iii) prepare a prospectus as required by the Financial Services and Markets Act 2000 in connection with the admission of Verizon s shares to be issued in the transaction to listing on the Official List of the UKLA (Official List) and to trading on the LSE, which we call the UK Prospectus and, together with the US Prospectus and this proxy statement, the Verizon disclosure documents.

Vodafone has agreed to take all action necessary to convene and hold a general meeting of shareholders for the purpose of approving the Vodafone resolutions. So long as the stock purchase agreement remains in effect, Vodafone must submit the Vodafone sale resolutions for a vote by Vodafone shareholders even if the Vodafone Board of Directors no longer recommends approval of such resolutions. Unless the Vodafone Board of Directors no longer recommends approval of the Vodafone sale resolutions, Vodafone must use commercially reasonable efforts to obtain the approval of the Vodafone shareholders for such Vodafone sale resolutions. Vodafone has also agreed to, as soon as reasonably practicable following the execution of the stock purchase agreement, prepare and post a circular relating to the Vodafone resolutions, which we call the Vodafone circular.

Conduct of Businesses Prior to the Completion of the Transaction

Under the stock purchase agreement, Verizon has agreed to certain covenants that place restrictions on it and its subsidiaries from the date of the stock purchase agreement until the earlier of the termination of the stock purchase agreement in accordance with its terms and the completion of the transaction, except as required by applicable law, as expressly contemplated by the stock purchase agreement, as approved by Vodafone in writing (such approval not to be unreasonably withheld, conditioned or delayed) or as set forth as exceptions in the disclosure schedules delivered by Verizon in connection with the stock purchase agreement.

Specifically, Verizon has agreed to conduct the business of it and its subsidiaries in all material respects in the ordinary course of business and not to, and not to permit its subsidiaries to, directly or indirectly:

other than with respect to the Verizon charter amendment proposal, amend Verizon s or Verizon Wireless organizational documents;

merge or consolidate Verizon with a third party;

restructure, reorganize or completely or partially liquidate a significant subsidiary, except, in the case of a significant subsidiary other than Verizon Wireless or any of its subsidiaries that is a significant subsidiary, in the ordinary course of business;

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acquire any equity interest or substantial portion of the assets of any person, business or division, which would reasonably be expected to prevent or materially delay completion of the transaction;

issue, sell, pledge, dispose of, grant, transfer or encumber any shares of Verizon common stock, or options, warrants or other securities exercisable for or convertible into shares of Verizon common stock, other than (i) grants pursuant to existing Verizon stock plans or the exercise, vesting or settlement of any award outstanding under existing Verizon stock plans, (ii) in connection with an acquisition of equity or assets and (iii) issuances at a price at or above fair market value, the proceeds of which are used to fund any portion of the cash consideration; provided that following the issuance of any shares of Verizon common stock pursuant to clauses (ii) and (iii) above, Verizon must have a sufficient number of authorized but unissued shares of Verizon common stock to allow it to issue the maximum number of shares of Verizon common stock issuable pursuant to the stock purchase agreement;

declare, set aside, make or pay any dividend or other distribution, other than (i) distributions by Verizon Wireless, (ii) dividends paid by any subsidiary to Verizon or any other subsidiary of Verizon, (iii) regular quarterly dividends in cash on Verizon common stock, declared and paid consistent with prior timing and in the ordinary course of business, including increases to regularly quarterly cash dividends in the ordinary course of business;

reclassify, split, combine, subdivide, redeem or acquire any Verizon capital stock or securities convertible into or exercisable for any shares of Verizon capital stock, other than in the ordinary course of business pursuant to existing Verizon stock plans or any award outstanding under existing Verizon stock plans; or

authorize, commit or agree to any of the foregoing.

Under the stock purchase agreement, Vodafone has agreed to certain covenants that place restrictions on the purchased entities from the date of the stock purchase agreement until the earlier of the termination of the stock purchase agreement in accordance with its terms and completion of the transaction, except as required by applicable law, as expressly contemplated by the stock purchase agreement (including to complete the Reorganization), as approved by Verizon in writing or as set forth as exceptions in the disclosure schedules delivered by Vodafone in connection with the stock purchase agreement.

Specifically, Vodafone has agreed to cause each purchased entity not to, directly or indirectly:

declare, set aside or pay any dividend or other distribution in respect of the capital stock of any purchased entity other than dividends with respect to the VAI preferred stock;

split, combine, subdivide or reclassify any capital stock or voting securities of any purchased entity or securities convertible into or exercisable for capital stock or voting securities of any purchased entity;

repurchase, redeem or acquire any capital stock or voting securities of any purchased entity or securities convertible into or exercisable for capital stock or voting securities of any purchased entity, or any warrants, calls, options or other rights to acquire any capital stock or securities;

issue, deliver, sell, grant, pledge or encumber any capital stock or voting securities of any purchased entity or securities convertible into or exercisable for capital stock or voting securities of any purchased entity, or any warrants, calls, options or other rights to acquire any capital stock or securities;

amend the organizational documents of any purchased entity;

make any material change in financial accounting methods, principles or practices, except as required by a change in U.S. generally accepted accounting principles (GAAP) or International Financial Reporting Standards as adopted by the European Union (IFRS);

acquire any equity interest in or business of any person or any material properties or assets;

take certain actions with respect to tax matters;

merge, consolidate, restructure, reorganize or liquidate, in whole or in part, any of the purchased entities; or

authorize, commit or agree to any of the foregoing.

Regulatory Matters

Each of Verizon and Vodafone must use its commercially reasonable efforts to take or cause to be taken all actions and do or cause to be done all things necessary, proper or advisable to satisfy all legal conditions to the consummation of the transaction and the Omnitel transaction and to obtain all consents, orders and approvals of governmental entities and third parties that are necessary for consummation of the transaction and the Omnitel transaction, in each case, as soon as reasonably practicable following execution of the stock purchase agreement. Each party must also cooperate fully with one another in doing so.

Notwithstanding such obligation, however, for purposes of obtaining the regulatory approvals required by the stock purchase agreement, none of Verizon, Vodafone or any of their respective subsidiaries would be required to (i) sell, hold separate or dispose of (or agree to sell, hold separate or dispose of) any asset if doing so would, individually or in the aggregate, be expected to have a Verizon material adverse effect (as defined below) or (ii) conduct or agree to conduct its business in any particular manner, or agree to any other condition, requirement, restriction or action, if doing so would, individually or in the aggregate, reasonably be expected to have a Verizon material adverse effect (as defined below). We refer to each of the foregoing effects as a burdensome effect.

Further, notwithstanding such obligation, for purposes of obtaining the regulatory approvals required by the Omnitel share purchase agreement, none of the parties to the Omnitel share purchase agreement or any of their respective subsidiaries would be required to (i) sell, hold separate or dispose of (or agree to sell, hold separate or dispose of) any asset if doing so would, individually or in the aggregate, be expected to have a material adverse effect on Omnitel or (ii) conduct or agree to conduct its business in any particular manner, or agree to any other condition, requirement, restriction or action, if doing so would, individually or in the aggregate, reasonably be expected to have a material adverse effect on Omnitel.

See also The Transaction Regulatory Approvals.

Financing Matters

Verizon agreed to use its commercially reasonable efforts to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable to consummate and obtain the proceeds of the loans under the bridge credit agreement, which we call the financing, and, if applicable, any other permitted unfunded debt or equity financing, which we call the replacement financing, including to use commercially reasonable efforts to, among other things, cause the sources of the financing or any replacement financing to fund on the closing date (including, to the extent commercially reasonable, by promptly taking enforcement action under the financing documents or any replacement financing documents in the event of a breach by any such sources).

Verizon may obtain replacement financing and thereby substitute commitments in respect of such replacement financing for all or any portion of the financing from bona fide third-party financing sources, so long as (i) all conditions precedent to the effectiveness of the definitive documents of such replacement financing and all conditions precedent with respect to certainty of funding are substantially equivalent to (or more favorable to Verizon than) the comparable conditions in the bridge credit agreement and (ii) for any debt financing, the commitments are subject to restrictions on assignment that are substantially equivalent to (or more favorable to Verizon than) the comparable restrictions in the bridge credit agreement.

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Prior to closing, Verizon may not amend, replace or supplement the documents related to the financing or any replacement financing without the prior written consent of Vodafone if such amendment, replacement or supplement would (i) add any new condition or modify in a manner materially adverse to Verizon any existing condition to consummation of the financing or replacement financing, as applicable, (ii) reduce the aggregate amount of the financing and any replacement financing (except to the extent required by the bridge credit agreement or to the extent Verizon has replacement financing or cash on hand in an amount equal to such reduction), (iii) materially adversely impact Verizon s ability to enforce its rights against the financing or replacement financing sources or (iv) prevent, impede or materially delay completion of the transaction. Prior to closing, Verizon also may not terminate the bridge credit agreement unless the commitments under the bridge credit agreement have been reduced to zero in accordance with its terms or Verizon has obtained replacement financing in an amount equal to the remaining commitments under the bridge credit agreement.

Verizon is generally permitted under the stock purchase agreement to reduce the commitments under the financing and any replacement financing by the proceeds of any consummated debt or equity offerings, except that Verizon agreed not to reduce the aggregate amount of all unfunded financing commitments to less than $20 billion without Vodafone s consent. On September 11, 2013, Vodafone consented to the reduction of the aggregate amount of all unfunded financing commitments for the transaction to an amount not less than $12 billion as a result of the notes offering.

See also Financing of the Transaction.

Listing of Verizon Shares

Under the stock purchase agreement, Verizon has agreed to use its commercially reasonable efforts to cause the shares of Verizon common stock issued in the transaction to be approved for listing on the NYSE and NASDAQ prior to closing (subject only to official notice of issuance) and to be admitted to the Official List and to trading on the LSE on the first business day following closing. Verizon also agreed to maintain its standard listing of Verizon shares on the LSE for at least two years after closing.

Conditions to Completion of the Transaction

The obligations of Verizon and Vodafone to complete the transaction are subject to the satisfaction (or waiver, to the extent permitted by law) of the following conditions at or prior to the measurement time (as defined below):

- approval by the requisite majority of Vodafone shareholders at the Vodafone general meeting or Vodafone court meeting, as applicable, of (i) all of the Vodafone resolutions if the transaction is implemented as a scheme or (ii) the Vodafone sale resolutions if the transaction is implemented as a share purchase;

- approval by the requisite majority of Verizon shareholders at the Verizon special meeting of the share issuance;

- Vodafone s completion of the Reorganization in accordance with the stock purchase agreement;

no law, injunction or order having been enacted, issued, promulgated, enforced or entered by any governmental entity that is then in effect and has the effect of making the transaction illegal or otherwise preventing or prohibiting the transaction;

any required FCC approvals having been obtained and remaining in full force and effect, provided that the FCC approvals will not be deemed to have been obtained if the FCC imposes any condition, requirement, restriction or change of regulation that would have a burdensome effect;

approval for listing on the NYSE and NASDAQ of the Verizon shares to be issued in the transaction, subject only to official notice of issuance;