

VODAFONE GROUP PUBLIC LTD CO

Form 425

October 31, 2013

Verizon's Acquisition of the 45%
Interest in Verizon Wireless held by
Vodafone
Background to the Transaction
November 2013
Filed by Verizon Communications Inc.
pursuant to Rule 425 under the Securities Act of 1933
and deemed filed pursuant to Rule 14a-12
under the Securities Exchange Act of 1934
Subject Company: Vodafone Group Plc
Filer's SEC File No.: 001-08606
Date: October 31, 2013

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Safe Harbor
Statement and Legends

As required by SEC rules, we have provided a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP measures in materials on our website at www.verizon.com/investor.

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connection with the proposed transaction with Vodafone Group Plc. Copies of the U.K. prospectus will be available from Verizon on Verizon's website at www.verizon.com/investor.

FORWARD-LOOKING STATEMENTS

In this communication we have made forward-looking statements. These statements are based on our estimates and assumptions, and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "hopes" or "expects." In such statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors, along with those discussed in our filings with the Securities and Exchange Commission (the "SEC"), could cause those results to differ materially from those expressed in the forward-looking statements: the ability to realize the benefits of our proposed transaction with Vodafone in the timeframe expected or at all; the ability to complete the Vodafone 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 to complete the Vodafone transaction in a timely manner or at all; failure to satisfy other closing conditions to the Vodafone transaction or even to consummate the transaction agreement; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations; conditions in the credit markets affecting the cost, including interest rates, and/or availability of financing; the ability of Verizon to complete the Vodafone transaction on satisfactory terms; significantly increased levels of indebtedness as a result of the Vodafone transaction; changes in laws, regulations, or treaties, or in their interpretation; adverse conditions in the U.S. and international economies; material adverse changes in labor relations, labor negotiations, and any resulting financial and/or operational impact; material changes in technology or technology substitution; changes in suppliers' provisioning of products or services; changes in the regulatory environment in which we operate, including any increased regulatory requirements; inability to operate our networks; breaches of network or information technology security, natural disasters, terrorist attacks or acts of war; litigation and any resulting financial impact not covered by insurance; the effects of competition in the markets in which we operate; changes in accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting standards which could result in an impact on earnings; significant increases in benefit plan costs or lower investment returns on plan assets; and our ability to implement our business strategies.

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Safe Harbor

Statement and Legends

NO OFFER OR SOLICITATION

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of an approval nor shall there be any offer or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unregistered or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, or pursuant to an exemption from the registration requirements thereof.

IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC

Verizon Communications Inc. has filed with the SEC a registration statement on Form S-4 containing a preliminary prospectus relating to the Verizon securities to be offered in the proposed transaction with Vodafone (the "preliminary prospectus"). Verizon has also filed with the SEC a preliminary proxy statement with respect to the special meeting of the Verizon shareholders to be held in connection with the proposed transaction (the "preliminary proxy statement"). The registration statement on Form S-4 has not yet been declared effective and the preliminary prospectus and the preliminary proxy statement are not yet final and will be further amended. **VODAFONE SHAREHOLDERS ARE URGED TO READ CAREFULLY THE PRELIMINARY PROSPECTUS AND VERIZON SHAREHOLDERS ARE URGED TO READ CAREFULLY THE PRELIMINARY PROXY STATEMENT, EACH TOGETHER WITH OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC, IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE.** Investors and shareholders can obtain free copies of the preliminary prospectus, the preliminary proxy statement and other documents filed with the SEC by the parties through the website maintained by the SEC at www.sec.gov. In addition, investors and shareholders will be able to obtain free copies of the prospectus, the proxy statement and other documents filed with the SEC by Verizon by contacting Verizon's Assistant Corporate Secretary, Verizon Communications Inc., 140 West Street, 29th Floor, New York, New York 10038. These materials are also available on Verizon's website at www.verizon.com/investor.

PARTICIPANTS IN THE SOLICITATION

Verizon, Vodafone and their respective directors and executive officers may be deemed to be participants in the solicitation of the shareholders of Verizon in respect of the proposed transaction contemplated by the proxy statement. Information regarding who are, under the rules of the SEC, participants in the solicitation of the shareholders of Verizon in connection with the proposed transaction, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in the preliminary proxy statement filed by Verizon with the SEC. Information regarding Verizon's directors and executive officers is contained in Verizon's Report on Form 10-K for the year ended December 31, 2012 and its Proxy Statement on Schedule 14A, dated March 18, 2013, both of which were filed with the SEC. Information regarding Vodafone's directors and executive officers is contained in Vodafone's Annual Report on Form 10-F for the year ended March 31, 2013, which is filed with the SEC.

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Verizon Communications Inc.

Leading global telecommunications provider

178,300 employees

Provides products and services in over 150 countries

Operate in 2 segments

Wireless

Data/voice throughout US

Connectivity solutions, including
M2M applications in healthcare,
fleet mgmt, telematics

Wireline

Mass Markets

Global

Enterprise

Global

Wholesale

Fiber optic Internet/video through
FiOS

Traditional copper-based connectivity

Strategic services, including IP, cloud,
security, M2M

Traditional connectivity

Connectivity to other carriers and
customers worldwide

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Verizon Communications Inc. (cont d)

Financial results for 9 months ended September 30

Operating revenues for 3 months ended September 30

Revenue

\$89.5

Net Income

\$15.6

Adjusted EBITDA

(1)

\$31.8

Net Debt/Adjusted EBITDA

| | |
|--|--|
| (1) | |
| 1.1x | |
| Revenue | |
| Y/Y Change | |
| % of Total | |
| (2) | |
| Wireless Segment | |
| \$20.4 | |
| 7.2% | |
| 67.8% | |
| Wireline Segment | |
| Mass Markets | |
| \$4.4 | |
| 3.2% | |
| 14.5% | |
| Global Enterprise | |
| \$3.7 | |
| -3.0% | |
| 12.2% | |
| Global Wholesale | |
| \$1.7 | |
| -6.3% | |
| 5.5% | |
| (\$s in billions) | |
| (1) | |
| Adjusted EBITDA excludes the effects of non-operational items | |
| (2) | |
| Percentage calculation excludes approximately \$184 million in consolidated revenue during the period that is not attributable to the businesses referenced in the table | |

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Verizon Wireless
Operations
Employees
71,900
2012 Revenues
\$75.9 billion
VZW operated retail
>1,900 outlets

Leading wireless operator in U.S. measured by
(#s for 3Q13)

EBITDA service margin (51.1%)

Retail postpaid connections (>95 mil)

Postpaid churn (0.97%)

Coverage of 4G LTE network (>300 mil people)

Ownership and Management

Ownership

Verizon

55%

Vodafone

45%

Management

Managed by 7-

person board

Verizon appoints 4 members

Vodafone appoints 3 members

Board appoints all executive positions, except that

Vodafone has the right to name 1 senior executive to a

C-level position designated by the board

Verizon provides corporate central services to Verizon

Wireless (including finance, tax, internal audit, procurement,

advertising, real estate management, business and product

development, regulatory and legal), and wireless enterprise

services are marketed through Verizon Enterprise Solutions

together with wireline services

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Verizon Wireless (cont d)

Leading wireless provider, consistently balancing growth and profitability over time

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Industry move to 4G LTE

Faster
speeds,
higher
throughput

capable
of
high
quality
video
transmission

Reduced latency

Very efficient to operate
Video

Dramatic increase in video consumption on all devices

Video applications and usage forecast to continue to accelerate
M2M

Technology now allows an Internet of Things
with machines in continuous
contact with each other

Applications being developed across diverse industries, including energy
management, healthcare, automotive telematics, fleet management
Macro Trends Driving Wireless Industry

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Macro Trends Driving Telecom Industry

Cloud

Enables Delivery of Information

Social

Links People, Drives Innovation

Information

Provides Context

Mobile

Real-time Social and Work

Connection

Telecom

Enables and
Links Macro

Trends

Becoming the primary interaction
form and information distribution
point

Cloud provides elastic resources
at scale to allow the other three
drivers to evolve

Exploding information and new
analysis technologies are
providing new insight

Creating a new avenue for
interaction and driving business
change

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Industry Trends

the Role of Technology

TECHNOLOGY EVOLUTION ALLOWS CONVERGED SOLUTIONS

Verizon has made significant

investments to take advantage

of technological trends

network speed and capacity are

critical to addressing growth in

video content

Wireless:

First to 4G LTE

4G LTE allows streaming of
high definition video

Business Wireline:

1 deployed 100Gig backbone

Consumer Wireline:

First Fiber to the Home network

Download speeds of 500 mbps in
3Q13

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Verizon's Strategy

Optimize Network Capability and Performance

4G LTE, FiOS, 100 Gbps global network

Provide Connectivity, Service Platforms and Converged Solutions

M2M

Hughes Telematics

Cloud

Terremark, Cybertrust, Cloudswitch

Video

VDMS

Digital

Digital

Media

Media

Services

Internet

Internet

Services

Services

Platform

Terremark

Cloud

Cloud

Hughes

Telematics·M2M

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Transaction with Vodafone

Good for Verizon and its shareholders

Accretive to EPS and cash flow

Provides springboard for more converged solutions

Gain 100% ownership of fastest growing business

Increased operational efficiency

Existing control of Verizon Wireless reduces certain transactional risks, including integration risks

Time is right

financially and strategically

Capital market conditions permit financing on acceptable terms

Performance of stock over recent years provides currency for acquisition

Acquired cash flow supports incremental debt service and dividend payments

Increasing convergence of services and technologies

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Transaction with Vodafone (cont d)

Acquisition of U.S. Holding Company after Reorganization

Reorganization to separate non-U.S. assets from U.S. assets

Verizon only acquires what it has expressly agreed to acquire

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Transaction with Vodafone (cont d)

*All numbers approximate

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Transaction with Vodafone (cont d)

Financing

all permanent financing arranged

\$49 billion raised in notes offering during September

\$12 billion term loan executed October 1

Approvals

Verizon shareholder approval of stock issuance

Vodafone shareholder approval of sale

FCC approval, if required, of foreign ownership and license transfer

EU approvals for Omnitel transaction

Omnitel

transaction

conditioned

on

Verizon

Wireless

transaction,

but

Verizon Wireless transaction not conditioned on Omnitel transaction

Also seeking Verizon shareholder approval of an increase in authorized shares

Currently, unissued share capital is equal to approx. 33% of authorized, after amendment unissued share capital would equal approx. 34% of authorized

Scheme of arrangement

Termination rights and break fees

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Indicative Timeline of Key Events

Event

Indicative Timing*

Permanent financing arranged

Sept

Oct 2013

Preliminary Prospectuses and Proxy Statement filed

October 2013

Vodafone reorganization

Ongoing

Respond to comments on filings

Nov 2013

Verizon proxy statement, US prospectus and UK

prospectus distributed

December 2013

Solicitation of proxies

Dec 2013

Jan 2014

Verizon Special Meeting (and Vodafone meeting)

January 2014

Closing

1 Quarter 2014

st

*For illustrative purposes only. Actual timeline may vary due to a number of factors, many of which are outside Verizon's control.

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Conclusion

Verizon is evolving its business as the telecommunications landscape changes

Changing landscape puts a premium on mobile capabilities and innovative converged solutions

Acquiring remaining 45% of the leading U.S. wireless company

Transaction is in the interests of Verizon's shareholders

Accretive to EPS and cash flow

Provides operational and strategic flexibility

Self-funding

Low integration risk