

VODAFONE GROUP PUBLIC LTD CO

Form 425

September 09, 2013

ACQUISITION OF VODAFONE S 45%

INTEREST IN VERIZON WIRELESS

Fixed Income Investor Presentation

September 2013

Filed by Verizon Communications Inc.

pursuant to Rule 425 and Rule 433 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  
Registration No.: 333-190954  
Date: September 9, 2013

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STATEMENT AND LEGENDS

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This communication contains statements about expected future events that are forward-looking and subject to risks and uncertainties. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "hopes" or "expects." In making those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors could affect future results and could cause those results to differ materially from those stated in the forward-looking statements: failure to obtain applicable regulatory or shareholder approvals in a timely manner or otherwise; failure to meet other closing conditions to the proposed transaction or events giving rise to termination of the transaction agreement; adverse conditions in the U.S. and international economies; competition in our markets; material changes in available technology or technology substitution; changes in our suppliers; provisioning of products or services; changes in the regulatory environments in which we operate, including any impact on our ability to operate our networks; breaches of network or information technology security, natural disasters, terrorist attacks, litigation and any resulting financial impact not covered by insurance; significantly increased levels of indebtedness as a result of the transaction; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations or adverse changes in the credit markets affecting the cost, including interest rates, and/or availability of financing; changes in our accounting assumptions; regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could affect our earnings; material adverse changes in labor matters, including labor negotiations, and any resulting financial and/or operational impact; increases in benefit plan costs or lower investment returns on plan assets; and the inability to implement our business strategies. This list of factors is not exhaustive and there can be no assurance that the proposed transaction will in fact be consummated. You should carefully consider the foregoing factors and the other risks and uncertainties that affect the parties' businesses, including those described in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other documents filed from time to time with the Securities and Exchange Commission (the "SEC") and those described in Vodafone Group Plc's Annual Reports, Reports of Management and other documents filed from time to time with the SEC. Except as required under applicable law, the parties do not have an obligation to update these forward-looking statements.

**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 offer to buy any securities, and shall there be any offer or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or other qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus that complies with the requirements of Section 10 of the Securities Act of 1933, as amended, or pursuant to an exemption from the registration requirements of Section 10 of the Securities Act of 1933, as amended.

**IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC**

Verizon Communications Inc. will file with the SEC a registration statement on Form S-4 containing a prospectus with respect to the offer of securities.

to  
be  
offered  
in  
the  
proposed  
transaction  
(the  
prospectus )

and  
a  
proxy  
statement  
(the  
proxy  
statement )

with  
respect  
to  
the  
special

meeting of the Verizon shareholders in connection with the proposed transaction. **VODAFONE SHAREHOLDERS ARE URGED TO READ CAREFULLY THE PROSPECTUS AND VERIZON SHAREHOLDERS ARE URGED TO READ CAREFULLY THE PROXY STATEMENT TOGETHER**

**WITH OTHER RELEVANT DOCUMENTS**

**TO BE FILED WITH THE SEC, IN THEIR ENTIRETY**

**WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION MATTERS.**

Investors and shareholders will be able to obtain free copies of the prospectus, the proxy statement and other documents filed with the SEC

by  
the  
parties  
through  
the  
website

maintained  
by  
the  
SEC  
at  
[www.sec.gov](http://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 Secretary,  
Verizon  
Communications

Inc.,  
140  
West  
Street,  
29  
Floor,  
New  
York,  
New  
York  
10007.

These  
materials  
are  
also  
available  
on  
Verizon's  
website, at [www.verizon.com/investor](http://www.verizon.com/investor).

Verizon has filed with the SEC a shelf registration statement on Form S-3 containing a prospectus with respect to the offering of securities, including debt securities, of Verizon. Before you invest, you should read the prospectus in that registration statement and other documents with the SEC for more complete information

about  
Verizon  
and  
the  
offering  
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securities.  
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SEC  
Web  
site  
at  
[www.sec.gov](http://www.sec.gov).  
Alternatively,  
Verizon,  
any  
underwriter  
or  
any  
dealer  
participating  
in  
the  
offering  
of  
such  
securities  
will

arrange to send you the prospectus, when available, if you request it by calling 212-395-1525 (collect).

#### **PARTICIPANTS IN THE SOLICITATION**

Verizon, Vodafone and their respective directors and executive officers may be deemed to be participants in the solicitation of shareholders of Verizon in respect of the proposed transactions contemplated by proxy statement. Information regarding the participants under the rules of the SEC, participants in the solicitation of the shareholders of Verizon in connection with the proposed transactions, including a description of their direct or indirect interests, by security holdings or otherwise, will be set forth in the proxy statement when it is filed. Information regarding Verizon's directors and executive officers is contained in Verizon's Annual Report on Form 10-K for the year ended December 31, 2012 and its Proxy Statement on Schedule 14A, dated March 18, 2013, which are filed with the SEC. Information regarding Vodafone and executive officers is contained in Vodafone's Annual Report on Form 20-F for the year ended December 31, 2012, which

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STATEMENT AND LEGENDS

As required by SEC rules, Verizon has 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](http://www.verizon.com/investor).

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#### STRATEGIC BENEFITS

Sole ownership drives strategic and financial benefits across entire business

Accretive to earnings per share at close of transaction

Access to all of wireless cash flows

Special distributions of \$8.3B in 2012 and \$3.15B YTD in 2013

Favorable capital market environment

U.S. wireless market in growth phase

No integration risk

Transaction is a natural

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KEY TRANSACTION TERMS

Aggregate value of \$130 billion, primarily in cash and stock

Consideration structure

\$58.9 billion of cash

\$60.2 billion of common stock issued directly to Vodafone  
shareholders

\$5.0 billion of notes with Vodafone

Sale  
of  
minority  
stake  
in  
Omnitel  
to  
Vodafone  
for  
\$3.5  
billion

Other net consideration of \$2.5 billion

Balanced mix of cash and stock

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## FINANCING STRATEGY

Strong balance sheet and financial flexibility today

Capacity to execute necessary debt financing

Incremental free cash flow more than covers funding costs

Maintaining solid investment grade credit ratings

Anticipate steadily de-levering and returning to pre-transaction ratings

Continue to invest in our networks and spectrum

Self-funding transaction

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FINANCING AND LIQUIDITY

Capacity to support debt financing needs

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Fully  
underwritten

Financing

Package



Significant  
liquidity  
post  
transaction

Fully executed Bridge Facility in place  
Target taking out majority of Bridge Facility before deal closes  
\$1.8B cash on hand as of June 30, 2013  
\$6.2B revolver -  
\$6.1B is available  
Additional \$2B revolver to be added for transaction  
100% ownership of wireless cash flows

ROADMAP TO COMPLETION

Expect transaction to close in 1Q 2014

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Access global capital markets

Reduce bridge financing as quickly as possible

Receive regulatory approvals

Receive shareholder approvals

Issue new shares and close transaction

KEY CREDIT HIGHLIGHTS

world s  
leading  
providers  
of  
communications,  
information

and  
entertainment  
products  
and  
services

LTM  
revenue  
of  
\$118B  
and  
adjusted  
EBITDA  
of  
\$39B  
ending  
June  
30,  
2013

Over 100M wireless retail connections

5.0M FiOS subscribers

4.8% growth in Enterprise strategic services revenue

Large and stable cash flow, including during recent recession

Controlling cash expense through process improvements

Revenue base anchored by contracted revenue

Wireless churn rate of approximately 1.0%

Multi-year Enterprise contracts

History of delivering on financial commitments

Track record of de-levering following significant transactions

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One of the

The largest 4G LTE network in the country  
TRANSACTION FOR THE BEST WIRELESS  
ASSET IN NORTH AMERICA

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500+

LTE Markets

POPs

95%

of the US Population  
300M

TRANSACTION SUPPORTS GROWTH STRATEGY

Positioned for innovation and growth

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ONE VERIZON

WIRELESS

Execute on fundamentals



Transform & scale

Invest in future

WIRELINE

Consumer & Mass Markets

Verizon Enterprise Solutions

FiOS penetration

Product differentiation

Operating efficiency

Strategic platforms

Vertical solutions

Operational transformation

ONE VERIZON AND FUTURE GROWTH

Full ownership of wireless enables advancement of One Verizon

Unique asset portfolio drives continued growth and value

Powerful growth opportunities with mobile

Ability to develop more integrated and valuable services for customers

Value-creating transaction

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APPENDIX  
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COMMITMENT TO MAINTAIN STRONG  
INVESTMENT GRADE RATINGS

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Source: FactSet, company financials

Note:

Existing

equity

valued

at  
 Verizon  
 share  
 price  
 of  
 \$47.38  
 as  
 of  
 08/30/13;  
 cash  
 and  
 cash  
 equivalents  
 and  
 existing  
 debt  
 based  
 on  
 06/30/13  
 Status quo  
 Pro forma  
 Amount  
 LTM EBITDA multiple  
 Amount  
 LTM EBITDA multiple  
 Adjusted EBITDA (LTM ending June 30, 2013)  
 \$39.3  
 \$39.3  
 Cash and cash equivalents  
 \$1.8  
 \$1.8  
 Existing debt  
 \$49.8  
 1.3x  
 \$49.8  
 1.3x  
 New debt  
 0.0  
 0.0x  
 67.2  
 1.7x  
 Total Debt  
 \$49.8  
 1.3x  
 \$116.9  
 3.0x  
 Net debt  
 \$48.0  
 1.2x  
 \$115.1

2.9x  
New equity issued  
\$0.0  
0.0x  
\$60.2  
1.5x  
Existing equity  
137.7  
3.5x  
137.7  
3.5x  
Total equity  
\$137.7  
3.5x  
\$197.9  
5.0x  
Total capitalization  
\$187.5  
4.8x  
\$314.8  
8.0x  
Pro forma capitalization (\$B)

CURRENT MATURITY PROFILE  
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Existing maturity profile (\$M)



