

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
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Date: September 9, 2013

SAFE HARBOR
STATEMENT AND LEGENDS

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FORWARD-LOOKING STATEMENTS

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. The 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 Information 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 completion of the offering, without the qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus that meets the requirements of Section 10 of the Securities Act of 1933, as amended, or pursuant to an exemption from the registration requirements 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 offering 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.

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.

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
of
such
securities.
You
may
obtain
free
copies
of
these
documents
by
visiting
the
SEC
Web
site
at
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 is filed with the SEC.

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SAFE HARBOR

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.

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)

