VERIZON COMMUNICATIONS INC
Form DEFM14A
December 10, 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. 3)

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

Check the appropriate box:

¨ Preliminary Proxy Statement

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

x 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 10, 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 10, 2013

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Proxy Statement

We are mailing or otherwise delivering this proxy statement to our shareholders beginning on or about December 11, 2013, 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 either Class B or Class C Vodafone shares to its non-U.S. shareholders and Class C Vodafone shares to its U.S. shareholders, in each case as a bonus issuance; (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 Class B shares, as a repayment of capital in exchange for the cancellation of those shares, and to Vodafone shareholders holding the Class C shares, as a special dividend on those shares following which the Class C shares will be mandatorily converted into deferred shares and transferred to a third party. The scheme of arrangement provides a structure for the return of value to shareholders. The issuance of the Vodafone Class C shares to Vodafone s U.S. shareholders facilitates the distribution of the special dividend, and the Vodafone Class C shares will have no independent U.S. federal income tax consequences that are separate from the U.S. federal income tax consequences of the receipt of the special dividend by Vodafone s U.S. 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%

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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.

Reorganization (page 55)

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.

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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.

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 56)

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.

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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.

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 63)

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

- by mutual written agreement of Verizon and Vodafone;

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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);

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.

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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 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 69)

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, 2013	Year Ended December 31, 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, 2013	As of December 31, 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**					