

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**Amendment No. 3
To
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

VERIZON COMMUNICATIONS INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

4813
(Primary Standard Industrial
Classification Code Number)

23-2259884
(I.R.S. Employer
Identification Number)

**140 West Street
New York, New York 10007
United States
(212) 395-1000**

(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

Randal S. Milch
Executive Vice President—Public Policy and General Counsel
Verizon Communications Inc.
140 West Street
New York, New York 10007
United States
(212) 395-1000

(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

With copies to:

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New York, New York 10019
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Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and at the completion of the transaction described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

PRELIMINARY—SUBJECT TO COMPLETION—DATED DECEMBER 10, 2013



PRELIMINARY PROSPECTUS

On September 2, 2013, Verizon Communications Inc., Vodafone Group Plc 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 Celco Partnership d/b/a Verizon Wireless in exchange for transaction consideration totaling approximately \$130 billion, consisting of the following: (i) approximately \$58.9 billion in cash (subject to the cash election and requirement to pay additional cash if the transaction closes after May 1, 2014 (in each case as described herein)); (ii) that number of shares of Verizon common stock, par value \$0.10 per share, calculated pursuant to the stock purchase agreement by dividing \$60.15 billion by the average trading price, as defined herein, and subject to the stock consideration collar mechanism and cash election described herein; (iii) senior unsecured Verizon notes in an aggregate principal amount of \$5.0 billion; (iv) Verizon's indirect 23.1% interest in Vodafone Omnitel N.V., valued at \$3.5 billion; and (v) other consideration valued at approximately \$2.5 billion. The acquisition is structured as the acquisition by Verizon of 100% of the stock of Vodafone's U.S. holding entity that indirectly holds Vodafone's 45% interest in Verizon Wireless.

This prospectus relates to the shares of Verizon common stock to be issued as stock consideration in the transaction. Such shares will be issued to the ordinary shareholders of Vodafone, who will receive their pro rata portion of the stock consideration, with cash in lieu of any fractional Verizon shares.

The stock purchase agreement provides that the parties will seek to implement the transaction as a "scheme of arrangement" under the laws of England and Wales, which we refer to as the scheme. If the closing 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 the issued and outstanding capital stock of a Vodafone subsidiary that indirectly owns the 45% interest in Verizon Wireless. In either case, the closing of the transaction is subject to regulatory and shareholder approvals and other closing conditions.

The average trading price used to calculate the number of Verizon shares to be issued in the transaction will be the volume-weighted average trading price per share of Verizon common stock on the New York Stock Exchange 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, as more fully described under the section entitled "The Transaction—Transaction Consideration—Stock Consideration." Subject to the assumptions described in this prospectus, Verizon expects to issue a minimum of approximately 1.18 billion shares and a maximum of approximately 1.28 billion shares in the transaction. The closing sale price of Verizon common stock as reported on the New York Stock Exchange was \$47.38 per share on August 30, 2013, the last trading day before announcement of the transaction, and \$48.91 on December 5, 2013, the last practicable trading day before the date of this prospectus. In addition, Verizon has the right to increase the cash consideration (and correspondingly decrease the stock consideration) in certain specified circumstances. **You should obtain current market quotations for Verizon common stock, which is quoted on the New York Stock Exchange and the NASDAQ Global Select Market under the symbol "VZ" and on the London Stock Exchange under the symbol "VZC."**

This prospectus describes the transaction and other related matters. Please read this entire prospectus carefully, including the annex and information incorporated by reference. **In particular, you should consider the section entitled "Risk Factors" beginning on page 14.** You can also obtain information about Verizon from documents it has filed with the Securities and Exchange Commission. See the section entitled "Where You Can Find Additional Information."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued under this prospectus or determined if this prospectus is accurate or adequate. Any representation to the contrary is a criminal offense. For the avoidance of doubt, this prospectus is not intended to be, and is not, a prospectus or prospectus equivalent for purposes of the U.K. Financial Conduct Authority's Prospectus Rules.

This prospectus is dated [●] and is first being mailed or otherwise delivered to Vodafone's U.S. and Canadian shareholders on or about [●].

ADDITIONAL INFORMATION

As described herein, this prospectus incorporates important business and financial information about Verizon from documents filed with the Securities and Exchange Commission (SEC) that are not included in or delivered with this prospectus. You can obtain any of the documents filed with or furnished to the SEC by Verizon at no cost from the SEC's website at www.sec.gov, and you may also read and copy this information (other than certain exhibits to those documents) at the Public Reference Room of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the SEC's Public Reference Room by calling the SEC at (800) SEC-0330. You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates, or from commercial document retrieval services.

You may also request copies of the documents incorporated by reference into this prospectus at no cost by contacting Verizon in writing or by telephone, at the following address and telephone number:

Verizon Communications Inc.
Shareowner Services
One Verizon Way
Basking Ridge, New Jersey 07920
United States
(212) 395-1525

In order to receive any documents before the Vodafone general meeting of shareholders, you should request such documents by January 21, 2014.

See "Where You Can Find Additional Information" for more details.

ABOUT THIS DOCUMENT

This prospectus forms part of a registration statement on Form S-4 filed with the SEC by Verizon and constitutes a prospectus of Verizon under Section 5 of the Securities Act of 1933, as amended, which we call the Securities Act, with respect to the shares of Verizon common stock to be issued in the transaction as stock consideration. Verizon is mailing or otherwise delivering this prospectus to Vodafone's U.S. and Canadian shareholders.

A separate prospectus, which we call the UK Prospectus, prepared in accordance with the prospectus rules of the U.K. Listing Authority, which we call the UK Prospectus Rules, made under Section 73A of the U.K. Financial Services and Markets Act 2000, or FSMA, and subject to the approval of the U.K. Financial Conduct Authority in accordance with Section 85 of the FSMA, will also be made available to the public in accordance with Rule 3.2 of the UK Prospectus Rules. Vodafone shareholders other than Vodafone's U.S. and Canadian shareholders should refer to the UK Prospectus unless they are prohibited or restricted from doing so by any relevant laws or jurisdictions. The UK Prospectus will be available online at www.verizon.com/investor/shareownersservices.html.

Vodafone shareholders will also receive a separate document in connection with the transaction: a circular that will be provided to Vodafone shareholders by Vodafone. The circular will set forth the proposals on which Vodafone shareholders will be asked to vote in connection with the transaction and certain related matters.

You should rely only on the information contained in or incorporated by reference into this prospectus. No one has been authorized to provide you with information that is different from that contained in or incorporated by reference into this prospectus. This prospectus is dated [●]. You should not assume that the information contained in this prospectus is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this prospectus is accurate as of any date other than the date of the incorporated document. Any statement contained in a document incorporated by reference into this prospectus will be deemed to be modified or superseded to the extent that a statement contained in this prospectus or in any subsequently filed document that is also incorporated by reference into this prospectus modifies or supersedes that statement. Neither the mailing or other delivery of this prospectus to Vodafone's U.S. and Canadian shareholders nor the issuance by Verizon of shares of Verizon common stock in the transaction will create any implication to the contrary.

This document shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction where such offer, solicitation or sale is not permitted.

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SUMMARY

This summary highlights selected information from this prospectus. 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 prospectus, including the annex, the exhibits to the registration statement of which this prospectus forms a part and the information incorporated by reference or referred to in this prospectus. 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 prospectus 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 prospectus 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. 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. 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 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 28)

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;
- 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 prospectus 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.

Transaction Consideration (page 31)

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 prospectus, 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 33)

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 prospectus, 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 24, 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 34)

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 35)

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 55)

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.

Certain United States Federal Income Tax Consequences to U.S. Holders (page 52)

For United States federal income tax purposes, Vodafone shareholders' receipt of cash and the Verizon common stock to be paid as stock consideration will be treated as a dividend to the extent paid out of Vodafone's current or accumulated earnings and profits, as determined under United States federal income tax principles, and the Vodafone share capital consolidation will not result in gain or loss for United States federal income tax purposes, except to the extent of any cash received with respect to any fractional entitlement. For more information, see "Certain United States Federal Income Tax Consequences to U.S. Holders."

Shareholder Approvals (page 35)

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 of shareholders to be held in connection with the transaction or any adjourned or postponed meeting, which we refer to as the Verizon special meeting. In connection with the transaction, Verizon is also seeking shareholder approval of an amendment to its restated certificate of incorporation, which we refer to as its 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 Verizon's charter is not a condition to completion of the transaction.

As of December 5, 2013, Verizon's directors and executive officers and their affiliates collectively had the right to vote less than 1% of the Verizon common stock outstanding and entitled to vote at the special meeting. Verizon currently expects that Verizon's directors and executive officers will vote their shares of Verizon common stock in favor of each of the proposals to be considered at the special meeting, although none of them has entered into any agreements obligating them to do so.

In connection with the transaction, certain Vodafone shareholder approvals are being sought. 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 36)

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 41)

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 the registration statement of which this prospectus forms a part, 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 42)

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);
- 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 43)

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 50)

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 48)

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

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 SEC and are incorporated by reference into this prospectus. 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	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

Selected Unaudited Pro Forma Condensed Consolidated Financial Data

The unaudited pro forma condensed consolidated financial statements and the related notes contained in this prospectus give effect to the transaction and certain related financing transactions, based on the assumptions and adjustments described in the section of this prospectus 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 prospectus, and the more detailed unaudited pro forma condensed consolidated financial statements and accompanying notes included elsewhere in this prospectus. See “Unaudited Pro Forma Condensed Consolidated Financial Statements.”

	Pro forma	
	(dollars in millions, except per share amounts)	
	Nine months ended September 30, 2013	Year ended December 31, 2012
	(Unaudited)	
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	

Market Prices and Dividend Information

Verizon common stock is listed on the NYSE and NASDAQ under the ticker symbol “VZ” and on the LSE under the ticker symbol “VZC.” The following table sets forth the high and low sales prices per share of Verizon common stock on the NYSE for the periods indicated and the amount of any cash dividends declared per share in respect of the periods indicated.

	Verizon Common Stock		
	High	Low	Cash Dividends Declared
2010			
First Quarter	\$31.26	\$26.45	\$0.4750
Second Quarter	29.63	24.75	0.4750
Third Quarter	33.09	25.79	0.4875
Fourth Quarter	36.00	31.60	0.4875
2011			
First Quarter	38.95	33.36	0.4875
Second Quarter	38.74	34.94	0.4875
Third Quarter	37.87	32.28	0.5000
Fourth Quarter	40.25	35.17	0.5000
2012			
First Quarter	40.48	37.07	0.5000
Second Quarter	44.77	36.80	0.5000
Third Quarter	46.41	42.18	0.5150
Fourth Quarter	47.32	40.51	0.5150
2013			
First Quarter	49.59	41.50	0.5150
Second Quarter	54.31	47.77	0.5150
Third Quarter	51.94	45.08	0.5300
Fourth Quarter (through December 5, 2013)	51.49	45.81	0.5300

On August 30, 2013, the last trading day prior to the public announcement of the transaction, the closing sale price of Verizon common stock, as reported on the NYSE, was \$47.38, and on December 5, 2013, the last practicable trading day prior to the date of this prospectus, the closing sale price of Verizon common stock, as reported on the NYSE, was \$48.91.

You are advised to obtain current market quotations for Verizon common stock. The market price of Verizon common stock will fluctuate between the date of this prospectus and the closing of the transaction, and no assurance can be given concerning the market price of Verizon common stock before, at or after the closing of the transaction.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference into this prospectus 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,” “target,” “mission,” “assume,” “achievable,” “potential,” “strategy,” “goal,” “aspiration,” “outcome,” “continue,” “remain,” “maintain,” “trend,” “objective” and variations of such words and similar expressions, or future or conditional verbs such as “will,” “would,” “should,” “could,” “might,” “can,” “may” 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 prospectus or, with respect to documents incorporated by reference into this prospectus, 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 14.

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.

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 Results of Operations” and the consolidated financial statements and related notes included or incorporated by reference in this prospectus. 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 Vodafone 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 Vodafone 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, Vodafone 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 lower 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 prospectus, subject to a minimum of approximately 1.18 billion shares to be issued or distributed as established by the stock consideration collar mechanism. In that event, Vodafone 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 prospectus.
- Second, because the stock consideration collar mechanism puts a lower limit of \$47.00 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 less than \$60.15 billion if the average trading price is less than \$47.00.
- Finally, the Verizon shares received by Vodafone shareholders may have a per share trading price at closing that is less 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 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 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 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 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."

There can be no assurance that the transaction will be implemented as a scheme rather than as a share purchase.

Under the stock purchase agreement, the parties have agreed to seek to implement the transaction as a scheme. If, however, specified closing 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 share purchase. For example, because the scheme requires 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, while the Vodafone sale resolutions only require approval from the holders of a majority of the Vodafone ordinary shares voting on the relevant resolutions to be proposed at the Vodafone general meeting, it is possible that Vodafone ordinary shareholders could approve the transaction as a share purchase but not as a scheme. In that case, the transaction would be completed as a share purchase rather than as a scheme, subject to the satisfaction or waiver of the other conditions to the share purchase. Vodafone has informed Verizon that the tax treatment of certain Vodafone shareholders in respect of the issue of Verizon shares in circumstances where the transaction cannot be implemented pursuant to the scheme could (depending on their individual circumstances) differ from their tax treatment in respect of the issue of the Verizon shares pursuant to the scheme.

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.

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 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.

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.

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 prospectus as Annex A and Annex B, respectively, and are incorporated by reference into this prospectus. 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 prospectus. 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 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. Dierksen, 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 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. Dierksen 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.

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 indirect 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 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.

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 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. Dierksen, 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. Dierksen, Horton and Bennett, Mr. John Fitzgerald, a Vice President of Verizon, Mr. Taubman, representatives of Guggenheim Securities, Wachtell Lipton and Macfarlanes, Mr. Finegold, Ms. 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.

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.

- *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 prospectus 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."

Vodafone's Reasons for the Transaction

Vodafone has informed Verizon that Vodafone's reasons for the transaction are as follows:

Vodafone's U.S. presence is predominantly a legacy of Vodafone's merger with AirTouch Communications, Inc. in 1999. In 2000, Vodafone AirTouch's U.S. business and the wireless business of Bell Atlantic and GTE Corporation were combined to form Verizon Wireless, and Bell Atlantic was subsequently renamed Verizon. Since its creation, Vodafone's investment in Verizon Wireless has created significant value for Vodafone's shareholders. The Board of Directors of Vodafone believes that the disposal by Vodafone of the U.S. group whose principal asset is its 45% interest in Verizon Wireless provides Vodafone with an opportunity to realize this value at an attractive price. The transaction will position Vodafone strongly to pursue its leadership strategy in mobile and unified communication services for consumers and enterprises, both in developed and emerging markets.

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 Verizon elects or is 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 prospectus, Verizon has not exercised this right and, assuming that the Vodafone circular is posted or published on or before December 24, 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, Verizon 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 amounts of cash Verizon elects to pay, if any, as the cash election. Upon the making of any such 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.

Vodafone has publicly stated that intends to return to Vodafone ordinary shareholders \$23.9 billion of the cash consideration, plus the entire amount of any additional cash consideration that Verizon elects to pay, which we refer to collectively as the returned cash.

Stock Consideration

In connection with completion of the transaction, Verizon 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.

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 prospectus) 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 24, 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 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.

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 prospectus, 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.

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 Verizon’s 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.

As of December 5, 2013, Verizon’s directors and executive officers and their affiliates collectively had the right to vote less than 1% of the Verizon common stock outstanding and entitled to vote at the special meeting. Verizon currently expects that Verizon’s directors and executive officers will vote their shares of Verizon common stock in favor of each of the proposals to be considered at the special meeting, although none of them has entered into any agreements obligating them to do so.

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 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. 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 of which this prospectus forms a part, 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 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 the Verizon 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;
- 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.

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;
- the submission to the UKLA and LSE of all necessary documents relating to the admission of the Verizon shares to be issued in the transaction to the Official List and to trading on the LSE, completion of the admission hearing with the UKLA and receipt of certain acknowledgements from the UKLA and LSE with respect to such admission; and
- the effectiveness under the Securities Act of the registration statement of which this prospectus forms a part, which must not be subject to any stop order or proceeding seeking a stop order.

“Measurement time” means, if the transaction is implemented as a scheme, immediately prior to commencement of the court hearing at which the UK Court will be requested to sanction the scheme, and, if the transaction is implemented as a share purchase, at 8:00 a.m., New York City time, on the closing date of the share purchase.

If the transaction is implemented as a scheme, 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 additional conditions at or prior to the measurement time:

- approval of the scheme by the requisite majority of Vodafone shareholders at the Vodafone court meeting; and
- the submission to the UKLA and LSE of all necessary documents relating to the amendment to the UKLA Official List in connection with the consolidation of Vodafone’s ordinary share capital and receipt of certain acknowledgements from the UKLA and LSE with respect to such amendment, including with respect to the approval thereof of the UKLA.

If the transaction is implemented as a scheme, 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 additional conditions on or prior to the date on which the Vodafone capital reduction becomes effective:

- sanction of the scheme and confirmation of the Vodafone capital reduction by the UK Court; and
- delivery to the UK Registrar of Companies of the order of the UK Court sanctioning the scheme.

If the conditions described in the last two bullets above are not satisfied within 20 business days after the first scheduled date of the court hearing to sanction the scheme where such date falls after the satisfaction of all other closing conditions, then the transaction will be implemented as a share purchase.

In addition, 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.

Termination of the Stock Purchase Agreement

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 such violation or breach is incapable of being cured or has not been cured within 60 days after written notice thereof (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 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 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 Vodafone change of recommendation;
- by Vodafone within 30 days following a Verizon change of recommendation;
- by Vodafone if (i) there is a financing failure, (ii) Vodafone is prepared to close the transaction and (iii) 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 (as defined below) has occurred and is continuing.

The stock purchase agreement generally defines a "Vodafone material adverse financial effect" as (i) the enactment, after the date of the stock purchase agreement, of any change in the law of the United Kingdom, the United States or the Netherlands that is effective prior to the closing or (ii) certain proposed changes, after the date of the stock purchase agreement, in the law of the United Kingdom, the United States or the Netherlands that, if enacted, would take effect on or prior to the closing and that are reasonably likely to result in a change of law, provided that such enactment or proposed change in law would result in a liability for U.K., U.S. or Dutch taxes on Vodafone or any of its subsidiaries that would, individually or in the aggregate, impose an additional cost on Vodafone or its subsidiaries, subject to a materiality standard.

Termination Fees and Expenses

The stock purchase agreement provides for the payment of termination fees by each of Verizon and Vodafone under certain circumstances.

A termination fee is payable by Verizon to Vodafone:

- in the amount of \$1.55 billion in the event of termination by either party as a result of failure to obtain shareholder approval of the share issuance;
- in the amount of \$4.65 billion in the event of a termination by Vodafone as a result of a Verizon change of recommendation; or
- in the amount of \$10.0 billion in the event of a termination by Vodafone as a result of a financing failure, which, unless the financing failure results from Verizon's willful and material breach of its covenants in Section 5.9 of the stock purchase agreement relating to financing matters, will be Vodafone's sole and exclusive remedy against Verizon and certain related parties and the financing sources and any replacement financing sources.

A termination fee is payable by Vodafone to Verizon:

- in the amount of \$1.55 billion in the event of termination by either party as a result of failure to obtain Vodafone shareholder approval of the Vodafone sale resolutions;

- in the amount of \$1.55 billion in the event of a termination by Verizon as a result of a Vodafone change of recommendation; or
- in the amount of \$1.55 billion in the event of a termination by Vodafone as a result of a Vodafone material adverse financial effect.

As a general matter, all costs and expenses incurred in connection with the stock purchase agreement will be paid by the party incurring such cost or expenses. However, 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 maximum of \$1.55 billion.

In the event of any termination of the stock purchase agreement in accordance with its terms, no party or its affiliates will have any liability under the stock purchase agreement, provided that, other than with respect to the payment of termination fees and the reimbursement of expenses as required by the stock purchase agreement, no party will be relieved of any liability for willful and material failure to perform a covenant of the stock purchase agreement occurring prior to termination. In addition, nothing will relieve any party from liability for such party's fraud.

Representations and Warranties

Each of Verizon and Vodafone made representations and warranties in the stock purchase agreement, which are, in some cases, subject to specified exceptions and qualifications contained in the stock purchase agreement or in disclosure schedules to the stock purchase agreement.

The representations and warranties made by Verizon relate to the following:

- corporate organization, existence and good standing of Verizon and its significant subsidiaries and authority of Verizon and its subsidiaries to do business;
- capital structure;
- corporate authority of Verizon to enter into the stock purchase agreement and the enforceability thereof;
- the absence of any breach or violation of Verizon's organizational documents or contracts as a result of the Verizon Wireless transaction or the Omnitel transaction;
- the absence of any required consent or approval in connection with the Verizon Wireless transaction or the Omnitel transaction other than those contemplated by the stock purchase agreement;
- SEC filings by Verizon;
- maintenance of internal disclosure controls and internal control over financial reporting;
- preparation of Verizon's audited financial statements, the fair presentation of its results and financial position and the absence of certain undisclosed liabilities;
- accuracy of information supplied by Verizon for inclusion in the Verizon disclosure documents and Vodafone circular;
- conduct of the businesses of Verizon and its subsidiaries in the ordinary course of business in all material respects since June 30, 2013 until September 2, 2013;
- absence of certain changes since June 30, 2013 that would reasonably be expected to have, individually or in the aggregate, a Verizon material adverse effect (as defined below);
- absence of pending or threatened litigation;
- compliance with laws and licenses;

- tax matters;
- employee benefits matters and labor matters;
- material contracts of Verizon and its subsidiaries;
- intellectual property owned, licensed or used by Verizon and its subsidiaries;
- sufficiency of the proceeds of the loans under the bridge credit agreement (or any replacement financing) and cash on hand to pay the cash consideration in the transaction and related fees and expenses;
- the terms and status of the financing;
- the authorization and valid issuance of shares of Verizon common stock to be issued as stock consideration in the transaction;
- sufficiency of authorized but unissued shares or treasury shares of Verizon common stock necessary to be issued as stock consideration in the transaction;
- engagement and payment of fees of any brokers or finders;
- receipt of fairness opinions; and
- ownership by Verizon and its subsidiaries of Vodafone ordinary shares.

The representations and warranties made by Vodafone relate to the following:

- corporate organization, existence and good standing of Vodafone, Seller and the purchased entities and authority of Vodafone, Seller and the purchased entities to do business;
- corporate authority of Vodafone and Seller to enter into the stock purchase agreement and the enforceability thereof;
- the absence of any breach or violation of Vodafone's, Seller's or any purchased entity's organizational documents or contracts as a result of the Verizon Wireless transaction or the Omnitel transaction;
- the absence of any required consent or approval in connection with the Verizon Wireless transaction or the Omnitel transaction other than those contemplated by the stock purchase agreement;
- the absence of liabilities and assets of the purchased entities following the Reorganization except as contemplated by the stock purchase agreement;
- compliance with laws and licenses;
- capitalization and ownership of the purchased entities and ownership of the indirect 45% interest in Verizon Wireless and the issued and outstanding capital stock of Holdco;
- accuracy of information supplied by Vodafone for inclusion in the Verizon disclosure documents and Vodafone circular;
- the absence of pending or threatened litigation;
- tax matters;
- engagement and payment of fees of any brokers or finders;
- ownership by Vodafone and its subsidiaries of Verizon common stock; and
- employee benefits matters.

The representations and warranties contained in the stock purchase agreement are made only for purposes of such agreement and are as of specific dates; are solely for the benefit of the parties (except as specifically set forth therein); may be subject to limitations agreed upon by the parties, including being qualified by confidential

disclosures made for the purposes of allocating contractual risk between the parties, instead of establishing these matters as facts; and may be subject to standards of materiality and knowledge applicable to the contracting parties that differ from those applicable to investors. Investors should not rely on the representations and warranties as characterizations of the actual state of facts or condition of any party or its affiliates. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the stock purchase agreement, which subsequent information may or may not be fully reflected in public disclosures.

Definition of Material Adverse Effect

Several of the representations and warranties made by Verizon and Vodafone in the stock purchase agreement, as well as certain conditions to Verizon's and Vodafone's performance of their respective obligations under the stock purchase agreement, are qualified by reference to whether the item in question would have a Verizon material adverse effect or a Vodafone material adverse effect, as the case may be.

The stock purchase agreement defines a "Verizon material adverse effect" as any change, effect, event or occurrence that (i) prevents or materially delays the ability of Verizon to consummate the transaction or (ii) has a material adverse effect on the financial condition, business or results of operations of Verizon and its subsidiaries, taken as a whole, except, in each case, to the extent resulting from:

- except to the extent disproportionately adversely affecting Verizon and its subsidiaries, as compared to other companies operating in the industries in which Verizon and its subsidiaries operate:
 - changes generally affecting the United States or global economy or financial, debt, credit or securities markets;
 - changes generally affecting any industry in which Verizon or its subsidiaries operate;
 - declared or undeclared acts of war, terrorism, outbreaks or escalations of hostilities;
 - natural disasters or other force majeure events;
 - any change in GAAP or applicable laws or regulatory or enforcement developments;
- the failure by Verizon to meet any estimates of revenues or earnings for any period ending on or after September 2, 2013 (provided that the underlying cause of such failure may be taken into account in determining whether there has been a Verizon material adverse effect);
- a decline in the price of Verizon common stock on the NYSE, NASDAQ or LSE (provided that the underlying cause of such decline may be taken into account in determining whether there has been a Verizon material adverse effect); or
- the execution or performance of the stock purchase agreement, ancillary documents or financing-related agreements or the public announcement or consummation of the transactions contemplated by such agreements.

The stock purchase agreement defines a "Vodafone material adverse effect" as any change, effect, event or occurrence that, individually or in the aggregate with any other changes, effects, events or occurrences, prevents or materially delays the ability of Vodafone to consummate the transaction.

Mutual Release

Effective as of the closing of the transaction, subject to certain limited exceptions, each of Verizon and Vodafone agreed, on behalf of itself and its affiliates, to fully release the other party and certain related parties from any claim that it might have against the other arising out of or relating to actions or omissions or events occurring prior to closing in connection with Verizon Wireless, its subsidiaries or the purchased entities.

Indemnification

Indemnification of Verizon

Subject to the limitations described below, effective after the closing, Vodafone 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 the following (except to the extent governed by the tax indemnification provisions):

- any breach of Vodafone's representations and warranties or covenants that survive the closing, subject to certain exceptions, without giving effect to any materiality or knowledge qualifiers contained in the representations and warranties;
- 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;
- the Reorganization; or
- any commenced or threatened litigation alleging untrue or misleading disclosure in the Vodafone circular (to the extent not provided by Verizon) or in the Verizon disclosure documents (to the extent provided by Vodafone) or otherwise alleging that the Vodafone circular did not comply with applicable legal or regulatory requirements.

In addition to the above, and not subject to the limitations described below, Vodafone agreed to indemnify Verizon, its affiliates and their respective representatives against any liabilities actually incurred or suffered:

- in relation to certain Vodafone pension plans pursuant to the exercise by the U.K. Pension Regulator of any of its powers under the U.K. Pension Act 2004;
- after the closing by or in respect of any of the purchased entities, in respect of employees and employee benefit plans of the purchased entities on or prior to the closing; or
- generally for taxes imposed on or payable by any of the purchased entities for any pre-closing period (including taxes arising from the Reorganization).

Indemnification of Vodafone

Subject to the limitations described below, effective after the closing, Verizon agreed to indemnify Vodafone, its affiliates and their respective representatives against any losses actually incurred or suffered in connection with, arising out of or resulting from:

- any breach of Verizon's representations and warranties or covenants that survive the closing, subject to certain exceptions, without giving effect to any materiality or knowledge qualifiers contained in the representations and warranties;
- any commenced or threatened litigation alleging untrue or misleading disclosure in the Vodafone circular (to the extent provided by Verizon) or in the Verizon disclosure documents (to the extent not provided by Vodafone) or otherwise alleging that the Verizon disclosure documents did not comply with applicable legal or regulatory requirements; or
- Verizon Wireless and its subsidiaries and the business, assets and liabilities of Verizon Wireless and its subsidiaries to the extent incurred or suffered at any time after the closing in respect of any period prior to or after the closing.

Survival

The representations and warranties of Vodafone under the stock purchase agreement will terminate on the closing date, except that:

- the representations and warranties of Vodafone relating to (i) organization and qualification, (ii) corporate authority and (iii) brokers and finders will survive for 12 months after the closing date; and
- the representations and warranties of Vodafone relating to (i) capitalization of the purchased entities, (ii) ownership of the 45% interest in Verizon Wireless and (iii) ownership of all of the issued and outstanding capital stock of Holdco will survive until 30 days after the expiration of the applicable statute of limitations.

The representations and warranties of Verizon under the stock purchase agreement will terminate on the closing date, except that the representations and warranties of Verizon relating to (i) organization and qualification, (ii) corporate authority and (iii) brokers and finders will survive for 12 months after the closing date.

Subject to certain exceptions, the covenants of the parties that specify performance prior to the closing date will survive for 12 months after the closing date, and the covenants that specify performance after the closing date will survive in accordance with their terms.

Limitations

Neither party will have any indemnification liability if the damages for such claim and all related claims are less than (i) \$2 million, with respect to claims relating to breaches of representations and warranties and (ii) \$250,000, with respect to all other claims.

The amount of any damages or taxes payable by an indemnifying party will be (i) reduced by any amounts recovered by the indemnified party under applicable insurance policies or from any other person alleged to be responsible for such damages and (ii) net of any tax benefits actually realized by the indemnified party and increased by any tax costs incurred by the indemnified party.

Amendment of the Stock Purchase Agreement

The stock purchase agreement may be amended only by an agreement in writing executed by all of the parties to the stock purchase agreement. After receipt of Verizon shareholder approval of the share issuance or Vodafone shareholder approval of the Vodafone sale resolutions, however, the parties may not amend the stock purchase agreement in any manner that requires further approval of such shareholders without such further approval.

Specific Performance

The parties agreed in the stock purchase agreement that irreparable damage would occur if any provisions of the stock purchase agreement were breached. Accordingly, each party is entitled to an injunction to prevent or cure breaches of the stock purchase agreement and to specific performance to compel compliance with the stock purchase agreement, in addition to any other remedy to which such party may be entitled in law or in equity. However, Vodafone will not be entitled to specific performance of Verizon's obligations to take certain actions necessary in connection with completion of the transaction as a scheme or to complete the closing in the event of a financing failure, for which its sole and exclusive remedy will be to terminate the stock purchase agreement (if permitted) and collect the related termination fee relating to such financing failure.

No Appraisal Rights

Under Delaware law, Verizon shareholders do not have appraisal or dissenters' rights with respect to the transaction or any other transaction described in this prospectus.

Under the laws of England and Wales, Vodafone ordinary shareholders do not have appraisal or dissenters' rights with respect to the transaction or any other transaction described in this prospectus.

Release of Vodafone from Partnership Agreement

Subsidiaries of Verizon and Vodafone entered into an Amended and Restated Partnership Agreement of Verizon Wireless as of April 3, 2000, as amended, which we refer to as the partnership agreement. The partnership agreement generally provides for the governance and operation of Verizon Wireless and includes provisions for matters such as establishment and maintenance of capital accounts, allocations of profits and losses, distributions, appointment of officers and the partnership's board of representatives and matters that require the approval of a specified number of board members appointed by each partner. After the closing, Vodafone and its affiliates will no longer be subject to certain restrictions in the partnership agreement relating to the provision of mobile telecommunications services in the United States.

Shareholder Litigation Related to the Transaction

On September 5, 2013, a putative class action complaint, *Gordon v. Verizon Communications Inc. et al.*, No. 653084/2013 (Sup. Ct. N.Y. Co.), was filed by a purported Verizon shareholder against Verizon and its directors on behalf of Verizon's public shareholders in the Supreme Court of the State of New York, New York County. The complaint was amended by the plaintiff on October 22, 2013. The amended complaint alleges that the directors breached their fiduciary duties to Verizon's shareholders by virtue of having agreed to pay an allegedly excessive and dilutive price for Vodafone's interest in Verizon Wireless and that the draft proxy materials filed by Verizon with the SEC fail to disclose certain alleged facts, in particular certain alleged events related to the discussions between Verizon and Vodafone leading up to the signing of the stock purchase agreement, and certain financial analyses and inputs allegedly used by Verizon's financial advisors in developing their fairness opinions. The complaint seeks to enjoin the stock purchase agreement or rescind it (to any extent already implemented) and also seeks an unspecified amount of damages, attorneys' fees and putative class certification.

On December 6, 2013 the parties entered into a memorandum of understanding to settle the case, subject to court approval and other customary conditions, including the execution of definitive documentation. Verizon shareholders who are members of the proposed settlement class will, at a later date, receive written notice containing the terms of the proposed settlement and proposed release of class claims and related matters.

Free Share Dealing Facility

Verizon has agreed under the stock purchase agreement to implement a free share dealing facility through one or more appropriate service providers to enable those individual certificated Vodafone shareholders resident in or with a registered address in the European Economic Area (other than Croatia) and holding fewer than 50,000 Vodafone ordinary shares to elect to sell all (but not part only) of the Verizon CDIs to which they are entitled pursuant to the terms of the scheme. Vodafone shareholders will receive the cash proceeds of such sale by check in the currency in which they currently receive dividend payments from Vodafone (being British pounds sterling (GBP) or euros (EUR)) or, if they have validly elected to receive their returned cash in another currency (being GBP, EUR or U.S. dollars), in that same currency, in each case without charge. Vodafone agreed to pay half of all costs and expenses incurred by Verizon in connection with the implementation of such free share dealing facility.

FINANCING OF THE TRANSACTION

General

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, (ii) up to \$12.0 billion from the proceeds of the term loan agreement and (iii) other available cash.

New Notes

On September 18, 2013, Verizon issued eight series of fixed and floating rate notes with varying maturities in an aggregate principal amount of \$49.0 billion, which resulted in cash proceeds of approximately \$48.7 billion.

The new notes include \$2,250,000,000 aggregate principal amount of floating rate notes due 2016, \$1,750,000,000 aggregate principal amount of floating rate notes due 2018, \$4,250,000,000 aggregate principal amount of 2.50% notes due 2016, \$4,750,000,000 aggregate principal amount of 3.65% notes due 2018, \$4,000,000,000 aggregate principal amount of 4.50% notes due 2020, \$11,000,000,000 aggregate principal amount of 5.15% notes due 2023, \$6,000,000,000 aggregate principal amount of 6.40% notes due 2033, and \$15,000,000,000 aggregate principal amount of 6.55% notes due 2043. The new notes were issued under the indenture between Verizon and U.S. Bank National Association, as trustee, dated as of December 1, 2000, as amended. Each series of the new notes will be unsecured and will rank equally with all of Verizon's senior unsecured indebtedness.

Covenants and Events of Default

The indenture governing the new 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 any series of the new notes may result in acceleration of the entire principal amount of all debt securities of that series.

Special Mandatory Redemption

In the event that (i) the transaction is not completed on or prior to September 2, 2014 or (ii) the stock purchase agreement is terminated on or at any time prior to such date, Verizon will redeem all the new notes on the special mandatory redemption date (as defined below) at the special mandatory redemption price (as defined below). The "special mandatory redemption price" means 101% of the aggregate principal amount of each series of such notes, plus accrued and unpaid interest from the date of initial issuance (or the most recent interest payment date on which interest was paid) to, but not including, the special mandatory redemption date. The "special mandatory redemption date" means the earlier to occur of (i) October 2, 2014, if the transaction has not been completed on or prior to September 2, 2014 or (ii) the twentieth business day following the termination of the stock purchase agreement.

Term Loan Agreement

On October 1, 2013, Verizon entered into the \$12.0 billion term loan agreement with JPM, as administrative agent, and the lenders named therein. The term loan agreement provides Verizon with the ability to borrow up to \$12.0 billion to finance, in part, the transaction and to pay related transaction costs. The loans under the term loan agreement are available during the period, which we call the term loan availability period, beginning on October 1, 2013 and ending on the earliest of (i) September 2, 2014, (ii) the date immediately following the consummation of the transaction, (iii) the termination of the stock purchase agreement and (iv) the termination in full of the commitments pursuant to the term loan agreement. The availability of the loans under the term loan agreement, which have not yet been advanced, is subject to the satisfaction (or waiver) of the conditions set forth therein, including:

- the transaction having been (or substantially contemporaneously with the borrowing of the term loans, being) consummated pursuant to the stock purchase agreement;

- the payment by Verizon of relevant fees and expenses;
- the delivery by Verizon of customary documentation;
- the accuracy of certain customary representations and warranties in the term loan agreement;
- the accuracy of the representations made by Vodafone in the stock purchase agreement that are material to the interests of the lenders under the term loan agreement (but only to the extent that Verizon has the right not to consummate the share acquisition under, or terminate, the stock purchase agreement as a result of a failure of any such representation in the stock purchase agreement to be true and correct); and
- the absence of customary events of default under the term loan agreement.

We refer to the date on which such conditions are satisfied (or waived in accordance with the term loan agreement) as the term loan funding date. The loans under the term loan agreement are to be made in a single borrowing on the term loan funding date. Fifty percent of the loans under the term loan agreement have a maturity of three years, which we call the 3-year loans, and 50% of the loans under the term loan agreement have a maturity of five years, which we call the 5-year loans. The 5-year loans will amortize in an amount equal to (i) 5.0% of the original principal amount of the 5-year loans on each of the dates that are three, six, nine and twelve months after the third anniversary of the term loan funding date and (ii) 12.5% of the original principal amount of the 5-year loans on each of the dates that are three, six and nine months after the fourth anniversary of the term loan funding date. Any borrowing under the term loan agreement will be allocated on a pro rata basis between the 3-year loans and the 5-year loans.

Interest Rate and Fees

The 3-year loans under the term loan agreement will bear interest at a rate equal to, at the option of Verizon, (i) the base rate (defined as the greater of the rate JPM announces publicly as its “prime rate” or the federal funds rate plus 0.50%, subject to a floor of LIBOR plus 1.00%) or (ii) LIBOR, in each case plus a margin to be determined by reference to Verizon’s credit ratings and ranging from 0.125% to 0.875% in the case of base rate loans and 1.125% to 1.875% in the case of LIBOR loans.

The 5-year loans under the term loan agreement will bear interest at a rate equal to, at the option of Verizon, (i) the base rate (defined as the greater of the rate JPM announces publicly as its “prime rate” or the federal funds rate plus 0.50%, subject to a floor of LIBOR plus 1.00%) or (ii) LIBOR, in each case plus a margin to be determined by reference to Verizon’s credit ratings and ranging from 0.25% to 1.00% in the case of base rate loans and 1.25% to 2.00% in the case of LIBOR loans.

Verizon will pay a commitment fee on the daily actual unused commitment of each lender for the period from and including October 1, 2013 through the date on which the commitments are terminated. This fee accrues at a rate equal to 0.10% per annum.

Covenants and Events of Default

The term loan agreement contains certain negative covenants, including a negative pledge covenant, a merger or similar transaction covenant and an accounting changes covenant, affirmative covenants and events of default that are customary for companies maintaining an investment grade credit rating. An event of default may result in the acceleration of any outstanding loans under the term loan agreement. In addition, the term loan agreement requires Verizon to maintain a leverage ratio (as such term is defined in the term loan agreement) not in excess of 3.50:1.00, until Verizon’s credit ratings are equal to or higher than A3 and A-.

The description of the term loan agreement is subject to, and qualified in its entirety by reference to, the full text of the term loan agreement, a copy of which is an exhibit to the registration statement of which this prospectus forms a part.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO U.S. HOLDERS

The following discussion describes certain United States federal income tax consequences to United States Holders (as defined below) of Vodafone ordinary shares (including Vodafone ordinary shares underlying Vodafone American depositary shares (“ADSs”)) of the receipt of cash and the Verizon common stock to be paid as stock consideration pursuant to the transaction, which we refer to as the Special Dividend, and the Vodafone share capital consolidation. Except where noted, this discussion only addresses United States Holders that hold their Vodafone ordinary shares as capital assets within the meaning of Section 1221 of the Code (as defined below). The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in United States federal income tax consequences different from those discussed below.

As used herein, the term “United States Holder” means a beneficial owner of a Vodafone ordinary share (including a Vodafone ordinary share underlying a Vodafone ADSs) that is for United States federal income tax purposes (i) an individual citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This discussion does not address the effects of any state, local or non-United States tax laws and does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws (including, for example, if you are a dealer in securities or currencies, a financial institution, a regulated investment company, a real estate investment trust, an insurance company, a tax-exempt organization, a person holding Vodafone ordinary shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle, a trader in securities that has elected the mark-to-market method of accounting for your securities, a person liable for alternative minimum tax, a person who owns or is deemed to own 10% or more of Vodafone voting stock, a partnership or other pass-through entity for United States federal income tax purposes or a United States Holder whose “functional currency” is not the United States dollar).

If a partnership holds Vodafone ordinary shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding Vodafone ordinary shares, you should consult your tax advisors.

The Special Dividend

The Special Dividend, which will consist of cash and the fair market value of the Verizon common stock (including the fair market value of any fractional Verizon shares deemed received and exchanged for cash) to be issued as stock consideration, will constitute a dividend for United States federal income tax purposes to the extent of Vodafone’s current or accumulated earnings and profits, as determined under United States federal income tax principles. To the extent that the amount of the Special Dividend exceeds Vodafone’s current and accumulated earnings and profits, the Special Dividend will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of your Vodafone ordinary shares, and to the extent the amount of the Special Dividend exceeds the adjusted basis in your Vodafone ordinary shares, the excess will be treated as capital gain recognized on a sale or exchange of such shares. Vodafone currently expects that its current and accumulated earnings and profits will exceed the amount of the Special Dividend, and, therefore, the entire amount of the Special Dividend will be treated as a dividend for United States federal income tax purposes, without any offset for your tax basis in your Vodafone ordinary shares.

With respect to the disposition of any fractional Verizon shares deemed received as part of the Special Dividend, you will recognize short-term capital gain or loss equal to the difference, if any, between the amount of cash received with respect to such fractional Verizon shares and your tax basis in such fractional Verizon shares.

The Special Dividend will be includable in your gross income on the day actually or constructively received by you, in the case of Vodafone ordinary shares, or by the depository, in the case of Vodafone ADSs. With respect to a non-corporate United States Holder, the Special Dividend paid by Vodafone is expected to constitute “qualified dividend income” eligible for reduced rates of taxation, provided that such non-corporate United States Holder satisfies certain minimum holding period requirements, does not elect to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code, and is not obligated to make related payments with respect to positions in substantially similar or related property. Non-corporate United States Holders should consult their own tax advisors regarding their eligibility to claim such reduced rate based on their particular circumstances. Vodafone does not believe that it has been or will be treated as a passive foreign investment company (“PFIC”) for United States federal income tax purposes. If, however, Vodafone were to be treated as a PFIC in the year in which the Special Dividend is paid or in the preceding taxable year, the Special Dividend would not be eligible for the preferential tax rate on qualified dividend income for certain non-corporate United States Holders described above and further adverse United States federal income tax consequences could apply. The Special Dividend will not be eligible for the dividends received deduction allowed to corporations under the Code. The Special Dividend will be treated as income from foreign sources. For non-corporate United States Holders, the Special Dividend will be treated as “net investment income” and therefore may be subject to an additional Medicare tax of 3.8%.

As discussed under the heading “The Transaction—Transaction Structure—Scheme,” if the transaction proceeds as a scheme, Vodafone is expected to issue Vodafone Class C shares as a bonus issue to its U.S. 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.

Vodafone Share Capital Consolidation

Vodafone has informed Verizon that Vodafone intends to effect a consolidation of its ordinary share capital to seek to maintain broad comparability of its share price before and after the return of value. We refer to this as the Vodafone share consolidation. Vodafone believes such action is common following large disposals and returns of value.

You generally will not recognize gain or loss on the receipt of new Vodafone ordinary shares or new Vodafone ADSs pursuant to the Vodafone share capital consolidation and should generally have the same holding period and tax basis in the new Vodafone ordinary shares and new Vodafone ADSs received as you had in your Vodafone ordinary shares and Vodafone ADSs. You will, however, recognize gain or loss as a result of the Vodafone share capital consolidation equal to the difference, if any, between the amount of cash received with respect to any fractional entitlement of a new Vodafone ordinary share or new Vodafone ADS and your tax basis in your fractional entitlement of a new Vodafone ordinary share or new Vodafone ADS. Such gain or loss will be capital gain or loss and will be treated as long-term capital gain or loss if the Vodafone ordinary shares or Vodafone ADSs have been held by you for more than one year at the time the fractional entitlements to the Vodafone ordinary shares or Vodafone ADSs are sold in the market. Long-term capital gains of non-corporate United States Holders are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Such gain or loss will generally be treated as United States source income.

Verizon Consideration Shares

Your tax basis in the shares of Verizon common stock to be paid as share consideration will be equal to the fair market value of such shares on the date the Special Dividend is received and your holding period for such shares will begin on the following day.

Information Reporting and Backup Withholding

In general, information reporting will apply to the Special Dividend, unless you are an exempt recipient. A backup withholding tax may also apply if you fail to provide a properly executed IRS Form W-9 providing your taxpayer identification number as well as certain other information or otherwise fail to establish an exemption from backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

ACCOUNTING TREATMENT OF THE TRANSACTION

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.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated financial statements of Verizon have been prepared in order to illustrate the effect of the transaction as described under the heading “—Description of the Transaction”:

- Unaudited Pro Forma Condensed Consolidated Statement of Income for the nine months ended September 30, 2013
- Unaudited Pro Forma Condensed Consolidated Statement of Income for the year ended December 31, 2012
- Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2013

The unaudited pro forma condensed consolidated financial information is presented for informational and illustrative purposes only, in accordance with the rules and regulations of the SEC, including Article 11 of Regulation S-X under the Securities Act. Such information is preliminary and based on currently available information, assumptions and adjustments that Verizon believes are reasonable; however, the ultimate amounts recorded may be different. Verizon’s historical condensed consolidated financial information has been adjusted in the unaudited pro forma condensed consolidated financial information to illustrate the effect of events that are (1) directly attributable to the transaction, (2) factually supportable and (3) with respect to the statements of income, expected to have a continuing impact on the consolidated results. Verizon’s unaudited pro forma condensed consolidated financial statements presented herein assume that the transaction will be completed prior to May 1, 2014, such that no cash ticking fee will be payable by Verizon, and that Verizon will not elect to increase the amount of the cash consideration payable at closing pursuant to the stock purchase agreement.

The unaudited pro forma condensed consolidated statements of income for the year ended December 31, 2012 and for the nine months ended September 30, 2013 have been prepared in order to illustrate the effect of the transaction as if the transaction occurred on January 1, 2012. The unaudited pro forma condensed consolidated balance sheet gives pro forma effect to the transaction as if the transaction had occurred on September 30, 2013. This pro forma financial information is presented for illustrative purposes only, does not purport to be indicative of the actual operating results or financial position that would actually have been obtained if the transaction had occurred on January 1, 2012 or September 30, 2013, respectively, and is not intended as a projection of operating results or financial position that may be obtained in the future. The unaudited pro forma condensed consolidated financial information is based on and should be read in conjunction with the audited historical consolidated financial statements of Verizon as of December 31, 2012 and 2011 and for each of the years in the three-year period ended December 31, 2012 and the related notes, as well as the unaudited historical condensed consolidated financial statements of Verizon as of and for the nine-month periods ended September 30, 2013 and 2012 and the related notes.

Description of the Transaction

Verizon is acquiring the noncontrolling interest in Verizon Wireless through the acquisition from Vodafone of the equity of a holding company which, through other holding companies, holds the noncontrolling interest in Verizon Wireless. The total consideration for the purchase of the noncontrolling interest in Verizon Wireless is expected to be comprised of the following (in millions):

Sources		Uses	
New common stock issued	\$ 60,150	Cash paid to Vodafone	\$ 58,886
New external debt	60,060	Common stock issued to Vodafone shareholders . . .	60,150
Verizon notes	5,000	Verizon notes	5,000
Other consideration:		Other	5,964
VAI preferred stock	\$ 1,650		\$130,000
Omnitel interest	3,500		
Other	814		
	<u>\$131,174</u>	Debt incurrence costs, expenses & other	\$ 1,174
			<u>\$131,174</u>

The cash consideration expected to be paid to Vodafone of approximately \$58,886 million, and the other expected costs of the transaction, including financing, legal and bank fees, is assumed to be financed through the incurrence of third-party indebtedness (see Note 4).

For a description of the expected issuance of the stock consideration to Vodafone shareholders, refer to Note 3.

At the closing of the transaction, Verizon expects to issue to Vodafone \$5,000 million aggregate principal amount of Verizon notes in two separate series of equal amounts with maturities of eight and eleven years (see Note 4).

Also included in the consideration payable to Vodafone is the value of Verizon's existing investment in Omnitel (see Note 5), and the indirect assumption, by Verizon, of liabilities relating to the VAI preferred stock previously issued by a Vodafone holding company that Verizon is acquiring as part of this transaction (see Note 6).

As illustrated and described further below, Verizon expects to receive certain other assets and assume or incur certain other liabilities that will also be accounted for as part of the transaction.

Verizon Communications Inc. and Subsidiaries
Unaudited Pro Forma Condensed Consolidated Statement of Income
Nine Months Ended September 30, 2013

<u>(dollars in millions, except per share amounts)</u>	<u>As Reported</u>	<u>Adjustments</u>	<u>Pro Forma</u>
Operating Revenues	\$89,485	\$ —	\$89,485
Cost of services and sales (exclusive of items shown below)	32,925	—	32,925
Selling, general and administrative expense	24,232	—	24,232
Depreciation and amortization expense	12,423	—	12,423
Total Operating Expenses	69,580	—	69,580
Operating income	19,905	—	19,905
Equity in earnings of unconsolidated businesses	134	(173) (8a)	(39)
Other income, net	84	—	84
Interest expense	(1,606)	(2,298) (8b)	(3,904)
Income before provision for income taxes	18,517	(2,471)	16,046
Provision for income taxes	(2,886)	(2,531) (8c)	(5,417)
Net Income	<u>\$15,631</u>	<u>\$(5,002)</u>	<u>\$10,629</u>
Net income attributable to noncontrolling interests	9,201	\$(8,905) (8d)	\$ 296
Net income attributable to Verizon	<u>6,430</u>	<u>3,903</u> (8e)	<u>10,333</u>
Net Income	<u>\$15,631</u>	<u>\$(5,002)</u>	<u>\$10,629</u>
Basic earnings per common share			
Net income attributable to Verizon	\$ 2.24		\$ 2.52
Weighted average shares outstanding (in millions)	2,866	1,228 (8f)	4,094
Diluted earnings per common share			
Net income attributable to Verizon	\$ 2.24		\$ 2.52
Weighted average shares outstanding (in millions)	2,874	1,228 (8f)	4,102

See related footnotes, including corresponding note references

Verizon Communications Inc. and Subsidiaries
Unaudited Pro Forma Condensed Consolidated Statement of Income
Year Ended December 31, 2012

<u>(dollars in millions, except per share amounts)</u>	<u>As Reported</u>	<u>Adjustments</u>	<u>Pro Forma</u>
Operating Revenues	\$115,846	\$ —	\$115,846
Cost of services and sales (exclusive of items shown below)	46,275	—	46,275
Selling, general and administrative expense	39,951	—	39,951
Depreciation and amortization expense	16,460	—	16,460
Total Operating Expenses	102,686	—	102,686
Operating income	13,160	—	13,160
Equity in earnings of unconsolidated businesses	324	(394) (8a)	(70)
Other income and (expense), net	(1,016)	—	(1,016)
Interest expense	(2,571)	(3,183) (8b)	(5,754)
Income before provision for income taxes	9,897	(3,577)	6,320
(Provision) Benefit for income taxes	660	(2,376) (8c)	(1,716)
Net Income	<u>\$ 10,557</u>	<u>\$(5,953)</u>	<u>\$ 4,604</u>
Net income attributable to noncontrolling interests	\$ 9,682	\$(9,400) (8d)	\$ 282
Net income attributable to Verizon	875	3,447 (8e)	4,322
Net Income	<u>\$ 10,557</u>	<u>\$(5,953)</u>	<u>\$ 4,604</u>
Basic earnings per common share			
Net income attributable to Verizon	\$ 0.31		\$ 1.06
Weighted average shares outstanding (in millions)	2,853	1,228 (8f)	4,081
Diluted earnings per common share			
Net income attributable to Verizon	\$ 0.31		\$ 1.06
Weighted average shares outstanding (in millions)	2,862	1,228 (8f)	4,090

See related footnotes, including corresponding note references

Verizon Communications Inc. and Subsidiaries
Unaudited Pro Forma Condensed Consolidated Balance Sheet
As of September 30, 2013

<u>(dollars in millions)</u>	<u>As Reported</u>	<u>Adjustments</u>	<u>Pro Forma</u>
Current Assets	\$ 73,705	\$(48,417) (9a)	\$ 25,288
Plant, Property and Equipment, net	88,527	—	88,527
Wireless Licenses	76,503	—	76,503
Goodwill	24,339	—	24,339
Other Assets	13,601	(2,363) (9b)	11,238
Total Assets	<u>\$276,675</u>	<u>\$(50,780)</u>	<u>\$225,895</u>
Debt Maturing Within One Year	\$ 8,202	\$ —	\$ 8,202
Other Current Liabilities	22,089	—	22,089
Long-Term Debt	90,938	17,710 (9c)	108,648
Other Long-Term Liabilities	65,181	12,750 (9d)	77,931
Common Stock, Par	297	123 (9e)	420
Contributed Capital	37,918	(27,779) (9f)	10,139
Other Equity	(3,230)	521 (9g)	(2,709)
Noncontrolling Interests	55,280	(54,105) (9h)	1,175
Total Equity	<u>90,265</u>	<u>(81,240)</u>	<u>9,025</u>
Total Liabilities and Equity	<u>\$276,675</u>	<u>\$(50,780)</u>	<u>\$225,895</u>

See related footnotes, including corresponding note references

Notes to Unaudited Pro Forma Condensed Consolidated Financial Information

1. Basis of Presentation

The unaudited pro forma condensed consolidated financial information is based on historical financial information, and it is prepared and presented pursuant to the rules and regulations of the SEC regarding pro forma financial information. The 2012 and 2013 unaudited pro forma condensed consolidated statements of income include financial information from Verizon's audited historical consolidated statement of income for the year ended December 31, 2012 and Verizon's unaudited historical condensed consolidated statement of income for the nine months ended September 30, 2013, respectively. The unaudited pro forma condensed consolidated statements of income have been prepared in order to illustrate the effect of the transaction as if the transaction had occurred on January 1, 2012. The unaudited pro forma condensed consolidated balance sheet as of September 30, 2013 includes financial information from Verizon's unaudited historical condensed consolidated balance sheet as of September 30, 2013 and has been prepared in order to illustrate the effect of the transaction as if the transaction had occurred on September 30, 2013. Verizon's historical consolidated financial information is prepared in accordance with U.S. GAAP and has been adjusted in the unaudited pro forma condensed consolidated financial information to give effect to pro forma events that are (1) directly attributable to the transaction, (2) factually supportable and (3) with respect to the statements of income, expected to have a continuing impact on the consolidated results.

2. Acquisition of Noncontrolling Interest

In accordance with Accounting Standards Codification (ASC) Topic 810, Consolidation, changes in a parent's ownership interest where the parent retains a controlling financial interest in its subsidiary will be accounted for as equity transactions. Therefore, remeasurement of assets and liabilities of previously controlled and consolidated subsidiaries is not permitted. The carrying amount of the noncontrolling interest is 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.

3. Issuance of Verizon Common Stock

Pursuant to the transaction, Verizon has assumed it will issue shares of Verizon common stock having an aggregate value of \$60,150 million, with the exact number of shares to be calculated by dividing such amount by the average trading price during 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 the purpose of determining the number of shares of Verizon common stock to be issued. Based on the stock consideration collar mechanism and subject to the assumptions described herein, Verizon expects to issue a minimum of 1,179 million shares and a maximum of 1,280 million shares. The impact on earnings per share of the range of shares resulting from the possible share issuance scenarios within the spread of the collar is \$0.06 or \$0.03 for the nine-month and twelve-month periods ended September 30, 2013 and December 31, 2012, respectively.

The pro forma adjustments related to the issuance of Verizon shares pursuant to the transaction reflect the assumed issuance of an aggregate of approximately 1,228 million shares of Verizon common stock with an aggregate par value of approximately \$123 million, assuming a \$49.00 average trading price. For the nine months ended September 30, 2013, 2,874 million diluted weighted-average shares of Verizon common stock were outstanding. Based on this number of diluted weighted-average shares of Verizon common stock outstanding for the nine months ended September 30, 2013, the assumed issuance of 1,228 million additional shares would result in a pro forma amount of 4,102 million diluted weighted-average shares outstanding. Basic and diluted weighted-average shares outstanding and earnings per share amounts have been adjusted in the pro forma condensed consolidated statements of income to reflect the assumed issuance of 1,228 million additional shares of Verizon common stock as if the shares had been outstanding from January 1, 2012.

4. Incurrence of Indebtedness

In order to finance the transaction, Verizon has incurred, and will incur, fixed and floating rate debt with varying maturity dates. On September 2, 2013, Verizon entered into the bridge credit agreement, which provided that the proceeds of the loans under the bridge credit agreement would be used to finance, in part, the transaction and to pay related transaction costs. On September 18, 2013, Verizon issued eight series of fixed and floating rate notes with varying maturities in an aggregate principal amount of \$49,000 million, which resulted in cash proceeds of approximately \$48,667 million. Following the issuance of the new notes, borrowing availability under the bridge credit agreement was reduced to \$12,000 million.

On October 1, 2013, Verizon entered into the term loan agreement with borrowing availability of up to \$12,000 million, which provides for floating rate 3-year loans and 5-year loans. Following effectiveness of the term loan agreement, the bridge credit agreement was terminated in accordance with its terms.

Our pro forma adjustments assume that Verizon will pay the cash consideration and related fees and expenses of the transaction using (i) the cash proceeds of approximately \$48,667 million from the notes offering and (ii) up to \$12,000 million from the proceeds of the term loan agreement. In addition, at the closing of the transaction, Verizon will issue two series of Verizon notes to Seller in an aggregate principal amount of \$5,000 million.

The pro forma adjustment to long-term debt in the aggregate principal amount of \$17,710 million is based upon the amount of additional fixed rate obligations that is expected to exist at the closing of the transaction and, for purposes of the unaudited pro forma condensed consolidated financial information, it is assumed to include (1) \$1,650 million of long-term obligations with respect to the VAI preferred stock that is mandatorily redeemable (see Note 6), (2) term loans in an aggregate principal amount of \$11,060 million under the term loan agreement and (3) the two series of Verizon notes to be issued to Seller in the aggregate principal amount of \$5,000 million.

The pro forma adjustments for interest expense included in the unaudited pro forma condensed consolidated statements of income were calculated based on the total indebtedness of \$66,710 million expected to be incurred in connection with the transaction and to be outstanding at the closing of the transaction.

The table below summarizes the additional indebtedness that Verizon has incurred or expects to incur in connection with the transaction:

Debt Summary Debt Instruments	Interest Rate %	Maturities	(in millions)
			Face Amount
3-Year Term Loans	LIBOR + 1.375%	2017	\$ 5,530
5-Year Term Loans	LIBOR + 1.50%	2019	5,530
Floating Rate Notes due 2016*	LIBOR + 1.53%	2016	2,250
Floating Rate Notes due 2018*	LIBOR + 1.75%	2018	1,750
2.50% Notes due 2016*	2.50%	2016	4,250
3.65% Notes due 2018*	3.65%	2018	4,750
4.50% Notes due 2020*	4.50%	2020	4,000
5.15% Notes due 2023*	5.15%	2023	11,000
6.40% Notes due 2033*	6.40%	2033	6,000
6.55% Notes due 2043*	6.55%	2043	15,000
VAI Preferred Stock	5.15%	2020	1,650
8-Year Verizon Notes**	LIBOR + agreed margin	2022	2,500
11-Year Verizon Notes**	LIBOR + agreed margin	2025	2,500
Total Debt			<u>\$66,710</u>

* Notes issued during September 2013 and included in the historical financial statements as of September 30, 2013.

** Each series of the Verizon notes, which will be issued to Vodafone at the closing of the transaction, 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.

In addition, the pro forma adjustments for interest expense were calculated using an assumed weighted-average interest rate excluding debt amortization of 4.68%, based on the assumed mix of indebtedness noted above, the stated interest rates for the fixed rate indebtedness, an assumed LIBOR of 0.24% for the term loans, and assumed interest rates as of December 5, 2013 of 3.9% and 4.6% for the 8-Year Verizon Notes and the 11-Year Verizon Notes, respectively.

Verizon expects to incur fees of approximately \$403 million with respect to the incurrence of the additional indebtedness. During September 2013, approximately \$333 million of fees related to the incurrence of indebtedness were paid and capitalized as an asset in the historical balance sheet and will be amortized over the contractual life of the underlying indebtedness. The remaining expected \$70 million of fees are included as a pro forma adjustment in other assets in the unaudited pro forma condensed balance sheet (see Note 9b).

In addition, the approximately \$246 million of fees associated with the bridge credit agreement are reflected as a reduction in other equity in the unaudited pro forma condensed consolidated balance sheet as of September 30, 2013 and are excluded from the pro forma adjustments to the unaudited pro forma condensed consolidated statement of income due to the non-recurring nature of such fees (see Note 9g). Additional estimated transaction costs of approximately \$225 million, including investment banking, legal, accounting and other professional fees, will be charged directly against contributed capital and are reflected as a reduction in contributed capital in the unaudited pro forma condensed consolidated balance sheet as of September 30, 2013 (see Note 9f).

Changes in Interest Rates

Verizon will be exposed to market risks due to changes in interest rates associated with the floating rate debt that it expects to incur to finance the transaction. Verizon is also exposed to changes in interest rates on the floating rate debt subsequent to the date that such indebtedness is incurred. Based on the \$20,060 million of additional floating rate indebtedness that Verizon expects to be outstanding as of the closing date of the transaction, a 1/8th of 1% increase in interest rates would result in a \$25 million increase in annual interest expense.

Hedging Strategies

Verizon has entered, and may continue to enter, into domestic interest rate swaps to achieve a targeted mix of fixed and floating rate debt. Verizon principally receives fixed rates and pays floating rates based on LIBOR, resulting in a net increase or decrease to interest expense. These swaps are designated as fair value hedges and hedge against changes in the fair value of Verizon's debt portfolio. Verizon records the interest rate swaps at fair value on its condensed consolidated balance sheets as assets and liabilities. Changes in the fair value of the interest rate swaps due to changes in interest rates are recorded to interest expense, which are offset by changes in the fair value of the debt.

Debt Covenants

Verizon's credit agreements and the indenture governing the new notes and the Verizon notes contain covenants that are typical for large investment grade companies and transactions of this nature. These covenants include requirements to pay interest and principal in a timely fashion, pay taxes, maintain insurance, preserve its existence, keep appropriate books and records of financial transactions, maintain its properties, provide financial and other reports to its lenders, limit pledging and disposition of assets and mergers and consolidations and other similar covenants. Additionally, the term loan agreement requires Verizon to maintain a leverage ratio (as such term is defined in the term loan agreement) not in excess of 3.50:1.00 until Verizon's credit ratings are equal to or higher than A3 and A-, and the new notes require Verizon to mandatorily redeem the new notes at a 1% premium over their face value if the transaction is not completed. See "Financing of the Transaction—New Notes—Special Mandatory Redemption."

5. Omnitel

Included in the consideration payable in the transaction is the value of Verizon's existing interest in Omnitel, which is accounted for as an equity method investment. The total selling price for Verizon's 23.1% interest in Omnitel is \$3,500 million. In accordance with the accounting standard on equity method investments, Verizon will recognize a gain or loss upon the disposition of the investment equal to the difference between the selling price, which represents the fair value of the investment at the Omnitel transaction closing date, and the carrying amount of the investment plus any translation gains or losses recorded in other comprehensive income. Based on (i) the carrying value of Verizon's investment in Omnitel of \$2,433 million as of September 30, 2013; (ii) cumulative foreign exchange translation adjustments of \$934 million that are currently classified in other comprehensive income (see Note 9g), which will be recorded as a gain upon sale; and (iii) an estimated fair value of Verizon's existing interest in Omnitel of \$3,500 million, Verizon would recognize a non-recurring gain of approximately \$1,701 million after taxes of approximately \$300 million (see Note 9g). The final amount of gain will be determined at closing and will be based on the fair value, carrying value and translation gains or losses related to Verizon's investment in Omnitel at that time. As the gain on sale is non-recurring in nature, its effect is excluded from the pro forma adjustments to the unaudited condensed consolidated statements of income. The unaudited condensed consolidated pro forma statements of income include an adjustment to remove the historical equity method earnings from Verizon's investment in Omnitel.

6. VAI Preferred Stock

Included in the consideration to be paid in the transaction is the indirect assumption of long-term obligations associated with the VAI preferred stock, which consists of 5.143% Class D and Class E cumulative preferred stock, as described under the heading "Unaudited Pro Forma Condensed Consolidated Financial Information—Description of the Transaction." Both the Class D shares (825,000 shares outstanding) and Class E shares (825,000 shares outstanding) are mandatorily redeemable in April 2020 at \$1,000 per share plus any accrued and unpaid dividends. Dividends accrue at 5.143% per annum and will be treated as interest expense. Both the Class D and Class E shares will be classified as liability instruments in accordance with ASC 480, Distinguishing Liabilities from Equity, and will be recorded at fair value as determined at the closing of the transaction. Verizon has estimated the aggregate fair value of the VAI preferred stock for the purposes of the unaudited pro forma condensed consolidated balance sheet to be \$1,650 million, based on current market information.

7. Income Taxes

Certain deferred taxes directly attributable to the transaction have been calculated based on an analysis of the tax basis of the investment in the noncontrolling interest that is assumed relative to Verizon's book basis. As a result, Verizon expects to record an outside basis deferred tax liability of approximately \$12,500 million. Separately, the pro forma tax impact to the provision for income taxes in the unaudited pro forma condensed consolidated statements of income is calculated based on an assumed statutory tax rate of 38.5%.

8. Adjustments to the Statements of Income

The following are the pro forma adjustments included in the unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2013 and the twelve months ended December 31, 2012:

- a. Equity in earnings of unconsolidated businesses—Adjustment to eliminate the historical equity in earnings, net of tax, related to the investment in Omnitel (see Note 5).
- b. Interest expense—Adjustment to reflect interest expense associated with the additional indebtedness incurred and expected to be incurred in connection with the transaction and outstanding as of the closing of the transaction (see Note 4), the dividends on the VAI preferred stock (see Note 6) and the amortization of certain debt incurrence costs based on the contractual life of the underlying indebtedness.

- c. Provision for income taxes—Adjustments to reflect changes in the provision for income taxes including:

Income Tax associated with additional income attributable to Verizon

As it relates to the unaudited pro forma condensed consolidated statements of income, the historical condensed consolidated financial information provided for income taxes on income attributable to Verizon's 55% controlling interest in Verizon Wireless but not on the income attributable to the 45% noncontrolling interest. Accordingly, the provision for income taxes was adjusted by \$3,391 million and \$3,569 million for the nine months ended September 30, 2013 and the twelve months ended December 31, 2012, respectively, to reduce net income. These amounts represent the pro forma impact of the income taxes on the income attributable to the 45% noncontrolling interest to be acquired by Verizon. The pro forma adjustments to the provision for income taxes are partially offset by the income tax benefit associated with additional interest expense, as noted below. The amounts are calculated assuming a statutory income tax rate of 38.5%.

Income Tax benefit associated with interest expense

Adjustments of \$860 million and \$1,193 million for the nine months ended September 30, 2013 and the twelve months ended December 31, 2012, respectively, represent the income tax benefit associated with the pro forma adjustments for interest expense assuming a statutory income tax rate of 38.5%.

- d. Net income attributable to noncontrolling interests—Adjustment to eliminate the historical net income attributable to noncontrolling interests, representing the noncontrolling interest in Verizon Wireless.
- e. Net income attributable to Verizon—Adjustment to reflect the sum of all other adjustments to the unaudited pro forma condensed consolidated statements of income on net income attributable to Verizon.
- f. Weighted average shares outstanding—Adjustment to reflect the assumed issuance of 1,228 million shares of Verizon common stock to Vodafone shareholders with basic and diluted weighted average shares outstanding as if the shares had been outstanding from January 1, 2012.

9. Balance Sheet Adjustments

Following are the pro forma adjustments included in the unaudited pro forma condensed consolidated balance sheet as of September 30, 2013:

- a. Current assets—Adjustment to current assets is comprised of the following (in millions):

Cash used from new notes issued in September 2013 (see Note 4)	\$(48,667)
Restricted cash held by the Vodafone entity acquired	250
Total	<u>\$(48,417)</u>

- b. Other assets—Adjustments to other assets are comprised of the following (in millions):

Deferred financing fees (see Note 4)	\$ 70
Disposition of investment in Omnitel (see Note 5)	<u>(2,433)</u>
Total	<u>\$(2,363)</u>

- c. Long-term debt—Adjustments to long-term debt are comprised of the following (in millions):

Incurrence of long-term debt (see Note 4)	\$16,060
VAI preferred stock (see Note 6)	<u>1,650</u>
Total (see Note 4)	\$17,710

- d. Other long-term liabilities—Adjustment to reflect a \$12,500 million deferred tax liability based on an analysis of the tax basis of the investment in the noncontrolling interest that is assumed relative to Verizon's book basis and other estimated long-term liabilities of \$250 million that are assumed and are noted in Note 9a.
- e. Common stock—Adjustment to reflect the assumed issuance of 1,228 million shares of Verizon common stock to Vodafone shareholders (\$.10 par value per share) (see Note 3).
- f. Contributed capital (APIC)—Adjustments to APIC are comprised of the following (in millions):

Tax related liabilities (see Note 7)	\$(12,500)
Issuance of Verizon common stock (see Note 3)	60,027
Transaction costs (see Note 4)	(225)
Consideration paid less carrying value of noncontrolling interest	(75,895)
Other	<u>814</u>
Total	\$(27,779)

The adjustment to APIC for the issuance of Verizon common stock totaling \$60,027 million is calculated based on the 1,228 million shares assumed to be issued to Vodafone shareholders at \$49.00 per share less the amount recorded to common stock, par totaling \$123 million (\$.10 par value per share) (see Note 3).

Verizon accounts for specific, direct and incremental costs related to changes in Verizon's ownership percentage where control is maintained as part of the equity transaction. Such costs include investment banking and legal fees. These costs are directly recorded as a reduction in contributed capital and will be financed through the incurrence of third-party indebtedness, as reflected in the unaudited pro forma condensed consolidated balance sheet as of September 30, 2013. As part of the transaction, Verizon estimates that it will incur such costs in the amount of approximately \$225 million.

As described in Note 2, ASC Topic 810, Consolidation, requires that changes in a parent's ownership interest where the parent retains its controlling financial interest in its subsidiary will be accounted for as equity transactions. Accordingly, the adjustment reflected above totaling \$75,895 million is calculated as the estimated consideration payable of \$130,000 million (see "—Description of the Transaction") less the adjustment to noncontrolling interest of \$54,105 million (see Note 9g).

- g. Other equity—Adjustments to reflect the impact of items that are expected to be recognized in future earnings upon closing of the transaction include the expected gain on the disposition of Verizon's investment in Omnitel totaling \$1,701 million (see Note 5) offset by the associated cumulative translation adjustment of \$934 million, which is already recorded in equity as accumulated other comprehensive income. Also included as a reduction in equity are fees in the amount of approximately \$246 million paid in connection with the bridge credit facility that has been terminated in accordance with its terms (see Note 4).
- h. Noncontrolling interest—Adjustment to reflect the elimination of the historical carrying value of Vodafone's 45% noncontrolling interest in Verizon Wireless at September 30, 2013 of \$54,105 million.

LEGAL MATTERS

The validity of the Verizon common stock to be issued as stock consideration in connection with the transaction is being passed upon by Randal S. Milch, Executive Vice President—Public Policy and General Counsel of Verizon. As of December 5, 2013, Mr. Milch beneficially owned 45,455 shares of Verizon common stock, including 12,771 shares that may be acquired as the result of the conversion of certain stock units under deferred compensation plans.

Certain U.S. federal income tax matters relating to the transaction are being passed upon by Simpson Thacher & Bartlett LLP, counsel for Vodafone.

EXPERTS

The consolidated financial statements of Verizon Communications Inc. incorporated by reference in Verizon Communications' Annual Report (Form 10-K) for the year ended December 31, 2012 (including the schedule appearing therein), and the effectiveness of Verizon Communications' internal control over financial reporting as of December 31, 2012, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, incorporated by reference therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

Verizon has filed with the SEC a registration statement under the Securities Act that registers the shares of Verizon common stock to be issued in the transaction. This prospectus is a part of that registration statement. The registration statement, including the attached exhibits and schedules, contains additional relevant information about Verizon, Verizon common stock, the transaction and other related matters.

Verizon also files reports, proxy statements and other information with the SEC under the Securities and Exchange Act of 1934, as amended, which we call the Exchange Act. You may read and copy this information at the Public Reference Room of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the SEC's Public Reference Room by calling the SEC at (800) SEC-0330. You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates, or from commercial document retrieval services.

The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like Verizon, who file electronically with the SEC through the SEC's Electronic Data Gathering Analysis and Retrieval (EDGAR) System. The address of the site is www.sec.gov. The reports and other information filed by Verizon with the SEC are also available at Verizon's website at www.verizon.com/investor. The web addresses of the SEC and Verizon have been included as inactive textual references only. Except as specifically incorporated by reference into this prospectus, information on those websites is not part of this prospectus.

The SEC allows Verizon to "incorporate by reference" information into this prospectus. This means that Verizon can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this prospectus, except for any information that is superseded by information that is included directly in this prospectus. You are encouraged to read carefully the documents incorporated by reference into this prospectus in their entirety, because they contain important information about Verizon, its common stock, the transaction and other related matters.

This prospectus incorporates by reference the documents listed below that Verizon previously filed with the SEC, except to the extent that such documents or the information contained in such documents is deemed furnished and not filed in accordance with the SEC rules.

<u>Verizon SEC Filings (File No. 001-08606)</u>	<u>Period or Date Filed</u>
Annual Report on Form 10-K	Year ended December 31, 2012
Proxy Statement on Schedule 14A	Filed March 18, 2013
Quarterly Reports on Form 10-Q	Quarters ended March 31, 2013, June 30, 2013 and September 30, 2013
Current Reports on Form 8-K	Filed February 7, 2013, April 2, 2013, May 7, 2013, June 10, 2013, September 3, 2013, September 5, 2013, September 5, 2013, September 16, 2013, October 3, 2013, October 17, 2013 and November 7, 2013 (in each case, to the extent "filed" and not "furnished")
The description of Verizon common stock set forth in a registration statement filed pursuant to Section 12(b) of the Exchange Act and any amendment or report filed for the purpose of updating that description	Registration Statement on Form 8-A filed on March 12, 2010

In addition, Verizon also incorporates by reference any future filings it makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and until the termination of this offering, except (i) to the extent that such documents or information contained in such documents is deemed furnished and

not filed in accordance with the SEC rules, unless expressly stated otherwise, and (ii) for the opinions of Verizon's financial advisors and the disclosure related thereto (including, without limitation, the summary of such financial advisors' financial analyses) in Verizon's proxy statement (and any amendment thereto) filed in connection with the transaction. These documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements. These documents are considered to be a part of this prospectus, effective as of the date each such document is filed, and will automatically update and supersede the information contained in this prospectus. In the event of conflicting information in these documents, the information in the latest filed document should be considered correct.

Documents incorporated by reference are available from Verizon without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit in this prospectus. You can obtain documents incorporated by reference in this prospectus by requesting them in writing or by telephone from Verizon at the following address and telephone number:

Verizon Communications Inc.
Shareowner Services
One Verizon Way
Basking Ridge, New Jersey 07920
United States
(212) 395-1525

In order to receive any documents before the Vodafone general meeting of shareholders, you should request such documents by January 21, 2014.

Verizon has supplied all information contained in or incorporated by reference into this prospectus relating to Verizon. Vodafone has supplied all information contained in or incorporated by reference into this prospectus relating to Vodafone. Both Verizon and Vodafone have contributed information relating to the transaction.

Verizon has not authorized anyone to give any information or make any representation about the transaction or it that is different from, or in addition to, that contained in this prospectus or in any of the materials that have been incorporated into this prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this prospectus is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this prospectus does not extend to you. The information contained in this prospectus speaks only as of the date of this prospectus unless the information specifically indicates that another date applies.

STOCK PURCHASE AGREEMENT

Dated as of

September 2, 2013,

among

VODAFONE GROUP PLC,

VODAFONE 4 LIMITED

and

VERIZON COMMUNICATIONS INC.

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STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT, dated as of September 2, 2013 (this "Agreement"), is hereby entered into among Vodafone Group Plc, an English public limited company ("Vodafone"), Vodafone 4 Limited, an indirect wholly owned Subsidiary of Vodafone ("Seller"), and Verizon Communications Inc., a Delaware corporation ("Verizon").

WHEREAS, subject to the terms and conditions set forth herein, Vodafone, Seller and Verizon desire to engage, and cause certain of their respective Affiliates to engage, in certain transactions the consummation of which will have the effect of transferring all of the issued and outstanding capital stock of Vodafone Finance 1, which indirectly owns all of the Partnership Interests of Cellco Partnership d/b/a Verizon Wireless, a Delaware general partnership (the "Partnership"), that are indirectly owned by Seller, to Verizon or its Affiliates; and

WHEREAS, simultaneously with the execution of this Agreement, Vodafone Europe B.V., an Affiliate of Vodafone ("Vodafone Europe") and Verizon Business International Holding BV, an Affiliate of Verizon ("VBIH"), have entered into a Share Purchase Agreement (the "Omnitel Purchase Agreement"), pursuant to the terms and conditions of which Vodafone Europe will acquire from VBIH, and VBIH will sell to Vodafone Europe, all of the outstanding equity interests of Vodafone Omnitel NV, an Affiliate of Vodafone ("Omnitel"), that are owned by VBIH.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

"Action" has the meaning set forth in Section 10.9(b).

"Adjusted Closing Price" means a dollar amount equal to (i) if the Average Trading Price is greater than \$47.00 and less than \$51.00, then the Average Trading Price; (ii) if the Average Trading Price is greater than or equal to \$51.00, then \$51.00; or (iii) if the Average Trading Price is equal to or less than \$47.00, then \$47.00.

"Adjusted Verizon Share Amount" has the meaning set forth in Section 2.2(a)(ii).

"Adverse Ruling or Statement" has the meaning set forth on Schedule 1 hereto.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person; and for purposes of the foregoing, "control" means (i) the ownership of more than 50% of the voting securities or other voting interests of such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting shares, by contract or otherwise, it being understood, for the avoidance of doubt, that the Partnership and its Subsidiaries shall not be considered "Affiliates" of Vodafone or its Affiliates for the purposes of this Agreement.

"Agreement" has the meaning set forth in the preamble.

"Ancillary Documents" means the Verizon Notes, the Vodafone Scheme, the Omnitel Note, the Omnitel Purchase Agreement, the Vodafone Direction Letter, the Vodafone B.V. Inc. Note, the Settlement Note and the Term Note.

"Applicable De Minimis Amount" means (i) in the case of claims for indemnification pursuant to Section 9.2(a)(i) or 9.2(b)(i), Two Million Dollars (\$2,000,000), and (ii) in the case of claims for indemnification pursuant to Sections 9.2(a)(ii) through (vi) or Sections 9.2(b)(ii) through (iv), Two Hundred Fifty Thousand Dollars (\$250,000).

“Average Trading Price” means 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) for the twenty (20) consecutive full trading days ending on the third (3rd) Business Day prior to the Closing Date (the “Reference Period”); provided, however, that if an ex-dividend date for Verizon Common Stock occurs during the period beginning on the first (1st) day of such Reference Period and ending on (and including) the Closing Date, then the volume-weighted average of the per share NYSE trading prices of Verizon Common Stock for each day during the portion of such Reference Period that precedes such ex-dividend date shall be reduced by the amount of the applicable dividend payable on a share of Verizon Common Stock.

“B Share Election” has the meaning set forth in the Vodafone Scheme.

“Base Verizon Share Amount” has the meaning set forth in Section 2.2(a)(ii).

“Burdensome Effect” has the meaning set forth in Section 5.8(a).

“Business Day” means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York or London, United Kingdom are authorized or required by applicable Law to close.

“Cash Consideration” has the meaning set forth in Section 2.2(a)(i).

“Cash Election” has the meaning set forth in Section 2.2(b).

“Cash Election Amount” has the meaning set forth in Section 2.2(b).

“Cash Election Notice” has the meaning set forth in Section 2.2(b).

“Cash Entitlement” has the meaning set forth in the Vodafone Scheme.

“Cash Flow Adjustment Amount” shall mean an amount equal to the product of (i) the number of calendar days elapsed from (and including) May 1, 2014 through (and including) the Closing Date and (ii) Ten Million Dollars (\$10,000,000).

“Check-the-box-election” has the meaning set forth in Section 6.4.

“Claims” means all debts, demands, causes of action, suits, covenants, torts, damages, Encumbrances, claims, defenses, offsets, judgments and demands whatsoever, of every name and nature, both at law and in equity, known or unknown, suspected or unsuspected, accrued or unaccrued, fixed or contingent.

“Closing” means, if the Transaction is implemented by way of the Vodafone Scheme, the Scheme Closing, and if the Transaction is implemented by way of the Share Purchase, the Share Purchase Closing.

“Closing Date” means, if the Transaction is implemented by way of the Vodafone Scheme, the Scheme Effective Date and, if the Transaction is implemented by way of the Share Purchase, the Share Purchase Closing Date.

“Code” means the Internal Revenue Code of 1986, as amended.

“Companies Act” means the Companies Act 2006.

“Consents” has the meaning set forth in Section 7.1(g).

“Contract” means any binding agreement, lease, license, contract, note, mortgage, indenture, arrangement or other contractual obligation.

“Controlling Party” has the meaning set forth in Section 6.2.

“Court” means the High Court of Justice of England and Wales.

“Court Hearing” means the hearing at which the Court will be requested to make an order sanctioning the Vodafone Scheme under Section 899 of the Companies Act.

“Court Meeting” has the meaning set forth in Section 7.1(b)(i).

“Crest” means the relevant system (as defined in the Uncertificated Securities Regulations 2001, as amended) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such regulations).

“Damages” has the meaning set forth in Section 9.2(a).

“Distribution Agent” has the meaning set forth in Section 2.7(a).

“Distribution Agent Agreement” has the meaning set forth in Section 2.7(a).

“Dividend Payment Date” has the meaning set forth in the respective Certificates of Designation, Preferences and Rights for the VAI Preferred Shares.

“Dollars” and “\$” means the lawful currency of the United States of America.

“Employee Benefit Plans” means (i) “employee benefit plans” (within the meaning of Section 3(3) of ERISA) and (ii) all other compensation or employee benefit plans, programs, policies, agreements or other arrangements, whether or not subject to ERISA, and whether cash- or equity-based, including employment, retention, change of control, health, medical, dental, disability, accident, life insurance, vacation, severance, retirement, pension, savings, or termination plans, programs, policies, agreements or other arrangements.

“Encumbrance” means any lien, mortgage, security interest, pledge, restriction on transferability, defect of title, option or other claim, charge or encumbrance of any nature whatsoever.

“Entity” means any corporation, firm, unincorporated organization, association, partnership, limited liability company, business trust, joint stock company, joint venture or other organization, entity or business.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means, with respect to any Entity, trade or business, any other Entity, trade or business that is, or was at the relevant time, a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes or included the first Entity, trade or business, or that is, or was at the relevant time, a member of the same “controlled group” as the first Entity, trade or business pursuant to Section 4001(a)(14) of ERISA.

“EUR” means the lawful single currency of the Institutions of the European Union.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Excluded Assets” has the meaning set forth in Section 5.1.

“Excluded Liabilities” has the meaning set forth in Section 5.1.

“FCA” means the Financial Conduct Authority.

“FCC” means the United States Federal Communications Commission.

“Financing” has the meaning set forth in Section 4.14(a).

“Financing Documents” has the meaning set forth in Section 4.14(b).

“Financing Failure” has the meaning set forth in Section 8.1(j)(ii).

“Financing Failure Termination Fee” means a cash amount equal to Ten Billion Dollars (\$10,000,000,000).

“Financing Related Party” has the meaning set forth in Section 8.3(g).

“Financing Sources” has the meaning set forth in Section 4.14(a).

“FSMA” means the Financial Services and Markets Act 2000.

“GAAP” means U.S. generally accepted accounting principles.

“Governmental Entity” means any federal, state, territorial, county, municipal, local, multinational or other government or governmental agency or body or any other type of regulatory body, whether U.S. or non-U.S.

“IFRS” means International Financial Reporting Standards as adopted by the European Union.

“IRS” means the United States Internal Revenue Service.

“Indemnified Party” has the meaning set forth in Section 9.3(a).

“Indemnifying Party” has the meaning set forth in Section 9.3(a).

“Initial Verizon Press Release” has the meaning set forth in Section 5.5.

“Initial Vodafone Press Release” has the meaning set forth in Section 5.5.

“Initial Press Releases” has the meaning set forth in Section 5.5.

“Intervening Event” means a material event or circumstance (occurring or arising after the date hereof) that was neither known nor reasonably foreseeable to the Board of Directors of Verizon on the date of this Agreement, which event or circumstance becomes known to the Board of Directors of Verizon prior to the time at which Verizon receives the Verizon Requisite Vote, other than (i) general events or changes in the industries in which any of Verizon and its Subsidiaries operate; (ii) changes in the market price or trading volume of the Verizon Common Stock; provided, that this clause (ii) shall not prevent or otherwise affect a determination that any event or change in circumstances underlying such change has resulted in or contributed to an “Intervening Event”; (iii) any action taken by the parties hereto pursuant to and in compliance with this Agreement or any of the Ancillary Documents; (iv) any event or change in circumstances adversely affecting the availability or terms

of the Financing or Replacement Financing; (v) any event or change in circumstances 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 made by any Person relating to a merger, joint venture, partnership, consolidation, dissolution, liquidation, tender offer, recapitalization, reorganization, spin-off, share exchange, business combination or similar transaction involving Verizon or any of its Subsidiaries.

“JV Partnerco” means JV Partnerco LLC.

“Knowledge of Verizon” means the actual knowledge of the persons set forth in Section 1 of the Verizon Disclosure Letter.

“Knowledge of Vodafone” means the actual knowledge of the persons set forth in Section 1 of the Vodafone Disclosure Letter.

“Law” means all applicable provisions of (i) constitutions, treaties, statutes, laws (including the common law), rules, regulations, ordinances, codes or orders of any Governmental Entity, (ii) any consents or approvals of any Governmental Entity and (iii) any orders, decisions, injunctions, judgments, awards, decrees or agreements with any Governmental Entity.

“Liability” means any liability, indebtedness, obligation, commitment, expense, claim, deficiency, guaranty or endorsement (or claims or contingencies that have not yet become liabilities) of or by any Person of any type, whether accrued, absolute, contingent, matured, unmatured, liquidated, unliquidated, known or unknown, or whether due or to become due, including any fines, penalties, interest, judgments, awards or settlements respecting any judicial, administrative or arbitration proceedings or other actions or any damages, losses, claims or demands with respect to any Law.

“Licenses” has the meaning set forth in Section 3.6(b).

“Listing Rules” means the Listing Rules of the UKLA made under Section 73A of FSMA.

“Loan Facility” has the meaning set forth in Section 4.14(a).

“LSE” means London Stock Exchange plc.

“Measurement Time” means, if the Transaction is implemented by way of the Vodafone Scheme, immediately prior to commencement of the Court Hearing on the Sanction Date, and, if the Transaction is implemented by way of the Share Purchase, 8:00 a.m. (New York time) on the Share Purchase Closing Date.

“Multiemployer Plan” has the meaning set forth in Section 4.10(a).

“NASDAQ” means the NASDAQ Stock Market.

“New Vodafone Shares” means ordinary shares in Vodafone arising as a result of the Vodafone Share Consolidation.

“New Vodafone Shares Admission” has the meaning set forth in Section 7.1(c).

“Non-Controlling Party” has the meaning set forth in Section 6.2.

“NYSE” means the New York Stock Exchange.

“Official List” means the Official List maintained by the FCA for the purposes of Section 74(1) of FSMA.

“Omnitel” has the meaning set forth in the recitals.

“Omnitel Consideration Amount” means Three Billion Five Hundred Million Dollars (\$3,500,000,000).

“Omnitel Note” means the note to be issued at the Closing by Verizon if the transactions contemplated by the Omnitel Purchase Agreement are not consummated on the Closing Date, and made payable to Seller in the amount of the Omnitel Consideration Amount, having the terms provided for in Exhibit A hereto.

“Omnitel Purchase Agreement” has the meaning set forth in the recitals.

“Overseas Scheme Shareholders” has the meaning set forth in the Vodafone Scheme.

“Partner” has the meaning set forth in the Partnership Agreement.

“Partnership” has the meaning set forth in the recitals.

“Partnership Agreement” means the Amended and Restated Partnership Agreement of the Partnership, dated as of April 3, 2000, by and among certain Affiliates of Vodafone and Verizon, as amended.

“Partnership Interest” means, as of any date, with respect to each Partner of the Partnership, the entire ownership interests and rights of such Partner (expressed as a percentage) in the Partnership as of such date.

“PBGC” has the meaning set forth in Section 4.10(c).

“PCS Nucleus” means PCS Nucleus LP.

“Person” means any natural person or Entity.

“Post-Closing Tax Period” means (i) any taxable period beginning after the Closing Date and (ii) the portion of any Straddle Period beginning immediately after the Closing Date and ending at the close of the last day of the Straddle Period.

“Post-Sanction Conditions” means the conditions set forth in Sections 7.1(b)(ii)(y) and 7.1(b)(iii).

“Pre-Closing Tax Period” means (i) any taxable period ending on or before the close of the Closing Date and (ii) the portion of any Straddle Period beginning on the first day of such Straddle Period and ending at the close of the Closing Date.

“Pro Rata Portion” has the meaning set forth in Section 2.7(b).

“Proxy Statement” means the proxy statement relating to matters to be submitted to the stockholders of Verizon at the Verizon Stockholders Meeting, as may be supplemented or amended from time to time.

“Purchase Price” has the meaning set forth in Section 2.2(c).

“Reference Period” has the meaning set forth in the definition of Average Trading Price.

“Reorganization” has the meaning set forth in Section 5.1.

“Replacement Financing” has the meaning set forth in Section 5.9(b).

“Replacement Financing Documents” has the meaning set forth in Section 5.9(b).

“Replacement Financing Sources” has the meaning set forth in Section 5.9(b).

“Representatives” means, with respect to any Person, such Person’s controlled Affiliates and its and their officers, directors, employees, investment bankers, attorneys, accountants, consultants or other agents or advisors.

“Requisite Regulatory Approvals” has the meaning set forth in Section 7.1(g).

“Sanction Date” has the meaning set forth in Section 7.1(b)(ii).

“Scheme Closing” means the Vodafone Scheme and the Vodafone Reduction of Capital becoming effective in accordance with their terms and the Companies Act 2006.

“Scheme Effective Date” means the date on which the Vodafone Reduction of Capital becomes effective in accordance with its terms and the Companies Act 2006.

“Scheme Longstop Date” means the date falling twenty (20) Business Days following the first scheduled date of the Court Hearing where such date falls after the satisfaction or waiver of the conditions set out in Article VII (other than the conditions set out in Sections 7.1(b)(ii) and 7.1(b)(iii)).

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Seller” has the meaning set forth in the preamble.

“Seller Returns” has the meaning set forth in Section 6.1(a).

“Settlement Note” means the note to be issued by Verizon and made payable to Seller at Closing, in the form appended as Exhibit B, in an amount equal to the principal amount of the Vodafone B.V. Inc. Note plus accrued interest, which shall be settled in accordance with Section 5.19.

“Share Issuance” has the meaning set forth in Section 4.3(b).

“Share Purchase” has the meaning set forth in Section 2.5.

“Share Purchase Closing” has the meaning set forth in Section 2.5.

“Share Purchase Closing Date” has the meaning set forth in Section 2.5.

“Significant Subsidiary” means a significant subsidiary as defined in Rule 1-02(w) of Regulation S-X of the Securities Act.

“Sold Entities” means Vodafone Finance 1, Vodafone Finance 2, Vodafone Americas Holdings, Vodafone Americas, Vodafone Holdings LLC, JV Partnerco, PCS Nucleus, Vodafone International Inc. and Vodafone B.V. Inc.

“Straddle Period” means any taxable period beginning on or before the Closing Date and ending after the Closing Date.

“Subsidiary” means, with respect to any Person, any Entity, whether incorporated or unincorporated, of which (i) voting power to elect a majority of the board of directors or others performing similar functions with respect to such other Person is held by the first mentioned Person and/or by any one or more of its Subsidiaries or (ii) more than 50% of the equity interests of such other Person is, directly or indirectly, owned or controlled by such first mentioned Person and/or by any one or more of its Subsidiaries.

“Supplemental Tax Distributions” shall have the meaning set forth in Section 1 of the Verizon Disclosure Letter.

“Tax” or “Taxes” means any federal, state, local or foreign income, capital, corporation, gross receipts, property, sales, turnover, value-added, use, license, excise, franchise, employment, payroll, withholding, windfall profits, alternative or add on minimum, ad valorem, transfer, stamp, financial transaction or excise tax, or any other tax, custom, duty, levy, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest, penalties, additions to tax or additional amounts imposed by any Governmental Entity.

“Tax Authority” means any Governmental Entity exercising any taxing or Tax regulatory authority.

“Tax Claim” means any claim, notice, demand, assessment, letter, or other document with respect to Taxes made by any Tax Authority that, if pursued successfully, would reasonably be expected to serve as the basis for a claim for indemnification pursuant to Section 9.2(c).

“Tax Return” means any return, declaration, report or similar statement filed or required to be filed with respect to any Tax (including any attached schedules), including any information return, claim for refund, amended return or declaration of estimated Tax.

“Term Note” means the note to be issued by Verizon and made payable to Seller at Closing, in the form appended as Exhibit C, in the amount of Two Hundred Fifty Million Dollars (\$250,000,000).

“Termination Date” has the meaning set forth in Section 8.1(b).

“Third-Party Claim” has the meaning set forth in Section 9.3(a).

“Transaction” means (a) the Vodafone Scheme and the purchase by Verizon of the Transferred Shares as contemplated thereby or (b) the Share Purchase, as applicable.

“Transferred Shares” has the meaning set forth in Section 2.1.

“UKLA” means the United Kingdom Listing Authority.

“VAI Preferred Shares” means (a) the 5.143% Class D Cumulative Preferred Stock, Series 1998, of Vodafone Americas and (b) the 5.143% Class E Cumulative Preferred Stock, Series 1998, of Vodafone Americas.

“VAT” means (a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) and (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in clause (a) above, or imposed elsewhere.

“VBIH” has the meaning set forth in the recitals.

“Verizon” has the meaning set forth in the preamble.

“Verizon Benefit Plans” means all Employee Benefit Plans, including the Verizon Stock Plans, that are sponsored, maintained, contributed to or required to be contributed to by Verizon or any of its Subsidiaries for the benefit of current or former employees, directors or consultants of Verizon or its Subsidiaries, or with respect to which Verizon or its Subsidiaries have any current, future or contingent Liability.

“Verizon Certificate Amendment” has the meaning set forth in Section 4.2(a).

“Verizon CDIs” has the meaning set forth in Section 5.2(e).

“Verizon Change Notice” has the meaning set forth in Section 5.2(f).

“Verizon Change of Recommendation” has the meaning set forth in Section 5.2(f).

“Verizon Charter Documents” has the meaning set forth in Section 4.1(c).

“Verizon Common Stock” has the meaning set forth in Section 2.2(a)(ii).

“Verizon Disclosure Document” means any registration statement, prospectus, offering memorandum, offering circular or similar disclosure document provided by or on behalf of Verizon to shareholders of Vodafone in connection with the Vodafone Scheme or the Share Purchase (including any other documents incorporated by reference therein) pursuant to the securities laws of any jurisdiction or the listing requirements of any securities exchange.

“Verizon Disclosure Letter” has the meaning set forth in Article IV.

“Verizon Fairness Opinions” has the meaning set forth in Section 4.17.

“Verizon Financial Advisors” has the meaning set forth in Section 4.17.

“Verizon Indemnitees” has the meaning set forth in Section 9.2(a).

“Verizon Indemnity Amount” has the meaning set forth in Section 6.4.

“Verizon Intellectual Property” has the meaning set forth in Section 4.13.

“Verizon Material Adverse Effect” means (i) any change, effect, event or occurrence that prevents or materially delays the ability of Verizon to consummate the Transaction or (ii) any change, effect, event or occurrence that has a material adverse effect on the financial condition, business or results of operations of Verizon and its Subsidiaries, taken as a whole; provided, however, that any changes, effects, events or occurrences will be deemed not to constitute a “Verizon Material Adverse Effect” to the extent resulting from (A) changes, effects, events or occurrences generally affecting (x) the United States or global economy or financial, debt, credit or securities markets or (y) any industry in which Verizon or its Subsidiaries operate; (B) declared or undeclared acts of war, terrorism, outbreaks or escalations of hostilities; (C) natural disasters or other force majeure events; (D) any change in GAAP or applicable Laws or regulatory or enforcement developments; (E) the failure by Verizon to meet any estimates of revenues or earnings for any period ending on or after the date hereof; provided, that the exception in this clause (E) shall not prevent or otherwise affect a determination that any change, effect, event or occurrence underlying such decline has resulted in or contributed to a “Verizon Material Adverse Effect”; (F) a decline in the price of Verizon Common Stock on the NYSE, NASDAQ or the LSE; provided, that the exception in this clause (F) shall not prevent or otherwise affect a determination that any change, effect, event or occurrence underlying such decline has resulted in or contributed to a “Verizon Material Adverse Effect”; or (G) the execution, delivery or performance of this Agreement, the Ancillary Documents or the Financing Documents (or any Replacement Financing Documents) or the public

announcement or consummation of the transactions contemplated by this Agreement, the Ancillary Documents or the Financing Documents (or any Replacement Financing Documents); provided, that the exception in this clause (G) shall not apply to the representation or warranty contained in Section 4.4 to the extent that such representation or warranty purports to address the consequences resulting from the execution and delivery of this Agreement or the Ancillary Documents or the performance of obligations or consummation of the transactions contemplated by this Agreement or the Ancillary Documents; provided, however, that changes, effects, events or occurrences referred to in clauses (A), (B), (C) or (D) above shall, unless otherwise excluded, be considered for purposes of determining whether there is a “Verizon Material Adverse Effect” if and to the extent that such changes, effects, events or occurrences disproportionately adversely affect Verizon and its Subsidiaries, as compared to other companies operating in the industries in which Verizon and its Subsidiaries operate.

“Verizon Material Contract” has the meaning set forth in Section 4.12(a).

“Verizon Notes” means the notes to be issued at the Closing by Verizon and made payable to Seller in the aggregate amount of Five Billion Dollars (\$5,000,000,000), having the terms provided for in Exhibit D hereto.

“Verizon Preferred Stock” has the meaning set forth in Section 4.2(a).

“Verizon Recommendation” has the meaning set forth in Section 5.2(f).

“Verizon Recommendation Change Fee” means a cash amount equal to Four Billion Six Hundred Fifty Million Dollars (\$4,650,000,000).

“Verizon Registration Statement” has the meaning set forth in Section 5.2(c).

“Verizon Related Party” means Verizon and its Affiliates (including, upon and after the Closing, the Sold Entities), and the respective past or present directors, managers, officers, agents, employees, members, partners, successors and assigns of the foregoing.

“Verizon Releasing Persons” has the meaning set forth in Section 5.15(c).

“Verizon Requisite Vote” has the meaning set forth in Section 4.3(c).

“Verizon Returns” has the meaning set forth in Section 6.1(b).

“Verizon Reverse Termination Fee” means a cash amount equal to One Billion Five Hundred Fifty Million Dollars (\$1,550,000,000).

“Verizon SEC Documents” has the meaning set forth in Section 4.5(a).

“Verizon Shares” has the meaning set forth in Section 2.2(a)(ii).

“Verizon Stockholders Meeting” has the meaning set forth in Section 5.2(b).

“Verizon Stock Option” means each option to purchase Verizon Common Stock granted pursuant to a Verizon Stock Plan that is outstanding and unexercised as of the Closing Date.

“Verizon Stock Plans” means the 2009 Verizon Long-Term Incentive Plan and the Verizon Broad-Based Incentive Plan, each as may be amended from time to time, and any other plan, policy or arrangement, including any Verizon Benefit Plan or Contract, pursuant to which Verizon Stock Options or other awards based on, in respect of, or denominated in Verizon Common Stock have been granted.

“Verizon Termination Fee” has the meaning set forth in Section 8.3(a).

“Verizon UK Admission” has the meaning set forth in Section 5.2(d).

“Verizon UK Prospectus” has the meaning set forth in Section 5.2(d).

“Verizon US Prospectus” has the meaning set forth in Section 5.2(d).

“Vodafone” has the meaning set forth in the preamble.

“Vodafone Americas” means Vodafone Americas Inc.

“Vodafone Americas Holdings” means Vodafone Americas Holdings Inc.

“Vodafone B.V. Inc.” means Vodafone International Business Ventures Inc., an entity to be incorporated as provided in Schedule 5.1.

“Vodafone B.V. Inc. Note” means the loan note issued by Vodafone and held by Vodafone B.V. Inc. pursuant to the Reorganization, in the form appended as Exhibit E, which shall remain outstanding immediately following the consummation of the sale of the Transferred Shares and which shall be settled in accordance with Section 5.19.

“Vodafone Change of Recommendation” has the meaning set forth in Section 5.3(d).

“Vodafone Circular” has the meaning set forth in Section 5.3(a)(ii).

“Vodafone Circular Posting Date” means the date on which the Vodafone Circular is published.

“Vodafone Class B Shares” means the class B shares in the capital of Vodafone to be issued by Vodafone in accordance with the terms of the Vodafone Scheme, having the rights and restrictions specified in the special resolution to be set out in the Vodafone Circular.

“Vodafone Class C Shares” means the class C shares in the capital of Vodafone to be issued by Vodafone in accordance with the terms of the Vodafone Scheme, having the rights and restrictions specified in the special resolution to be set out in the Vodafone Circular.

“Vodafone Direction Letter” has the meaning set forth in Section 2.6(a)(ii).

“Vodafone Disclosure Letter” has the meaning set forth in Article III.

“Vodafone Distribution Record Date” has the meaning set forth in Section 2.7(a).

“Vodafone Distribution Record Holders” has the meaning set forth in Section 2.7(a).

“Vodafone Benefit Plans” means all Employee Benefit Plans, including the Vodafone Stock Plans, that are sponsored, maintained, contributed to or required to be contributed to by Vodafone or its Subsidiaries for the benefit of current or former employees, directors or consultants of Vodafone or its Subsidiaries, or with respect to which Vodafone or its Subsidiaries have any current, future or contingent Liability.

“Vodafone Europe” has the meaning set forth in the recitals.

“Vodafone Finance 1” means Vodafone Americas Finance 1 Inc.

“Vodafone Finance 2” means Vodafone Americas Finance 2 Inc.

“Vodafone Holdings LLC” means Vodafone Holdings LLC.

“Vodafone Indemnitees” has the meaning set forth in Section 9.2(b).

“Vodafone International Inc.” means Vodafone International Inc.

“Vodafone Material Adverse Effect” means any change, effect, event or occurrence that, individually or in the aggregate with any other changes, effects, events or occurrences, prevents or materially delays the ability of Vodafone to consummate the Transaction.

“Vodafone Material Adverse Financial Effect” has the meaning set forth in Section 8.1.

“Vodafone Ordinary Shares” has the meaning set forth in Section 2.7(a).

“Vodafone Partners” means PCS Nucleus and JV Partnerco.

“Vodafone Recommendation” has the meaning set forth in Section 5.3(d).

“Vodafone Reduction of Capital” means the proposed reductions of capital of Vodafone under Chapter 10 of Part 17 of the Companies Act to be undertaken pursuant to the Vodafone Scheme, being (i) the reduction or cancellation of Vodafone’s share premium account; (ii) the cancellation of Vodafone’s capital redemption reserve; (iii) the cancellation of the Vodafone Class B Shares; and (iv) if applicable, the cancellation of the Vodafone Class C Shares, but subject always to Section 5.4(b).

“Vodafone Related Party” means Vodafone and its Affiliates and the respective past or present directors, managers, officers, agents, employees, members, partners, successors and assigns of (i) the foregoing or (ii) the Partnership or any of its Subsidiaries that, in the case of clause (ii), were designated or appointed by Vodafone or any of its Affiliates.

“Vodafone Releasing Persons” has the meaning set forth in Section 5.15(c).

“Vodafone Requisite Scheme Vote” has the meaning set forth in Section 3.2(c)(i).

“Vodafone Requisite Share Purchase Vote” has the meaning set forth in Section 3.2(c)(ii).

“Vodafone Resolutions” has the meaning set forth in Section 5.3(a)(vii).

“Vodafone Sale Resolutions” has the meaning set forth in Section 5.3(a)(vii).

“Vodafone Scheme” means the scheme of arrangement between Vodafone and its shareholders under Part 26 of the Companies Act, the terms of which shall be included in the Vodafone Circular and shall, subject always to Section 5.4(b), be in the form appended as Exhibit F.

“Vodafone Share Consolidation” means the proposed subdivision and consolidation of Vodafone’s share capital pursuant to the Vodafone Scheme, on terms to be set out in the Vodafone Circular.

“Vodafone Shareholders” means, collectively, the holders of the Vodafone Ordinary Shares and, following the issuance of the Vodafone Class B Shares and the Vodafone Class C Shares in accordance with the Vodafone Scheme, the Vodafone Class B Shares and the Vodafone Class C Shares and, following the Scheme Closing (if applicable), the New Vodafone Shares.

“Vodafone Shareholders Meeting” has the meaning set forth in Section 3.2(c)(i).

“Vodafone Stock Plans” means the Vodafone Group 1999 Long-Term Stock Incentive Plan, the Vodafone Group 2008 Sharesave Plan, the Vodafone Global Long-Term Incentive Plan, the Vodafone Global Incentive Plan and the Vodafone Share Incentive Plan, each as may be amended from time to time, and any other plan, policy or arrangement, including any Vodafone Benefit Plan or Contract pursuant to which awards based on, in respect of, or denominated in Vodafone capital stock have been granted.

“Vodafone Termination Fee” means a cash amount equal to One Billion Five Hundred Fifty Million Dollars (\$1,550,000,000).

“Vodafone UK Pension Plan” has the meaning set forth in Section 3.14.

ARTICLE II

PURCHASE AND SALE OF TRANSFERRED SHARES

2.1 Purchase and Sale of Transferred Shares. Upon the terms and subject to the conditions set forth in this Agreement and pursuant to the Transaction, at the Closing, Seller will sell, assign, transfer and convey to Verizon, and Verizon will purchase and acquire from Seller, all of the issued and outstanding capital stock of Vodafone Finance 1 (collectively, the “Transferred Shares”), free and clear of any Encumbrance. As a result of Verizon’s acquisition of the Transferred Shares, each of the Sold Entities shall, except as a result of the existence of the VAI Preferred Shares, become a direct or indirect wholly owned Subsidiary of Verizon. Subject to Section 2.3, the Transaction shall be implemented by way of the Vodafone Scheme, unless the Vodafone Requisite Scheme Vote is not obtained, any condition set forth in Section 7.1(b) or 7.1(c) is not satisfied or waived or the Vodafone Scheme lapses in accordance with its terms or is withdrawn, in which case the Transaction shall be implemented by way of the Share Purchase, subject to Section 2.5. If Seller fails to perform its obligations pursuant to this Section 2.1, Vodafone shall procure that Seller does so and Vodafone shall be jointly and severally liable to Verizon for any default by Seller in performing its obligations under this clause.

2.2 Consideration for Transferred Shares.

(a) Upon the terms and subject to the conditions set forth in this Agreement and pursuant to the Transaction, at the Closing, Verizon shall:

(i) pay to Seller an amount in cash equal to (A) Fifty-Eight Billion Eight Hundred Eighty-Six Million Dollars (\$58,886,000,000), plus (B) if so elected by Verizon pursuant to Section 2.2(b), the Cash Election Amount, plus (C) unless the failure to consummate the Closing prior to May 1, 2014 results from a breach by Vodafone or Seller of this Agreement, an amount equal to the Cash Flow Adjustment Amount, if any (collectively, the “Cash Consideration”);

(ii) issue and deliver an aggregate number of shares of common stock of Verizon, par value \$0.10 per share (the “Verizon Common Stock”), equal to the quotient obtained by dividing (A) the difference (the “Adjusted Verizon Share Amount”) between (x) Sixty Billion One Hundred Fifty Million Dollars (\$60,150,000,000) (the “Base Verizon Share Amount”) and (y) the Cash Election Amount (if any), by (B) the Adjusted Closing Price (the “Verizon Shares”); provided, that in the event of any stock split, reverse stock split, stock dividend or dividend payable in other securities, reorganization, reclassification, merger, combination, recapitalization, or other like event that occurs after the date hereof and prior to the Closing (or in respect of which a record date or effective date, as applicable, has been declared and passed within such period) that changes the outstanding shares of Verizon Common Stock into a different number of shares or a different class of stock, then any number, amount or definition contained herein that is used for purposes of determining the number of Verizon Shares to be received by the Vodafone Shareholders will be appropriately adjusted to provide the Vodafone Shareholders with the same economic effect as contemplated by this Agreement prior to such event;

provided, further, that the aggregate payment hereunder to be made in the form of Verizon Shares shall be made only in whole shares of Verizon Common Stock, and any fractional share shall be rounded up to the nearest whole share;

(iii) deliver the Verizon Notes to Seller;

(iv) deliver the Term Note to Seller; and

(v) deliver the Settlement Note to Seller.

(b) No later than ten (10) Business Days prior to the Vodafone Circular Posting Date, Verizon may on a single occasion (subject to the below proviso), in its sole discretion, elect to increase the amount of the Cash Consideration payable pursuant to Section 2.2(a)(i) (a “Cash Election”) by up to Fifteen Billion Dollars (\$15,000,000,000), and reduce the Adjusted Verizon Share Amount pursuant to Section 2.2(a)(ii)(A) by an amount equal to such increase, by delivery of a written notice to Vodafone (a “Cash Election Notice”) specifying the additional amount of Cash Consideration to be paid pursuant to such election (together with any amount elected pursuant to the proviso to this sentence, the “Cash Election Amount”); provided, in addition to any Cash Election previously made, on a single occasion during the period after the date of the Verizon Shareholders Meeting and prior to the date that is ten (10) Business Days prior to the anticipated Closing Date, if the Verizon Certificate Amendment has not been approved by the Verizon Shareholders, then Verizon may make a Cash Election for a Cash Election Amount of up to the lesser of (x) Five Billion Dollars (\$5,000,000,000) and (y) Fifteen Billion Dollars (\$15,000,000,000) minus the Cash Election Amount of any Cash Election previously made; provided, further, that upon the making of any Cash Election, the representations and warranties contained in Section 4.14 (Financing) remain true and accurate in all material respects after giving effect to such Cash Election.

(c) (i) If the transactions contemplated by the Omnitel Purchase Agreement are consummated on the Closing Date, Verizon shall pay, or cause to be paid, by wire transfer or intrabank transfer of immediately available funds to an account designated by Vodafone no later than the close of business on the third (3rd) Business Day prior to the Closing Date, cash in the amount of the Omnitel Consideration Amount or (ii) if the transactions contemplated by the Omnitel Purchase Agreement are not consummated on the Closing Date, Verizon shall deliver to Seller the Omnitel Note, duly executed by Verizon (the Omnitel Consideration Amount or the Omnitel Note, as applicable, together with the Cash Consideration, Verizon Shares, Verizon Notes, Settlement Note and the Term Note, collectively, the “Purchase Price”).

2.3 Scheme Closing. Subject to the terms and conditions of this Agreement, (a) the Scheme Closing shall occur on the date that the condition set forth in Section 7.1(b)(iii)(y) is satisfied, (b) Vodafone shall use commercially reasonable efforts to cause to be satisfied the condition set forth in Section 7.1(b)(iii)(x) on the date that the condition set forth in Section 7.1(b)(ii)(x) is satisfied, or at such other time as Verizon and Vodafone may agree in writing and (c) Vodafone shall use commercially reasonable efforts to cause to be satisfied the condition set forth in Section 7.1(b)(iii)(y) on the date that the condition set forth in Section 7.1(b)(ii)(y) is satisfied, or at such other time as Verizon and Vodafone may agree in writing. For the avoidance of doubt, the Court Hearing shall not be held until all of the conditions set forth in Article VII have been satisfied (or, to the extent permitted by applicable Law, waived in a writing signed by the party for whose benefit the condition exists) other than the conditions set forth in Sections 7.1(b)(ii) and 7.1(b)(iii). The purchase and sale of the Transferred Shares in connection with the Scheme Closing shall take place on the Scheme Effective Date at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, NY, or at such other place as Verizon and Vodafone may agree in writing. Upon the earlier of (i) the Scheme Longstop Date and (ii) the date on which the Vodafone Scheme lapses in accordance with its terms or is withdrawn, or as Verizon and Vodafone may otherwise agree in writing, this Section 2.3 shall be of no further force and effect.

2.4 Vodafone Scheme Closing Deliverables. The provisions of this Section 2.4 shall apply (for the avoidance of doubt, without prejudice to the provisions of the Scheme, which shall apply) if the Transaction is implemented by way of the Vodafone Scheme, but not if it is implemented by way of the Share Purchase.

(a) Distribution of Verizon Shares. Promptly following the Scheme Closing, pursuant to and in accordance with the terms of the Vodafone Scheme, the Verizon Shares shall be distributed by or on behalf of Verizon to the Vodafone Shareholders in respect of their Vodafone Class B Shares or Vodafone Class C Shares, as applicable.

(b) Payment of Cash Consideration. If the Transaction is implemented pursuant to the Vodafone Scheme, payment of the Cash Consideration will be made at the Closing by wire transfer or intrabank transfer of immediately available funds to Seller or such other Person as Vodafone may direct to an account or accounts designated by Vodafone in writing, such designation to be made no later than the close of business on the third (3rd) Business Day prior to the Closing Date.

(c) Vodafone Deliverables. At or prior to the Scheme Effective Date or, in the case of clauses (ii) through (vi) of this Section 2.4(c), at or prior to the Measurement Time, Vodafone shall deliver, or cause to be delivered, to Verizon (or to a wholly owned Affiliate of Verizon designated by Verizon or as otherwise set forth below), the following:

(i) certificates representing the Transferred Shares, duly endorsed in blank or with stock powers duly executed in proper form for transfer in favor of Verizon (or to a wholly owned Affiliate of Verizon designated by Verizon);

(ii) a certificate of an executive officer of Vodafone to the effect that the Reorganization has been completed pursuant to Section 5.1;

(iii) duly executed letters of resignation, effective as of the Scheme Effective Date, providing for the resignation of all of the persons holding the positions of a director, officer or Representative (as defined in the Partnership Agreement) (A) of the Partnership or any of its Subsidiaries who were appointed to such position by Vodafone or any of its Affiliates or (B) of any of the Sold Entities, in each case in office immediately prior to the Closing;

(iv) a certification from Vodafone Finance 1 that complies with Treasury Regulation Section 1.1445-2(c)(3), dated no more than thirty (30) days prior to the Scheme Effective Date and signed by a responsible corporate officer of Vodafone Finance 1, that the Transferred Shares are not a “United States real property interest” (as defined in Section 897(c)(1) of the Code), and proof reasonably satisfactory to Verizon that Vodafone Finance 1 has provided notice of such certification to the IRS in accordance with the provisions of Treasury Regulation Section 1.897-2(h)(2);

(v) a certificate of an executive officer of Vodafone to the effect set forth in Section 7.3(c); and

(vi) any other documents, instruments or agreements that are reasonably requested by Verizon in connection with the consummation of the transactions contemplated hereby.

(d) Other Verizon Deliverables. At or prior to the Scheme Effective Date or, in the case of clauses (v) through (vii) of this Section 2.4(d), at or prior to the Measurement Time, Verizon shall deliver, or cause to be delivered, to Vodafone (or to a wholly owned Affiliate of Vodafone designated by Vodafone or as otherwise set forth below), the following:

(i) (A) if the transactions contemplated by the Omnitel Purchase Agreement are consummated on the Scheme Effective Date, payment, by wire transfer or intrabank transfer of immediately available funds to an account designated by Vodafone no later than the close of business on the third (3rd) Business Day prior to the Scheme Effective Date, of cash in the amount of the Omnitel Consideration Amount or (B) if the transactions contemplated by the Omnitel Purchase Agreement are not consummated on the Scheme Effective Date, the Omnitel Note, duly executed by Verizon;

(ii) the Verizon Notes, duly executed by Verizon and authenticated by the trustee under the indenture pursuant to which the Verizon Notes are issued;

(iii) the Settlement Note (which shall be delivered to Seller), duly executed by Verizon;

(iv) the Term Note, duly executed by Verizon;

(v) if Verizon determines (using commercially reasonable efforts) that the Verizon Shares do not constitute a “United States real property interest” (as defined in Section 897(c)(1) of the Code), a certification from Verizon that complies with Treasury Regulation Section 1.1445-2(c)(3), dated no more than thirty (30) days prior to the Scheme Effective Date and signed by a responsible corporate officer of Verizon, that the Verizon Shares are not a United States real property interest (as so defined) to Vodafone or its Subsidiaries, and proof reasonably satisfactory to Vodafone that Verizon has provided notice of such certification to the IRS in accordance with the provisions of Treasury Regulation Section 1.897-2(h)(2);

(vi) a certificate of an executive officer of Verizon to the effect set forth in Section 7.2(c); and

(vii) any other documents, instruments or agreements which are reasonably requested by Vodafone in connection with the consummation of the transactions contemplated hereby.

2.5 Share Purchase Closing. Subject to the terms and conditions of this Agreement, unless the Scheme Closing shall have occurred, the closing (the “Share Purchase Closing”) of the Transaction in accordance with Sections 2.6 and 2.7 (the “Share Purchase”) shall take place at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, NY, at 10:00 a.m., New York time, on the fifth (5th) Business Day (the “Share Purchase Closing Date”) after the later of (a) the satisfaction or waiver (to the extent permitted by applicable Law) of the conditions set forth in Article VII (other than the conditions set forth in Sections 7.1(b) and 7.1(c)) and any condition to the Share Purchase that by its nature cannot be satisfied until the Share Purchase Closing, but subject to the satisfaction or waiver (to the extent permitted by applicable Law) by the party or parties entitled to the benefits thereof of such conditions at such time) and (b) the earlier of (i) the Scheme Longstop Date and (ii) the date on which the Vodafone Scheme lapses in accordance with its terms or is withdrawn, or at such other time or place as Verizon and Vodafone may agree in writing. If the Scheme Closing shall have occurred, this Section 2.5 shall be of no further force and effect.

2.6 Share Purchase Closing Deliverables. The provisions of this Section 2.6 shall apply if the Transaction is implemented by way of the Share Purchase, but not if it is implemented by way of the Vodafone Scheme.

(a) Vodafone Deliverables. At or prior to the Share Purchase Closing, Vodafone shall deliver, or cause to be delivered, to Verizon (or to a wholly owned Affiliate of Verizon designated by Verizon or as otherwise set forth below), the following:

(i) certificates representing the Transferred Shares, duly endorsed in blank or with stock powers duly executed in proper form for transfer in favor of Verizon (or to a wholly owned Affiliate of Verizon designated by Verizon);

(ii) the direction letter, substantially in the form attached hereto as Exhibit G (the “Vodafone Direction Letter”), duly executed by Vodafone;

(iii) a duly executed copy of the Distribution Agent Agreement;

(iv) a certificate of an executive officer of Vodafone to the effect that the Reorganization has been completed pursuant to Section 5.1;

(v) duly executed letters of resignation, effective as of the Share Purchase Closing Date, providing for the resignation of all of the persons holding the positions of a director, officer or Representative (as defined in the Partnership Agreement) (A) of the Partnership or any of its Subsidiaries who were appointed to such position by Vodafone or any of its Affiliates or (B) of any of the Sold Entities, in each case in office immediately prior to the Closing;

(vi) a certification from Vodafone Finance 1 that complies with Treasury Regulation Section 1.1445-2(c)(3), dated no more than thirty (30) days prior to the Share Purchase Closing Date and signed by a responsible corporate officer of Vodafone Finance 1, that the Transferred Shares are

not a “United States real property interest” (as defined in Section 897(c)(1) of the Code), and proof reasonably satisfactory to Verizon that Vodafone Finance 1 has provided notice of such certification to the IRS in accordance with the provisions of Treasury Regulation Section 1.897-2(h)(2);

(vii) a certificate of an executive officer of Vodafone to the effect set forth in Section 7.3(c); and

(viii) any other documents, instruments or agreements that are reasonably requested by Verizon in connection with the consummation of the transactions contemplated hereby.

(b) Verizon Deliverables. At or prior to the Share Purchase Closing, Verizon shall deliver, or cause to be delivered, to Vodafone (or to a wholly owned Affiliate of Vodafone designated by Vodafone or as otherwise set forth below), the following:

(i) payment of the Cash Consideration, by wire transfer or intrabank transfer of immediately available funds, to Seller or such other Person as Vodafone may direct, to an account or accounts designated by Vodafone in writing, such designation to be made not later than the close of business on the third (3rd) Business Day prior to the Share Purchase Closing Date;

(ii) (A) if the transactions contemplated by the Omnitel Purchase Agreement are consummated on the Share Purchase Closing Date, payment, by wire transfer or intrabank transfer of immediately available funds to an account designated by Vodafone no later than the close of business on the third (3rd) Business Day prior to the Share Purchase Closing Date, of cash in the amount of the Omnitel Consideration Amount or (B) if the transactions contemplated by the Omnitel Purchase Agreement are not consummated on the Share Purchase Closing Date, the Omnitel Note, duly executed by Verizon;

(iii) evidence of the book-entry issuance of the Verizon Shares, which Verizon Shares will be deposited by Verizon with the Distribution Agent in accordance with the Vodafone Direction Letter;

(iv) the Verizon Notes, duly executed by Verizon and authenticated by the trustee under the indenture pursuant to which the Verizon Notes are issued;

(v) the Settlement Note (which shall be delivered to Seller), duly executed by Verizon;

(vi) the Term Note, duly executed by Verizon;

(vii) if Verizon determines (using commercially reasonable efforts) that the Verizon Shares do not constitute a “United States real property interest” (as defined in Section 897(c)(1) of the Code), a certification from Verizon that complies with Treasury Regulation Section 1.1445-2(c)(3), dated no more than thirty (30) days prior to the Share Purchase Closing Date and signed by a responsible corporate officer of Verizon, that the Verizon Shares are not a United States real property interest (as so defined) to Vodafone or its Subsidiaries, and proof reasonably satisfactory to Vodafone that Verizon has provided notice of such certification to the IRS in accordance with the provisions of Treasury Regulation Section 1.897-2(h)(2);

(viii) a certificate of an executive officer of Verizon to the effect set forth in Section 7.2(c); and

(ix) any other documents, instruments or agreements which are reasonably requested by Vodafone in connection with the consummation of the transactions contemplated hereby.

2.7 Distribution of the Verizon Shares following a Share Purchase Closing. The provisions of this Section 2.7 shall apply if the Transaction is implemented by way of the Share Purchase, but not if it is implemented by way of the Vodafone Scheme. As soon as practicable after the date of this Agreement and the selection of the Distribution Agent, the parties shall discuss with Vodafone’s registrar and the Distribution Agent the method pursuant to which the parties will accomplish the prompt and efficient distribution of the Verizon Shares to the Vodafone Distribution Record Holders in accordance with Law, Vodafone’s articles of association and market practice. In the absence of agreement pursuant to the preceding sentence, the parties will take the actions specified in clauses (a)-(d) of this Section 2.7.

(a) Distribution Agent. Prior to the Share Purchase Closing, Vodafone shall enter into an agreement (the “Distribution Agent Agreement”) with such bank, trust company or other appropriate service provider

as may be mutually agreed by Verizon and Vodafone (the “Distribution Agent”), which agreement shall provide that Verizon shall deposit the Verizon Shares pursuant to the Vodafone Direction Letter, with the Distribution Agent on the Share Purchase Closing, for the benefit of the holders of the Vodafone ordinary shares, par value 11 and 3/7ths cents per share (the “Vodafone Ordinary Shares”) as of the close of business on a date determined by the Board of Directors of Vodafone (such date, the “Vodafone Distribution Record Date” and such holders as of the Vodafone Distribution Record Date, the “Vodafone Distribution Record Holders”), for distribution in accordance with this Section 2.7.

(b) Distribution Procedures. Vodafone shall, if necessary to effect the distribution of the Verizon Shares required by this Section 2.7(b), declare such a dividend as shall enable such distribution to be effected Lawfully and shall instruct the Distribution Agent to distribute, as soon as reasonably practicable after the Share Purchase Closing, to each Vodafone Distribution Record Holder that number of whole shares of Verizon Common Stock representing such Vodafone Distribution Record Holder’s Pro Rata Portion of the Verizon Shares and cash in lieu of fractional shares pursuant to Section 2.7(c). No interest shall be paid or will accrue on the Verizon Shares or any cash payable to the Vodafone Distribution Record Holders pursuant to the provisions of this Agreement. “Pro Rata Portion” means the percentage obtained by dividing (i) the number of Vodafone Ordinary Shares owned by a Vodafone Distribution Record Holder by (ii) the total number of Vodafone Ordinary Shares issued and outstanding as of the Vodafone Distribution Record Date.

(c) No Fractional Shares. Notwithstanding anything herein to the contrary, no fractional shares of Verizon Common Stock shall be distributed to Vodafone Distribution Record Holders, and any such fractional share interests to which a Vodafone Distribution Record Holder would otherwise be entitled shall not entitle such Vodafone Distribution Record Holder to vote or to any other rights as a stockholder of Verizon. In lieu of any such fractional shares, each Vodafone Distribution Record Holder who, but for the provisions of this Section 2.7(c), would be entitled to receive a fractional share interest of Verizon Common Stock pursuant to this Section 2.7, shall be paid cash, without any interest thereon, as hereinafter provided. Vodafone shall instruct the Distribution Agent to determine the number of whole shares and fractional shares of Verizon Common Stock allocable to each Vodafone Distribution Record Holder, to aggregate all such fractional shares into whole shares, to sell the whole shares obtained thereby in the open market at the then-prevailing prices on behalf of each Vodafone Distribution Record Holder who otherwise would be entitled to receive fractional share interests and to distribute to each such Vodafone Distribution Record Holder his, her or its ratable share of the total proceeds of such sale, after making appropriate deductions of the amounts required for Tax withholding purposes and after deducting any applicable transfer Taxes and the costs and expenses of such sale and distribution, including brokers fees and commissions. The sales of fractional shares shall occur as soon after the Share Purchase Closing as practicable and as determined by the Distribution Agent. None of Verizon, Vodafone or the Distribution Agent shall guarantee any minimum sale price for the fractional shares of Verizon Common Stock. None of Verizon, Vodafone or the Distribution Agent shall pay any interest on the proceeds from the sale of fractional shares. The Distribution Agent shall have the sole discretion to select the broker-dealers through which to sell the aggregated fractional shares and to determine when, how and at what price to sell such shares. Neither the Distribution Agent nor the broker-dealers through which the aggregated fractional shares are sold shall be Affiliates of Verizon or Vodafone.

(d) Unclaimed Stock or Cash. Any Verizon Common Stock or cash in lieu of fractional shares with respect to Verizon Common Stock that remain unclaimed by any Vodafone Distribution Record Holder one (1) year after the Share Purchase Closing Date shall be delivered to Vodafone. Vodafone shall hold such Verizon Common Stock for the account of such Vodafone Distribution Record Holder and the parties agree that all obligations to provide such Verizon Common Stock and cash, if any, in lieu of fractional share interests shall be obligations of Vodafone, subject in each case to applicable escheat or other abandoned property Laws, and Verizon shall have no Liability with respect thereto. For the avoidance of doubt, Vodafone shall have no right to vote any such unclaimed shares of Verizon Common Stock on behalf of any Vodafone Distribution Record Holder.

2.8 Withholding. Verizon shall be entitled to deduct and withhold from the consideration otherwise payable under this Agreement, such amounts as are required to be withheld or deducted under any Tax Law with respect

to the making of such payment; provided, that Verizon shall notify and consult with Vodafone prior to making any such withholding or deduction. To the extent that amounts are so withheld or deducted and paid over to the applicable Governmental Entity, such withheld or deducted amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding were made.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF VODAFONE

Except as set forth in the corresponding sections of the disclosure letter delivered to Verizon on or prior to entering into this Agreement (the “Vodafone Disclosure Letter”) (it being agreed that disclosure of any item in any part of the Vodafone Disclosure Letter shall be deemed disclosure with respect to any other part to which the relevance of such item is reasonably apparent), Vodafone hereby makes the following representations and warranties (a) on the date hereof and (b) on the Measurement Time (except in either case to the extent such representation is made as of an earlier date (in which case on and as of such earlier date)):

3.1 Organization and Qualification. Vodafone is a public limited company duly incorporated and validly existing under the Laws of England and has the requisite power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being conducted. Each of Seller and each Sold Entity is duly organized, validly existing in good standing under the Laws of the jurisdiction of its incorporation or organization (with respect to jurisdictions that recognize the concept of good standing) and has the requisite power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being conducted. Each of Seller and each Sold Entity is duly licensed or qualified to do business and is in good standing (with respect to jurisdictions that recognize the concept of good standing) in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties or assets owned or leased by it makes such licensing or qualification necessary, except for such failures to be so licensed, qualified or in good standing as would not reasonably be expected to have, individually or in the aggregate, a Vodafone Material Adverse Effect. Vodafone has filed with the SEC a correct and complete copy of its articles of association, as in force at the date of this Agreement, and made available to Verizon correct and complete copies of the organizational documents (including the certificate of incorporation and bylaws, or comparable documents) of each of Seller and each Sold Entity, in each case as amended to the date of this Agreement.

3.2 Authority.

(a) Each of Vodafone and Seller has the requisite power and authority to execute and deliver this Agreement and, subject to obtaining the approvals set out in Section 3.2(c) below, to consummate the transactions contemplated hereby, and such execution, delivery and, subject to obtaining the approvals set out in Section 3.2(c) below, consummation have been duly authorized by all necessary action. This Agreement has been duly executed and delivered by Vodafone and Seller and, assuming the due execution and delivery by Verizon, constitutes the valid and binding obligation thereof, enforceable against Vodafone and Seller in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency and similar federal and state Laws generally affecting the rights and remedies of creditors and general principles of equity, whether considered in a proceeding at law or in equity.

(b) The Board of Directors of Vodafone, at a meeting duly called and held on September 1, 2013, has (i) approved this Agreement and the transactions contemplated by this Agreement and the Ancillary Documents, and (ii) resolved to make the Vodafone Recommendation and to include the Vodafone Recommendation in the Vodafone Circular (subject to Section 5.3(d)) substantially on the following terms:

“The Board considers that the [Proposals] are in the best interests of Vodafone Shareholders as a whole and accordingly unanimously recommends that all Vodafone Shareholders vote in favour of the

Scheme of Arrangement at the Court Meeting and the Resolutions at the Vodafone Shareholders Meeting, as the Directors intend to do in respect of their own beneficial shareholdings. The Vodafone Board, which has been so advised by Goldman Sachs and UBS, considers the terms of the [Transactions] to be fair and reasonable so far as the Vodafone Shareholders are concerned. In providing financial advice to the Vodafone Board, Goldman Sachs and UBS have each taken into account the commercial assessments of the Directors.”

(c) (i) The approval of the Vodafone Scheme at the Court Meeting and the passing of the Vodafone Resolutions at a duly convened and held general meeting of Vodafone (the “Vodafone Shareholders Meeting”), in each case by the requisite majority (the “Vodafone Requisite Scheme Vote”), are the only votes of the holders of any class or series of the equity interests of Vodafone necessary to approve and consummate the Transaction by way of the Vodafone Scheme as contemplated by this Agreement, and (ii) the approval of the Vodafone Sale Resolutions at the Vodafone Shareholders Meeting by the requisite majority (the “Vodafone Requisite Share Purchase Vote”) is the only vote of the holders of any class or series of the equity interests of Vodafone necessary to approve and consummate the Transaction by way of the Share Purchase as contemplated by this Agreement.

3.3 Consents. Neither the execution and delivery of this Agreement by Vodafone nor the execution and delivery of the Omnitel Purchase Agreement by Vodafone Europe, nor the consummation of the transactions contemplated hereby (including the Reorganization) or thereby, will (a) conflict with, or result in any breach or violation of, any provision of the organizational documents of Vodafone, Seller, Vodafone Europe, Omnitel or any of the Sold Entities; (b) constitute, with or without notice or the passage of time or both, a breach, violation or default, create an Encumbrance, or give rise to any right of termination, modification, cancellation, prepayment or acceleration, under any order, writ, injunction, decree, Law, statute, rule or regulation, governmental permit or license, or any mortgage, indenture, lease, agreement or other instrument of Vodafone, Seller, Vodafone Europe, Omnitel or the Sold Entities or to which Vodafone, Seller, Vodafone Europe, Omnitel or the Sold Entities or any of their respective assets or properties are subject, except in each case which would not reasonably be expected to have, individually or in the aggregate, a Vodafone Material Adverse Effect; or (c) require any consent, approval, or authorization of, waiver by, notification to, or filing with, any Governmental Entity on the part of Vodafone, Seller, Vodafone Europe, Omnitel or the Sold Entities other than (i) the filing of certificates and other documents with respect to the Reorganization transaction contemplated in Schedule 5.1 hereto, (ii) filings with the FCC or in connection with the transactions contemplated in the Omnitel Purchase Agreement and (iii) such other consents, approvals, authorizations, waivers, notifications or filings the failure of which to be obtained or made would not reasonably be expected to have, individually or in the aggregate, a Vodafone Material Adverse Effect.

3.4 No Liabilities of the Sold Entities; Assets of the Sold Entities.

(a) As of the Closing Date and following completion of the Reorganization, there will be no Liabilities of any Sold Entity of any kind, other than Liabilities (i) set forth on Section 3.4(a) of the Vodafone Disclosure Letter or that exist between such Sold Entity and another Sold Entity arising from the Reorganization, (ii) in the case of each Vodafone Partner, of and in respect of the Partnership pursuant to such Vodafone Partner’s ownership of its Partnership Interest and (iii) for Taxes of the Sold Entities.

(b) As of the Closing Date and following completion of the Reorganization, none of the Sold Entities will be party to any Contract or will have any assets other than (i) as set forth on Section 3.4(b) of the Vodafone Disclosure Letter or that exist between such Sold Entity and another Sold Entity arising from the Reorganization, (ii) in the case of any Sold Entity that owns another Sold Entity, ownership of such other Sold Entity and (iii) in the case of any Sold Entity which is also a Vodafone Partner, (x) Contracts with the Partnership or its Subsidiaries, Verizon or wholly owned Subsidiaries of Verizon in respect thereof and (y) ownership of any Partnership Interest. As of the Closing Date and following completion of the Reorganization, none of the Sold Entities will employ any persons or sponsor, maintain, contribute to or be required to contribute to any Employee Benefit Plan, or have any current, future or contingent Liability in respect of any Employee Benefit Plan, in each case other than Excluded Liabilities.

(c) As of the Closing Date and following completion of the Reorganization, there is no Liability for, or obligation with respect to, any dividends or distributions declared or to be declared or accumulated but unpaid with respect to any shares of the capital stock or other equity interests of any Sold Entity. As of the most recent Dividend Payment Date, there were no accrued and unpaid dividends with respect to the VAI Preferred Shares.

3.5 Litigation. There are no (a) investigations or proceedings pending (or, to the Knowledge of Vodafone, threatened) by any Governmental Entity with respect to any Sold Entity or (b) actions, suits or proceedings pending (or, to the Knowledge of Vodafone, threatened) against any Sold Entity or any of their respective properties at law or in equity before, and there are no orders, judgments or decrees of, any Governmental Entity against any Sold Entity, in each case of clause (a) or (b), which would reasonably be expected to have, individually or in the aggregate, a Vodafone Material Adverse Effect.

3.6 Compliance with Laws; Licenses.

(a) The businesses of the Sold Entities are not being conducted in violation of any applicable Law, except for violations that would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect (disregarding, for purposes of this Section 3.6(a), clause (i) of the definition of “Verizon Material Adverse Effect”).

(b) As of the date of this Agreement, to the Knowledge of Vodafone, no event or condition has occurred or exists which would result in a violation of, breach, default or loss of a benefit under, or acceleration of an obligation of any Sold Entity under, any permits, licenses, certifications, approvals, registrations, consents, authorizations, franchises, variances, exemptions and orders issued or granted by a Governmental Entity (“Licenses”) or has caused (or would cause) an applicable Governmental Entity to fail or refuse to issue, renew or extend any License (in each case, with or without notice or lapse of time or both), in each case except for violations, breaches, defaults, losses, accelerations or failures that would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect (disregarding, for purposes of this Section 3.6(b), clause (i) of the definition of “Verizon Material Adverse Effect”).

(c) None of Vodafone, Seller or any Sold Entity is an “investment company” as defined in the Investment Company Act of 1940, as amended.

3.7 Capitalization and Ownership of the Sold Entities.

(a) Section 3.7 of the Vodafone Disclosure Letter sets forth, with respect to each Sold Entity, as of the date of this Agreement, (i) the number of its issued and outstanding shares of capital stock or other equity interests of such Sold Entity and (ii) except with respect to the VAI Preferred Shares, the owner of such shares of capital stock or other equity interests.

(b) Except for the shares of capital stock or other equity interests of each Sold Entity to be transferred to Verizon, directly or indirectly, pursuant to the terms and subject to the conditions of this Agreement, there are no issued and outstanding equity interests in any Sold Entity other than the VAI Preferred Shares. All of the shares of capital stock or other equity interests of each Sold Entity have been duly authorized and validly issued and are fully paid and nonassessable and, as of immediately prior to the Closing and except for (x) the VAI Preferred Shares or (y) as set forth on Section 3.7 of the Vodafone Disclosure Letter, will be owned, beneficially and of record, by Seller or a Sold Entity, free and clear of all Encumbrances other than transfer restrictions under applicable securities Laws. There are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, agreements, arrangements or commitments of any character under which Vodafone or a Sold Entity is or may become obligated to issue or sell, or giving any Person other than a Sold Entity a right to subscribe for or acquire, or in any way dispose of, any shares of capital stock or other securities of any Sold Entity or any securities or obligations convertible or exchangeable into or exercisable for, or convertible into, any shares of capital stock or any securities of any Sold Entity, and no securities or obligations evidencing such rights will be authorized,

reserved for issuance, issued or outstanding. Except for the VAI Preferred Shares, no Sold Entity has any outstanding bonds, debentures, notes or other obligations that provide the holders thereof the right to vote (or are convertible or exchangeable into or exercisable for securities having the right to vote) with the shareholders of Vodafone, Seller or any Sold Entity on any matter.

3.8 Ownership of Partnership Interest. The Vodafone Partners (together) have good and valid title to a 45% Partnership Interest in the Partnership, free and clear of any Encumbrance other than any Encumbrance imposed by the organizational documents of the Partnership, the Delaware Revised Uniform Partnership Act or applicable federal and state securities Law transfer restrictions.

3.9 Ownership of Transferred Shares. Seller has good and valid title to the Transferred Shares, free and clear of any Encumbrance other than applicable federal and state securities Law transfer restrictions, and upon consummation of the Transaction, Verizon will have good and valid title to such Transferred Shares, free and clear of any Encumbrance other than applicable federal and state securities Law transfer restrictions.

3.10 Tax.

(a) The Sold Entities (i) have timely filed or caused to be filed (taking into account any extension of time to file granted or obtained) all material Tax Returns required to be filed by or on behalf of them and all such filed Tax Returns are true, correct and complete in all material respects; and (ii) have timely paid all material amounts of Taxes due and payable except, in each case, to the extent that such Taxes are being contested in good faith or are adequately reserved in accordance with IFRS; provided, that no representation is made with respect to the accuracy of any such filed Tax Return with respect to information reported to the Sold Entities by the Partnership on Schedule K-1 (IRS Form 1065). There are no material liens with respect to Taxes upon any asset of the Sold Entities, other than liens for current Taxes not yet due and payable.

(b) Other than with respect to items of Partnership income, gain, loss, deduction or credit (or other items reported to its partners on Schedule K-1 (IRS Form 1065)), no material deficiencies for any Taxes have been proposed in writing or assessed against or with respect to any of the Sold Entities, and there is no outstanding audit, assessment, dispute or claim pending or threatened in writing concerning any material Tax Liability of the Sold Entities.

(c) None of the Sold Entities has received any written notice or inquiry that has not been withdrawn or resolved from any jurisdiction where such Sold Entity does not currently file Tax Returns to the effect that such filings may be required or that such Sold Entity may be subject to Tax by such jurisdiction.

(d) None of the Sold Entities (i) is a party to, is bound by or has any obligation under any Tax sharing or Tax indemnity agreement or similar contract or arrangement, (ii) is or was (since June 30, 1999), a member of any consolidated, combined, unitary or affiliated Tax Return group (other than a group consisting solely of one or more of the Sold Entities), and (iii) has any liability for Taxes of any other Person under any Law, as transferee or successor, by contract or otherwise.

(e) None of the Sold Entities will be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any Post-Closing Tax Period as a result of any (i) adjustment required by reason of a change in method of accounting for a Pre-Closing Tax Period under Section 481(c) of the Code (or any corresponding or similar provision of state, local or foreign Tax Law), (ii) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign Tax Law) entered into prior to the Closing, or (iii) installment sale or intercompany transaction made prior to the Closing, except, in each case of clauses (i) through (iii), for any such items arising from any such change in method of accounting, closing agreement, installment sale or intercompany transaction by the Partnership.

(f) All material Taxes required to be withheld, collected or deposited by or with respect to any of the Sold Entities have been timely withheld, collected or deposited, as the case may be, and to the extent required, have been paid to the relevant Tax Authority.

(g) Section 3.10(g) of the Vodafone Disclosure Letter specifies any Sold Entity for which an entity classification election pursuant to Treasury Regulation Section 301.7701-3 was made, and with respect to each such election, the effective date thereof and the classification elected pursuant thereto.

(h) Within the past two (2) years, none of the Sold Entities has been a “distributing corporation” or a “controlled corporation” in a distribution intended to qualify under Section 355(a) of the Code.

(i) None of the Sold Entities has participated in any “listed transaction” within the meaning of Treasury Regulations Section 1.6011-4.

3.11 Information Supplied. None of the information supplied or to be supplied in writing by Vodafone in connection with this Agreement, the Ancillary Documents and the transactions contemplated hereby and thereby specifically for inclusion or incorporation by reference in the Proxy Statement, the Verizon Registration Statement or the Verizon UK Prospectus will, at the time such document or any amendment or supplement thereto is declared effective under the Securities Act or first mailed or posted to shareholders and/or, as applicable, published, contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. The Vodafone Circular will not, at the date of publication of the Vodafone Circular, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein; provided, however, that no representation is made by Vodafone with respect to statements made or incorporated by reference therein based on information supplied in writing by Verizon specifically for inclusion or incorporation by reference therein.

3.12 Brokers and Finders. Other than Goldman Sachs International and UBS Limited, the fees and expenses of which will be paid by Vodafone, none of Vodafone or any of its controlled Affiliates has engaged any broker or finder or incurred any Liability for any brokerage fees, commissions or finder’s fees in connection with the transactions contemplated by this Agreement and the Ancillary Documents for which any cost or Liability could be imposed on Verizon or any of its Affiliates.

3.13 Lack of Ownership of Verizon Common Stock. Except as held by any benefit or pension plan sponsored, maintained, contributed to or required to be contributed to by Vodafone or any of its Subsidiaries for the benefit of current or former employees, directors or consultants of Vodafone or its Subsidiaries, or with respect to which Vodafone or its Subsidiaries have any current, future or contingent Liability, neither Vodafone nor any of its Subsidiaries beneficially owns directly or indirectly, any shares of Verizon Common Stock or other securities convertible into, exchangeable for or exercisable for shares of Verizon Common Stock, and none of Vodafone or any of its Subsidiaries has any rights to acquire any shares of Verizon Common Stock. There are no voting trusts or other agreements or understandings to which Vodafone or any of its Subsidiaries is a party with respect to the voting of the capital stock or other equity interest of Verizon.

3.14 Vodafone Employee Benefits. With respect to each Vodafone Benefit Plan, except as would not reasonably be expected to have, individually or in the aggregate, a Vodafone Material Adverse Effect, (i) Vodafone and its Subsidiaries and the Sold Entities have complied, and are now in compliance with, all Laws applicable to the Vodafone Benefit Plans and their terms, (ii) each Vodafone Benefit Plan has been maintained, funded and administered in compliance with its terms and with applicable Law, and (iii) insofar as relates to any Vodafone Benefit Plan operated in the UK which provides pension benefits other than on a money purchase basis (each such plan, a “Vodafone UK Pension Plan”), there is no cause to believe that the UK Pensions Regulator currently has any reason to consider issuing a financial support direction or a contribution notice against any entity by reference to such Vodafone UK Pension Plan.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF VERIZON

Except as set forth in the Verizon SEC Documents filed with the SEC after December 31, 2011 and prior to the date hereof (excluding, in each case, any disclosures set forth in any risk factor section or in any other section to the extent they are forward-looking statements or cautionary, predictive or forward-looking in nature) or in the corresponding sections of the disclosure letter delivered to Vodafone on or prior to entering into this Agreement (the “Verizon Disclosure Letter”) (it being agreed that disclosure of any item in any part of the Verizon Disclosure Letter shall be deemed disclosure with respect to any other part to which the relevance of such item is reasonably apparent), Verizon hereby makes the following representations and warranties (a) on the date hereof and (b) on the Measurement Time (except in either case to the extent such representation is made as of an earlier date (in which case on and as of such earlier date)):

4.1 Organization and Qualification.

(a) Each of Verizon and its Significant Subsidiaries is a legal entity duly organized, validly existing in good standing (with respect to jurisdictions that recognize the concept of good standing) under the Laws of the jurisdiction in which it is incorporated or organized and has all requisite power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being conducted, except, in the case of the Significant Subsidiaries of Verizon, for such failures to be so organized, existing and in good standing or to have such power and authority as would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect.

(b) Each of Verizon and its Subsidiaries is duly licensed or qualified to do business and is in good standing (with respect to jurisdictions that recognize the concept of good standing) in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except for such failures to be so licensed, qualified or in good standing as would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect.

(c) Verizon has filed with the SEC correct and complete copies of its certificate of incorporation and by-laws (the “Verizon Charter Documents”), in each case as amended to the date of this Agreement. All such Verizon Charter Documents are in full force and effect and Verizon is not in violation of any of their provisions.

4.2 Capitalization.

(a) The authorized capital stock of Verizon consists of 4,250,000,000 shares of Verizon Common Stock and 250,000,000 shares of preferred stock, par value \$0.10 per share (“Verizon Preferred Stock”). As of the close of business on August 30, 2013, (i) 2,861,731,823 shares of Verizon Common Stock were issued and outstanding, (ii) 105,878,296 shares of Verizon Common Stock were issued and held in treasury, (iii) 117,180,785 shares of Verizon Common Stock were reserved for issuance upon the exercise of outstanding stock options, the vesting or lapse of restrictions of restricted share units to acquire shares of Verizon Common Stock or the exercise or vesting or lapse of restrictions of or on any similar instruments into Verizon Common Stock and (iv) no shares of Verizon Preferred Stock were issued and outstanding. All of the Verizon Common Stock (A) has been duly authorized and validly issued, (B) is fully paid and nonassessable and (C) was issued in compliance with all applicable Laws concerning the issuance of securities. As of the close of business on August 30, 2013, there were no other equity interests of Verizon issued, authorized or outstanding. In the event that the Verizon Certificate of Incorporation is amended to provide for an increase in the number of shares of Verizon Common Stock authorized by the Verizon Certificate of Incorporation (a “Verizon Certificate Amendment”), the authorized capital stock of Verizon will be increased by the number of newly authorized shares of Verizon Common Stock provided for thereupon.

(b) Other than pursuant to the Verizon Stock Plans, as of the date hereof, except as expressly contemplated by this Agreement, there are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements or commitments of any character under which Verizon is or may become obligated to issue or sell, or giving any Person a right to subscribe for or acquire, or in any way dispose of, any equity interests of Verizon, or any securities or obligations exercisable or exchangeable for, or convertible into, any equity interests of Verizon, and no securities or obligations evidencing such rights are authorized, reserved for issuance, issued, or outstanding. Upon issuance, the Verizon Shares will not be subject to any voting trust agreement or other contract, agreement or arrangement restricting or otherwise relating to the voting, dividend rights or disposition of such equity interests.

4.3 Authority.

(a) Verizon has the requisite power and authority to execute and deliver this Agreement and, subject to obtaining the Verizon Requisite Vote, to consummate the transactions contemplated by this Agreement and the Ancillary Documents, and such execution, delivery and, subject to obtaining the Verizon Requisite Vote, consummation have been duly authorized by all necessary action. This Agreement has been duly executed and delivered by Verizon and, assuming the due execution and delivery by Vodafone and Seller, constitutes the valid and binding obligation thereof, enforceable against Verizon in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency and similar federal and state Laws generally affecting the rights and remedies of creditors and general principles of equity, whether considered in a proceeding at law or in equity.

(b) The Board of Directors of Verizon, at a meeting duly called and held, has (i) approved and declared advisable this Agreement and the transactions contemplated by this Agreement and the Ancillary Documents, including the issuance of the Verizon Shares (the “Share Issuance”) and (ii) resolved to make the Verizon Recommendation (subject to Section 5.2(f)).

(c) The affirmative vote (in person or by proxy) pursuant to NYSE listing rules, of the holders of a majority of the shares of Verizon Common Stock voting at the Verizon Stockholders Meeting or any adjournment or postponement thereof to approve the Share Issuance (the “Verizon Requisite Vote”) is the only vote of the holders of any class or series of the equity interests of Verizon necessary to approve and consummate the Transaction.

4.4 Consents. Neither the execution and delivery of this Agreement by Verizon nor execution and delivery of the Omnitel Purchase Agreement by VBIH, nor the consummation of the transactions contemplated hereby or thereby, will (a) conflict with, or result in any breach or violation of, any provision of the Verizon Charter Documents or any equivalent organizational or governing documents of any Significant Subsidiary of Verizon or VBIH; (b) constitute, with or without notice or the passage of time or both, a breach, violation or default, create an Encumbrance, or give rise to any right of termination, modification, cancellation, prepayment or acceleration, under any order, writ, injunction, decree, Law, statute, rule or regulation, governmental permit or license, or any mortgage, indenture, lease, agreement or other instrument of Verizon or its Significant Subsidiaries or VBIH or to which Verizon or its Significant Subsidiaries or VBIH or any of their respective assets or properties is subject, except for such breaches, violations, defaults, Encumbrances, and rights as would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect; or (c) require any consent, approval, or authorization of, waiver by, notification to, or filing with, any Governmental Entity on the part of Verizon or any of its Subsidiaries other than (i) those expressly contemplated by this Agreement (including the approvals required by the FCC) or in connection with the transactions contemplated by the Omnitel Purchase Agreement and (ii) such consents, approvals, authorizations, waivers, notifications or filings the failure of which to be obtained or made would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect.

4.5 Verizon SEC Documents; Financial Statements; Verizon UK Prospectus.

(a) Verizon has filed or furnished, as applicable, on a timely basis all required reports, schedules, forms, certifications, prospectuses, and registration, proxy and other statements with the SEC (collectively and together with all documents filed on a voluntary basis on Form 8-K, and in each case including all exhibits and schedules thereto and documents incorporated by reference therein, the “Verizon SEC Documents”) since December 31, 2011. Each of the Verizon SEC Documents, at the time of its filing or being furnished, complied, or if not yet filed or furnished, will comply, in all material respects, with the applicable requirements of the Exchange Act, the Securities Act and the Sarbanes-Oxley Act of 2002, and any rules and regulations promulgated thereunder applicable to the Verizon SEC Documents. As of their respective dates (or, if amended prior to the date hereof, as of the date of such amendment), the Verizon SEC Documents did not, and any Verizon SEC Documents filed with or furnished to the SEC subsequent to the date hereof will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading.

(b) Verizon maintains disclosure controls and procedures required by Rule 13a-15 or 15d-15 under the Exchange Act. Such disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by Verizon is recorded and reported on a timely basis to the individuals responsible for the preparation of Verizon’s filings with the SEC and other public disclosure documents. Verizon maintains internal control over financial reporting (as defined in Rule 13a-15 or 15d-15, as applicable, under the Exchange Act). Such internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Verizon, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of Verizon are being made only in accordance with authorizations of management and directors of Verizon, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Verizon’s assets that could have a material effect on its financial statements. Verizon has disclosed, based on the most recent evaluation of its chief executive officer and its chief financial officer prior to the date of this Agreement, to Verizon’s auditors and the audit committee of Verizon’s Board of Directors (A) any “significant deficiencies” (as defined in Auditing Standard No. 5 of the Public Company Accounting Oversight Board, as in effect on the date hereof) in the design or operation of its internal controls over financial reporting that are reasonably likely to adversely affect Verizon’s ability to record, process, summarize and report financial information and has identified for Verizon’s auditors and audit committee of Verizon’s Board of Directors any “material weaknesses” (as defined in Auditing Standard No. 5 of the Public Company Accounting Oversight Board, as in effect on the date hereof) in internal control over financial reporting and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in Verizon’s internal control over financial reporting.

(c) Each of the audited consolidated statements of income, changes in stockholders’ equity and cash flows of Verizon and its consolidated Subsidiaries included in or incorporated by reference into the Verizon SEC Documents (including any related notes and schedules) (i) have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto); (ii) presented fairly, in all material respects, the consolidated financial position of Verizon and its consolidated Subsidiaries as at the dates thereof and the consolidated results of income, changes in stockholders’ equity and cash flows of Verizon and its consolidated Subsidiaries for the periods then ended, and (iii) were prepared from the books of account and other financial records of Verizon and its consolidated Subsidiaries.

(d) Verizon does not have any Liabilities of any kind (whether or not accrued or contingent) that would be required to be reflected or reserved against on a consolidated balance sheet of Verizon prepared in

accordance with GAAP (or the notes thereto), except for (i) Liabilities reflected or reserved against on Verizon's consolidated unaudited balance sheet as of June 30, 2013 (or the notes thereto), (ii) Liabilities incurred in the ordinary course of business since June 30, 2013, (iii) Liabilities incurred in connection with or contemplated by this Agreement and (iv) Liabilities that would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect.

(e) The Verizon UK Prospectus will contain all such information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of Verizon and the rights attaching to the Verizon Shares having regard to the matters specified in section 87A of FSMA and all statements contained in the Verizon UK Prospectus or any other Verizon Disclosure Document upon publication will be true and accurate in all material respects and not misleading in any material respect.

(f) None of the information supplied or to be supplied by Verizon for inclusion or incorporation by reference in the Proxy Statement, the Verizon Registration Statement, the Verizon UK Prospectus or any other Verizon Disclosure Document will, at the time such document or any amendment or supplement thereto is declared effective under the Securities Act or first mailed or posted to shareholders and/or, as applicable, published, contain any untrue statement of material fact or omit to state any material fact required to be stated therein to make the statements therein not misleading.

(g) None of the information supplied or to be supplied in writing by Verizon specifically for inclusion or incorporation by reference in the Vodafone Circular will, at the time such document or any amendment or supplement thereto is first mailed or posted to shareholders and/or, as applicable, published, contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(h) Notwithstanding anything in this Agreement to the contrary, no representation is made by Verizon with respect to statements made or incorporated by reference in any Verizon Disclosure Document based on information supplied in writing by Vodafone in connection with this Agreement, the Ancillary Documents and the transactions contemplated hereby and thereby specifically for inclusion or incorporation by reference in such Verizon Disclosure Document.

4.6 Absence of Certain Changes. Since June 30, 2013 until the date of this Agreement, the businesses of Verizon and its Subsidiaries have been conducted in the ordinary course of business in all material respects. Since December 31, 2012, there has not been any change, effect, event or occurrence that would reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect.

4.7 Litigation. There are no (a) investigations or proceedings pending (or, to the Knowledge of Verizon, threatened) by any Governmental Entity with respect to Verizon or any of its Subsidiaries or (b) actions, suits or proceedings pending (or, to the Knowledge of Verizon, threatened) against Verizon or any of its Subsidiaries or any of their respective properties at law or in equity before, and there are no orders, judgments or decrees of, any Governmental Entity against Verizon or any of its Subsidiaries, in each case of clause (a) or (b), which would reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect.

4.8 Compliance with Laws; Licenses.

(a) Verizon and its Subsidiaries each has obtained and is in compliance with all Licenses necessary to conduct its businesses as presently conducted, except those the absence of which would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect. The businesses of Verizon and its Subsidiaries are not being conducted in violation of any applicable Law, except for violations that have not had, and would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect.

(b) As of the date of this Agreement, to the Knowledge of Verizon, no event or condition has occurred or exists which would result in a violation of, breach, default or loss of a benefit under, or acceleration of an

obligation of Verizon or any of its Subsidiaries under, any Licenses or has caused (or would cause) an applicable Governmental Entity to fail or refuse to issue, renew or extend any License (in each case, with or without notice or lapse of time or both), except for violations, breaches, defaults, losses, accelerations or failures that would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect.

4.9 Tax Matters. Except as would not, individually or in the aggregate, have and would not reasonably be expected to have, a Verizon Material Adverse Effect:

(a) Verizon and its Subsidiaries (i) have timely filed or caused to be filed (taking into account any extension of time to file granted or obtained) all Tax Returns required to be filed by or on behalf of them and all such filed Tax Returns are true, correct and complete; and (ii) have timely paid all Taxes due and payable except, in each case, to the extent that such Taxes are being contested in good faith or are adequately reserved, in accordance with GAAP. There are no liens with respect to Taxes upon any asset of Verizon or its Subsidiaries, other than liens for current Taxes not yet due and payable.

(b) No deficiencies for any Taxes have been proposed in writing or assessed against or with respect to any Taxes due by or Tax Returns of Verizon or its Subsidiaries, and there is no outstanding audit, assessment, dispute or claim pending or threatened in writing concerning any Tax liability of Verizon or its Subsidiaries.

(c) All Taxes required to be withheld, collected or deposited by or with respect to Verizon and its Subsidiaries have been timely withheld, collected or deposited, as the case may be, and to the extent required, have been paid to the relevant Tax Authority.

4.10 Verizon Employee Benefits.

(a) Except for such claims which would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect, no action, dispute, suit, claim, arbitration, or legal, administrative or other proceeding or governmental action is pending or, to the Knowledge of Verizon, threatened (x) with respect to any Verizon Benefit Plan (other than a “multiemployer plan” (within the meaning of Section 4001(a)(3) of ERISA) (a “Multiemployer Plan”)), other than claims for benefits in the ordinary course, (y) alleging any breach of the material terms of any Verizon Benefit Plan (other than a Multiemployer Plan) or any fiduciary duties with respect thereto or (z) with respect to any violation of any applicable Law with respect to such Verizon Benefit Plan (other than a Multiemployer Plan).

(b) Each Verizon Benefit Plan has been maintained, funded and administered in compliance with its terms and with applicable Law, including ERISA and the Code, except for such non-compliance which would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect. Except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect, (i) any Verizon Benefit Plan intended to be qualified under Section 401 of the Code has received a favorable determination letter from the IRS that has not been revoked and, (ii) to the Knowledge of Verizon, no fact or event has occurred since the date of such determination letter or letters from the IRS that would reasonably be expected to adversely affect the qualified status of any such Verizon Benefit Plan.

(c) With respect to each Verizon Benefit Plan that is subject to Title IV or Section 302 of ERISA or Section 412 or 4971 of the Code, (i) Verizon, its Subsidiaries and their respective ERISA Affiliates have complied with the minimum funding requirements under Sections 412, 430 and 431 of the Code and Sections 302, 303 and 304 of ERISA, whether or not waived, (ii) no reportable event within the meaning of Section 4043 of ERISA for which the 30-day notice requirement has not been waived has occurred, (iii) all premiums to the Pension Benefit Guaranty Corporation (the “PBGC”) have been timely paid in full, (iv) no current or contingent Liability under Title IV of ERISA has been or is expected to be incurred by Verizon, its Subsidiaries or any of their respective ERISA Affiliates (other than for premiums to the PBGC) and (v) the PBGC has not instituted proceedings to terminate any such Verizon Benefit Plan, except, in each

case of (i) – (v), as would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect. Except for such matters as would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect, with respect to any Verizon Benefit Plan, all contributions, premiums and other payments due from any of Verizon or its Subsidiaries required by Law or any Verizon Benefit Plan have been made under any such plan to any fund, trust or account established thereunder or in connection therewith by the due date thereof.

4.11 Labor Matters. Except for such matters which would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect, (i) there are no (and have not been during the two-year period preceding the date of this Agreement any) strikes or lockouts with respect to any employees of Verizon or any of its Subsidiaries, (ii) to the Knowledge of Verizon, there is no (and has not been during the two-year period preceding the date of this Agreement any) union organizing effort pending or threatened against Verizon or any of its Subsidiaries, and (iii) there is no (and has not been during the two-year period preceding the date of this Agreement any) slowdown, or work stoppage in effect or, to the Knowledge of Verizon, threatened with respect to any employees of Verizon or any of its Subsidiaries.

4.12 Contracts.

(a) Except for this Agreement or as filed with the SEC prior to the date of this Agreement, neither Verizon nor any of its Subsidiaries is a party to or bound by, as of the date of this Agreement, any Contract (whether written or oral) which is a “material contract” (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC) to Verizon (all such Contracts, “Verizon Material Contracts”).

(b) (i) Each Verizon Material Contract is valid and binding on Verizon and its Subsidiaries, as applicable, and is in full force and effect, except where such failure to be valid, binding and in full force and effect would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect, (ii) Verizon and each of its Subsidiaries has in all material respects performed all obligations required to be performed by it to date under each Verizon Material Contract, except where such noncompliance would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect, and (iii) neither Verizon nor any of its Subsidiaries has, to the Knowledge of Verizon, received written notice of any event or condition which constitutes, or, after notice or lapse of time or both, will constitute, a material default on the part of Verizon or any of its Subsidiaries under any such Verizon Material Contract, except for such defaults as would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect.

4.13 Intellectual Property. Except for such matters as would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect, either Verizon or a Subsidiary of Verizon owns, or is licensed or otherwise possesses adequate rights to use, all material trademarks, trade names, service marks, service names, mark registrations, logos, assumed names, domain names, registered and unregistered copyrights, patents or applications and registrations, and trade secrets (collectively, the “Verizon Intellectual Property”) used in their respective businesses as currently conducted. Except for such matters as would not reasonably be expected to have, individually or in the aggregate, a Verizon Material Adverse Effect, (i) there are no pending or, to the Knowledge of Verizon, threatened claims by any Person alleging infringement or misappropriation by Verizon or any of its Subsidiaries of such Person’s intellectual property, (ii) to the Knowledge of Verizon, the conduct of the businesses of Verizon and its Subsidiaries does not infringe or misappropriate any intellectual property rights of any Person, (iii) neither Verizon nor any of its Subsidiaries has made any claim of a violation or infringement, or misappropriation by others of its rights to or in connection with the owned Verizon Intellectual Property, and (iv) to the Knowledge of Verizon, no Person is infringing or misappropriating any Verizon Intellectual Property.

4.14 Financing.

(a) The net proceeds of the loans under the Bridge Credit Agreement, dated as of the date hereof, by and among the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent (including any of

their respective successors under such facility, the “Financing Sources”) and Verizon (the “Loan Facility”), when funded in accordance with its terms and together with cash on hand (whether from debt issuances, equity issuances, operations or other sources) of Verizon and/or the net proceeds of any Replacement Financing, will, in the aggregate, be sufficient for the payment of the Cash Consideration and any other amounts required to be paid in connection with the consummation of the transactions contemplated hereby, including the payment of all related fees and expenses.

(b) Verizon has delivered to Vodafone true, correct and complete fully executed copies of the Loan Facility, including all exhibits, schedules, annexes and amendments to such Loan Facility in effect as of the date of this Agreement (the Loan Facility, and all exhibits, schedules, annexes and amendments thereto are collectively referred to as the “Financing Documents”), pursuant to which the lenders party thereto have severally agreed, subject to the conditions set forth therein, to lend the amounts set forth therein (the provision of such funds as set forth therein, the “Financing”) for the purposes set forth in such Loan Facility. No Financing Document has been amended, restated or otherwise modified or waived prior to the date of this Agreement, and the respective commitments contained in the Loan Facility have not been withdrawn, modified or rescinded in any respect prior to the date of this Agreement. As of the date hereof, the Financing Documents are in full force and effect and constitute the legal, valid and binding obligation of each of Verizon and, to the Knowledge of Verizon, the other parties thereto, except as enforceability may be limited by applicable bankruptcy, reorganization, insolvency and similar federal and state Laws generally affecting the rights and remedies of creditors and general principles of equity, whether considered in a proceeding at law or in equity. There are no conditions precedent (including pursuant to any “flex” provisions) to the funding of the full amount of the Financing or the Replacement Financing, other than the satisfaction of the conditions contained in Sections 3.01 and 3.02 of the Loan Facility (or, in respect of certainty of funding, such substantially equivalent conditions (or conditions that are more favorable to Verizon) as may appear in any Replacement Financing Document). As of the date hereof, there are no side letters or other contracts or arrangements related to the Financing that could adversely affect the availability of the Financing. As of the date hereof, no event has occurred which would constitute a breach or default (or an event which with notice or lapse of time or both would constitute a breach or default), in each case, on the part of Verizon under the Financing Documents or, to the Knowledge of Verizon, any other party to the Financing Documents. As of the date hereof, subject to the satisfaction of the conditions contained in Section 3.01 and 3.02 of the Loan Facility (or, in respect of certainty of funding, such substantially equivalent conditions (or conditions that are more favorable to Verizon) as may appear in any Replacement Financing Document), Verizon does not have any reason to believe that the funds necessary for the payment of the Cash Consideration, and any other amounts required to be paid in connection with the consummation of the transactions contemplated hereby, including the payment of all related fees and expenses, will not be available to Verizon on the Closing Date. Verizon has fully paid all commitment fees or other fees required to be paid prior to the date of this Agreement pursuant to the Financing Documents.

4.15 Verizon Shares.

(a) Upon issuance, the Verizon Shares will be duly authorized, validly issued, fully paid and nonassessable, and will not be subject to any option, call, preemptive, subscription or similar rights under any provision of applicable Law or the Verizon Charter Documents.

(b) At the Closing, Verizon will have sufficient authorized but unissued shares or treasury shares of Verizon Common Stock for Verizon to meet its obligation to deliver the Verizon Shares under this Agreement. Upon consummation of the transactions contemplated hereby, Verizon will deliver the Vodafone Shareholders good and valid title to the Verizon Shares to which they are entitled pursuant to the Transaction and the issuance of such shares will have been registered under the Securities Act.

4.16 Brokers and Finders. Other than Guggenheim Securities, LLC, PJT Capital LLC, J.P. Morgan Securities LLC, Morgan Stanley and Co. LLC, Barclays Capital Inc. and Merrill Lynch, Pierce, Fenner & Smith Inc., the fees and expenses of which will be paid by Verizon, neither Verizon nor any of its controlled Affiliates has engaged any broker or finder or incurred any liability for any brokerage fees, commissions or finder’s fees in

connection with the transactions contemplated by this Agreement and the Ancillary Documents for which any cost or liability could be imposed on Vodafone or any of its Affiliates or, until after the Closing, the Partnership or any of its Subsidiaries.

4.17 Opinions of Verizon Financial Advisors. The Board of Directors of Verizon has received the opinion of each of J.P. Morgan Securities LLC and Morgan Stanley and Co. LLC (collectively, the “Verizon Financial Advisors”), dated the date of this Agreement, to the effect that, as of such date, and subject to the various assumptions and qualifications set forth therein, the Purchase Price to be paid by Verizon is fair, from a financial point of view, to Verizon (the “Verizon Fairness Opinions”).

4.18 Lack of Ownership of Vodafone Ordinary Shares. Except as held by any Verizon Benefit Plan, none of Verizon or any of its Subsidiaries beneficially owns directly or indirectly, any ordinary shares of Vodafone or other securities convertible into, exchangeable for or exercisable for Vodafone Ordinary Shares, and neither Verizon nor any of its Subsidiaries has any rights to acquire any Vodafone Ordinary Shares. There are no voting trusts or other agreements or understandings to which Verizon or any of its Subsidiaries is a party with respect to the voting of the capital stock or other equity interest of Vodafone.

ARTICLE V

COVENANTS

Each of the parties hereby covenants and agrees as follows:

5.1 Reorganization. Prior to the Closing, Vodafone shall, and shall cause its controlled Affiliates to, take all actions and to do, or cause its controlled Affiliates to do, all things necessary, proper or advisable under Law to effect a pre-closing reorganization consisting of the transactions set forth on Schedule 5.1 in all material respects in the manner set forth therein (such transactions, together with any modifications made pursuant to the following sentence of this Section 5.1, collectively, the “Reorganization”), such that (a) at and following the Closing, the only shares or other equity or partnership interests held (directly or indirectly) by Vodafone Finance 1 shall be shares of, or equity or partnership interests in, a Sold Entity or in the Partnership, (b) Verizon shall not acquire, directly or indirectly, any assets of the Sold Entities, other than those assets set forth in clauses (i) – (iii) of the first sentence of Section 3.4(b) (all such assets, other than those assets of the Sold Entities set forth in clauses (i) – (iii) of Section 3.4(b), the “Excluded Assets”), and (c) Verizon shall not assume or be responsible, directly or indirectly (including by virtue of the acquisition of any entity), for any Liabilities of the Sold Entities other than those Liabilities of the Sold Entities set forth in clauses (i) – (iii) of Section 3.4(a) (all such Liabilities, other than those Liabilities set forth in clauses (i) – (iii) of Section 3.4(a), the “Excluded Liabilities”). Vodafone may modify the transactions set forth on Schedule 5.1 hereto; provided, that no such modifications shall (i) other than in any *de minimis* respect, impair or delay consummation of the transactions contemplated by this Agreement and the Ancillary Documents, (ii) cause a breach of any representation or warranty of Vodafone made in this Agreement or (iii) other than in any *de minimis* respect, increase the risk of any Liability of Verizon or any of its Subsidiaries or any of the Sold Entities or otherwise affect costs (including Taxes), in each case for which Vodafone is not responsible. Vodafone shall notify Verizon in writing of any changes to the Reorganization reasonably in advance of effecting any modified step of the Reorganization and shall consider in good faith any comments received from Verizon.

5.2 Proxy Statement, Verizon Registration Statement and Verizon UK Prospectus.

(a) As soon as reasonably practicable following the date of this Agreement but subject to Section 5.4(a), Verizon shall prepare and file the Proxy Statement with the SEC. Verizon and Vodafone will cooperate with each other in the preparation of the Proxy Statement. Without limiting the generality of the foregoing, Vodafone will furnish to Verizon in writing the information relating to it required by the Exchange Act and the rules and regulations promulgated thereunder to be set forth in the Proxy Statement.

Verizon shall use its commercially reasonable efforts to resolve all SEC comments with respect to the Proxy Statement as promptly as reasonably practicable after receipt thereof and to have the Proxy Statement cleared by the staff of the SEC as promptly as reasonably practicable after such filing. Verizon shall as soon as reasonably practicable notify Vodafone of the receipt of any comments from the SEC with respect to the Proxy Statement and any request by the SEC for any amendment to the Proxy Statement or for additional information and shall provide Vodafone with copies of all such comments and correspondence. Prior to filing or mailing the Proxy Statement (or any amendment or supplement thereto) or responding to any comments of the SEC (or the staff of the SEC) with respect thereto, Verizon shall provide Vodafone a reasonable opportunity to review and to propose comments on such document or response. Each of Vodafone and Verizon agrees to promptly correct any information provided by it in writing for use in the Proxy Statement which such party shall have become aware is false or misleading. For the avoidance of doubt, Vodafone shall not, and nothing in this Agreement shall require Vodafone to, be responsible for the Proxy Statement other than with respect to the information provided in writing by Vodafone specifically for inclusion in the Proxy Statement.

(b) Verizon, acting through the Verizon Board of Directors (or a committee thereof), shall (i) whether or not there shall have been a Verizon Change of Recommendation, as soon as reasonably practicable after the date hereof, subject to Section 5.4(a), take all action necessary to set a record date for, duly call, give notice of, convene and hold a meeting of its stockholders for the purpose of approving the Share Issuance (the “Verizon Stockholders Meeting”), (ii) unless there has been a Verizon Change of Recommendation, include in the Proxy Statement the Verizon Recommendation and (iii) use its commercially reasonable efforts to obtain the Verizon Requisite Vote.

(c) As soon as reasonably practicable following the date of this Agreement but subject to Section 5.4(a), Verizon shall prepare and file with the SEC a registration statement on Form S-4 in connection with the issuance, and, as appropriate, the distribution to Vodafone Shareholders, of the Verizon Shares (the “Verizon Registration Statement”). Verizon and Vodafone will cooperate with each other in the preparation of the Verizon Registration Statement. Without limiting the generality of the foregoing, Vodafone will furnish to Verizon in writing the information relating to it required by the Securities Act and the rules and regulations promulgated thereunder to be set forth in the Verizon Registration Statement. Verizon shall use its commercially reasonable efforts to resolve all SEC comments with respect to the Verizon Registration Statement as promptly as reasonably practicable after receipt thereof and to have the Verizon Registration Statement declared effective by the staff of the SEC as promptly as reasonably practicable after such filing and keep the Verizon Registration Statement effective for so long as necessary to consummate the Transaction. Verizon shall as soon as reasonably practicable notify Vodafone of the receipt of any comments from the SEC with respect to the Verizon Registration Statement and any request by the SEC for any amendment to the Verizon Registration Statement or for additional information and shall provide Vodafone with copies of all such comments and correspondence. Prior to filing the Verizon Registration Statement or mailing the Verizon US Prospectus (or any amendment or supplement thereto) or responding to any comments of the SEC (or the staff of the SEC) with respect thereto, Verizon shall provide Vodafone a reasonable opportunity to review and to propose comments on such document or response. Each of Vodafone and Verizon agrees to promptly correct any information provided by it in writing for use in the Verizon Registration Statement which such party shall have become aware is false or misleading. Following its filing and/or mailing, Verizon undertakes that it shall not (and shall not seek to) withdraw the Verizon Registration Statement on the grounds that there is an exemption from a requirement to register the issuance of the Verizon Shares pursuant to the Securities Act. For the avoidance of doubt, Vodafone shall not, and nothing in this Agreement shall require Vodafone to, be responsible for the Verizon Registration Statement other than with respect to the information provided in writing by Vodafone specifically for inclusion in the Verizon Registration Statement.

(d) As soon as reasonably practicable following the date of this Agreement but subject to Section 5.4(a), Verizon shall prepare a prospectus as required by FSMA (the “Verizon UK Prospectus”) in connection with the admission of the Verizon Shares to listing on the Official List in accordance with the

Listing Rules and to trading on the LSE in accordance with paragraph 3 of the LSE's admission and disclosure standards (the "Verizon UK Admission"). Verizon and Vodafone will cooperate with each other in the preparation of the Verizon UK Prospectus. Without limiting the generality of the foregoing, Vodafone will furnish to Verizon in writing the information relating to it required by the FSMA and the rules and regulations promulgated thereunder to be set forth in the Verizon UK Prospectus. Verizon shall use its commercially reasonable efforts to resolve all UKLA comments with respect to the Verizon UK Prospectus as promptly as reasonably practicable after receipt thereof and to have the Verizon UK Prospectus cleared by the UKLA as promptly as reasonably practicable after such filing. Verizon shall as soon as reasonably practicable notify Vodafone of the receipt of any comments from the UKLA with respect to the Verizon UK Prospectus and any request by the UKLA for any amendment to the Verizon UK Prospectus or for additional information and shall provide Vodafone with copies of all such comments and correspondence. Prior to posting and publishing (as applicable) the Verizon UK Prospectus (or any amendment or supplement thereto), Verizon shall provide Vodafone a reasonable opportunity to review and to propose comments on such document. Each of Vodafone and Verizon agrees to promptly correct any information provided by it in writing for use in the Verizon UK Prospectus which such party shall have become aware is false or misleading. For the avoidance of doubt, Vodafone shall not, and nothing in this Agreement shall require Vodafone to, be responsible for the Verizon UK Prospectus other than with respect to the information provided in writing by Vodafone specifically for inclusion in the Verizon UK Prospectus. For the avoidance of doubt, if Verizon so elects, it may combine the prospectus forming a part of the Verizon Registration Statement (the "Verizon US Prospectus") together with the Verizon UK Prospectus into a joint document intended to satisfy the rules and regulations applicable to both documents.

(e) Verizon and Vodafone shall, following the execution of this Agreement and prior to the Closing, discuss in good faith the possibility of offering a "mix and match" facility through appropriate service providers to enable Vodafone Shareholders (other than Vodafone Shareholders located in certain restricted jurisdictions) to elect to vary the proportion in which such Vodafone Shareholders receive Verizon Shares and cash in respect of their entitlements pursuant to the Vodafone Scheme. Verizon shall also (i) implement a free share dealing facility through one or more appropriate service providers, to enable Vodafone Shareholders (other than Vodafone Shareholders located in certain restricted jurisdictions to be set out in more detail in the Vodafone Circular) holding fewer than 50,000 Vodafone Ordinary Shares in Vodafone to elect to sell the Verizon Shares to which they are entitled pursuant to the terms of the Vodafone Scheme and receive the proceeds of such sale in cash and in such manner as enables such Vodafone Shareholders, without charge, to elect to receive such proceeds either in USD, GBP or EUR, such free share dealing facility to be provided for a period of six weeks from the Closing Date; provided, that Vodafone shall pay on demand to Verizon fifty percent (50%) of all costs and expenses incurred by Verizon in connection with the implementation of the free share dealing pursuant to this clause (i), and (ii) implement such arrangements with one or more appropriate service providers (A) as may be reasonably necessary to enable Vodafone Shareholders to hold Crest Depository Instruments representing underlying Verizon Shares ("Verizon CDIs") and (B) pursuant to which such appropriate service provider(s) will act as corporate sponsored nominee and hold Verizon CDIs for the benefit of certificated Vodafone Shareholders. Verizon will consult with Vodafone (each acting reasonably and in good faith) with a view to providing that the terms on which the Verizon CDIs, corporate sponsored nominee service and dealing facilities are provided are consistent with market practice for similar facilities in the UK-listed market, such terms to be detailed in the Vodafone Circular and the Verizon UK Prospectus.

(f) Except as set forth below in this Section 5.2(f), neither the Board of Directors of Verizon nor any committee thereof shall withhold or withdraw (or qualify or modify in any manner adverse to Vodafone), the approval, recommendation or declaration of advisability by the Board of Directors of Verizon or any such committee thereof with respect to the Share Issuance (such approval, recommendation or declaration, the "Verizon Recommendation" and any such withholding, withdrawal, qualification or modification, a "Verizon Change of Recommendation"). Notwithstanding the foregoing, at any time prior to obtaining the Verizon Requisite Vote, the Board of Directors of Verizon may make a Verizon Change of Recommendation in response to an Intervening Event if the Verizon Board determines in good faith (after

consultation with outside counsel and a financial advisor, each of nationally recognized reputation) that the exercise of its fiduciary duties under applicable Law requires such Verizon Change of Recommendation; provided, however, that (i) Verizon shall not be entitled to exercise its right to make a Verizon Change of Recommendation until after the fourth (4th) Business Day following Vodafone's receipt of written notice (a "Verizon Change Notice") from Verizon advising Vodafone that the Verizon Board intends to take such action and (ii) Verizon shall, throughout such four- (4-) Business Day period, negotiate in good faith with Vodafone with respect to any revisions to the terms of the Transaction proposed by Vodafone in response to an Intervening Event. In determining whether to make a Verizon Change of Recommendation, the Verizon Board shall take into account any changes to the terms of this Agreement proposed by Vodafone in response to a Verizon Change Notice or otherwise.

5.3 Vodafone Shareholder Approval, Circular and Reduction of Capital.

(a) As soon as reasonably practicable following execution of this Agreement but subject to Section 5.4(a), Vodafone shall:

- (i) instruct counsel for the purposes of the Vodafone Scheme;
- (ii) prepare a circular (the "Vodafone Circular") to its shareholders in relation to (inter alia) the transactions contemplated by this Agreement and the Vodafone Scheme, and, whether or not there shall have been a Vodafone Change of Recommendation, convene the Vodafone Shareholders Meeting (subject to Section 5.4(a)) and, unless Vodafone has withdrawn the Vodafone Scheme, the Court Meeting to consider and, if thought fit, approve the Vodafone Resolutions, and, unless there has been a Vodafone Change of Recommendation, containing the Vodafone Recommendation (whether or not Vodafone has withdrawn the Vodafone Scheme, provided that in such event such Vodafone Recommendation shall be in respect of the Vodafone Sale Resolutions only);
- (iii) apply to the Court for leave to convene the Court Meeting and to post or publish the Vodafone Circular, and use commercially reasonable efforts to resolve all comments from the Court as promptly as reasonably practicable;
- (iv) supply all documents as may reasonably be required by the UKLA to approve the Vodafone Circular;
- (v) correct any information in the Vodafone Circular which shall have become false or misleading and, as soon as reasonably practicable, notify Verizon of any comments from the UKLA with respect to the Vodafone Circular or any request for amendments or additional information, and provide Verizon with copies of all such comments and correspondence;
- (vi) post or publish the Vodafone Circular;
- (vii) whether or not there shall have been a Vodafone Change of Recommendation and, with respect to subclauses (A) and (B), below, whether or not the Vodafone Scheme shall have been approved by the requisite majority at the Court Meeting, as soon as reasonably practicable after the date hereof, subject to Section 5.4(a), convene the Vodafone Shareholders Meeting to:
 - (A) approve the disposal of all the shares in Vodafone Finance 1 pursuant to the terms of this Agreement and the Transaction as a "Class 1 transaction" under chapter 10 of the Listing Rules;
 - (B) approve as a "related party transaction" under Chapter 11 of the Listing Rules (x) the disposal of all the shares in Vodafone Finance 1 pursuant to the terms of this Agreement and the Transaction and (y) the acquisition by Vodafone Europe of Verizon's indirect ownership interest in Omnitel pursuant to the terms of the Omnitel Purchase Agreement (if such approval is required for such acquisition);
 - (C) approve the Vodafone Scheme and authorize the implementation thereof;

- (D) approve the issue of the Vodafone Class B Shares and Vodafone Class C Shares to Vodafone Shareholders in accordance with the terms of the Vodafone Scheme;
- (E) approve the Vodafone Reduction of Capital and authorize the implementation thereof;
- (F) approve the Vodafone Share Consolidation and authorize the implementation thereof;
- (G) amend the articles of association of Vodafone to the extent necessary in connection with the Vodafone Scheme, the issue of the Vodafone Class B Shares and Vodafone Class C Shares, the Vodafone Reduction of Capital and/or the Vodafone Share Consolidation; and
- (H) do, approve or authorize any other matter or thing which the directors of Vodafone consider necessary or appropriate in connection with the aforementioned,

(collectively, the “Vodafone Resolutions” and clauses (A) and (B) thereof, the “Vodafone Sale Resolutions”); provided, that Vodafone shall use its commercially reasonable efforts to reach a position whereby the Vodafone Sale Resolutions are proposed for approval at the Vodafone Shareholders Meeting as a single, composite resolution or failing which, the related party transaction approvals referred to in (B) above are proposed as a single, composite resolution;

(viii) unless there has been a Vodafone Change of Recommendation, use its commercially reasonable efforts to obtain the Vodafone Requisite Scheme Vote and the Vodafone Requisite Share Purchase Vote;

(ix) apply to the Court for the sanction of the Vodafone Scheme and the confirmation of the Court of the Vodafone Reduction of Capital; provided, that the parties agree to use their respective commercially reasonable efforts to minimize the period between the two hearings of the Court and, subject to the approval of the Court, have both hearings occur on the same day; provided, further, that without limiting any other provision of this Agreement, the hearing in respect of the confirmation by the Court of the Vodafone Reduction of Capital shall (A) not be held on a Friday and (B) be held in the same calendar week as the Court Hearing; and

(x) give such reasonable undertakings as may be required by the Court as a condition to obtaining the Court’s sanction of the Vodafone Scheme and confirmation of the Vodafone Reduction of Capital.

(b) Prior to posting or publishing the Vodafone Circular or responding to comments of the UKLA, Vodafone shall provide Verizon a reasonable opportunity to review and to propose comments on such document or response and give reasonable consideration to all comments proposed by Verizon in connection therewith. Vodafone shall also provide Verizon a reasonable advance opportunity to review and to propose comments on all documents to be filed with the Court in connection with the Vodafone Scheme and give reasonable consideration to all comments proposed by Verizon in connection therewith.

(c) Verizon shall take all such steps as are reasonably necessary to implement the Vodafone Scheme and in particular shall (subject to the satisfaction of the conditions to the Vodafone Scheme):

(i) unless not required by the terms of the Vodafone Scheme, through counsel, consent at the Court Hearing to be bound by the Vodafone Scheme;

(ii) execute or procure the execution of all such documents, and do or procure the carrying out of all such actions, as may be reasonably necessary or desirable to implement the Vodafone Scheme;

(iii) give such reasonable undertakings as may be required by the Court as a condition to obtaining the Court’s sanction for the Vodafone Scheme; and

(iv) provide such other assistance (and shall use its commercially reasonable efforts to procure that its Affiliates provide such assistance) as Vodafone may reasonably request in connection with the preparation of the Vodafone Circular, the implementation of the Vodafone Scheme or Vodafone Reduction of Capital and in preparing and obtaining UKLA approval of, and posting or publishing (as

appropriate), any other document in connection with the matters set out in this Section 5.3(c), including by, subject to applicable Law, providing information in writing in relation to Verizon, any of its Affiliates and any of its or their directors or officers;

provided, that Verizon and Vodafone shall, in relation to clauses (i) and (iii), cooperate with each other to explain fully to the Court the terms of this Agreement and, in particular, Sections 8.1(j) and 10.6(b), with a view to assuring the Court that, in the event of a Financing Failure, Verizon should not be regarded as being in breach of any consent or undertaking that Verizon is required to give to the Court.

(d) Except as set forth below in this Section 5.3(d), neither the Board of Directors of Vodafone nor any committee thereof shall withhold or withdraw (or qualify or modify in any manner adverse to Verizon) the recommendation by the Board of Directors of Vodafone or any such committee thereof to the Vodafone Shareholders to vote in favor of each of the Vodafone Resolutions (such recommendation, the “Vodafone Recommendation” and any such withholding, withdrawal, qualification or modification, a “Vodafone Change of Recommendation”). Notwithstanding the foregoing, the Board of Directors of Vodafone may at any time prior to obtaining the Vodafone Requisite Share Purchase Vote make a Vodafone Change of Recommendation if the Board of Directors of Vodafone determines in good faith (in its sole discretion but after consultation with outside counsel and a financial advisor of nationally recognized reputation) that the exercise of its fiduciary duties as the board of directors of an English public limited company requires such Vodafone Change of Recommendation; provided, however, that Vodafone shall, to the extent reasonably practicable and legally permissible (taking into account the date of the Vodafone Shareholders Meeting) seek to consult with Verizon prior to exercising its right to make a Vodafone Change of Recommendation. In determining whether to make a Vodafone Change of Recommendation, the Vodafone Board shall take into account any changes to the terms of this Agreement proposed by Verizon during any such consultation. In the event of a Vodafone Change of Recommendation following the posting of the Vodafone Circular, Vodafone shall, upon request by Verizon, promptly withdraw the Vodafone Scheme from the Court.

(e) Notwithstanding the provisions of the Vodafone Scheme, Vodafone shall not reduce the amount of the Cash Entitlement if and to the extent that such reduction would delay the date on which the Court Hearing would otherwise take place.

5.4 Cooperation with Respect to Filings and Meetings of Shareholders.

(a) Vodafone and Verizon shall cooperate and consult with each other to co-ordinate the timing of the preparation, posting or publication of the relevant documents, convening of the relevant meetings, or the taking of the other steps required pursuant to Sections 5.2 and 5.3, and in particular shall cooperate to ensure that (i) the Proxy Statement is mailed to Verizon Shareholders, and the Verizon UK Prospectus, the Verizon Registration Statement (and the prospectus contained therein) and the Vodafone Circular are mailed or posted to the Vodafone Shareholders and/or, as applicable, published, on the same date and (ii) the Vodafone Shareholders Meeting, the Court Meeting and the Verizon Stockholders Meeting are held on the same date and at substantially the same time.

(b) Vodafone agrees that it shall not, without Verizon’s consent (such consent not to be unreasonably withheld, conditioned or delayed), except as required by Law, make any amendments to the terms of the Vodafone Scheme which may adversely affect the rights and obligations of Verizon. Vodafone may, at its sole discretion, withdraw the Vodafone Scheme at any time prior to or during the Court Hearing but shall, prior to withdrawing the Vodafone Scheme, consult with Verizon.

(c) Verizon will procure that Verizon and the directors of Verizon accept responsibility for all of the information set out in the Verizon UK Prospectus (but not, for avoidance of doubt, in the Vodafone Circular).

(d) Vodafone will procure that the directors of Vodafone accept responsibility for all of the information set out in the Vodafone Circular (but not, for the avoidance of doubt, in the Verizon UK Prospectus, the Verizon Registration Statement or any other Verizon Disclosure Document).

(e) If there shall occur any event (including discovery of any fact, circumstance or event) that is required by applicable Law to be set forth in an amendment or supplement to the Vodafone Circular, the Proxy Statement, the Verizon Registration Statement, the Verizon US Prospectus or the Verizon UK Prospectus, Vodafone or Verizon (as applicable) shall prepare and post or publish (as applicable) such an amendment or supplement or issue a press release or take other corrective action, in each case to the extent required by applicable Law, and in each case after, to the extent reasonably practicable: (i) providing the other party with a reasonable opportunity to review such amendment or supplement; and (ii) in good faith giving reasonable consideration to all comments proposed by that other party.

(f) Vodafone and Verizon shall cooperate and consult with each other to determine a mutually satisfactory approach to the treatment of Overseas Scheme Shareholders. Without limitation of the foregoing, (i) Vodafone shall not make a determination under paragraphs 11.1(A) or (B) of the Vodafone Scheme, and Verizon shall not give notice requiring such a determination pursuant to Section 5.4(g), without prior consultation with the other party and (ii) Vodafone and Verizon shall attempt to reach an agreement with respect to the treatment of Overseas Scheme Shareholders prior to the Vodafone Circular Posting Date.

(g) Without prejudice to Section 5.4(f), Vodafone shall not make the B Share Election available to Overseas Scheme Shareholders in any jurisdiction, nor shall Verizon be obliged to issue and deliver Verizon Shares (or procure the delivery of Verizon CDIs or statements of ownership in respect of Verizon CDIs) to Overseas Scheme Shareholders in any jurisdiction, if Verizon has notified Vodafone at least five (5) Business Days before the Court Hearing that it has determined that doing so is (A) prohibited by applicable Law or (B) permitted only subject to compliance by Verizon with requirements of applicable Law (including any requirement to make any registration or filing with, or obtain any consent or approval from, any Governmental Authority) which Verizon, in its absolute discretion, considers to be unduly onerous. If Verizon makes such a notification with respect to a jurisdiction, then Vodafone shall make such determination under paragraph 11.1(A) or (B) of the Scheme as is notified by Verizon to Vodafone for these purposes. For the avoidance of doubt, it shall not be unduly onerous for Verizon to “passport” the Verizon UK Prospectus from the United Kingdom into any other Member State in accordance with the applicable requirements of the Prospectus Directive and the Laws of such Member State.

5.5 Press Releases. The forms of the initial press releases regarding the transactions contemplated hereby, to be released as promptly as practicable following the execution of this Agreement and at substantially the same time, are attached hereto as Exhibit H (the “Initial Verizon Press Release”) and Exhibit I (the “Initial Vodafone Press Release”) and, together with the Initial Vodafone Press Release, the “Initial Press Releases”). Each of Verizon and Vodafone agrees that, prior to Closing, it will consult with the other prior to making, or permitting any of their Subsidiaries to make, any public statement or release concerning this Agreement, the Ancillary Documents or the transactions contemplated hereby or thereby, except to the extent otherwise required by Law or the obligations pursuant to any applicable listing agreement with or rules of any securities exchange (including, for avoidance of doubt, the NYSE, the NASDAQ and the LSE); provided, that (a) to the extent such consultation obligation has been discharged with respect to the contents of any such public statement or release, no separate consultation obligation shall apply in respect of such content to the extent replicated in whole or in part in any subsequent public statement or release and (b) Verizon and Vodafone may make public statements in response to questions by the press, analysts, investors or those attending industry conferences or financial analysts conference calls, so long as any such statements are consistent with the Initial Press Releases and other prior press releases, public disclosures or public statements made jointly by Verizon and Vodafone or made by one party in accordance with this Section 5.5 or in the Current Report on Form 8-K filed by Verizon with respect to this Agreement and the transactions contemplated hereby and do not reveal material nonpublic information regarding this Agreement, the Ancillary Documents or the transactions contemplated hereby or thereby.

5.6 Securityholder Litigation. Verizon and Vodafone shall, in connection with the defense or settlement by such party of any actual or threatened securityholder litigation, complaints or challenges against it or its directors or officers relating to the transactions contemplated by this Agreement or the Ancillary Documents (including, for avoidance of doubt, any actual or threatened litigation, complaints or challenges that may be brought in the

Court or any other court of England and Wales in connection with the Vodafone Scheme or that otherwise relates to the transactions contemplated by this Agreement or the Ancillary Documents), (a) consult and cooperate with the other party and (b) keep the other party reasonably and timely informed of developments, changes or occurrences with respect to any such litigation.

5.7 Confidentiality. Except as mutually agreed by each of the parties hereto, each of the parties agrees that, during the term of this Agreement and at all times thereafter, it will not disclose to any person (other than any financial advisers, accountants, attorneys, and other Representatives who are required to know such information) any information that has been made available to such party in connection with the negotiation, execution or performance of this Agreement, except as required by Law, regulation or legal process (including necessary disclosure in connection with any legal process relating to establishing or enforcing any rights under this Agreement) or in connection with obtaining the approval of any Governmental Entity, and except that Verizon may disclose this Agreement and the Omnitel Purchase Agreement to Financing Sources.

5.8 Approvals, Consents and Regulatory Filings.

(a) Subject to the terms and conditions set forth in this Agreement, each of the parties shall, and shall cause their respective Subsidiaries to, 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 on its part under this Agreement and the Ancillary Documents to satisfy all legal conditions to the consummation of the transactions contemplated by this Agreement and the Ancillary Documents, and to obtain all consents, orders and approvals of Governmental Entities and non-governmental third parties that may be or become necessary for the consummation of any of the transactions contemplated by this Agreement and the Ancillary Documents, in each case as soon as reasonably practicable following the execution of this Agreement, and each of the parties will cooperate fully with the other parties in taking or causing to be taken all actions, or doing or causing to be done all things necessary, proper or advisable on its part under this Agreement and the Ancillary Documents and promptly seeking to obtain all such authorizations, consents, orders and approvals. Without limiting the generality of the foregoing, as soon as practicable after the date hereof (and in any event within fifteen (15) Business Days from the date hereof with respect to clause (i) below), Verizon shall file or cause the Partnership to file (i) applications or notices with the FCC necessary for the consummation of the transactions contemplated by this Agreement and the Ancillary Documents, if any, which applications will comply in all material respects with the requirements of the Communications Act of 1934 as amended and the rules and regulations of the FCC, (ii) applications or notices with each applicable state public service utility commission or other state or local regulatory entity necessary for the consummation of the transactions contemplated by this Agreement and the Ancillary Documents, if any, and (iii) any other regulatory consents and approvals necessary for the consummation of the transactions contemplated by this Agreement and the Ancillary Documents. Verizon shall diligently prosecute and cause its Subsidiaries to diligently prosecute all such applications and take all such actions and give all such notices as may be required or requested by the FCC or any other regulatory agency or as may be appropriate in an effort to expedite the grant of any necessary consent by the FCC or such regulatory agency. For purposes of this Section 5.8, “commercially reasonable efforts” shall not include nor require any party or any of its Subsidiaries to (A) sell, or agree to sell, hold or agree to hold separate, or otherwise dispose or agree to dispose of any asset, in each case if such sale, separation or disposition or agreement with respect thereto would, individually or in the aggregate, reasonably be expected to have a Verizon Material Adverse Effect, or (B) conduct or agree to conduct its business in any particular manner, or agree to any other condition, requirement, restriction or action, if such conduct or agreement with respect thereto, or such other condition, requirement, restriction or action, would, individually or in the aggregate, reasonably be expected to have a Verizon Material Adverse Effect (each of the foregoing effects, a “Burdensome Effect”). None of Vodafone or any of its Affiliates shall, without the prior written consent of Verizon, agree to become subject to, or consent to or otherwise take any action with respect to, any requirement, condition, understanding, agreement or order of a Governmental Entity in connection with any of the transactions contemplated by this Agreement to the extent such requirement, condition, understanding, agreement or order would be binding on any Sold Entity or any of its Affiliates upon or following the Closing.

(b) Except to the extent prohibited by Law and without limiting the generality of the foregoing, each of the parties shall, and shall cause their respective Subsidiaries to, (i) cooperate in all respects with each other in connection with any investigation or other inquiry before a Governmental Entity and in connection with the transactions contemplated by this Agreement and the Ancillary Documents, including any proceeding initiated by a Governmental Entity or a private party; (ii) furnish all information required or reasonably requested for any application or other filing to be made pursuant to any applicable Laws in connection with the transactions contemplated by this Agreement and the Ancillary Documents; (iii) keep the other parties informed in all material respects of any material communication received by such party from, or given by such party to, any Governmental Entities, and of any material communication received or given in connection with any proceeding by a private party, in each case relating to the transactions contemplated by this Agreement and the Ancillary Documents; (iv) except for filings made by Vodafone and its Affiliates in connection with the Reorganization, give the other parties a reasonable opportunity to review in advance and propose comments with respect to any filing made with, or written materials submitted to, any third party and/or any Governmental Entity in connection with the transactions contemplated by this Agreement and the Ancillary Documents; and (v) except for filings made by Vodafone and its Affiliates in connection with the Reorganization, provide to the other parties hereto copies of all filings and material correspondence with all Governmental Entities with respect to the filings and consents in connection with the transactions contemplated by this Agreement and the Ancillary Documents. In exercising the foregoing rights, each of the parties shall act reasonably and as promptly as practicable; provided, however, that materials provided to the other parties may be redacted (A) to remove references to valuation, (B) as necessary to comply with contractual arrangements, (C) as necessary to address reasonable attorney-client or other privilege or confidentiality concerns and (D) to protect competitively sensitive information.

(c) In furtherance and not in limitation of the covenants of each of the parties contained in Sections 5.8(a) and (b), if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement or the Ancillary Documents as violative of any Law, or if any statute, rule, regulation, executive order, decree, injunction or administrative order is enacted, entered or promulgated or enforced by a Governmental Entity which would make the transactions contemplated by this Agreement or the Ancillary Documents illegal or otherwise prohibit or materially impair or delay consummation of the transactions contemplated by this Agreement and the Ancillary Documents, each of the parties shall cooperate in all respects with each of the other parties and use its commercially reasonable efforts to contest and resist any such action or proceeding, to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of any of the transactions contemplated by this Agreement and the Ancillary Documents and to have such statute, rule, regulation, executive order, decree, injunction or administrative order repealed, rescinded or made inapplicable; provided, that the parties shall not be obligated to seek to overturn a final order by the FCC disapproving the transactions contemplated by this Agreement and the Ancillary Documents.

(d) If any objections are asserted with respect to the transactions contemplated by this Agreement or any Ancillary Document under any Law or if any suit is instituted by any Governmental Entity or any private party challenging any of the transactions contemplated by this Agreement or the Ancillary Documents as violative of any Law, each of the parties shall use its commercially reasonable efforts to resolve any such objections or challenges as such Governmental Entity or private party may have to such transactions under such Law so as to permit consummation of the transactions contemplated by this Agreement and the Ancillary Documents.

5.9 Financing.

(a) Verizon shall 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 Financing and, if applicable, the Replacement Financing on the terms and conditions described in the Financing Documents and Replacement Financing Documents, including using commercially reasonable efforts to (i) comply with its obligations and satisfy the conditions precedent to funding under the Financing

Documents and, if applicable, Replacement Financing Documents; (ii) upon satisfaction of the conditions set forth in Section 3.02 of the Loan Facility (and/or, in respect of certainty of funding, such substantially equivalent conditions (or conditions that are more favorable to Verizon) as may appear in any Replacement Financing Document), consummate the Financing and, if applicable, the Replacement Financing at or prior to Closing; and (iii) cause the Financing Sources and, if applicable, Replacement Financing Sources to fund on the Closing Date the Financing and, if applicable, the Replacement Financing to the extent required to consummate the Transaction in accordance with the terms thereof (including, to the extent commercially reasonable, by promptly taking enforcement action under the Financing Documents and, if applicable, the Replacement Financing Documents in the event of a breach by any Financing Sources or Replacement Financing Sources).

(b) Verizon shall have the right to substitute the proceeds of consummated debt (including unsecured notes) or equity offerings for all or any portion of the Financing or, if applicable, Replacement Financing by reducing commitments under the Financing and, if applicable, any Replacement Financing; provided, that to the extent any consummated debt has a scheduled special or mandatory redemption right, such right is not exercisable prior to the Termination Date. Further, Verizon shall have the right to substitute commitments in respect of other debt or equity financing for all or any portion of the Financing from the same and/or alternative bona fide third-party financing sources ("Replacement Financing Sources") so long as (i) all conditions precedent to effectiveness of definitive documentation for such debt or equity financing have been satisfied and the conditions precedent to funding under the debt financing or issuance of the equity financing are, in respect of certainty of funding, substantially equivalent to (or conditions that are more favorable to Verizon than) the conditions set forth in Section 3.02 of the Loan Facility, and (ii) in respect of any debt financing, prior to funding of the loans thereunder, the commitments in respect of such debt financing are subject to restrictions on assignment which are substantially equivalent to or more favorable to the Verizon than the restrictions set forth in Section 8.07 of the Loan Facility (any such debt or equity financing which satisfies the foregoing clauses (i) and (ii), the "Replacement Financing"; the definitive documentation for any such Replacement Financing, the "Replacement Financing Documents").

(c) Verizon shall have the right from time to time to amend, replace, supplement or otherwise modify, or waive any provision or remedy under, the Financing Documents or Replacement Financing Documents; provided, that Verizon shall not, without the prior written consent of Vodafone, at any time prior to the Closing: (i) permit any amendment, replacement, supplement or modification to, or any waiver of any material provision or remedy under, any Financing Document or Replacement Financing Document if such amendment, replacement, supplement, modification or waiver (A) adds any new (or modifies, in a manner materially adverse to Verizon, any existing) conditions to the consummation of the Financing or Replacement Financing (as applicable), (B) reduces the aggregate amount of the Financing and the Replacement Financing other than to the extent that (1) such reduction is required by the terms of the Loan Facility or (2) Verizon has available to it Replacement Financing or cash on hand in an amount equal to such reduction, (C) materially adversely impacts the ability of Verizon to enforce its rights against other parties to any Financing Document as so amended, replaced, supplemented, modified or waived, relative to the ability of Verizon to enforce its rights against such other parties to any Financing Document as in effect on the date hereof or Replacement Financing Document as in effect on the date of execution thereof, or (D) prevents, impedes or materially delays the consummation of the transactions contemplated by this Agreement; provided, further, that notwithstanding the foregoing, Verizon may amend the Financing Documents and/or Replacement Financing Documents to add lenders, lead arrangers, syndication agents, documentation agents or similar entities who had not executed any Financing Document and/or Replacement Financing Document; or (ii) terminate the Loan Facility other than to the extent that (A) the commitments under the Loan Facility have been reduced to zero in accordance with its terms or (B) Verizon has obtained Replacement Financing in an aggregate amount equal to the commitment under the Loan Facility at the time of such termination of the Loan Facility. Verizon shall promptly following execution deliver to Vodafone copies of any such amendment, replacement (including any Replacement Financing Document), supplement, modification or waiver (which may be redacted to delete any compensation information). Notwithstanding anything to the contrary in this Agreement, Verizon agrees that it shall not reduce the aggregate amount of all unfunded commitments in respect of the

Financing and, if applicable, Replacement Financing (whether as a result of a disposition of assets, debt issuance or equity issuance but, for the avoidance of doubt, not as a result of the funding of the loans thereunder) to an amount less than Twenty Billion Dollars (\$20,000,000,000) without Vodafone's consent, which shall not be unreasonably withheld, conditioned or delayed.

(d) Verizon acknowledges and agrees that Vodafone and its Affiliates (including, prior to the Closing, the Sold Entities), their respective Representatives and, prior to the Closing, the Partnership or any of its Subsidiaries and their respective Representatives, shall not have any responsibility for, or incur any liability to, any Person under or pursuant to the Financing or Replacement Financing pursuant to the Financing Documents or Replacement Financing Documents, if any, and that Verizon shall indemnify and hold harmless Vodafone and its Affiliates (including, prior to the Closing, the Sold Entities), their respective Representatives and, prior to the Closing, the Partnership and its Subsidiaries and their respective Representatives from and against any and all losses, damages, claims, costs or expenses suffered or incurred by any of them in connection with the Financing or the Replacement Financing pursuant to the Financing Documents or Replacement Financing Documents, if any, except to the extent resulting from any breaches of the representations, warranties or covenants of Vodafone under this Agreement. Verizon shall keep Vodafone reasonably informed with respect to all material activity concerning the status of the financing contemplated by the Financing Documents and Replacement Financing Documents (if any), it being understood, for the avoidance of doubt, that nothing in this Section 5.9(d) shall relieve Vodafone of any liability pursuant to Section 8.3 or require Verizon to provide indemnification in respect of any such liability.

5.10 Voting Rights; Purchases of Securities.

(a) Prior to the Closing, Verizon shall not, and shall cause its controlled Affiliates not to, purchase any ordinary shares of Vodafone or other securities convertible into, exchangeable for or exercisable for ordinary shares of Vodafone, and none of Verizon or any of its Subsidiaries shall purchase any rights to acquire any ordinary shares of Vodafone.

(b) Prior to the Closing, Vodafone shall not, and shall cause its controlled Affiliates not to, purchase any shares of Verizon Common Stock or other securities convertible into, exchangeable for or exercisable for Verizon Common Stock, and neither Vodafone nor any of its Subsidiaries shall purchase any rights to acquire any Verizon Common Stock.

5.11 Name Changes. As promptly as reasonably practicable following the Closing Date but not later than thirty (30) days after the Closing Date, Verizon shall cause the organizational documents of the Sold Entities to be amended so as not to include any of "Vodafone" or any word, phrase or acronym confusingly similar thereto and take all such other steps required under applicable law to change and register the name of the Sold Entities accordingly.

5.12 Further Assurances. Subject to the terms and provisions of this Agreement, each party hereto shall at any time and from time to time after the Closing, upon the request of another party hereto, do, execute, acknowledge and deliver, and cause to be done, executed, acknowledged or delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney or assurances as may be required for (a) the better transferring, assigning and conveying the equity interests of the Sold Entities to Verizon, or (b) the transfer, assignation, conveyance and assumption of any Excluded Assets owned by or Excluded Liabilities of the Sold Entities to Vodafone or its designated Affiliates following the Closing. Except with respect to a Verizon Change of Recommendation or a Vodafone Change of Recommendation, no party hereto shall take any actions that would be reasonably be expected to prevent, impair or materially delay the consummation of the transactions contemplated by this Agreement or the Ancillary Documents. In the event that Seller fails to perform any covenant, agreement or obligation that it is obligated to perform pursuant to this Agreement, Vodafone shall cause Seller to perform such covenant, agreement or obligation.

5.13 Access. Except as determined in good faith to be necessary to comply with applicable Law, or preserve any applicable privilege (including the attorney-client privilege), Verizon will cause the Sold Entities and the Partnership and its Subsidiaries, until the date that is six (6) years after the Closing Date, and Vodafone will cause the Sold Entities, prior to the Closing Date, to afford promptly to Vodafone and its Representatives or Verizon and its Representatives, as applicable, reasonable access to their books of account, financial, tax and other records, information, employees and auditors to the extent necessary (a) with respect to Vodafone and its Representatives, in determining any matter in connection with any audit relating to the Sold Entities or their Affiliates and the Partnership with respect to any period ending on or before the Closing Date for purposes of financial statements of Vodafone or its Affiliates or for the preparation of any Tax Returns of Vodafone or its Affiliates and (b) with respect to Verizon and its Representatives, in determining the Tax consequences of the Transaction; provided, that any such access shall not unreasonably interfere with the conduct of the business of Verizon, the Sold Entities, the Partnership or their respective Affiliates or Vodafone, the Sold Entities and their Affiliates, as applicable. The party seeking access to information shall bear all of the out-of-pocket costs and expenses (including attorneys' fees, but excluding reimbursement for general overhead, salaries and employee benefits) incurred in connection with obtaining such access. Each party will hold, and will use its commercially reasonable efforts to cause its Representatives to hold (and will be responsible for any failure by any of its Representatives to hold), in confidence all confidential information concerning the Sold Entities or their Affiliates and the Partnership or its Affiliates.

5.14 Change in Ownership; ELPI Contribution.

(a) The parties agree that entry into this Agreement and consummation of the transactions pursuant hereto do not and will not constitute a "Change in Ownership" for purposes of the Partnership Agreement until the Closing shall have occurred.

(b) Prior to the Closing, Verizon shall not, and shall cause its Affiliates not to, exercise the ELPI Contribution referred to in the ELPI Contribution Agreement, dated as of December 2001, among the Partnership, Verizon, Vodafone and certain other Persons.

5.15 Indemnification and Insurance; Mutual Release.

(a) Vodafone and Verizon agree that all rights to exculpation, indemnification and advancement of expenses for acts or omissions occurring at or prior to the Closing, whether asserted or claimed prior to, at or after the Closing, now existing in favor of the current or former directors, officers, employees and other representatives of the Sold Entities, the Partnership and its Subsidiaries as provided in their respective organizational documents and which, in the case of the Sold Entities, has prior to the date hereof been made available to Verizon shall survive the Closing and shall continue in full force and effect to the extent provided in the following sentence. Verizon shall cause the Sold Entities and the Partnership and its Subsidiaries to maintain in effect until the sixth (6th) anniversary of the Closing any and all exculpation, indemnification and advancement of expenses provisions of such entity's organizational documents, in each case in effect as of the date hereof and which, in the case of the Sold Entities, has been provided to Verizon prior to the date hereof, for acts or omissions occurring on or prior to the Closing.

(b) In the event any of the Sold Entities, the Partnership or its Subsidiaries or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in either such case, proper provision shall be made so that the successors and assigns of the applicable Sold Entity, the Partnership or the applicable Subsidiary of the Partnership shall assume all of the obligations of such Person contemplated to be maintained pursuant to Section 5.15(a).

(c) As of the Closing, Verizon, for and on behalf of itself, its Affiliates and their respective successors and assigns (the "Verizon Releasing Persons"), hereby voluntarily, knowingly, fully, unconditionally and irrevocably acquits, releases and forever discharges each Vodafone Related Party from any and all Claims that such Verizon Releasing Person has or has ever had or may have or that have been or could have been or

could be asserted against any Vodafone Related Party, which arise out of or in any way relate to events, circumstances, actions or omissions occurring, existing or taken on or prior to the Closing in connection with or on behalf of the Partnership, its Subsidiaries or the Sold Entities, other than Claims arising out of or permitted under the express terms set forth in this Agreement or the Ancillary Documents or any agreement, other than the Partnership Agreement, that is not terminated pursuant to the last sentence of this Section 5.15. As of the Closing, Vodafone, for and on behalf of itself, its Affiliates and their respective successors and assigns (the “Vodafone Releasing Persons”), hereby voluntarily, knowingly, fully, unconditionally and irrevocably acquits, releases and forever discharges each Verizon Related Party from any and all Claims that such Vodafone Releasing Person has or has ever had or may have or that have been or could have been or could be asserted against any Verizon Related Party, which arise out of or in any way relate to events, circumstances, actions or omissions occurring, existing or taken on or prior to the Closing in connection with or on behalf of the Partnership, its Subsidiaries or the Sold Entities, other than Claims arising out of or permitted under the express terms set forth in this Agreement or the Ancillary Documents or any agreement, other than the Partnership Agreement, that is not terminated pursuant to the last sentence of this Section 5.15. Additionally, as of the Closing, the parties hereto agree to take the actions specified on Schedule 5.15 hereto.

5.16 Listing of Verizon Shares. Verizon shall use its commercially reasonable efforts to cause the Verizon Shares to be approved for listing (a) on the NYSE and NASDAQ, subject only to official notice of issuance, prior to the Closing and (b) on the Official List and to trading on the LSE on the first (1st) Business Day following the Closing. Verizon shall maintain its standard listing of Verizon Shares on the LSE for a period of at least two (2) years following the Closing.

5.17 Additional Covenants of Verizon. Except as required by applicable Law, as expressly contemplated by this Agreement, as Vodafone may approve in writing (such approval not to be unreasonably withheld, conditioned or delayed) or as set forth in Section 5.17 of the Verizon Disclosure Letter, Verizon covenants and agrees as to itself and its Subsidiaries that, after the date of this Agreement and prior to the Closing, the business of it and its Subsidiaries shall be conducted in all material respects in the ordinary course of business; provided, however, that no action by Verizon or any of its Subsidiaries with respect to matters specifically addressed by any provision of subsections (a) through (g) of this Section 5.17 shall be deemed to be a breach of this sentence unless such action would constitute a breach of such subsection. Without limiting the generality of, and in furtherance of, the foregoing, from the date of this Agreement until the Closing, except as otherwise expressly contemplated by this Agreement, as required by Law or as Vodafone may approve in writing (such approval not to be unreasonably withheld, conditioned or delayed) or as set forth in Section 5.17 of the Verizon Disclosure Letter, Verizon will not and will not permit its Subsidiaries to, directly or indirectly:

- (a) other than a Verizon Certificate Amendment, adopt or propose any change in Verizon’s or the Partnership’s certificate of incorporation, certificate of formation, by-laws, operating agreement or other applicable governing instruments, as applicable;

- (b) (i) merge or consolidate Verizon with any other Person, (ii) other than in the ordinary course of business with respect to the Significant Subsidiaries of Verizon (other than the Partnership), restructure or reorganize or (iii) completely or partially liquidate;

- (c) acquire, directly or indirectly, whether by purchase, merger, consolidation or acquisition of stock or assets or otherwise, an equity interest in or a substantial portion of the assets of any Person or any business or division thereof, in each case that would reasonably be expected to prevent or materially delay the consummation of the Transaction;

- (d) issue, sell, pledge, dispose of, grant, transfer, encumber, or authorize the issuance, sale, pledge, disposition, grant, transfer, lease, license, guarantee or encumbrance of, any shares of capital stock of Verizon, or securities convertible or exchangeable into or exercisable for any shares of such capital stock, or any options, warrants or other rights of any kind to acquire any shares of such capital stock or such convertible or exchangeable securities, in each case, except (i) for grants made pursuant to the Verizon Stock Plans or the exercise, vesting or settlement of any award outstanding thereunder at any time on or

following the date of this Agreement, (ii) in connection with the acquisition, directly or indirectly, of an equity interest in or assets of any Person or any business or division thereof, whether by purchase, merger, consolidation or acquisition of stock or assets or otherwise and (iii) other than at a price below fair market value (as determined by the Verizon Board of Directors), for issuances of shares of capital stock of Verizon, or securities convertible or exchangeable into or exercisable for any shares of such capital stock, or any options, warrants or other rights of any kind to acquire any shares of such capital stock or such convertible or exchangeable securities, 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) or (iii) above, Verizon shall have a sufficient number of authorized but unissued shares under the certificate of incorporation of Verizon to allow it to issue the maximum number of Verizon Shares issuable pursuant to Section 2.2(a)(ii);

(e) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock (except for (i) distributions made by the Partnership, (ii) dividends paid by any Subsidiary to Verizon or to any other Subsidiary or (iii) regular quarterly dividends in cash on the Verizon Common Stock, declared and paid consistent with prior timing and in the ordinary course of business, including increases to such regular quarterly cash dividends in the ordinary course of business);

(f) reclassify, split, combine, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any Verizon capital stock or securities convertible or exchangeable into or exercisable for any shares of Verizon capital stock, other than in the ordinary course of business pursuant to the Verizon Stock Plans or any award outstanding thereunder at any time on or following the date of this Agreement; or

(g) authorize any of, or commit, resolve or agree to take any of the foregoing actions.

5.18 Additional Covenants of Vodafone with Respect to the Sold Entities. From the date of this Agreement until the Closing, except as otherwise expressly contemplated by this Agreement (including as required to implement the Reorganization in accordance with Section 5.1), as Verizon may approve in writing, as required by applicable Law or as set forth in Section 5.18 of the Vodafone Disclosure Letter, from the date of this Agreement to the Closing, Vodafone shall cause each Sold Entity to not do any of the following, directly or indirectly:

(a) (i) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property or any combination thereof) in respect of, the capital stock of any Sold Entity other than dividends with respect to the VAI Preferred Shares (which Vodafone shall pay, or cause Vodafone Americas to pay, on a quarterly basis consistent with past practice and consistent with the provisions of the VAI Preferred Shares) or any distributions made to another Sold Entity, (ii) split, combine, subdivide or reclassify any capital stock of any Sold Entity, or securities convertible into or exchangeable or exercisable for such capital stock or other equity interests or voting securities or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for such capital stock, or (iii) repurchase, redeem or otherwise acquire, or offer to repurchase, redeem or otherwise acquire, any capital stock of any Sold Entity or voting securities of, or equity interests in, any Sold Entity or any securities convertible into or exchangeable or exercisable for capital stock or voting securities of, or equity interests in, any Sold Entity, or any warrants, calls, options or other rights to acquire any such capital stock, securities or interests;

(b) issue, deliver, sell, grant, pledge or otherwise encumber or subject to any Lien (i) any shares of capital stock of any Sold Entity, (ii) any other equity interests or voting securities of any Sold Entity, (iii) any securities convertible into or exchangeable or exercisable for capital stock of any Sold Entity or voting securities of, or other equity interests in, any Sold Entity, or (iv) any warrants, calls, options or other rights to acquire any capital stock or voting securities of, or other equity interests in, any Sold Entity;

(c) amend the certificate of incorporation, bylaws or other organizational documents of any Sold Entity;

(d) make any material change in financial accounting methods, principles or practices, except insofar as may have been required by a change in GAAP or IFRS (after the date of this Agreement);

(e) directly or indirectly acquire in any transaction (i) any equity interest in or business of any firm, corporation, partnership, company, limited liability company, trust, joint venture, association or other entity or division thereof or (ii) any material properties or assets;

(f) make, change or rescind any Tax election, adopt (other than in the ordinary course of business) or change any method of Tax accounting, or, other than in a manner consistent with past practice, file any amended Tax Return, enter into a closing agreement, settle or compromise any Tax proceeding or surrender any right to claim a refund of Taxes, in each case, if such action is reasonably likely to have an adverse effect on Verizon or any of its Subsidiaries (including any Sold Entity) after the Closing;

(g) merge, consolidate, restructure, reorganize or liquidate, in whole or in part, any of the Sold Entities; provided, that, notwithstanding anything in Section 5.1 or this Section 5.18 to the contrary, none of the Sold Entities shall transfer, directly or indirectly, any interest in the Partnership; or

(h) authorize any of, or commit, resolve or agree to take any of, the foregoing actions.

5.19 Settlement Note Actions. At the Closing and immediately following the consummation of the sale of the Transferred Shares, Verizon and Vodafone shall take, and shall cause their controlled Affiliates to take, all actions and do, and cause their controlled Affiliates to do, all things necessary and proper to effect the transactions substantially as set forth on Schedule 5.19 hereto.

5.20 Vodafone B.V. Inc.

(a) Verizon shall maintain the corporate existence of Vodafone B.V. Inc. for at least the two-year period beginning on the Closing Date and during such period shall cause Vodafone B.V. Inc. to (i) employ at least one individual to manage its finance operations, (ii) not prepay the principal balance of the notes that it holds at the completion of the Reorganization (which Verizon shall cause to be serviced in accordance with their terms) other than any prepayments permitted pursuant to the terms thereof, and (iii) maintain a balance of at least Two Hundred Fifty Million Dollars (\$250,000,000) in cash, cash equivalents or third-party investments.

(b) At the Closing and pursuant to the Reorganization, Vodafone shall cause at least Two Hundred Fifty Million Dollars (\$250,000,000) of cash to be on deposit in a U.S. account of Vodafone B.V. Inc.

5.21 Post-Closing Partnership Tax Distribution Payments. Notwithstanding anything to the contrary contained herein, following the Closing, Verizon shall pay to Vodafone, in cash, by wire transfer or intrabank transfer of immediately available funds to an account designated by Vodafone, an amount equal to all Tax Distributions (as defined in the Partnership Agreement and calculated in a manner consistent with past practice of the Partnership) and Supplemental Tax Distributions that would be required to be paid to the Vodafone Partners if the Transaction had not occurred in respect of any Pre-Closing Tax Period or portion thereof (determined, on a basis consistent with Section 6.1(d), as if the Closing Date was the end of the quarterly period of the Partnership) for which the Partnership has not yet paid any such distributions as of the Closing Date, which payment shall be made no later than the time such distribution would have been required to be made under the Partnership Agreement and other arrangements as in effect on the date hereof. The amount of any payment required to be made pursuant to this Section 5.21 shall not be adjusted to take into account any adjustment to items of Partnership income, gain, loss, deduction or credit (or other items reported to its partners on Schedule K-1 (IRS Form 1065)), whether by reason of audit assessment, amended return or otherwise, in each case, occurring after the date of such payment, and with respect to which clause (A)(i) of the penultimate sentence of Section 9.2(c) applies.

ARTICLE VI
TAX MATTERS

6.1 Tax Returns.

(a) Vodafone shall prepare, or cause to be prepared (in a manner consistent with past practices, except as otherwise required by applicable Law), all Tax Returns of the Sold Entities required to be filed for any Pre-Closing Tax Period of a Sold Entity (the “Seller Returns”). In the case of any Seller Return that is required to be filed on or prior to the Closing Date, Vodafone shall cause each such Seller Return to be timely filed and shall cause the amount of Taxes shown as due on such Seller Return to be timely paid. With respect to any Seller Return filed after the Closing Date, Vodafone shall (i) provide Verizon with a copy of each such Seller Return at least twenty (20) days prior to the due date for filing such Seller Return and (ii) consider in good faith any written comments promptly received from Verizon with respect to such Seller Return (and, if applicable, revise such Seller Return to reflect such comments). In the case of any Seller Return that is required to be filed after the Closing Date, Verizon shall cause the Sold Entities to timely file such Seller Return received from Vodafone; provided, however, that Verizon shall not be required to cause such filing if (i) such Seller Return is not prepared in accordance with this Agreement or (ii) Verizon reasonably believes that there may not be “substantial authority” (or such higher standard as may be required under applicable Law to avoid the imposition of penalties) supporting each material position reflected on such Seller Return, unless Vodafone provides an opinion reasonably acceptable to Verizon from a recognized tax advisor to the effect that there is “substantial authority” (or such higher standard as may be required under applicable Law to avoid the imposition of penalties) for such position; and provided, further, that the signing and filing of a Seller Return in accordance with the foregoing provision shall not be considered an acknowledgement that such Seller Return complies with the requirements of this Agreement. Verizon shall pay, or cause the Sold Entities to pay, any Taxes due with respect to Seller Returns filed in accordance with the preceding sentence, subject to the other provisions of this Agreement, including the next sentence and any indemnity obligation of Vodafone pursuant to Section 9.2(c). Vodafone shall pay to Verizon by wire transfer of immediately available funds no later than three (3) Business Days prior to the due date for filing any Seller Return required to be filed after the Closing Date the amount of Taxes shown as due and unpaid on such Seller Return for which Vodafone is responsible under this Agreement.

(b) Verizon shall prepare, or cause to be prepared, and file, or cause to be filed, when due all Tax Returns (other than Seller Returns) that are required to be filed by or with respect to the Sold Entities for Straddle Periods of such entities (the “Verizon Returns”). Verizon shall pay, or cause the Sold Entities to pay, any Taxes due with respect to any Verizon Returns, subject to any indemnity obligation of Vodafone pursuant to Section 9.2(c). If any Verizon Return includes any amounts for which Vodafone is liable under this Agreement (including any indemnity obligation of Vodafone pursuant to Section 9.2(c)), Verizon shall, at least twenty (20) days prior to the due date of any such Verizon Return, deliver such Verizon Return to Vodafone for Vodafone’s approval (not to be unreasonably withheld, provided, however, that Vodafone may control and direct the manner in which the Reorganization is reported on such Verizon Return; provided, further, that Verizon shall not be required to reflect any material position on such Verizon Return unless, either (i) Verizon reasonably determines that there is at least “substantial authority” (or such higher standard as may be required under applicable Law to avoid the imposition of penalties) for such position, or (ii) Vodafone provides an opinion reasonably acceptable to Verizon from a recognized tax advisor to the effect that there is “substantial authority” (or such higher standard as may be required under applicable Law to avoid the imposition of penalties) for such position; and Vodafone shall pay to Verizon by wire transfer of immediately available funds no later than three (3) Business Days prior to the due date for filing such Verizon Return the amount of Taxes shown as due and unpaid on such Verizon Return for which Vodafone is responsible under this Agreement.

(c) For purposes of Section 9.2(c), in the case of any Taxes that are imposed on a periodic basis and are payable for a Straddle Period, the portion of such Tax related to the portion of such Straddle Period ending on and including the Closing Date shall (A) in the case of any gross receipts, employment, sales or use,

value added, Taxes based upon or measured by reference to income or gain, and other similar Taxes, be deemed equal to the amount which would be payable if the relevant Tax period ended on and included the Closing Date, and (B) in the case of any Tax other than a Tax described in clause (A) be deemed to be the amount of such Tax for the entire Straddle Period multiplied by a fraction the numerator of which is the number of days in the Straddle Period ending on and including the Closing Date and the denominator of which is the number of days in the entire Straddle Period.

(d) Each Sold Entity that is classified as a partnership for United States federal income Tax purposes (and, with respect to any Sold Entity that holds an interest in an entity classified as a partnership for United States federal income Tax purposes, including the Partnership, such other entity) shall be treated for purposes of this Agreement as if its taxable year ended as of the end of the Closing Date. The allocation of any item of income, gain, loss, deduction or credit of the Partnership to the Sold Entities for the period ending on the Closing Date will be determined under the “closing of the books” method; provided, however, if the Closing Date is not on a quarter end, the items of income, gain, loss, deduction or credit of the Partnership, other than extraordinary items, for the portion of the quarter that ends on the Closing Date may be determined by pro ration of the quarter’s results, provided that the Tax Distributions are determined on a basis consistent with such allocation. The taxable year of each Sold Entity that is treated as a corporation for United States federal income Tax purposes shall, for such purposes, end as of the end of the Closing Date, and such Sold Entities will become members of Verizon’s consolidated group on the day after the Closing Date. The allocation of any item of income, gain, loss, deduction or credit of any Sold Entity that is treated as a corporation for United States federal income Tax purposes for the period ending on the Closing Date will be determined under the “closing of the books” method. To the extent permitted or required under applicable Law, Vodafone and Verizon agree to take all actions necessary to treat the Closing Date as the last day of the taxable year or period of the Sold Entities for all Tax purposes.

6.2 Tax Claims. Vodafone shall, solely at its own cost and expense, have the right to control all Tax proceedings (and make all decisions relating to such Tax proceedings) involving a Tax Claim with respect to the Sold Entities for any taxable period ending on or before the Closing Date; provided, that Vodafone must provide Verizon with written notice of its election to control such Tax Claim within twenty (20) days of Verizon (or a Tax Authority) notifying Vodafone of such Tax Claim; and provided, further, that Vodafone shall not settle, compromise or abandon any such Tax proceeding without the prior written consent of Verizon (which consent shall not be unreasonably withheld) if such settlement, compromise or abandonment would reasonably be expected to have an adverse effect on Verizon or any of its Subsidiaries (including, after the Closing, the Sold Entities) that is material. Vodafone shall keep Verizon reasonably informed with respect to the commencement, status and substantive aspects of any such Tax proceeding. If Verizon receives notice of a Tax Claim, Verizon shall give notice to Vodafone in writing of such claim; provided, however, that no failure or delay by Verizon to give notice of a Tax Claim shall reduce or otherwise affect the obligation of Vodafone hereunder except to the extent Vodafone is actually prejudiced thereby. In the case of a Tax proceeding of or with respect to the Sold Entities for any Straddle Period, the Controlling Party (defined below) shall have the right and obligation to conduct, at its own expense, such Tax proceeding; provided, however, that (i) the Controlling Party shall provide the Non-Controlling Party (defined below) with a timely and reasonably detailed account of each stage of such Tax proceeding, (ii) the Controlling Party shall consult with the Non-Controlling Party before taking any significant action in connection with such Tax proceeding, (iii) the Controlling Party shall consult with the Non-Controlling Party and offer the Non-Controlling Party an opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax proceeding, (iv) the Controlling Party shall defend such Tax proceeding diligently and in good faith as if it were the only party in interest in connection with such Tax proceeding, (v) the Non-Controlling Party shall be entitled to participate in such Tax proceeding and attend any meetings or conferences with the relevant Taxing Authority, and (vi) the Controlling Party shall not settle, compromise or abandon any such Tax proceeding without obtaining the prior written consent of the Non-Controlling Party (which consent shall not be unreasonably withheld). For purposes of this Agreement, “Controlling Party” shall mean Vodafone if Vodafone and its Affiliates are reasonably expected to bear the greater Tax liability in connection with such Tax proceeding, or Verizon if Verizon and its Affiliates are reasonably expected to bear the greater Tax liability in connection with such Tax

proceeding (in each case, taking into account the provisions of Section 9.2(c) and Section 9.2(d)); and “Non-Controlling Party” shall mean whichever of Vodafone or Verizon is not the Controlling Party with respect to such Tax proceeding. Anything in this Section 6.2 to the contrary notwithstanding: (i) Verizon shall, at its sole cost and expense, have the sole right to control any issue arising in a Tax proceeding of or with respect to any of the Sold Entities for any taxable period ending on or prior to the Closing Date or a Straddle Period to the extent such issue relates solely to Taxes imposed on a Sold Entity with respect to any such period for which Vodafone is not responsible pursuant to the penultimate sentence of Section 9.2(c), provided that Verizon shall not settle, compromise or abandon any such Tax proceeding without the prior written consent of Vodafone (which consent shall not be unreasonably withheld) if such settlement, compromise or abandonment would reasonably be expected to have an adverse effect on Vodafone or any of its Subsidiaries that is material, including under Section 9.2(c); and (ii) Vodafone shall, at its sole cost and expense, have the sole right to control any issue arising in any Tax proceeding of or with respect to any of the Sold Entities for any taxable period ending on or prior to the Closing Date or a Straddle Period to the extent such issue relates to the Reorganization (and to make all decisions relating thereto) provided, that Vodafone shall not settle, compromise or abandon any such Tax proceeding without the prior written consent of Verizon (which consent shall not be unreasonably withheld) if such settlement, compromise or abandonment would reasonably be expected to have an adverse effect on Verizon or any of its Subsidiaries (including, after the Closing, the Sold Entities) that is material.

6.3 Cooperation.

(a) Vodafone, and Verizon shall reasonably cooperate, and shall cause their respective Affiliates, officers, employees, agents, auditors and other Representatives to reasonably cooperate, in preparing and filing all Tax Returns and in connection with all disputes, audits and other proceedings relating to Taxes, including by maintaining and making available to each other all records reasonably requested in connection with Taxes and making employees available on a mutually convenient basis to provide additional information or explanation of any material provided hereunder. Vodafone and Verizon shall further reasonably cooperate, and make their respective advisors available to each other, with respect to the Tax consequences of the Reorganization. Vodafone shall cause the Sold Entities to be in possession, at the Closing (or as soon as practicable thereafter, but in any event within 30 days following the Closing Date), of all Tax Returns, schedules, work papers and all other material records and documents relating to Tax matters of the Sold Entities for their respective Tax periods ending on or prior to, or including, the Closing Date. At Verizon’s written request, Vodafone shall use commercially reasonable efforts to provide Verizon at or prior to the Closing with a schedule setting forth (i) the material tax attributes of each of the Sold Entities, and (ii) any currently effective waivers of any U.S. federal, state, local or foreign statutes of limitation with respect to, or extensions of the period for assessment, of any material Taxes or Tax Returns of the Sold Entities.

(b) Verizon shall determine, within ninety (90) days of the date hereof, whether or not Verizon will be able to deliver the certification provided for in Section 2.6(b)(vi) of this Agreement, and Verizon shall advise Vodafone as to its determination within such ninety (90) day period. Upon Vodafone’s request, Verizon shall provide Vodafone with any information relating to the Partnership and any of its Subsidiaries reasonably requested by Vodafone to deliver the certification provided for in Section 2.6(a)(vi) of this Agreement.

(c) If Vodafone determines between the date hereof and the Closing Date that there exist items that could give rise to an indemnification obligation pursuant to Section 9.2(c)(vi), Vodafone shall notify Verizon in writing on or prior to the Closing Date and shall provide Verizon with reasonable detail regarding such items. Prior to taking any action or consummating any transaction that would reasonably be expected to trigger any Taxes with respect to items identified by Vodafone pursuant to the preceding sentence, Verizon shall notify Vodafone and shall consider in good faith any comments or alternative proposals received from Vodafone within a reasonable period of time with respect to the taking of such action or structure of such transaction.

6.4 Omnitel Entity Classification. Vodafone shall take, or cause its controlled Affiliates to take, all actions and to do, or cause its controlled Affiliates to do, all things necessary, including calling board and shareholder meetings and taking other corporate actions, to (a) (i) convert (the “Omnitel Conversion”) Omnitel under the Laws of the Kingdom of the Netherlands from a *naamloze vennootschap* to a *besloten vennootschap* and (ii) to have the Omnitel Conversion comply with the applicable Laws of the Republic of Italy including through registration of the Omnitel Conversion with the appropriate Governmental Entities of the Republic of Italy, in each case effective prior to the earlier of (i) December 27, 2013, and (ii) five (5) days preceding the Closing Date, and (b) amend, effective upon the Omnitel Conversion, the organizational documents and shareholders agreement of Omnitel and other agreements among the shareholders of Omnitel relating thereto, and otherwise take all actions necessary, so as to preserve the relative rights and obligations of such shareholders thereunder. At Verizon’s written request, Vodafone shall cause Omnitel to elect, pursuant to Treasury Regulations Section 301.7701-3(a), to be classified as a partnership for U.S. federal income tax purposes with an effective date specified in writing by Verizon (the “Check-the-box election”). Vodafone and Verizon agree to treat such entity classification election, for U.S. federal income tax purposes, as a liquidation of Omnitel within the meaning of Sections 331 and 336 of the Code. Vodafone shall not take any action and shall not permit its Subsidiaries to take any action that would cause Omnitel to be classified, for U.S. federal income tax purposes, as other than a partnership during the twelve-month period following the Closing Date. Vodafone agrees to cause Vodafone Finance 1 to elect under Section 904(f)(1)(B) of the Code and Treasury Regulation 1.904(f)-2(c)(2) to treat up to 100% of any foreign source income received by the consolidated U.S. federal income tax return group of which Vodafone Finance 1 is the common parent during the year in which the Reorganization occurs as U.S. source income so as to reduce, to the greatest extent possible, any overall foreign loss. From and after the date hereof, Vodafone and Verizon and their respective advisors shall cooperate to determine the amount of the overall foreign loss, if any, remaining in the Sold Entities after the election described in the preceding sentence. In the event Verizon is not reasonably satisfied, acting in good faith, that the overall foreign loss of the Sold Entities will be eliminated or reduced to no more than a *de minimis* amount at the end of the taxable year of the Sold Entities that ends on the Closing Date, Verizon may, if Verizon requests that Vodafone cause Omnitel to make a Check-the-box election with an effective date on or prior to December 31, 2013, deliver a written notice to Vodafone to the effect that, in the event the Omnitel Closing does not occur (other than by reason of a breach of Verizon), within ten (10) days of the termination of the Omnitel Agreement (whether in connection with a termination of this Agreement or otherwise), Verizon will request payment of the Verizon Indemnity Amount. Verizon shall, as promptly as reasonably practicable following the delivery of such notice, provide Vodafone with its calculation of the Verizon Indemnity Amount, including supporting detail. The “Verizon Indemnity Amount” shall equal the amount of all U.S. federal, state and local income Taxes payable with respect to the Check-the-box-election, determined on a “with and without” basis, provided, however, that the Verizon Indemnity Amount shall not exceed Three Hundred Million Dollars (\$300,000,000).

6.5 Tax Sharing Agreements. Vodafone shall terminate (or cause to be terminated) on or before the Closing Date all Tax sharing agreements or arrangements (other than this Agreement), if any, to which any of the Sold Entities, on the one hand, and Vodafone or any Affiliate of Vodafone (other than the Sold Entities), on the other hand, are parties, and neither Vodafone nor any Affiliate of Vodafone, on the one hand, or any of the Sold Entities, on the other hand, shall have any rights or obligations thereunder after the Closing.

6.6 No 338 Election. Verizon shall not make an election under Section 338 of the Code with respect to its purchase of the Sold Entities pursuant to this Agreement.

6.7 Purchase and Sale of the Transferred Shares. Vodafone and Verizon agree to treat, for U.S. federal income tax purposes, the purchase and sale of the Transferred Shares pursuant to this Agreement as a sale or exchange transaction subject to Section 1001 of the Code (which also constitutes a qualified stock purchase) and not a “reorganization” under Section 368 of the Code or an “exchange” under Section 351 of the Code. Vodafone and Verizon shall report the purchase and sale of the Transferred Shares in accordance with the prior sentence for U.S. federal income tax purposes. Neither Vodafone nor Verizon shall take any action that would reasonably be expected to result in the transfer of the Transferred Shares by Seller pursuant to this Agreement being treated as

an “exchange” under Section 351 of the Code, and for the two-year period beginning on the Closing Date, Verizon not shall cause Vodafone Americas Finance 1 to liquidate or to merge with any other entity (unless Vodafone Americas Finance 1 is the surviving corporation in such merger, provided that under no circumstances shall Verizon merge with Vodafone Americas Finance 1 during such two-year period).

6.8 Tax Refunds. Vodafone shall be entitled to any refund of Taxes (whether by way of payment or reduction in Taxes otherwise payable in cash) received by Verizon or any of the Sold Entities that are attributable to any Pre-Closing Tax Period (taking into account the allocation principles in Section 6.1(c)); provided, however, that Vodafone shall not be entitled to any refund of Taxes (i) to the extent that such refund is attributable to either (x) the carryback of a loss or other Tax attribute arising in a Post-Closing Tax Period or (y) an adjustment of any item of Partnership income, gain, loss, deduction or credit (or other items reported to its partners on Schedule K-1 (IRS Form 1065)) with respect to a Pre-Closing Tax Period, or (ii) for which Vodafone is not responsible pursuant to the penultimate sentence of Section 9.2(c). Except as provided in the foregoing sentence, Verizon shall be entitled to any other refund of Taxes with respect to the Sold Entities. If any party receives a refund to which another party is entitled pursuant to this Section 6.8, such party shall pay over such refund (net of costs or Taxes to the party receiving such refund) to the party entitled to such refund no later than ten (10) Business Days following receipt of such refund.

6.9 Certain VAT Matters.

(a) The Parties intend that any payment of the Financing Failure Termination Fee, the Verizon Reverse Termination Fee, the Verizon Recommendation Change Fee or the Vodafone Termination Fee, being compensatory in nature, shall not be treated, in whole or in part, as consideration for a supply for the purposes of VAT and, accordingly, each of Verizon and Vodafone shall, and shall procure that the representative member of any VAT group of which it is a member will, treat the payment of any such fee as falling outside the scope of VAT and shall pay the full amount of it free and clear of any deduction or adjustment pursuant to Section 6.9(c)(ii) or Section 6.9(d)(iii).

(b) In the event of a Tax proceeding in which a Tax Authority asserts that:

(i) VAT was chargeable with respect to the Vodafone Termination Fee and should have been accounted for by Vodafone under the reverse charge procedure; or

(ii) the Financing Failure Termination Fee, the Verizon Reverse Termination Fee or the Verizon Recommendation Change Fee was, in whole or part, consideration for a supply for the purposes of VAT and that VAT should have been accounted for by Vodafone in respect of that supply;

the provisions of Section 6.2 governing Tax proceedings of the Sold Entities for any Straddle Period shall apply, *mutatis mutandis*, treating Vodafone as the Controlling Party and Verizon as the Non-Controlling Party with respect to such Tax proceeding.

(c) In the event of a final determination with respect to such Tax proceeding to the effect that the Vodafone Termination Fee was, in whole or in part, consideration for a supply for the purposes of VAT and that should have been accounted for by Vodafone under the reverse charge procedure in respect of that supply:

(i) Vodafone shall, and shall procure that the representative member of any VAT group of which Vodafone is a member will, (A) account for, under the reverse charge procedure, and pay to the relevant Tax Authority any VAT chargeable thereon, and (B) use its reasonable best efforts to recover (by refund, credit or otherwise) any such VAT; and

(ii) the amount of the Vodafone Termination Fee payable by Vodafone shall be reduced by an amount such that the sum payable by Vodafone, when aggregated with any irrecoverable VAT thereon, is equal to the amount of the Vodafone Termination Fee that would be payable but for this Section 6.9(c)(ii).

(d) In the event of a final determination with respect to any such Tax proceeding to the effect that the Financing Failure Termination Fee, the Verizon Reverse Termination Fee or the Verizon Recommendation Change Fee was, in whole or in part, consideration for a supply for the purposes of VAT and that VAT should have been accounted for by Vodafone in respect of that supply:

(i) Vodafone shall, and shall procure that the representative member of any VAT group of which Vodafone is a member will, (A) account for and pay to the relevant Tax Authority such VAT, and (B) issue a valid VAT invoice to Verizon;

(ii) Verizon shall, and shall procure that each of its Affiliates will, use its reasonable best efforts to recover (by refund, credit or otherwise) any amounts in respect of such VAT; and

(iii) the amount of the Financing Failure Termination Fee, the Verizon Reverse Termination Fee or the Verizon Recommendation Change Fee (as the case may be) payable by Verizon (inclusive of amounts in respect of VAT) shall be increased by an amount such that the amount payable by Verizon less any VAT that is actually recovered by Verizon or its Affiliates (net of costs or Taxes to Verizon or its Affiliates) is equal to the amount of such fees that would be payable by Verizon but for this Section 6.9(d)(iii).

(e) Any adjustment payment in respect of any reduction made pursuant to Section 6.9(c)(ii) shall be made on the date which is ten (10) Business Days following the date on which Vodafone (or the representative member of any VAT group of which Vodafone is a member) is required to account to any Tax Authority for any such irrecoverable VAT.

(f) Any payment in respect of any adjustment made pursuant to Section 6.9(d)(iii) shall be made on the date which is ten (10) Business Days following the date on which Verizon (or any of its Affiliates) recovers (by refund, credit or otherwise) any amounts in respect of such VAT.

(g) For the avoidance of doubt all payments of the Vodafone Termination Fee, the Financing Failure Termination Fee, the Verizon Reverse Termination Fee and the Verizon Recommendation Change Fee shall be inclusive of any applicable VAT save as otherwise provided by this Section 6.9.

6.10 Post-Closing Restrictions. Verizon and its Affiliates (including the Sold Entities) shall not, on or after the Closing Date, (i) make or change any Tax election or accounting method of the Sold Entities with an effective date in any Pre-Closing Tax Period, (ii) file or cause to be filed any amended Tax Return for the Sold Entities (other than a state tax return reflecting changes necessitated by an agreed Federal tax adjustment or amended U.S. federal income tax return) for any Pre-Closing Tax Period, or (iii) extend or waive, or cause to be extended or waived, any statute of limitations or other period for the assessment of any Tax or deficiency with respect to any Sold Entity for any Pre-Closing Tax Period, in each case without Vodafone's prior written consent (not to be unreasonably withheld).

ARTICLE VII

CONDITIONS TO CLOSING

The obligations of the parties to consummate the Transaction shall be subject to the fulfillment or satisfaction, at or prior to the Measurement Time, of each of the following conditions precedent (or, to the extent permitted by applicable Law, the waiver thereof in a writing signed by the party for whose benefit the condition exists); provided, however, that if the Transaction is to be implemented by way of the Vodafone Scheme, the conditions set forth in Sections 7.1(b)(ii) and 7.1(b)(iii) shall be satisfied on or prior to the Scheme Effective Date:

7.1 Mutual Conditions.

(a) Vodafone Shareholder Approval. The Vodafone Resolutions shall have been passed at the Vodafone Shareholders Meeting by the requisite majority in accordance with the articles of association of

Vodafone and applicable Law; provided, that the condition set forth in this Section 7.1(a) shall be deemed satisfied for purposes of the Share Purchase Closing if the Vodafone Sale Resolutions shall have been passed at the Vodafone Shareholders Meeting by the requisite majority in accordance with the articles of association of Vodafone and applicable Law.

(b) Vodafone Scheme. Only with respect to the obligation to consummate the Vodafone Scheme:

(i) The Vodafone Scheme shall have been approved by the requisite majority at a court meeting of the shareholders of Vodafone convened in accordance with Part 26 of the Companies Act 2006 to consider, and, if thought fit, approve, the Vodafone Scheme (the “Court Meeting”).

(ii) (x) The Vodafone Scheme shall have been sanctioned by the Court (the date of such sanction, the “Sanction Date”), and (y) the Vodafone Reduction of Capital confirmed by the Court.

(iii) (x) The relevant order of the Court sanctioning the Vodafone Scheme shall have been delivered to the UK Registrar of Companies in accordance with applicable Law, and (y) the relevant order of the Court relating to the Vodafone Reduction of Capital shall have been delivered to, or, where the Court so orders, registered with, the UK Registrar of Companies in accordance with applicable Law.

(c) Admission of New Vodafone Shares. Only with respect to the obligation to consummate the Vodafone Scheme:

(i) All necessary documents in relation to the admission of the New Vodafone Shares to the Official List and to trading on the LSE’s Main Market for listed securities (“New Vodafone Shares Admission”) shall have been supplied to the UKLA and LSE and the admission hearing with the UKLA shall have been held.

(ii) The UKLA shall have acknowledged to Vodafone or its agent (and such acknowledgement shall not have been withdrawn) that the application for the New Vodafone Shares Admission has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject) will become effective as soon as a dealing notice has been issued by the FCA, and any such listing conditions shall have been satisfied.

(iii) The LSE shall have acknowledged to Vodafone or its agent (and such acknowledgement shall not have been withdrawn) that the New Vodafone Shares will be admitted to trading at the same time as the admission of the New Vodafone Shares to the Official List.

(d) Verizon Requisite Vote. The Verizon Requisite Vote shall have been obtained at the Verizon Stockholders Meeting.

(e) Reorganization. The Reorganization shall have been completed in accordance with Section 5.1.

(f) Legality. No Governmental Entity shall have enacted, issued, promulgated, or enforced any Law, statute, rule or regulation or entered or issued any order, writ, injunction or decree (whether temporary, preliminary or permanent) which is then in effect, in each case which has the effect of making the Transaction illegal, or otherwise preventing or prohibiting the Transaction.

(g) Regulatory and Other Approvals. All authorizations, consents, orders, permits or approvals of, or declarations or filings with, and all expirations of waiting periods imposed by, any Governmental Entity (all of the foregoing, “Consents”) which are set forth on Schedule 7.1(g) hereto, shall have been filed, have occurred or have been obtained (all such Consents being referred to as the “Requisite Regulatory Approvals”) and all such Requisite Regulatory Approvals shall be in full force and effect; provided, however, that a Requisite Regulatory Approval shall not be deemed to have been obtained if in connection with the grant thereof there shall have been an imposition by any Governmental Entity of any condition, requirement, restriction or change of regulation, or any other action directly or indirectly related to such grant taken by such Governmental Entity which would reasonably be expected to have a Burdensome Effect.

(h) Listing of Verizon Shares. The Verizon Shares shall have been approved for listing on the NYSE and NASDAQ, subject only to official notice of issuance.

(i) Verizon UK Admission.

(i) All necessary documents in relation to the Verizon UK Admission shall have been supplied to the UKLA and LSE and the Verizon UK Admission hearing with the UKLA shall have been held.

(ii) The UKLA shall have acknowledged to Verizon or its agent (and such acknowledgement shall not have been withdrawn) that the application for the Verizon UK Admission has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject) will become effective as soon as a dealing notice has been issued by the FCA, and any such listing conditions shall have been satisfied.

(iii) The LSE shall have acknowledged to Verizon or its agent (and such acknowledgement shall not have been withdrawn) that the Verizon Shares will be admitted to trading at the same time as the admission of the Verizon Shares to the Official List.

(j) U.S. Registration Requirements. (i) The Verizon Registration Statement shall have become effective under the Securities Act and (ii) the Verizon Registration Statement shall not be subject to any stop order or proceeding seeking a stop order and no proceedings for that purpose shall have been initiated by the SEC that have not been withdrawn.

7.2 Additional Conditions to Obligations of Vodafone.

(a) Representations and Warranties True. (i) The representations and warranties of Verizon contained in the second sentence of Section 4.6 shall be true and correct on the date hereof and on the Measurement Time and (ii) the other representations and warranties of Verizon contained in this Agreement shall be true and correct in all respects on the date hereof and on the Measurement Time (except to the extent any such representation and warranty expressly relates to an earlier date (in which case it will be true and correct on and as of such earlier date)) except, in the case of this clause (ii), where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to “materiality” or “Verizon Material Adverse Effect” set forth therein), individually or in the aggregate, does not have, and would not reasonably be expected to have, a Verizon Material Adverse Effect.

(b) Compliance with this Agreement. Verizon shall have performed in all material respects all of its obligations required to be performed under this Agreement and the Omnitel Purchase Agreement prior to or on the Measurement Time.

(c) Certificate. Vodafone shall have received a certificate as of the Measurement Time signed on behalf of Verizon by an executive officer of Verizon certifying that the conditions in clauses (a) and (b) above have been satisfied.

7.3 Additional Conditions to Obligations of Verizon.

(a) Representations and Warranties True. (i) The representations and warranties of Vodafone contained in Section 3.7(b) shall be true and correct in all respects on the date hereof and on the Measurement Time and (ii) the other representations of Vodafone contained in this Agreement shall be true and correct in all respects on the date hereof and on the Measurement Time (except to the extent any such representation and warranty expressly relates to an earlier date (in which case it will be true and correct on and as of such earlier date)), except, in the case of this clause (ii), where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to “materiality”, “Verizon Material Adverse Effect” or “Vodafone Material Adverse Effect” set forth therein), individually or in the aggregate, does not have, and would not reasonably be expected to have, a Verizon Material Adverse Effect (disregarding, for purposes of this Section 7.3(a), clause (i) of the definition of “Verizon Material Adverse Effect”).

(b) Compliance with this Agreement. Vodafone shall have performed in all material respects all of its obligations required to be performed under this Agreement and the Omnitel Purchase Agreement prior to or on the Measurement Time.

(c) Certificate. Verizon shall have received a certificate as of the Measurement Time signed on behalf of Vodafone by an executive officer of Vodafone certifying that the conditions in clauses (a) and (b) above have been satisfied.

7.4 Frustration of the Closing Conditions. Neither Verizon nor Vodafone may rely, either as a basis for not consummating the Transaction or for terminating this Agreement and abandoning the Transaction on the failure of any condition set forth in Sections 7.1, 7.2 or 7.3, as the case may be, to be satisfied if such failure was caused by such party's breach of any provision of this Agreement.

ARTICLE VIII

TERMINATION

8.1 Grounds for Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written agreement of Vodafone and Verizon;

(b) by either Vodafone or Verizon if the Closing shall not have been consummated on or before the date that is twelve (12) months after the date hereof (the "Termination Date"); provided, that the right to terminate this Agreement pursuant to this Section 8.1(b) shall not be available to any party whose breach of any provision of this Agreement results in the failure of the Closing to be consummated by such time;

(c) by Vodafone, if there has been a material violation or breach by Verizon of any covenant, representation or warranty contained in this Agreement or the Omnitel Purchase Agreement which has caused, or would cause, any condition set forth in Sections 7.1 or 7.2 not to be satisfied and such violation or breach is incapable of being cured by Verizon, or, if capable of being cured by Verizon, has not been cured by Verizon within sixty (60) days after written notice thereof from Vodafone; provided, that Vodafone is not then in breach of this Agreement so as to cause any of the conditions in Section 7.3 not to be satisfied;

(d) by Verizon, if there has been a material violation or breach by Vodafone of any covenant, representation or warranty contained in this Agreement or the Omnitel Purchase Agreement which has caused, or would cause, any condition set forth in Sections 7.1 or 7.3 not to be satisfied and such violation or breach is incapable of being cured by Vodafone, or, if capable of being cured by Vodafone, has not been cured by Vodafone within sixty (60) days after written notice thereof from Verizon; provided, that Verizon is not then in breach of this Agreement so as to cause any of the conditions in Section 7.2 not to be satisfied;

(e) by Vodafone, if a Vodafone Material Adverse Financial Effect has occurred and is continuing as of the date that would otherwise have been the Sanction Date, if the Transaction is to be implemented by way of the Vodafone Scheme, or the date that would otherwise have been the Closing Date, if the Transaction is to be implemented by way of the Share Purchase;

(f) by either Vodafone or Verizon if (i) the Verizon Stockholders Meeting has concluded and the Verizon Requisite Vote has not been obtained or (ii) the Vodafone Shareholders Meeting has concluded and the Vodafone Requisite Share Purchase Vote has not been obtained;

(g) by either Vodafone or Verizon, if (i) a court of competent jurisdiction or other Governmental Entity shall have enacted, entered or promulgated or enforced any statute, rule, regulation, executive order, decree, injunction or administrative order or issued a non-appealable final order, decree or ruling or taken any other non-appealable final action, in each case, having the effect of permanently restraining, enjoining or otherwise prohibiting the Closing and the transactions contemplated hereby or (ii) the FCC shall have issued a final order disapproving the Transaction; provided, that the right to terminate this Agreement pursuant to this Section 8.1(g) shall not be available to any party whose breach of any provision of this Agreement results in such order, decree or ruling or other final action;

(h) by Vodafone, in the event of a Verizon Change of Recommendation; provided, that Vodafone's right to terminate this Agreement pursuant to this Section 8.1(h) shall expire at 5:00 p.m. (New York City time) on the thirtieth (30th) calendar day following the date on which such Verizon Change of Recommendation occurs;

(i) by Verizon, in the event of a Vodafone Change of Recommendation; provided, that Verizon's right to terminate this Agreement pursuant to this Section 8.1(i) shall expire at 5:00 p.m. (New York City time) on the thirtieth (30th) calendar day following the date on which such Vodafone Change of Recommendation occurs; and

(j) by Vodafone, in the event that:

(i) all of the conditions to the implementation of the Vodafone Scheme or the Share Purchase, as applicable, set forth in Sections 7.1 and 7.3 were satisfied (other than (1) if the Transaction is to be implemented by way of the Vodafone Scheme, (A) if the condition set forth in Section 7.1(b)(ii)(x) was not yet satisfied, any condition that by its nature would not have been satisfied until the Sanction Date (but each of which was capable of being satisfied on the date the Sanction Date should have occurred) and (B) any Post-Sanction Conditions that had not yet been satisfied or (2) if the Transaction is to be implemented by way of the Share Purchase, any condition thereto that by its nature would not have been satisfied until the Share Purchase Closing Date, but each of which was capable of being satisfied on the date the Share Purchase Closing Date should have occurred) and, if the Transaction is to be implemented by way of the Vodafone Scheme and the condition set forth in Section 7.1(b)(ii)(x) has not yet been satisfied, such condition was capable of being satisfied if the Court Hearing were held on the date of determination and Verizon gave the undertakings necessary to implement the Scheme that it is required to give pursuant to this Agreement;

(ii) the full proceeds to be provided to Verizon by the Financing or the Replacement Financing are not available (other than as a result of conditions to the funding of such Financing or Replacement Financing not yet having been satisfied, but which are capable of being satisfied by the date by which the Closing should occur) to Verizon on the terms thereof to consummate the Closing (this clause (ii) with clause (i) above, together, a "Financing Failure");

(iii) Vodafone has irrevocably confirmed in writing (x) that all of the conditions set forth in Section 7.2 have been satisfied (other than (1) if the Transaction is to be implemented by way of the Vodafone Scheme, (A) if the condition set forth in Section 7.1(b)(ii)(x) was not yet satisfied, any condition that by its nature would not have been satisfied until the Sanction Date (but each of which was capable of being satisfied on the date the Sanction Date should have occurred) and (B) any Post-Sanction Conditions that have not yet been satisfied or (2) if the Transaction is to be implemented by way of the Share Purchase, any condition thereto that by its nature would not have been satisfied until the Share Purchase Closing Date, but each of which was capable of being satisfied on the date the Share Purchase Closing Date should have occurred) or (y) that it is willing to waive any unsatisfied conditions in Section 7.2, and, in either case, it is ready, willing and able to effect the Closing;

(iv) Verizon either fails to (1) appear at the Court Hearing or the hearing in respect of the confirmation by the Court of the Vodafone Reduction of Capital when required to do so pursuant to this Agreement or to give the undertakings necessary to implement the Vodafone Scheme that it is required to give pursuant to this Agreement or (2) effect the Closing pursuant to Section 2.3 or 2.5, as applicable, within three (3) Business Days after such appearance or undertakings were required or such Closing was required to have been consummated pursuant to Section 2.3 or 2.5, as applicable; and

(v) Vodafone was ready, willing and able to effect the Closing throughout such three Business Day period.

For purposes of this Agreement, "Vodafone Material Adverse Financial Effect" means either:

- (i) the enactment after the date hereof of any change in the law of the United Kingdom, the United States or the Netherlands that is effective on or before the Closing Date;

- (ii) the making of any public statement or announcement (including the publication of any document and, in the case of an oral statement or announcement, which is accompanied by a written statement or press release) after the date of this Agreement and before the Closing Date, by (A) a United Kingdom government minister, H.M. Treasury or H.M. Revenue & Customs, in each case acting with the authority of the government of the United Kingdom, that contains a proposal to change the law of the United Kingdom with respect to Taxes or implements the same, which change of law, were it to be enacted in accordance with that statement or announcement after the Closing Date, would take effect on or before the Closing Date, or (B) a Dutch minister or junior minister (*Staatssecretaris*), the Dutch Ministry of Finance (*Ministerie van Financiën*) or senior officials of the Dutch Revenue Service (*Belastingdienst*) based at the Ministry of Finance, in each case under the authority of the government of the Netherlands, that contains a proposal to change the law of the Netherlands with respect to Taxes or implements the same, which change of law, were it to be enacted in accordance with that statement or announcement after the Closing Date, would take effect on or before the Closing Date;
- (iii) either (x) draft legislation reported, after the date hereof, out of the Committee on Ways and Means of the U.S. House of Representatives, or passage by one house of the U.S. Congress of legislation or (y) legislation proposed by the U.S. Executive Branch, or draft legislation reported, after the date hereof, out of the Finance Committee of the U.S. Senate, which, in the case of either clause (x) or (y), were such legislation to be enacted after the Closing Date, would take effect on or before the Closing Date, and with respect to which, in the case of a proposal or legislation referred to in clause (y) above, a determination has been made by a panel of three experts with experience in the executive and legislative process relating to the enactment of tax legislation in the US that it is reasonably likely that such legislation will become Law; where one expert is selected by each party and the third is selected by the two other experts, and the majority of the experts make their determination in writing; the experts shall determine the rules for the proceedings and shall make their determination as promptly as practicable, and the parties shall share the costs of the experts equally; and/or
- (iv) the receipt by Seller of an Adverse Ruling or Statement;

and with respect to which Vodafone's board of directors has made a reasonable good faith determination that (A) in the case of the events described in clauses (ii) and (iii)(x), such announcement or bill is reasonably likely to result in a change of law (which determination shall be made by Vodafone's board of directors after considering advice as to the likelihood of enactment from nationally recognized experts in the relevant jurisdiction) and (B) in each case, would result in a liability for UK, U.S., or Netherlands Taxes on Vodafone or any of its Subsidiaries (or the Sold Entities for which Vodafone is responsible pursuant to Section 9.2(c)) with respect to the transactions specifically contemplated by this Agreement (including the Reorganization) that would, individually or in the aggregate, impose an additional cost on Vodafone and/or any of its Subsidiaries (and/or the Sold Entities for which Vodafone is responsible pursuant to Section 9.2(c)), that the parties considered material in this context; provided, that no enactment, announcement, statement or passage of legislation that would effect an increase in generally applicable Tax rates in any of the United Kingdom, the United States or the Netherlands shall be taken into account.

8.2 Effect of Termination. If this Agreement is terminated as permitted by Section 8.1, this Agreement shall forthwith become null and void and there shall be no Liability of any party to this Agreement or their respective Affiliates; provided, that, except as set forth in Section 8.3, no party hereto shall be relieved of any Liability for any willful and material failure to perform a covenant of this Agreement occurring prior to such termination. Notwithstanding anything to the contrary in this Agreement, nothing herein shall relieve any party from any Liability for fraud by such party. The provisions of this Section 8.2 and Sections 8.3 and Article X (other than Sections 10.6 and 10.7) shall survive any termination hereof pursuant to Section 8.1.

8.3 Termination Fees.

(a) In the event that:

(i) this Agreement is terminated pursuant to Section 8.1(f)(i), then Verizon shall, by way of compensation, pay to Vodafone the Verizon Reverse Termination Fee by wire transfer (to an account designated by Vodafone) of immediately available funds no later than the fifth (5th) Business Day following such termination;

(ii) this Agreement is terminated pursuant to Section 8.1(h), then Verizon shall, by way of compensation, pay to Vodafone the Verizon Recommendation Change Fee by wire transfer (to an account designated by Vodafone) of immediately available funds no later than the fifth (5th) Business Day following such termination; or

(iii) this Agreement is terminated pursuant to Section 8.1(j), then Verizon shall, by way of compensation, pay to Vodafone the Financing Failure Termination Fee by wire transfer (to an account designated by Vodafone) of immediately available funds no later than the fifth (5th) Business Day following such termination.

In no event shall Verizon be required to pay more than one of the foregoing fees or to pay any such fees on more than one occasion (each of the fees set forth in this Section 8.3(a), a “Verizon Termination Fee”).

(b) In the event that this Agreement is terminated pursuant to Section 8.1(f)(ii) or 8.1(i), then Vodafone shall, by way of compensation, pay to Verizon the Vodafone Termination Fee by wire transfer (to an account designated by Verizon) of immediately available funds no later than the fifth (5th) Business Day following such termination. In no event shall Vodafone be required to pay the Vodafone Termination Fee on more than one occasion.

(c) In the event that this Agreement is terminated pursuant to Section 8.1(e), then Vodafone shall, by way of compensation, pay to Verizon the Vodafone Termination Fee by wire transfer (to an account designated by Verizon) of immediately available funds no later than the fifth (5th) Business Day following such termination. In no event shall Vodafone be required to pay the Vodafone Termination Fee on more than one occasion.

(d) In the event that this Agreement is terminated pursuant to Section 8.1(d), then Vodafone shall pay to Verizon within five (5) Business Days following the date of such termination, the documented, out of pocket expenses (including expenses related to the Financing) of Verizon, not to exceed One Billion Five Hundred Fifty Million Dollars (\$1,550,000,000) in the aggregate, payable by wire transfer of same day funds to an account designated in writing by Verizon.

(e) In the event that this Agreement is terminated pursuant to Section 8.1(c), then Verizon shall pay to Vodafone within five (5) Business Days following the date of such termination, the documented, out of pocket expenses of Vodafone, not to exceed One Billion Five Hundred Fifty Million Dollars (\$1,550,000,000) in the aggregate, payable by wire transfer of same day funds to an account designated in writing by Vodafone.

(f) If either party fails to timely pay an amount due pursuant to this Section 8.3, the defaulting party shall pay the non-defaulting party interest on such amount at the prime rate as published in the *WALL STREET JOURNAL* in effect on the date such payment was required to be made through the date such payment is actually received.

(g) In the event of a Financing Failure that does not result from the willful and material breach by Verizon of any of its covenants in Section 5.9, the sole and exclusive remedy (whether at law, in equity, in contract, in tort or otherwise) of Vodafone or any of its Affiliates against the Financing Sources, the Replacement Financing Sources, if any, and the respective Affiliates, assignees, directors and officers of such Financing Sources and, if any, Replacement Financing Sources (collectively, the “Financing Related Parties”) and the Verizon Related Parties, in respect of this Agreement (including Section 4.14), the

Ancillary Documents and the transactions contemplated hereby and thereby shall be to terminate this Agreement in accordance with Section 8.1(j) (if such termination is permitted pursuant thereto) and collect the Financing Failure Termination Fee, if due, and any interest payable thereon pursuant to Section 8.3(f), and upon payment of such amounts in full, no Verizon Related Party or Financing Related Party shall have any further Liability or obligation relating to or arising out of this Agreement, the Ancillary Documents or any of the transactions contemplated hereby or thereby.

(h) Without limiting the obligations of the Financing Sources or the Replacement Financing Sources pursuant to the Financing Documents or the Replacement Financing Documents, respectively, Vodafone acknowledges and agrees that no Financing Related Party shall have any liability or obligation to Vodafone or any of its Affiliates in connection with this Agreement if such Financing Related Party breaches or fails to perform (whether willfully, intentionally, unintentionally or otherwise) any of its obligations under the Financing Documents or the Replacement Financing Documents, as applicable.

ARTICLE IX

SURVIVAL; INDEMNIFICATION

9.1 Survival; Effect of Materiality Qualifiers.

(a) The representations and warranties of Vodafone under this Agreement shall terminate on the Closing Date, except that (x) the representations and warranties in Sections 3.1, 3.2 and 3.12 shall survive the Closing until the date that is twelve (12) months after the Closing Date, at which time they will terminate and (y) the representations and warranties in Sections 3.7(b), 3.8 and 3.9 shall survive the Closing until thirty (30) days after the expiration of the applicable statute of limitations, at which time they will terminate. The representations and warranties of Verizon under this Agreement shall terminate on the Closing Date, except that the representations and warranties in Sections 4.1, 4.3 and 4.16 shall survive the Closing until the date that is twelve (12) months after the Closing Date, at which time they will terminate. The covenants and other agreements of the parties under this Agreement or in any instrument delivered pursuant to this Agreement that specify performance prior to the Closing Date (other than Sections 5.1, 5.17 and 5.18, which shall terminate on the Closing Date, provided, that the covenants contained in Section 5.1 and 5.18(f) shall, for purposes of indemnification pursuant to Section 9.2(c), survive until thirty (30) days after the expiration of the applicable statute of limitations) shall survive the Closing until the expiration of twelve (12) months after the Closing Date, at which time they will terminate. The covenants and other agreements of the parties under this Agreement or in any instrument delivered pursuant to this Agreement that specify performance following the Closing Date shall survive the Closing in accordance with their terms. Notwithstanding the preceding sentences, any breach or inaccuracy of any representation or warranty or any breach of any covenant or agreement in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding sentences, if written notice of the inaccuracy or breach thereof giving rise to such right of indemnity shall have been given to the party against whom such indemnity may be sought prior to such time.

(b) Following the Closing, in determining whether any representation or warranty in this Agreement was true and correct as of any particular date and the amount of any Damages in respect of the failure of any such representation or warranty to be true and correct as of any particular date, any qualification or limitation as to materiality (whether by reference to “Vodafone Material Adverse Effect”, “Verizon Material Adverse Effect” or otherwise) or knowledge contained in such representation or warranty shall be disregarded.

9.2 Indemnification.

(a) Effective after the Closing, subject to the terms and conditions of this Article IX, Vodafone shall indemnify Verizon, its Affiliates (including, following the Closing, the Sold Entities) and their respective

Representatives (collectively, the “Verizon Indemnitees”) against and shall hold each of them harmless from any claims, losses, costs, Taxes, Liabilities, obligations, and expenses (whether or not arising out of third-party claims), including interest, penalties, attorneys’ fees and all amounts paid in investigation, defense or settlement of any of the foregoing (“Damages”) actually incurred or suffered by any such Verizon Indemnitee in connection with, arising out of or resulting from (i) any breach of any of the representations and warranties of Vodafone contained in this Agreement which survive the Closing, (ii) any breach of a covenant or agreement made or to be performed by Vodafone pursuant to this Agreement (other than (x) a covenant or agreement made or to be performed pursuant to Article VI, which shall be governed by Section 9.2(c) and (y) a covenant or agreement made or to be performed pursuant to Sections 5.1 and 5.18, for which there will be no indemnification pursuant to this Section 9.2(a)(ii)), (iii) the Excluded Assets, (iv) the Excluded Liabilities, (v) the Reorganization (except to the extent governed by Section 9.2(c)), or (vi) any litigation which is commenced or threatened against such Verizon Indemnitee asserting claims (A) regarding any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to (x) information contained in the Vodafone Circular, which information was not provided in writing by Verizon or any of its Affiliates or any of their respective Representatives specifically for inclusion in the Vodafone Circular and (y) information contained in any Verizon Disclosure Document, which information was provided in writing by Vodafone or any of its Affiliates or any of their respective Representatives in connection with this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby specifically for inclusion in such Verizon Disclosure Document or (B) otherwise alleging that the Vodafone Circular did not comply with any applicable legal or regulatory requirement.

(b) Effective after the Closing, subject to the terms and conditions of this Article IX, Verizon shall indemnify Vodafone, its Affiliates and their respective Representatives (collectively, the “Vodafone Indemnitees”) against and shall hold each of them harmless from any Damages actually incurred or suffered by any such Vodafone Indemnitee in connection with, arising out of or resulting from (i) any breach of any of the representations and warranties of Verizon contained in this Agreement which survive the Closing, (ii) any breach of any covenant or agreement made or to be performed by Verizon pursuant to this Agreement (other than (x) a covenant or agreement made or to be performed pursuant to Section 5.17, for which there will be no indemnification pursuant to this Section 9.2(b)(ii) or (y) a covenant or agreement to be performed pursuant to Section 5.20(a) or Article VI which shall be governed by Section 9.2(d)), (iii) any litigation which is commenced or threatened against such Vodafone Indemnitee asserting claims (A) regarding any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to (x) information contained in any Verizon Disclosure Document, which information was not provided in writing by Vodafone or any of its Affiliates or any of their respective Representatives in connection with this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby specifically for inclusion in such Verizon Disclosure Document and (y) information contained in the Vodafone Circular, which information was provided in writing by Verizon or any of its Affiliates or any of their respective Representatives specifically for inclusion in the Vodafone Circular or (B) otherwise alleging that any Verizon Disclosure Document did not comply with any applicable legal or regulatory requirement, or (iv) except as otherwise provided in Section 9.2(c), the Partnership and its Subsidiaries and the business, assets and liabilities thereof to the extent incurred or suffered at any time following the Closing in respect of any period prior to or following the Closing.

(c) Effective after the Closing, notwithstanding any provision of this Agreement to the contrary, Vodafone shall indemnify and hold harmless the Verizon Indemnitees from any and all liability for: (i) Taxes imposed on or payable by any Sold Entity for any Pre-Closing Tax Period; (ii) Taxes incurred with respect to, or arising from, the Reorganization for any Pre-Closing Tax Period; (iii) amounts payable by a Sold Entity pursuant to any Tax sharing, allocation or indemnification agreement entered into before the Closing to indemnify any other Person in respect of or relating to Taxes of such other Person to the extent

such amount relates to or arises from a Pre-Closing Tax Period; (iv) transfer, recording, documentary, sales, use, stamp, registration and similar Taxes (including any real estate transfer or similar Tax arising from any indirect transfer of property as a result of the transactions contemplated by this Agreement) and related fees incurred with respect to or arising from (A) the purchase and sale of the Transferred Shares pursuant to this Agreement, (B) the indirect transfer of the shares in and assets of the Sold Entities, or (C) the Reorganization; (v) Taxes for which any Sold Entity is liable (or that may be collected from any Sold Entity by way of offset against a refund of Tax otherwise due to the Sold Entities) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law), as a successor or transferee or as a result of having been a member of any group (other than a group consisting solely of one or more of the Sold Entities) prior to Closing; (vi) Taxes attributable to the inclusion of any item of income in taxable income for any Post-Closing Tax Period as a result of any (x) adjustment required with respect to a Sold Entity by reason of a change in method of accounting for a Pre-Closing Tax Period under Section 481(c) of the Code (or any corresponding or similar provision of state, local or foreign Tax Law), (y) “closing agreement” as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign Tax Law) entered into by a Sold Entity prior to the Closing, or (z) installment sale by, or intercompany transaction (within the meaning of Treasury Regulation Section 1.1502-13) involving, a Sold Entity, in each case prior to the Closing (excluding, for the avoidance of doubt, Taxes attributable to any excess loss account (within the meaning of Treasury Regulation Section 1.1502-19) and California State income Taxes attributable to any Deferred Intercompany Stock Account of a Sold Entity), except, in each case of clauses (x) through (z), for any such items arising from any such change in method of accounting, closing agreement, installment sale or intercompany transaction by the Partnership; (vii) Taxes of Vodafone and its Affiliates (other than the Sold Entities) for any period; (viii) Taxes arising out of or resulting from any breach of a covenant or agreement made or to be performed by Vodafone pursuant to Sections 5.1 or 5.18(f) or Article VI; (ix) provided Verizon has provided notice thereof in accordance with Section 6.4, the Verizon Indemnity Amount; and (x) any out-of-pocket costs and expenses, including legal fees and expenses, attributable to any item described in clauses (i) to (ix). Notwithstanding the foregoing, Vodafone shall not be liable for, and shall have no obligation to indemnify the Verizon Indemnitees for: (A) any Taxes that are attributable to (i) any adjustments made after the Closing (determined on a “with and without” basis) to items of Partnership income, gain, loss, deduction or credit (or other items reported to its partners on Schedule K-1 (IRS Form 1065)), whether by reason of audit, assessment, amended return or otherwise, for a Pre-Closing Tax Period, (ii) actions not in the ordinary course of business and not contemplated by this Agreement taken by Verizon or any of its Affiliates (including any of the Sold Entities) on the Closing Date after the Closing, (iii) an election made by Verizon under Section 338 of the Code with respect to the Sold Entities, or (iv) items described in clause (vi) of the preceding sentence, which Taxes, in the aggregate, do not exceed Five Million Dollars (\$5,000,000); and (B) the excess, if any, of (i) the amount of Taxes imposed on the Sold Entities’ distributive share of items of Partnership income, gain, loss, deduction or credit (or other items reported to its partners on Schedule K-1 (IRS Form 1065)) for the taxable periods of the Sold Entities beginning on or after April 1, 2013 and ending on the Closing Date, taking into account Section 6.1(d), (determined on a hypothetical basis without regard to any other item of income, gain, loss, deduction or credit of the Sold Entities), over (ii) the sum of (x) the Tax Distributions received by the Sold Entities from the Partnership with respect to such taxable periods and (y) any payments made by Verizon pursuant to Section 5.21 that are measured by reference to Tax Distributions (other than Supplemental Tax Distributions). Any indemnity payment required to be made pursuant to this Section 9.2(c) shall be made by wire transfer or intrabank transfer of immediately available funds to an account designated by Verizon within ten (10) days after any of the Verizon Indemnitees makes written demand upon Vodafone, but in no case earlier than five (5) days prior to the date on which the relevant Taxes or other amounts are required to be paid to the applicable Taxing Authority.

(d) Verizon shall indemnify and hold harmless the Vodafone Indemnitees from any and all liability for: (i) Taxes imposed on or payable by any Sold Entity for any Post-Closing Tax Period except to the extent that Vodafone is responsible for such Taxes pursuant to Section 9.2(c), (ii) Taxes for which Verizon is responsible under Section 9.2(c), and (iii) Taxes arising out of or resulting from any breach of a covenant or

agreement made or to be performed by Verizon pursuant to Section 5.20(a) or Article VI. Any indemnity payment required to be made pursuant to this Section 9.2(c) shall be made by wire transfer or intrabank transfer of immediately available funds to an account designated by Vodafone within ten (10) days after any of the Vodafone Indemnitees makes written demand upon Verizon, but in no case earlier than five (5) days prior to the date on which the relevant Taxes or other amounts are required to be paid to the applicable Taxing Authority.

(e) Vodafone shall indemnify the Verizon Indemnitees against any Liabilities which are incurred by the Verizon Indemnitees (such Liabilities being determined to have the same economic effect as if they had been incurred directly by Verizon) in relation to any Vodafone UK Pension Plan pursuant to the exercise by the UK Pension Regulator of any of its powers under the UK Pensions Act 2004. Vodafone shall further indemnify the Verizon Indemnitees against any Liabilities incurred after the Closing by or in respect of any of the Sold Entities, which Liabilities are in respect of any (i) persons who were employed by the Sold Entities on or prior to the Closing, (ii) Employee Benefit Plans that were sponsored, maintained, contributed to or required to be contributed to by the Sold Entities on or prior to the Closing, and (iii) Employee Benefit Plans with respect to which the Sold Entities had any current, future or contingent Liability on or prior to the Closing.

(f) The parties to this Agreement agree that any indemnification payment made pursuant to this Agreement shall be treated for Tax purposes as an adjustment to the aggregate consideration being delivered to Seller pursuant to Section 2.2 in the form of the Cash Consideration, the Verizon Shares, the Verizon Notes and the Settlement Note, except to the extent otherwise required by applicable Law.

9.3 Third-Party Claim Procedures.

(a) The Person seeking indemnification under Section 9.2 (the “Indemnified Party”) agrees to give prompt notice in writing to the party against whom indemnity is to be sought (the “Indemnifying Party”) of the assertion of any claim or the commencement of any suit, action or proceeding by any third party (“Third-Party Claim”) in respect of which indemnity may be sought under Section 9.2. Such notice shall set forth in reasonable detail such Third-Party Claim and the basis for indemnification (taking into account the information then available to the Indemnified Party). The failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations or Liability hereunder, except to the extent such failure shall have actually prejudiced the Indemnifying Party.

(b) The Indemnifying Party shall be entitled to participate in the defense of any Third-Party Claim and, subject to the limitations set forth in this Section 9.3, shall be entitled to assume the defense thereof at its sole expense with lead counsel appointed by the Indemnifying Party and reasonably acceptable to the Indemnified Party; provided, that if the Indemnified Party has concluded that there may be one or more legal defenses or defense strategies available to such Indemnified Party that are different from or additional to those available to the Indemnifying Party or that there exists or is reasonably likely to exist a conflict of interest, such Indemnified Party shall be entitled, at the Indemnifying Party’s reasonable expense, to separate counsel (provided, that such counsel is reasonably acceptable to the Indemnifying Party).

(c) If the Indemnifying Party elects to assume the defense of any such Third-Party Claim, all the parties hereto will cooperate in the defense or prosecution of such Third-Party Claim. Such cooperation will include the provision of reasonable access during business hours to the Indemnifying Party of records and information which are reasonably relevant to such Third-Party Claim, and making employees and other Representatives and advisors available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. If the Indemnifying Party assumes the control of the defense of any Third-Party Claim in accordance with the provisions of this Section 9.3, (i) the Indemnifying Party shall obtain the prior written consent of the Indemnified Party (which shall not be unreasonably withheld, conditioned or delayed) before entering into any settlement or compromise of such Third-Party Claim, if (A) the settlement or compromise does not release the Indemnified Party and its Affiliates from all Liabilities and obligations with respect to such Third-Party Claim or (B) the settlement or compromise

imposes injunctive or other equitable relief against the Indemnified Party or any of its Affiliates, and (ii) the Indemnified Party shall be entitled to participate in the defense of any such Third-Party Claim and to employ, at its expense, separate counsel of its choice for such purpose.

(d) The provisions of this Section 9.3 shall not apply with respect to Tax Claims, which shall be governed by Article VI.

9.4 Direct Claim Procedures. If the Indemnified Party has a claim for indemnity under Section 9.2 against the Indemnifying Party that does not involve a Third-Party Claim, the Indemnified Party agrees to give prompt notice in writing of such claim to the Indemnifying Party. Such notice shall set forth in reasonable detail such claim and the basis for indemnification (taking into account the information then available to the Indemnified Party). The failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent such failure shall have prejudiced the Indemnifying Party.

9.5 Limitations on Indemnification.

(a) Vodafone shall have no Liability for any claim for indemnification pursuant to Section 9.2(a) if the Damages for which the Indemnifying Party would be responsible for such claim and all related claims are less than the Applicable De Minimis Amount.

(b) Verizon shall have no Liability for any claim for indemnification pursuant to Section 9.2(b) if the Damages for which the Indemnifying Party would be responsible for such claim and all related claims are less than the Applicable De Minimis Amount.

9.6 Calculation of Damages.

(a) The amount of any Damages or Taxes payable under Section 9.2 by the Indemnifying Party shall be reduced by any amounts recovered by the Indemnified Party under applicable insurance policies or from any other Person alleged to be responsible therefor, and shall be (i) net of any Tax benefits actually realized by the Indemnified Party and (ii) increased by any Tax costs incurred by the Indemnified Party (in each case, determined on a “with and without basis”). If the Indemnified Party receives any amounts under applicable insurance policies, or from any other Person alleged to be responsible for any Damages, subsequent to an indemnification payment by the Indemnifying Party, then the Indemnified Party shall promptly reimburse the Indemnifying Party for any payment made or expense incurred by the Indemnifying Party in connection with providing such indemnification payment up to the amount actually received by the Indemnified Party, net of any expenses incurred by the Indemnified Party in collecting such amount. The Indemnified Party shall use commercially reasonable efforts to collect any amounts available under insurance coverage, or from any other Person alleged to be responsible, for any Damages payable under Section 9.2.

(b) The Indemnifying Party shall not be liable under Section 9.2 for any punitive, exemplary or special Damages, or any other Damages that are not reasonably foreseeable; provided, that nothing herein shall prevent any Indemnified Party from recovering for all components of awards against them in Third-Party Claims for which recovery is provided under this Article IX.

9.7 Exclusive Remedy. From and after the Closing and except for the continuing availability of specific performance pursuant to Section 10.6 with respect to covenants that specify performance following the Closing Date, Section 9.2 will (in the absence of fraud) provide the sole and exclusive remedy for each of the parties hereto for any misrepresentation or inaccuracy or breach of any representation and warranty or any breach of covenant or other agreement occurring at or prior to the Closing or other claim arising directly or indirectly out of this Agreement or the transactions contemplated hereby with respect to matters occurring or circumstances existing at or prior to the Closing (other than procedures for the conduct of proceedings relating to Tax Claims, which shall be governed by Section 6.2).

ARTICLE X
MISCELLANEOUS

10.1 Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be effective (a) when personally delivered or transmitted by telecopier on a business day during normal business hours where such notice is to be received at the address or number designated below or (b) on the business day following the date of mailing by overnight courier, fully prepaid, addressed to such address, whichever shall first occur. The addresses for such communications shall be:

If to Vodafone, to:

Vodafone Group Plc
Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN
Telecopier: +44 1635 238080
Attention: Company Secretary

If to Seller, to:

Vodafone 4 Limited
Rivium Quadrant 173
2909 LC Capelle aan den IJssel
The Netherlands
Telecopier +31 10 498 77 22
Attention: Erik de Rijk, Managing Director

And, in each case, with copies, which shall not constitute notice, to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Telecopier: (212) 455-2502
Attention: William E. Curbow and Eric M. Swedenburg

and

Slaughter and May
One Bunhill Row
London EC1Y 8YY
Telecopier: +44 (0)20 7090 5000
Attention: Craig Cleaver and Roland Turnill

If to Verizon, to:

Verizon Communications Inc.
One Verizon Way
Basking Ridge, NJ 07928
Telecopier: (908) 766-3813
Attention: William L. Horton, Jr., Senior Vice President, Deputy
General Counsel and Corporate Secretary

With copies, which shall not constitute notice, to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Telecopier: (212) 403-2000
Attention: Daniel A. Neff and Steven A. Rosenblum

and

Macfarlanes LLP
20 Cursitor Street
London EC4A 1LT
Telecopier: +44 (0)20 7831 9607
Attention: Charles Martin and Graham Gibb

10.2 Interpretation. When a reference is made in this Agreement to Sections, Schedules or Exhibits, such reference shall be to a Section of, Schedule to or Exhibit to this Agreement unless otherwise indicated. The table of contents, glossary of defined terms and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The term “parties” shall mean Vodafone, Seller and Verizon, and the term “party” shall be deemed to refer to either Vodafone, Seller or Verizon, as the case may be. Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” The phrases “the date of this Agreement” and “the date hereof” shall be deemed to refer to September 2, 2013. No provision of this Agreement shall be construed to require Vodafone, Seller, Verizon or any of their respective Affiliates to take any action that would violate any Law, rule or regulation.

10.3 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto, in whole or in part (whether by operation of Law or otherwise), without the prior written consent of (i) Vodafone and Seller, if the assigning party is Verizon or (ii) Verizon, if the assigning party is Vodafone or Seller, and any attempt to make any such assignment without such consent shall be null and void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

10.4 Entire Agreement; Amendments. Except to the extent that other agreements are specifically referred to herein, this Agreement among Vodafone, Seller and Verizon contains the entire understanding of the parties with respect to the matters covered hereby and, except as specifically set forth herein, none of Vodafone, Seller or Verizon makes any representation, warranty, covenant or undertaking with respect to such matters. This Agreement may be amended only by an agreement in writing executed by the parties hereto. The parties hereto may amend this Agreement without notice to or the consent of any third party; provided, however, that after receipt of the Verizon Requisite Vote or the Vodafone Requisite Share Purchase Vote, there shall not be made any amendment that by Law requires further approval by the holders of the Verizon Common Stock or the Vodafone Ordinary Shares without the further approval of such shareholders.

10.5 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

10.6 Specific Enforcement.

(a) The parties hereto acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that unless this Agreement has been terminated in accordance with Article VIII, the parties shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which they may be entitled at law or in equity.

(b) Notwithstanding anything in this Agreement to the contrary, including Section 10.6(a), the parties hereby acknowledge and agree that, in the event of a Financing Failure, Vodafone shall not be entitled to specific performance (i) if the Transaction is to be implemented by way of the Vodafone Scheme, to cause Verizon to appear at the Court Hearing or the hearing in respect of the confirmation by the Court of the Vodafone Reduction of Capital, to give any undertakings in connection with the Vodafone Scheme, or to effect the Scheme Closing in accordance with Section 2.3 or (ii) if the Transaction is to be implemented by way of the Share Purchase, to effect the Share Purchase Closing in accordance with Section 2.5. Nothing in this Section 10.6(b) is intended to limit the right and entitlement of Vodafone to specific performance in accordance with Section 10.6(a) with respect to any failure to perform or breach by Verizon of any covenant in this Agreement other than the failure of Verizon, in the event of a Financing Failure, to (x) appear at the Court Hearing or the hearing in respect of the confirmation by the Court of the Vodafone Reduction of Capital, to give any undertakings in connection with the Vodafone Scheme, or to effect the Scheme Closing in accordance with Section 2.3, or (y) effect the Share Purchase Closing in accordance with Section 2.5, if the Transaction is to be implemented by way of the Share Purchase.

(c) Each party further agrees that, subject to Section 10.6(b), (i) such party will not oppose the granting of an injunction, specific performance and other equitable relief as provided herein on the basis that the other party has an adequate remedy at law or an award of specific performance is not an appropriate remedy for any reason at law or equity and (ii) no other party or any other Person shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 10.6, and each party irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

10.7 Further Assurances. Subject to the terms and provisions of this Agreement, each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments, and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby.

10.8 Waiver of Jury Trial. Each of the parties hereto irrevocably and unconditionally waives trial by jury in any legal action or proceeding relating to this Agreement or the transactions contemplated hereby and for any counterclaim therein.

10.9 Submission to Jurisdiction; Waivers.

(a) Each of Vodafone, Seller and Verizon irrevocably agrees that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any judgment in respect hereof brought by another party hereto or its successors or assigns shall be brought and determined in the United States District Court for the Southern District of New York (or, to the extent such court does not have subject matter jurisdiction, the Supreme Court of the State of New York in New York County), and each of Vodafone, Seller and Verizon hereby irrevocably submits with regard to any such action or proceeding for itself and in respect to its property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts. Each of Vodafone, Seller and Verizon hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for

any reason other than the failure to serve process in accordance with this Section 10.9, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and (c) to the fullest extent permitted by Law, that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper and (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

(b) Notwithstanding anything herein to the contrary, each of the parties hereto expressly agrees (i) that it will not bring or support any lawsuit, claim, complaint, action, formal investigation or proceeding before any Governmental Entity (each, an “Action”), whether in law or in equity, whether in contract or in tort or otherwise, against any Financing Related Party arising out of or relating to the transactions contemplated hereby in any forum other than any state or federal court sitting in the borough of Manhattan, New York, New York, and any appellate court thereof, (ii) to waive and hereby waives any right to trial by jury in respect of any such Action and (iii) that any such Action shall be governed by, and construed in accordance with, the Laws of the State of New York, without regard to the conflicts of Law rules of such state that would result in the application of the Laws of any other jurisdiction.

10.10 No Third Party Beneficiaries. Except as set forth in (i) Article IX and Sections 5.15, 8.2 and 8.3(f) and, with respect to the Financing Related Parties (in their capacities as such), Sections 8.3(g), 8.3(h) and 10.9(b), this Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns and is not for the benefit of, nor may any provision of this Agreement be enforced by, any other person. For the avoidance of doubt, no provision of this Agreement is intended to provide any Vodafone Shareholder (or any party acting on its behalf) the ability to assert or enforce any right (whether in its capacity as a Vodafone Shareholder or derivatively or otherwise on behalf of Vodafone) or seek any remedies pursuant to this Agreement. For the avoidance of doubt, the Financing Related Parties are express third party beneficiaries of Sections 8.3(g), 8.3(h) and 10.9(b).

10.11 Governing Law. This Agreement shall be governed and construed in accordance with the Laws of the State of New York, without regard to the conflicts of Law rules of such state that would result in the application of the Laws of any other jurisdiction.

10.12 Expenses. Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

10.13 Counterparts. This Agreement may be executed in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts shall together constitute one and the same instrument. Each of the parties hereto (i) has agreed to permit the use, from time to time, of faxed or otherwise electronically transmitted signatures in order to expedite the consummation of the transactions contemplated hereby, (ii) intends to be bound by its respective faxed or otherwise electronically transmitted signature, (iii) is aware that the other parties hereto will rely on the faxed or otherwise electronically transmitted signature, and (iv) acknowledges such reliance and waives any defenses to the enforcement of the documents effecting the transaction contemplated by this Agreement based on the fact that a signature was sent by fax or otherwise electronically transmitted.

10.14 Extension; Waivers. At any time prior to the Closing, Verizon and Vodafone by action taken or authorized by or on behalf of their respective boards of directors may, to the extent legally allowed, (i) extend the time for or waive the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any of the agreements or conditions contained here; provided, however, that after receipt of the Verizon Requisite Vote or the Vodafone Requisite Share Purchase Vote, there shall not be made any waiver that by Law requires further approval by the holders of the Verizon Common Stock or the Vodafone

Ordinary Shares without the further approval of such shareholders. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date hereof.

VODAFONE GROUP PLC

By /s/ Vittorio Colao

Name: Vittorio Colao

Title: Chief Executive

VODAFONE 4 LIMITED

By /s/ Erik Antonius Jacobus de Rijk

Name: Erik Antonius Jacobus de Rijk

Title: Director

By /s/ Lamberdina Regina Maria Kraan

Name: Lamberdina Regina Maria Kraan

Title: Company Secretary

[Signature Page – Stock Purchase Agreement]

VERIZON COMMUNICATIONS INC.

By /s/ Lowell C. McAdam

Name: Lowell C. McAdam

Title: Chairman and Chief Executive Officer

[Signature Page – Stock Purchase Agreement]

FIRST AMENDMENT TO STOCK PURCHASE AGREEMENT

This FIRST AMENDMENT TO STOCK PURCHASE AGREEMENT, dated as of December 5, 2013 (this “Amendment”), is hereby entered into among Vodafone Group Plc, an English public limited company (“Vodafone”), Vodafone 4 Limited, an indirect wholly owned Subsidiary of Vodafone (“Seller”), and Verizon Communications Inc., a Delaware corporation (“Verizon”).

WHEREAS, the parties hereto are parties to that certain Stock Purchase Agreement, dated as of September 2, 2013 (the “Agreement”);

WHEREAS, Section 10.4 of the Agreement provides, among other things, that the Purchase Agreement may be amended by an agreement in writing executed by Vodafone, Seller and Verizon; and

WHEREAS, the parties hereto desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereby agree to amend the Agreement in the following manner:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. All capitalized terms used and not defined herein shall have the meanings given to such terms in the Agreement.

ARTICLE II

AMENDMENTS TO THE AGREEMENT

2.1 Definitions. Article I of the Agreement is hereby amended as follows:

(i) The defined term “New Vodafone Shares Admission” is hereby deleted.

(ii) The defined term “Scheme Closing” is hereby restated to read as follows:

““Scheme Closing” has the meaning set forth in Section 2.3.”

(iii) The defined term “Scheme Effective Date” is hereby restated to read as follows:

““Scheme Effective Date” means the date of the Scheme Closing.”

(iv) The defined term “Settlement Note” is hereby amended by (a) the addition of the word “substantially” immediately prior to the phrase “in the form appended as Exhibit B” and (b) the addition of the words “, with such changes as mutually agreed among the parties hereto” immediately after the phrase “in the form appended as Exhibit B”.

(v) The defined term “Vodafone B.V. Inc. Note” is hereby amended by (a) the addition of the word “substantially” immediately prior to the phrase “in the form appended as Exhibit E” and (b) the addition of the words “, with such changes as mutually agreed among the parties hereto” immediately after the phrase “in the form appended as Exhibit E”.

(vi) The defined term “Vodafone Reduction of Capital” is hereby restated to read as follows:

““Vodafone Reduction of Capital” means the following proposed reductions of capital of Vodafone under Chapter 10 of Part 17 of the Companies Act to be undertaken pursuant to the Vodafone Scheme, being (i) the reduction or cancellation of Vodafone’s share premium account; (ii) the cancellation of Vodafone’s capital redemption reserve; and (iii) the cancellation of the Vodafone Class B Shares, but subject always to Section 5.4(b).”

2.2 Scheme Closing. Section 2.3 of the Agreement is hereby restated to read as follows:

“Scheme Closing. Subject to the terms and conditions of this Agreement, (a) the closing (the “Scheme Closing”) of the Transaction in accordance with Section 2.4 shall occur immediately following (and on the date of) the satisfaction of the condition set forth in Section 7.1(b)(ii)(y) and (b) Vodafone shall use commercially reasonable efforts to cause to be satisfied the condition set forth in Section 7.1(b)(iii) on the date that the condition set forth in Section 7.1(b)(ii)(x) is satisfied (and, for the avoidance of doubt, Vodafone shall cause the condition set forth in Section 7.1(b)(iii) to be satisfied before the condition set forth in Section 7.1(b)(ii)(y) is satisfied), or, in the case of (a) or (b), at such other time as Verizon and Vodafone may agree in writing. For the avoidance of doubt, the Court Hearing shall not be held until all of the conditions set forth in Article VII have been satisfied (or, to the extent permitted by applicable Law, waived in a writing signed by the party for whose benefit the condition exists) other than the conditions set forth in Sections 7.1(b)(ii) and 7.1(b)(iii). The purchase and sale of the Transferred Shares in connection with the Scheme Closing shall take place immediately following (and on the date of) the satisfaction of the conditions set forth in Section 7.1(b)(ii)(y) at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, NY, or at such other place as Verizon and Vodafone may agree in writing. Upon the earlier of (i) the Scheme Longstop Date and (ii) the date on which the Vodafone Scheme lapses in accordance with its terms or is withdrawn, or as Verizon and Vodafone may otherwise agree in writing, this Section 2.3 shall be of no further force and effect.”

2.3 Vodafone Scheme Closing Deliverables. Section 2.4 of the Agreement is hereby amended by:

(i) Restating Section 2.4(a) to read as follows:

“(a) Distribution of Verizon Shares. At or promptly following the delivery (or, where the Court has so ordered, registration) of the order of the Court confirming the Vodafone Reduction of Capital to (or with) the UK Registrar of Companies, pursuant to and in accordance with the terms of the Vodafone Scheme, the Verizon Shares shall be distributed by or on behalf of Verizon to the Vodafone Shareholders in respect of their Vodafone Class B Shares or Vodafone Class C Shares, as applicable.”

(ii) Restating Section 2.4(b) to read as follows:

“(b) Payment of Cash Consideration. Payment of the Cash Consideration will be made at the Scheme Closing by wire transfer or intrabank transfer of immediately available funds to Seller or such other Person as Vodafone may direct to an account or accounts designated by Vodafone in writing, such designation to be made no later than the close of business on the third (3rd) Business Day prior to the Closing Date.”

(iii) Re-lettering Section 2.4(d) as Section 2.4(e) and replacing the reference therein to “Section 2.4(d)” with “Section 2.4(e)”.

(iv) Inserting a new Section 2.4(d), which is set forth in its entirety below:

“(d) Delivery of Reduction Order. At the Scheme Closing, Vodafone shall cause the order of the Court confirming the Vodafone Reduction of Capital to be delivered to the UK Registrar of Companies.”

2.4 Mix and Match and Free Dealing Facility.

(i) Verizon and Vodafone acknowledge and agree that they have discussed the possibility of offering a “mix and match” facility in accordance with the first sentence of Section 5.2(e) of the Agreement and have determined not to offer such a facility.

(ii) The second and third sentences of Section 5.2(e) of the Agreement are hereby deleted in their entirety and replaced as follows:

“Verizon shall (i) implement a free share dealing facility through one or more appropriate service providers, to enable individual Vodafone Shareholders resident in, or with a resident address in, the European Economic Area (other than Croatia) holding fewer than 50,000 Vodafone Ordinary Shares in certificated form to elect to cause the Verizon CDIs to which they are entitled to be sold on a stock exchange and to receive their cash proceeds in their default currency (EUR or GBP, in accordance with their current standing dividend mandate instructions) or, at their election, in USD, EUR or GBP (provided that, where such Vodafone Shareholder has previously made an election (through the relevant form of election) to receive his Cash Entitlement in one of such currencies, the proceeds of sales of Verizon CDIs under the dealing facility shall be paid in that same currency), such free share dealing facility to be provided for a period of six weeks from the Closing Date; provided, that Vodafone shall pay on demand to Verizon fifty percent (50%) of all costs and expenses incurred by Verizon in connection with the implementation of the free share dealing facility pursuant to this clause (i); and (ii) for a period of at least two (2) years following the Closing, implement such arrangements with one or more appropriate service providers (A) as may be reasonably necessary to enable uncertificated Vodafone Shareholders to hold Crest Depository Interests representing underlying Verizon Shares (“Verizon CDIs”) and (B) pursuant to which such appropriate service provider(s) will act as a corporate sponsored nominee and hold Verizon CDIs for the benefit of individual certificated Vodafone Shareholders resident in, or with a registered address in, the European Economic Area (other than Croatia) holding Vodafone Ordinary Shares in certificated form who receive Verizon Shares pursuant to this Agreement. Verizon will consult with Vodafone (each acting reasonably and in good faith) with a view to providing that the terms on which the Verizon CDIs, corporate sponsored nominee service and free share dealing facility are provided are consistent with market practice for similar facilities in the UK-listed market, and the final terms will be described in the Vodafone Circular (and, where relevant, accompanying materials) and the Verizon UK Prospectus.”

2.5 Date of the Court Hearings. Section 5.3(a)(ix) is hereby amended by deleting the second proviso thereto in its entirety and replacing it as follows:

“provided, further, that without limiting any other provision of this Agreement, the hearing in respect of the confirmation by the Court of the Vodafone Reduction of Capital shall not be held on a Friday unless the Court Hearing also occurs on such Friday; and”

2.6 Restriction on Reorganization of Significant Subsidiaries. Section 5.17(b) of the Agreement is hereby deleted in its entirety and replaced as follows:

“(b) (i) merge or consolidate Verizon with any other Person or (ii) restructure, reorganize or completely or partially liquidate any of the Significant Subsidiaries of Verizon except, in the case of Significant Subsidiaries other than the Partnership or any Subsidiary of the Partnership that is a Significant Subsidiary (if any), in the ordinary course of business, it being understood that this clause (ii) shall not restrict the transfer or issuance of any equity or debt of a wholly owned Significant Subsidiary of Verizon to Verizon or any of its wholly owned Subsidiaries;”

2.7 Vodafone B.V. Inc. Section 5.20(a) of the Agreement is hereby deleted in its entirety and replaced as follows:

“(a) Verizon shall maintain the corporate existence of Vodafone B.V. Inc. for at least the two-year period beginning on the Closing Date and during such period shall (i) cause Vodafone B.V. Inc. to employ at least one individual to manage its finance operations, (ii) not prepay the principal balance of, or cause or permit Vodafone B.V. Inc. to transfer, the Settlement Note (which Verizon shall cause to be serviced in accordance with its terms) other than any prepayments permitted pursuant to the terms thereof, and (iii) cause Vodafone B.V. Inc. to maintain a balance of at least Two Hundred Fifty Million Dollars (\$250,000,000) in cash, cash equivalents or third party investments.”

2.8 Tax Cooperation. Section 6.3(b) of the Agreement is hereby amended by replacing the references therein to “Section 2.6(b)(vi)” with “Section 2.6(b)(vii)”.

2.9 Mutual Conditions. Section 7.1 of the Agreement is hereby amended by:

(i) Restating Section 7.1(b)(iii) to read as follows:

“(iii) The relevant order of the Court sanctioning the Vodafone Scheme shall have been delivered to the UK Registrar of Companies in accordance with applicable Law.”

(ii) Restating Section 7.1(c) to read as follows:

“(c) Amendment to the Official List in Respect of New Vodafone Shares. Only with respect to the obligation to consummate the Vodafone Scheme:”

(iii) Restating Section 7.1(c)(i) to read as follows:

“(i) All necessary documents in relation to the amendment to the Official List for the New Vodafone Shares to trade on the LSE’s Main Market for listed securities shall have been supplied to the UKLA and the LSE.”

(iv) Restating Section 7.1(c)(ii) to read as follows:

“(ii) The UKLA shall have acknowledged to Vodafone or its agent (and such acknowledgement shall not have been withdrawn) that the application to amend the Official List in respect of the New Vodafone Shares has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject) will become effective as soon as any such listing conditions shall have been satisfied.”

(v) Restating Section 7.1(c)(iii) to read as follows:

“(iii) The LSE shall have acknowledged to Vodafone or its agent (and such acknowledgement shall not have been withdrawn) that the New Vodafone Shares will be enabled to trade on the LSE’s Main Market for listed securities at the same time as the amendment to the Official List in respect of the New Vodafone Shares becomes effective.”

2.10 Omnitel Consideration. The parties hereto agree, on their own behalf and on behalf of VBIH and Vodafone Europe, that if the transactions contemplated by the Omnitel Purchase Agreement are consummated on the Closing Date, the obligations under Section 2.2(c)(i) of the Agreement and Section 3.2(c) of the Omnitel Purchase Agreement shall be satisfied in accordance with Schedule I hereto.

ARTICLE III

MISCELLANEOUS

3.1 Counterparts. This Amendment may be executed in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

3.2 Continuing Effect of the Agreement. This Amendment shall not constitute an amendment of any other provision of the Agreement not expressly referred to herein. The Agreement shall remain in full force and effect, and this Amendment shall be effective and binding upon Vodafone, Seller and Verizon upon execution and delivery by Vodafone, Seller and Verizon. From and after the date hereof, all references to the term “Agreement” in the Agreement shall be deemed to refer to the Agreement, as amended hereby.

3.3 Headings. The headings contained in this Amendment are for reference purposes only and shall not affect in any way the meaning or interpretation of this Amendment.

3.4 Governing Law. This Amendment shall be governed and construed in accordance with the Laws of the State of New York, without regard to the conflicts of Law rules of such state that would result in the application of the Laws of any other jurisdiction.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the date hereof.

VODAFONE GROUP PLC

By /s/ Rosemary E.S. Martin

Name: Rosemary E.S. Martin

Title: Group General Counsel & Company Secretary

VODAFONE 4 LIMITED

By /s/ Erik de Rijk

Name: Erik de Rijk

Title: Director

By /s/ L.R.M. Kraan

Name: L.R.M. Kraan

Title: Company Secretary

VERIZON COMMUNICATIONS INC.

By /s/ Lowell C. McAdam

Name: Lowell C. McAdam

Title: Chairman and Chief Executive Officer

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law, which we call the DGCL, permits a corporation to indemnify any of its directors or officers who was or is a party or is threatened to be made a party to any third-party proceeding by reason of the fact that such person is or was a director or officer of the corporation, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action or proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reason to believe that such person's conduct was unlawful. In a derivative action (*i.e.*, one by or in the right of the corporation), the corporation is permitted to indemnify directors and officers against expenses (including attorney's fees) actually and reasonably incurred by them in connection with the defense or settlement of an action or suit if they acted in good faith and in a manner that they reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made if such person shall have been adjudged liable to the corporation, unless and only to the extent that the court in which the action or suit was brought shall determine upon application that the defendant directors or officers are fairly and reasonably entitled to indemnity for such expenses despite such adjudication of liability.

Article 7 of the restated certificate of incorporation of Verizon Communications Inc., or Verizon, makes mandatory the indemnification expressly authorized under the DGCL, except that the restated certificate of incorporation only provides for indemnification in derivative actions, suits or proceedings initiated by a director or officer if the initiation of such action, suit or proceeding was authorized by the Board of Directors.

The restated certificate of incorporation of Verizon limits the personal liability of directors to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by the DGCL.

The directors and officers of Verizon are insured against certain liabilities, including certain liabilities arising under the Securities Act of 1933, as amended, which we call the Securities Act, which might be incurred by them in such capacities and against which they cannot be indemnified by Verizon.

Item 21. Exhibits and Financial Statement Schedules.

The exhibits listed below are filed as part of, or are incorporated by reference in, this prospectus.

<u>Exhibit No.</u>	<u>Description</u>
2.1	Stock Purchase Agreement, dated as of September 2, 2013, by and among Verizon Communications Inc., Vodafone Group Plc and Vodafone 4 Limited (included as Annex A to the prospectus forming part of this registration statement) (schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K; a copy of any omitted schedule or exhibit will be furnished supplementally to the Securities and Exchange Commission upon request).
3.1	Restated Certificate of Incorporation of Verizon Communications Inc., as amended (incorporated by reference to Verizon Communications Inc.'s Annual Report on Form 10-K for the year ended December 31, 2005, Exhibit 3(a)).
3.2	Bylaws of Verizon Communications Inc., as amended (incorporated by reference to Verizon Communication Inc.'s Current Report on Form 8-K filed on December 7, 2009, Exhibit 3(b)).
3.3	Form of Certificate of Amendment to the Restated Certificate of Incorporation of Verizon Communications Inc.*

- 4 No instrument which defines the rights of holders of long-term debt of Verizon and its consolidated subsidiaries is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(iii)(A). Pursuant to this regulation, Verizon hereby agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.
- 5.1 Opinion of Randal S. Milch regarding the validity of the Verizon common stock being registered.*
- 8.1 Opinion of Simpson Thacher & Bartlett LLP regarding certain tax matters.*
- 10.1 Term Loan Credit Agreement, dated as of October 1, 2013, by and among Verizon Communications Inc., JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto (incorporated by reference to Verizon Communication Inc.'s Current Report on Form 8-K filed on October 3, 2013, Exhibit 10.1).
- 23.1 Consent of Ernst & Young LLP.**
- 23.2 Consent of Randal S. Milch (included in his opinion filed as Exhibit 5.1).*
- 23.3 Consent of Simpson Thacher & Bartlett LLP (included in its opinion filed as Exhibit 8.1).*
- 24.1 Powers of Attorney.*
- 24.2 Power of Attorney of Shellye Archambeau.*
- 99.1 Vodafone Group Plc Circular, dated December 10, 2013.**

* Previously filed.

** Filed herewith.

Item 22. Undertakings.

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act; (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement (notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission (the "Commission") pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement); and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.
- (2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

- (5) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.
- (6) That every prospectus (i) that is filed pursuant to paragraph (5) above, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to this registration statement and will not be used until such amendment has become effective, and that for the purpose of determining liabilities under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (7) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.
- (8) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.
- (9) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in this registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 10th day of December, 2013.

VERIZON COMMUNICATIONS INC.

By: /s/ Matthew D. Ellis

Name: Matthew D. Ellis

Title: Senior Vice President and Treasurer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
* _____ Lowell C. McAdam	Chairman and Chief Executive Officer and Director (principal executive officer)	December 10, 2013
* _____ Francis J. Shammo	Executive Vice President and Chief Financial Officer (principal financial officer)	December 10, 2013
* _____ Anthony T. Skiadas	Senior Vice President and Controller (principal accounting officer)	December 10, 2013
* _____ Shellye Archambeau	Director	December 10, 2013
* _____ Richard L. Carrión	Director	December 10, 2013
* _____ Melanie L. Healey	Director	December 10, 2013
* _____ M. Frances Keeth	Director	December 10, 2013
* _____ Robert W. Lane	Director	December 10, 2013
* _____ Sandra O. Moose	Director	December 10, 2013
* _____ Joseph Neubauer	Director	December 10, 2013

<u>Signature</u>	<u>Title</u>	<u>Date</u>
* _____ Donald T. Nicolaisen	Director	December 10, 2013
* _____ Clarence Otis, Jr.	Director	December 10, 2013
* _____ Hugh B. Price	Director	December 10, 2013
* _____ Rodney E. Slater	Director	December 10, 2013
* _____ Kathryn A. Tesija	Director	December 10, 2013
* _____ Gregory D. Wasson	Director	December 10, 2013

*By: /s/ Matthew D. Ellis
Matthew D. Ellis
as attorney in fact

EXHIBIT INDEX

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24.1	Powers of Attorney.*
24.2	Power of Attorney of Shellye Archambeau.*
99.1	Vodafone Group Plc Circular, dated December 10, 2013.**

* Previously filed.

** Filed herewith.

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” in the Registration Statement (Form S-4 No. 333-191628) and related Prospectus of Verizon Communications Inc. (“Verizon”) for the registration of up to 1,279.8 million shares of its common stock and to the incorporation by reference therein of our reports dated February 26, 2013, with respect to the consolidated financial statements of Verizon and the effectiveness of internal control over financial reporting of Verizon, incorporated by reference in its Annual Report (Form 10-K) for the year ended December 31, 2012, and the financial statement schedule of Verizon included therein, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

New York, New York

December 10, 2013

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stock broker, bank manager, fund manager, solicitor, accountant or other appropriate independent financial adviser who is authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Ordinary Shares or ADSs, please forward this document, together with the accompanying documents (including the Forms of Proxy and the Form of Election or ADS Proxy Card (if applicable)), at once to the purchaser or the transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold part only of your holding of Ordinary Shares or ADSs, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected as to the action you should take. If you sell your holding of Ordinary Shares or ADSs before the Ex-Date, you will not receive the Cash Entitlement or Verizon Consideration Share Entitlement in relation to those Ordinary Shares or ADSs.

Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document to any jurisdiction outside the United Kingdom or United States should seek appropriate advice before taking any action. The distribution of this document and any accompanying documents into jurisdictions other than the United Kingdom or United States may be restricted by law. Any person not in the United Kingdom or United States into whose possession this document and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

[GRAPHIC]

VODAFONE GROUP PLC

(Registered in England and Wales with registered number 01833679)

Proposed disposal of the US Group whose principal asset is its 45 per cent. interest in Verizon Wireless and acquisition of remaining minority stake in Vodafone Italy

Proposed return of value and related share consolidation by means of a scheme of arrangement under Part 26 of the Companies Act 2006

**Ancillary matters including proposed amendments to Articles of Association
and
Notice of Court Meeting and General Meeting**

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Vodafone in Part I of this document, which contains the unanimous recommendation of the Directors that you vote in favour of the Scheme of Arrangement at the Court Meeting and in favour of the Resolutions to be proposed at the General Meeting. A letter from Goldman Sachs and UBS explaining the Scheme of Arrangement appears in Part III of this document. Please read the whole of this document, in particular the risk factors set out in Part IV of this document.

Notices of the Court Meeting and the General Meeting of Vodafone, each of which will be held at Hilton London Metropole Hotel, 225 Edgware Road, London W2 1JU on 28 January 2014, are set out at the end of this document. The Court Meeting will start at 11.00 a.m. (London time) on that date and the General Meeting at 11.15 a.m. (London time) or, if later, immediately after the conclusion or adjournment of the Court Meeting.

Shareholders will find enclosed two Forms of Proxy for the Court Meeting and the General Meeting. Shareholders are asked to complete and return the enclosed BLUE and YELLOW Forms of Proxy in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by Vodafone's Registrar, Computershare, not less than 48 hours before the relevant meeting. Shareholders who hold Ordinary Shares in CREST may also appoint a proxy using CREST by following the instructions set out in Part II of this document. For Shareholders who hold their Shares in certificated form, if the BLUE Form of Proxy for the Court Meeting is not lodged by the relevant time, it may be handed to the Registrar or to the chairman of the meeting at the Court Meeting. However, in the case of the General Meeting, if the YELLOW Form of Proxy is not lodged by the relevant time, it will be invalid. The action to be taken by Shareholders is further described in Part II of this document.

Registered holders of ADSs will be sent an ADS Proxy Card for use in connection with the Court Meeting and the General Meeting.

In the event they do not attend in person, in order for registered holders of ADSs to vote at the Court Meeting and the General Meeting, the ADS Proxy Card (which should have been received with this document) must be returned to the Depositary so as to be received no later than 5.00 p.m. (New York time) on 22 January 2014 for votes returned by mail or 5.00 p.m. (New York time) on 21 January 2014 for votes received by telephone or internet. All other holders of ADSs holding through an Agent Institution should provide instructions in the form and by the time indicated by such Agent Institution to ensure that such vote is received in a proper and timely manner.

For more information, holders of ADSs should refer to Part II of this document which contains important information relevant to such holders.

It is expected that each of the Verizon UK Prospectus and Verizon US Prospectus (relating to the Verizon Consideration Shares and which have been prepared by Verizon) will be published on or around the same date as this document. A copy of each of the Verizon Prospectuses may be accessed (subject to the restrictions provided therein) via Verizon's website: verizon.com/investor/shareownersservices.htm. For the avoidance of doubt, the contents of that website and the Verizon Prospectuses are not incorporated into and do not form part of this document. The Verizon US Prospectus will be posted to Shareholders and ADS holders resident in, or with a registered address in, the United States or Canada. The Verizon UK Prospectus will not be posted to Shareholders or ADS holders. Shareholders and ADS holders (other than (i) Shareholders and ADS holders resident in, or with a registered address in, the United States or Canada and (ii) Verizon Prospectus Restricted Holders) who wish to receive a hard copy of the Verizon UK Prospectus may request one, subject to applicable restrictions, by contacting Computershare at Corporate Actions 3, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AR.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of Vodafone since the date of this document or that the information in it is correct as of any subsequent time.

Goldman Sachs and UBS, which are authorised by the PRA and regulated by the FCA in the United Kingdom, are advising the Company and no one else in relation to the Scheme of Arrangement, the Transactions, the Return of Value and the Share Consolidation and will not regard any person other than the Company as their client or be responsible to anyone other than the Company for providing the protections afforded to their client nor for giving advice in relation to the Scheme of Arrangement or any transaction, arrangement or other matter referred to in this Circular.

Vodafone has determined that US Shareholders and the Depositary on behalf of holders of ADSs will automatically receive C Shares and will not have the ability to elect between receiving B Shares or C Shares. US Shareholders and holders of ADSs are not in the same position as other Shareholders in relation to the B Shares because US Shareholders who are United States Holders (as defined in Part X, Section 3) will recognise taxable dividend income in an amount equal to the cash and the fair market value of the Verizon Consideration Shares received irrespective of the means by which that cash and those Verizon Consideration Shares are delivered.

It is expected that dealings in the Ordinary Shares will continue on the main market of the LSE until 4.30 p.m. on 21 February 2014. It is expected that the amendment to the Official List for the New Ordinary Shares will become effective at 8.00 a.m. on 24 February 2014 and dealings in them will commence on the LSE at that time. New Ordinary Shares will not trade with any rights to participate in the Return of Value.

It is expected that dealings in ADSs will continue on NASDAQ until 4.00 p.m. (New York time) on 21 February 2014 and that dealings in the New ADSs will commence on NASDAQ at 9.30 a.m. (New York time) on 24 February 2014. New ADSs will not trade with any rights to participate in the Return of Value.

No application will be made to the UK Listing Authority or to the LSE for any of the B Shares, C Shares or Deferred Shares to be admitted to the Official List or to trading on the LSE's main market for listed securities, nor will the B Shares, C Shares or Deferred Shares be listed or admitted to trading on NASDAQ or any other recognised investment exchange.

The attention of Overseas Shareholders is drawn to paragraph 10 of Part III of this document. Shareholders resident or with a registered address in the United States, Hong Kong, Malaysia, New Zealand, Saudi Arabia, Switzerland, the United Arab Emirates or any other Restricted Scheme Jurisdiction are eligible to receive only C Shares (the Income Option) and will automatically receive the Special Dividend. The B Shares are not being made available to Shareholders resident or with a registered address in any of these jurisdictions.

This document does not constitute an invitation to participate in the Scheme of Arrangement, the Transactions or the Return of Value in or from any jurisdiction in or from which, or to or from whom, it is unlawful under applicable securities laws or otherwise.

None of the B Shares, the C Shares, the Deferred Shares or the New Ordinary Shares has been or will be registered under the US Securities Act or the state securities laws of the United States and none of them may be offered or sold in the United States or to any US persons unless pursuant to a transaction that has been registered under the US Securities Act and the relevant state securities laws or a transaction that is exempt from or not subject to the registration requirements of the US Securities Act and the state securities laws.

None of the B Shares, the C Shares, the Deferred Shares, the New Ordinary Shares or this Circular has been approved, disapproved or otherwise recommended by any US federal or state securities commission or other regulatory authority or any non-US securities commission or regulatory authority, nor have such authorities passed upon or endorsed the merits of this offering or confirmed the accuracy or determined the adequacy of this Circular. Any representation to the contrary is a criminal offence in the United States (and may be in other jurisdictions).

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Capitalised terms have the meanings ascribed to them in Part XIII of this document. Certain information in relation to Vodafone is incorporated by reference into this document. You should refer to Part XII for further details.

Dated 10 December 2013

Forward-Looking Statements

This document includes statements that are, or may be deemed to be, “forward- looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “anticipates”, “believes”, “could”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should” or “will”, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, statements regarding Vodafone and its intentions, beliefs or current expectations concerning, among other things, results of operations, prospects, growth and strategies of Vodafone.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of Vodafone and its operations and the development of the markets and the industry in which it operates or is likely to operate and its operations may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. In addition, even if the results of operations and the development of the markets and the industry in which Vodafone operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in law and regulation, currency fluctuations or advancements in research and development and the other risk factors set out in Part IV of this document and elsewhere in this document.

Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this document reflect Vodafone’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Vodafone and its operations, results of operations and growth strategy. Shareholders should specifically consider the factors identified in this document which could cause actual results to differ before making a decision on the Proposals.

Vodafone does not undertake to update the forward-looking statements to reflect actual results or any change in events, conditions or assumptions or other factors unless otherwise required by the Prospectus Rules, the Disclosure and Transparency Rules and/or the Listing Rules.

INFORMATION FOR US VODAFONE SHAREHOLDERS AND HOLDERS OF ADSs

Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the B Shares, the C Shares, the Deferred Shares, the New Ordinary Shares or the New ADSs or passed an opinion on the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

This document is being furnished to Shareholders and ADS holders solely to explain the Proposals and to describe the action recommended to be taken by Shareholders in relation to the Court Meeting and the General Meeting. This document is personal to each Shareholder and ADS holder and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the B Shares, the C Shares, the Deferred Shares, the New Ordinary Shares or the New ADSs.

Enforceability of judgment

Vodafone is a public limited company incorporated under the laws of England and Wales. All the directors of Vodafone and Vodafone's Group are citizens or residents of countries other than the United States, except Renee James and Omid Kordestani. Substantially all of the assets of such persons and a significant proportion of the assets of Vodafone and Vodafone's Group are outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or Vodafone and/or Vodafone's Group, or to enforce against them judgments of US courts, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within the United States. There is substantial doubt as to the enforceability in the UK in original actions or in actions for enforcement of judgments of US courts, based on the civil liability provisions of US federal securities laws.

SOURCES OF INFORMATION AND BASES OF CALCULATION

Unless otherwise stated, in this document:

- the financial information relating to Vodafone is extracted without material adjustment from the audited consolidated financial statements of Vodafone for the financial year to 31 March 2013, prepared in accordance with IFRS, and from the unaudited half-year results for the period ended 30 September 2013.
- the financial information relating to VZW is prepared on the basis set out in Part VII of this Circular.
- the financial information relating to Vodafone Italy is extracted without material adjustment from the audited consolidated financial statements of Vodafone for the financial year to 31 March 2013 and the unaudited consolidated financial information for Vodafone Italy for the six months ended 30 September 2013 included in Part VII of this Circular, prepared in accordance with IFRS.
- Vodafone per share information assumes 52,821,686,866 Ordinary Shares in issue, of which 4,357,552,843 are held in treasury.
- Verizon per share information is based on the closing price on the NYSE as at 6 December 2013 (the latest practicable date prior to the publication of this Circular).
- exchange rates of £1 = €1.1950 and £1 = US\$1.6353 have been used, being the exchange rates at 4.00 p.m. in London on 6 December 2013 (the last practicable date prior to the publication of this Circular).

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The dates given are based on Vodafone's current expectations and may be subject to change. If any of the times or dates below change, the Company will give notice of the change by issuing an announcement through a Regulatory Information Service. Details of the revised times and/or dates will also be available on vodafone.com. All Shareholders have the right to attend the Court Hearings.

All times shown in this timetable are London times unless otherwise stated.

TIMETABLE FOR SHAREHOLDERS (EXCLUDING ADS HOLDERS)

Event	Time and/or date
VZW SPA and Vodafone Italy Agreement signed and Transactions announced	2 September 2013
Latest time for receipt of CREST Proxy Instructions and Forms of Proxy for Court Meeting (BLUE form)	11.00 a.m. on 26 January 2014
General Meeting (YELLOW form)	11.15 a.m. on 26 January 2014
Voting Record Time	6.00 p.m. on 26 January 2014
Court Meeting	11.00 a.m. on 28 January 2014
General Meeting	11.15 a.m. on 28 January 2014 ⁽¹⁾
Verizon Special Meeting	3.00 p.m. (10.00 a.m. New York time) on 28 January 2014

- (1) To commence at 11.15 a.m. or, if later, immediately after the conclusion or adjournment of the Court Meeting.
(2) Assuming the VZW Transaction is implemented pursuant to the Scheme and the Vodafone Italy Transaction completes at the same time as the VZW Transaction.

The following dates are provided by way of indicative guidance only, are subject to change and will depend, among other things, on the date on which the conditions to the VZW Transaction are satisfied or, if capable of waiver, waived and on the date on which the Court sanctions the Scheme and confirms the associated Capital Reductions.

Announcement of number of Verizon Consideration Shares and Ordinary Share consolidation ratio	19 February 2014
Latest time for receipt of Form of Election from Certificated Shareholders or TTE Instructions from CREST holders	1.00 p.m. on 20 February 2014
Distribution Record Time and Consolidation Record Time for Shareholders	6.00 p.m. on 20 February 2014
First Court Hearing to sanction the Scheme of Arrangement	Morning of 21 February 2014
Issue of the B Shares and the C Shares	Following the First Court Hearing but before the Second Court Hearing
Second Court Hearing to confirm the Capital Reductions	Afternoon of 21 February 2014
Scheme Effective Date and effective date of Transactions ⁽²⁾	21 February 2014
Announcement of Cash Entitlement amount	21 February 2014
Ex-Date for Ordinary Shares to receive the Return of Value	8.00 a.m. on 24 February 2014
Effective time and date of Share Consolidation	8.00 a.m. on 24 February 2014
CREST accounts credited with New Ordinary Shares	8.00 a.m. on 24 February 2014
Commencement of trading in New Ordinary Shares	8.00 a.m. on 24 February 2014
Entitlements to Verizon CDIs credited to CREST accounts (including to the Verizon CSN) and dealings in Verizon CDIs commence on the LSE	from 8.00 a.m. on 24 February 2014
Payments in respect of Cash Entitlements credited to CREST accounts, made by electronic transfer to mandated accounts or by cheque (as applicable)	4 March 2014
Vodafone Share Account statements (or share certificates, where applicable) relating to New Ordinary Shares sent to Certificated Shareholders	on or around 4 March 2014
Verizon CSN Statements of Entitlement relating to Verizon CDIs sent to Certificated Shareholders	on or around 4 March 2014
Payments in respect of fractional entitlements credited to CREST accounts, made by electronic transfer to mandated accounts or made by cheque (as applicable)	by 10 March 2014
Payments in respect of Verizon Consideration Shares sold on behalf of Verizon Share Restricted Shareholders credited to CREST accounts, made by electronic transfer to mandated accounts or made by cheque (as applicable)	by 10 March 2014

TIMETABLE FOR ADS HOLDERS

<u>Event</u>	<u>Time and/or date</u>
VZW SPA and Vodafone Italy Agreement signed and Transactions announced	2 September 2013
Voting record date for ADS holders	12 December 2013
Latest time for receipt of ADS proxy instructions by telephone and internet	5.00 p.m. (New York time) on 21 January 2013
Latest time for receipt of ADS Proxy Cards	5.00 p.m. (New York time) on 22 January 2014
Court Meeting	11.00 a.m. (London Time) on 28 January 2014
General Meeting	11.15 a.m. (London Time) on 28 January 2014 ⁽³⁾
Verizon Special Meeting	10.00 a.m. New York time (3.00 p.m. London time) on 28 January 2014

(3) To commence at 11.15 a.m. or, if later, immediately after the conclusion or adjournment of the Court Meeting.

(4) Depositary's books closed for the issuance and cancellation of ADSs until the issue of New ADSs.

(5) Assuming the VZW Transaction is implemented pursuant to the Scheme and the Vodafone Italy Transaction completes at the same time as the VZW Transaction.

The following dates are provided by way of indicative guidance only, are subject to change and will depend, among other things, on the date on which the conditions to the VZW Transaction are satisfied or, if capable of waiver, waived and on the date on which the Court sanctions the Scheme and confirms the associated Capital Reductions.

Announcement of number of Verizon Consideration Shares and ADS consolidation ratio	19 February 2014
ADS Distribution Record Time ⁽⁴⁾	close of business (New York time) on 20 February 2014
First Court Hearing to sanction the Scheme of Arrangement	Morning (London time) of 21 February 2014
Second Court Hearing to confirm the Capital Reductions	Afternoon (London time) of 21 February 2014
Scheme Effective Date and effective date of Transactions ⁽⁵⁾	Afternoon (London time) of 21 February 2014
Announcement of Cash Entitlement amount	Afternoon (London time) of 21 February 2014
Ex-Date for ADSs to receive the Return of Value	24 February 2014
Effective date of ADS consolidation	24 February 2014
Entitlements to Verizon Consideration Shares and New ADSs credited to DTC and registered in the Direct Registration System	24 February 2014
Commencement of trading in New ADSs	open of business (New York time) on 24 February 2014
Verizon Consideration Shares commence trading on the NYSE	open of business (New York time) on 24 February 2014
DTC allocates Verizon Consideration Shares and New ADSs to DTC participants	open of business (New York time) on 27 February 2014
Payment in respect of Cash Entitlements credited to DTC	4 March 2014
Cheques in respect of Cash Entitlements for holders of ADSs in registered form posted	4 March 2014
Payment in respect of fractional entitlements to Verizon Consideration Shares and New ADSs (as applicable) made by electronic transfer to DTC	by 10 March 2014
Cheques in respect of fractional entitlements to Verizon Consideration Shares and New ADSs of holders of ADSs in registered form posted	by 10 March 2014

IMPORTANT NOTICE ABOUT VOTING IN FAVOUR OF THE PROPOSALS

Voting on the Transactions and the Scheme

Completion of the Transactions requires the approval by Shareholders of Resolution 1. An explanation of this resolution is set out in paragraph 15 of Part III.

In addition, to effect the proposed Return of Value, Vodafone proposes to implement the VZW Transaction pursuant to the Scheme, which requires approval at a meeting of Shareholders convened by order of the Court to be held at Hilton London Metropole Hotel, 225 Edgware Road, London W2 1JU at 11.00 a.m. (London time) on 28 January 2014 and the passing of Resolution 2 at the General Meeting, to be held at 11.15 a.m. (London time) or, if later, immediately after the conclusion or adjournment of Court Meeting.

Shareholders should note that if the Scheme is not approved at the Court Meeting or Resolution 2 is not passed at the General Meeting, but Resolution 1 is approved at the General Meeting, then provided the remaining conditions to the Transactions are satisfied, the Transactions will still complete.

The Directors believe that there will be benefits to Shareholders if the VZW Transaction is completed pursuant to the Scheme. In particular, it will not be possible to implement the proposed Return of Value if the Scheme is not approved, lapses in accordance with its terms or is withdrawn. Accordingly, you are encouraged to submit your Forms of Proxy and vote in favour of the Scheme at the Court Meeting and the General Meeting, as set out below.

How to vote

Further instructions on actions to be taken are set out in Part II of this Circular and, for Certificated Shareholders, in the shareholder guide sent together with this Circular.

Whether or not you plan to attend the Meetings, Shareholders should:

- complete, sign and return the BLUE Form of Proxy for use at the Court Meeting or, alternatively, submit a proxy by electronic means, so as to be received by no later than 11.00 a.m. on 26 January 2014;

AND

- complete, sign and return the YELLOW Form of Proxy for use at the General Meeting or, alternatively, submit a proxy by electronic means, so as to be received by no later than 11.15 a.m. on 26 January 2014.

If the BLUE Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting before the start of the Court Meeting and will still be valid. However, in the case of the General Meeting, if the YELLOW Form of Proxy is not returned so as to be received by the time mentioned above, it will be invalid.

The completion and return of the Forms of Proxy will not prevent you from attending and voting in person at the Court Meeting or the General Meeting, or any adjournment thereof, should you wish to do so and should you be so entitled.

For instructions on how to complete the Form of Election, please refer to paragraph 3 of Part II of this Circular.

Registered holders of ADSs (including those holding in the Direct Registration System or the Global BuyDIRECT Plan) should have received an ADS Proxy Card with this document which will enable them to (i) attend, speak and vote at the Court Meeting and the General Meeting, (ii) appoint another person to attend, speak and vote on their behalf at the Court Meeting and the General Meeting or (iii) instruct the Depositary how to vote on the matters to be considered at the Court Meeting and the General Meeting. If a registered ADS holder wishes to instruct the Depositary how to vote, the ADS Proxy Card must be received by The Bank of New York Mellon no later than 5.00 p.m. (New York time) on 22 January 2014 for votes returned by mail and no later than 5.00 p.m. (New York time) on 21 January 2014 for votes received by telephone or internet. Holders of ADSs who hold through an Agent Institution in book-entry form should receive a request for instructions from them or should contact them directly to deliver voting instructions in respect of their ADSs in the form and by the time indicated by that Agent Institution. Holders should note that their Agent Institution may establish an earlier deadline for the receipt of instructions and, accordingly, holders are encouraged to contact their Agent Institutions promptly to determine any applicable deadlines so that they can deliver timely instructions.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY OR INSTRUCTIONS AS SOON AS POSSIBLE.

THE DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE RESOLUTIONS TO BE PROPOSED AT THE COURT MEETING AND THE GENERAL MEETING.

Shareholder Helpline

If you are a Shareholder and have any questions about this Circular, the Court Meeting or the General Meeting, or are in any doubt as to how to complete the Forms of Proxy or Form of Election, or how to submit a valid Electronic Election, please call the Shareholder helpline on 0870 707 1739 from the UK, 01 696 8421 for Shareholders based in Republic of Ireland or +44 (0)870 707 1739 for Shareholders outside the UK or Republic of Ireland between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding UK bank or public holidays). Calls will be charged at national rate. Calls to +44 (0)870 707 1739 from outside the UK are chargeable at applicable international rates.

Please note that calls may be monitored or recorded and Computershare cannot provide financial or tax advice or advice on the merits of the Scheme of Arrangement or the Proposals.

If you are a holder of ADSs and have any questions about this Circular, the Court Meeting or the General Meeting, or relating to the completion and return of the ADS Proxy Card, please contact The Bank of New York Mellon on 888.985.2038 if calling from inside the United States or (001) 312.360.5214 if calling from outside the United States, between 8.00 a.m. and 8.00 p.m., New York time (excluding US holidays). The helpline cannot provide financial or tax advice or advice on the merits of the Scheme of Arrangement or the Proposals.

PART I – LETTER FROM THE CHAIRMAN OF VODAFONE GROUP PLC

[GRAPHIC]

Directors

Gerard Kleisterlee
Vittorio Colao
Andy Halford
Stephen Pusey
Renee James
Alan Jebson
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Vodafone House
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Newbury
Berkshire
RG14 2FN

(incorporated and registered in England with registered
no. 01833679)

10 December 2013

To Shareholders, including holders of ADSs, and for information only, to participants in the Company's Share Plans

Dear Shareholder

Recommended proposals relating to:

Disposal of the US Group whose principal asset is its 45 per cent. interest in Verizon Wireless and related acquisition of the outstanding minority interest in Vodafone Italy
Proposed Return of Value and Share Consolidation pursuant to a Scheme of Arrangement and related matters

1. Introduction

On 2 September 2013, Vodafone announced that it had reached an agreement to dispose of the US Group whose principal asset is its 45 per cent. interest in Verizon Wireless, to Verizon, Vodafone's joint venture partner, for a total headline consideration of approximately \$130 billion (£79 billion), pursuant to the VZW Transaction. Vodafone and Verizon also announced that they had agreed that Vodafone will acquire the Vodafone Italy Shares for \$3.5 billion (£2.1 billion), thereby securing full ownership of Vodafone Italy, pursuant to the Vodafone Italy Transaction.

In addition, Vodafone announced its intention to return approximately \$84.0 billion (£51.4 billion) or 71 per cent. of the net proceeds of the VZW Transaction to Shareholders, through the Return of Value. The Board has decided to complete the Return of Value pursuant to the Scheme to give Shareholders (other than Restricted Scheme Shareholders) the flexibility, which may be relevant under their prevailing tax regime, to receive their proceeds as income or capital (and, where proceeds are received as capital, potentially also effectively to roll any gain arising in respect of their receipt of Verizon Consideration Shares into their new holding of Verizon Consideration Shares and New Ordinary Shares). Following the Return of Value, the Company intends to carry out the Share Consolidation, in order to seek broad comparability, as far as possible, between the Company's share price before and after the Return of Value.

Due to the size of the VZW Transaction, under the Listing Rules the Transactions are considered to be "Class 1" transactions and are therefore subject to approval by Shareholders. In addition, because of Verizon's interest in Vodafone Italy, Verizon is a "related party" in relation to Vodafone under the Listing Rules. The Return of Value, the Share Consolidation and certain related matters will also require approval by Shareholders.

A Court Meeting (to approve the Scheme) and a General Meeting (to approve the Transactions, the Return of Value, the Share Consolidation and related matters) have been convened and will be held at 11.00 a.m. on 28 January 2014 and at 11.15 a.m. on 28 January 2014 respectively. Both meetings will be held at Hilton London Metropole Hotel, 225 Edgware Road, London W2 1JU.

The purpose of this Circular is to provide details of the Transactions, the Return of Value and related matters and to explain why the Board considers them to be in the best interests of the Company and Shareholders as a whole. The Directors are recommending that you vote in favour of the resolutions to be proposed at the Meetings, as they intend to do in respect of their own beneficial holdings of Ordinary Shares, being in aggregate 13,773,176 Ordinary Shares, representing approximately 0.03 per cent. of Vodafone's issued ordinary share capital, in each case as at 6 December 2013 (the latest practicable date prior to the publication of this document).

2. Background to and reasons for the Proposals

Vodafone's US presence is predominantly a legacy of Vodafone's merger with AirTouch Communications, Inc. in 1999. In 2000, Vodafone AirTouch's US business and the wireless business of Bell Atlantic and GTE Corporation were combined to form Verizon Wireless, and Bell Atlantic was subsequently renamed Verizon.

Since its creation, Vodafone's investment in Verizon Wireless has created significant value for Shareholders. The Board believes that the VZW Transaction provides Vodafone with an opportunity to realise this value at an attractive price. The Transactions will position Vodafone strongly to pursue its leadership strategy in mobile and unified communication services for consumers and enterprises, in both developed and emerging markets.

The Board has evaluated the potential uses of proceeds, including retaining the cash received from the VZW Transaction for investment (for example, for Project Spring) in comparison with returning value to Shareholders. While Vodafone has identified several opportunities to accelerate the Group's strategy and invest for growth, the Board believes that returning a significant proportion of the proceeds of the VZW Transaction to Shareholders through the Return of Value is appropriate.

The Board believes that the Transactions and the Return of Value will leave Vodafone better positioned to execute and accelerate its strategy and to increase its dividend per share for Shareholders. Further information on Vodafone's proposed use of proceeds from the VZW Transaction, future dividend policy and strategy (including Project Spring) is set out in paragraphs 14 and 15 below.

3. Principal terms of the VZW Transaction

Vodafone and V4L have agreed to dispose of the US Group to Verizon for a total headline consideration of approximately \$130 billion. The consideration, subject to the adjustments and provisions described below, comprises \$58.9 billion in cash, Verizon Shares with a notional value of \$60.15 billion, \$5.0 billion in the form of Verizon Loan Notes, \$3.5 billion in the form of the Vodafone Italy Shares and \$2.5 billion through the indirect assumption by Verizon of certain Vodafone net liabilities relating to the US Group.

The number of Verizon Consideration Shares to be issued at completion of the VZW Transaction will be determined on the third Business Day prior to the VZW Completion Date based on the Average Trading Price of Verizon Shares during the 20-Trading Day Reference Period ending on that day, and will be subject to adjustment pursuant to the Collar (and, if applicable, the Dividend Adjustment). The Collar ensures that fluctuations in the Average Trading Price of the Verizon Shares within the range of \$47.00 to \$51.00 during the Reference Period will result in an adjustment to the number of Verizon Consideration Shares to be issued by Verizon at completion of the VZW Transaction so that their aggregate value (on the basis of that Average Trading Price) is equal to \$60.15 billion (less any reduction as a result of the Verizon Cash Election described below). If the Average Trading Price were to rise (or fall) outside the end-points of the Collar, there would be no adjustment to the number of Verizon Consideration Shares beyond the relevant end-point and the notional gain (or loss) would, accordingly, be for the account of Shareholders.

Verizon has the right, if Verizon Shareholders do not approve an increase in Verizon's authorised share capital at the Verizon Special Meeting, to increase the cash portion of the total consideration by any amount up to \$5 billion and, accordingly, to decrease the number of Verizon Shares to be issued, pursuant to the Verizon Cash Election.

The Average Trading Price of Verizon Shares during the 20 Trading Days ending on the third Business Day prior to 6 December 2013 (the latest practicable date prior to the publication of this Circular) was \$50.14. On that basis, and by way of example, had completion of the VZW Transaction occurred on 6 December 2013, Verizon would have been required to issue 1,199,536,167 Verizon Consideration Shares, with an aggregate market value of approximately \$59.347 billion based on their closing price on the NYSE of \$49.48 on 6 December 2013. In each case, this example assumes no exercise of the Verizon Cash Election and no Dividend Adjustment.

Completion of the VZW Transaction is subject to the satisfaction of certain conditions precedent, including approval of Resolution 1 by Shareholders, approval of the issue of the Verizon Consideration Shares by Verizon to Shareholders and certain other conditions as set out in paragraph 3 of Part V of this Circular. One such condition, the approval of the FCC, was satisfied on 4 December 2013.

It is intended that the VZW Transaction will be implemented pursuant to the Scheme. However, the VZW Transaction will still be able to complete in accordance with the terms of the VZW SPA if the Scheme cannot be implemented (for example, because it is not approved by Shareholders or sanctioned by the Court) but the remaining conditions to completion of the VZW Transaction are fulfilled. The mechanics for completion of the VZW Transaction otherwise than pursuant to the Scheme, and the consequences for Vodafone and Shareholders, are summarised in paragraph 8 below and in paragraph 16 of Part III of this Circular.

Further details of the VZW Transaction are set out in Part V of this Circular.

4. Principal Terms of the Vodafone Italy Transaction

VEBV (a subsidiary of Vodafone) and VBIHBV (a subsidiary of Verizon) have also agreed that VEBV will acquire the Vodafone Italy Shares (comprising Verizon's 23.1 per cent. minority interest in Vodafone Italy), valued at \$3.5 billion (£2.1 billion), thereby securing full ownership for Vodafone of Vodafone Italy. As the Vodafone Italy Transaction will result in Vodafone having full control of Vodafone Italy, Vodafone Italy will be fully consolidated in future Vodafone Group financial results.

The EU Commission granted its approval of completion of the Vodafone Italy Transaction on 29 October 2013. Completion of the Vodafone Italy Transaction remains subject to approval by Shareholders and completion of the VZW Transaction. Although there are further customary conditions to completion of the Vodafone Italy Transaction, the Board does not consider these to be material and so it is expected that the Vodafone Italy Transaction will be completed at the same time as the VZW Transaction.

Although the Board considers this unlikely, if any of the outstanding conditions to completion of the Vodafone Italy Transaction were not satisfied at the time when the conditions to completion of the VZW Transaction were satisfied, the VZW Transaction would complete at that time and the Vodafone Italy Transaction would complete when its conditions were subsequently satisfied. In the unlikely event that such conditions were not satisfied by the date which falls two years from the VZW Completion Date, either VEBV or VBIHBV would be able to terminate the Vodafone Italy Agreement and VEBV would not acquire the remaining interest in Vodafone Italy held by VBIHBV. Further details of the arrangements which will be put in place if the Vodafone Italy Transaction does not complete at the same time as the VZW Transaction are set out in Part V of this Circular.

The Vodafone Italy Agreement will automatically terminate if the VZW SPA is terminated in accordance with its terms prior to completion of the VZW Transaction.

5. Information on Verizon Wireless and Vodafone Italy

Verizon Wireless is a partnership between Verizon (55 per cent.) and Vodafone (45 per cent.). Verizon Wireless is the largest wireless service provider in the United States as measured by retail connections and revenue and serves 100.1 million retail connections and operates more than 1,900 retail locations domestically.

As at 31 March 2013, Verizon Wireless accounted for £38.4 billion of Vodafone's gross assets of £142.7 billion and contributed £6.4 billion to Vodafone's consolidated profit before tax of £3.3 billion for the financial year ended 31 March 2013.

Vodafone Italy is a mobile and fixed telecommunications business. Vodafone Italy has 29.1 million mobile customers and 1.7 million fixed broadband users. As at 31 March 2013, Vodafone Italy accounted for £10.3 billion of Vodafone's gross assets of £142.7 billion and contributed a loss of £3.4 billion (after goodwill impairment charges of £4.5 billion) to Vodafone's consolidated profit before tax of £3.3 billion for the financial year ended 31 March 2013.

Vodafone adopted IFRS 11, which replaces IAS 31, "Interests in Joint Ventures" and SIC-13, "Jointly Controlled Entities—Non-monetary Contributions by Venturers", on 1 April 2013. The adoption of this standard has resulted in the Group applying the equity method when accounting for its interest in Vodafone Italy rather than proportional consolidation. Whilst the change is presentational in nature and does not impact on the net contribution of Vodafone Italy to Vodafone's statutory profit for the financial periods or total equity, there has been an impact on Vodafone's gross assets and profit before tax as Vodafone's net investment in Vodafone Italy is now recorded in a single line within non-current assets, whilst net profit is recorded in a single line within operating profit.

On this revised basis, as at 30 September 2013, Vodafone Italy accounted for £8.6 billion of Vodafone's gross assets of £145.5 billion and contributed a profit of £0.2 billion to Vodafone's consolidated profit before tax of £1.5 billion for the six months ended 30 September 2013.

Shareholders should read the whole of this document and, in particular, the financial information in relation to Verizon Wireless and Vodafone Italy set out in Part VII, and not rely solely on the summarised financial information contained in this paragraph.

6. The Return of Value

The Return of Value is intended to be implemented pursuant to the B share and C share scheme set out in the Scheme of Arrangement. As described below and, in more detail, in Part III of this document, the Return of Value is intended to be effected partly by the payment of \$23.886 billion (£14.607 billion) in cash by Vodafone and partly by the issue of the Verizon Consideration Shares to Shareholders by Verizon. The exact amount of the value to be returned to Shareholders will depend on a number of factors including the market value of the Verizon Shares on the Scheme Effective Date. By way of example, if the Scheme Effective Date had occurred on 6 December 2013 (the latest practicable date prior to the publication of this Circular), Shareholders would have been entitled to:

\$1.22 in Verizon Shares and \$0.49 in cash for each B Share or C Share held

equal to approximately £0.75 in Verizon Shares and £0.30 in cash for each B Share or C Share held.

This example is illustrative only and is based on the Average Trading Price of Verizon Shares of \$50.14 over the 20 Trading Days ending on 3 December 2013 (the third Business Day prior to 6 December 2013); the closing price of Verizon Shares of \$49.48 on 6 December 2013; Vodafone having 48,464,134,023 Ordinary Shares in issue (excluding those held in treasury); and a £:\$ exchange rate of 1.6353 (being the rate quoted by WM/Reuters on 6 December 2013, the latest practicable date prior to the publication of this Circular). The example also assumes no Verizon Cash Election or Dividend Adjustment.

Information on Verizon Shares is set out in the Verizon Prospectuses (which Verizon has prepared).

6.1 Issue of B Shares and C Shares

Under the Scheme, all Shareholders (including the Depositary, on behalf of holders of ADSs) on the Register at the Distribution Record Time will be issued fully paid bonus shares. The bonus shares received by a Shareholder will be either B Shares or C Shares (or a combination of the two) depending on which of the Share Alternatives that Shareholder elects for (where eligible) or is otherwise deemed to have elected for. Accordingly, under the Scheme each Shareholder will receive either:

For every 1 Ordinary Share held at the Distribution Record Time	1 B Share or 1 C Share
or	
For every 1 ADS held at the ADS Distribution Record Time	10 C Shares

Shareholders (other than Restricted Scheme Shareholders) are now being asked to elect for either the Capital Option or the Income Option using the Form of Election or, in the case of CREST holders, by making an electronic election. Shareholders who do not make a valid election for the Capital Option, and US Shareholders, the Depositary on behalf of ADS holders and other Restricted Scheme Shareholders, will be deemed to have elected to receive C Shares in respect of ALL of their Ordinary Shares. US Shareholders and ADS Holders are not given an option to elect between B Shares and C Shares as it is expected that Shareholders who are subject to tax in the United States will recognise taxable dividend income in respect of their Cash Entitlement and Verizon Consideration Share Entitlement irrespective of whether they receive B Shares or C Shares.

The number of B Shares which will be issued is effectively subject to a maximum limit by virtue of the objective of making available the intended taxation treatment for certain Shareholders as described in Part X of this Circular. If elections are made for a greater number of B Shares than are able to be issued on this basis, the scaling back arrangements described in paragraph 2.5 of Part III will apply, but in all events it is intended that Shareholders will receive in aggregate the same Cash Entitlement and Verizon Consideration Share Entitlement for each B Share or C Share held.

The B Shares and C Shares will have no voting rights, will not be transferable and will not be listed on any stock exchange. No certificates will be issued in respect of the B Shares or C Shares. Neither the B Shares nor the C Shares will have any right to participate in profits or in a repayment of capital (whether in a winding up or otherwise) except as provided for in the Scheme of Arrangement and the New Articles of Association.

Capital Option

The B Shares are expected to be cancelled by Vodafone in return for cash and Verizon Consideration Shares with a value no greater than the aggregate nominal value of the B Shares, which will be set shortly before the Return of Value takes place, as described in paragraph 2.5 of Part III.

The cash and Verizon Shares received in return for the cancellation of B Shares are expected to be treated for tax purposes as capital in the hands of UK and Irish tax-resident Shareholders electing for the Capital Option. Further information in relation to tax is set out in Part X.

Income Option

Holders of C Shares are expected to receive the Special Dividend on their C Shares, consisting of cash and Verizon Shares with an aggregate value, for each C Share, equal to the aggregate value of cash payable and Verizon Shares receivable on the cancellation of each B Share under the Capital Option.

The Special Dividend is expected to be treated for tax purposes as income in the hands of UK and Irish tax-resident Shareholders. **Shareholders resident for tax purposes in the UK or Republic of Ireland should note that, if they fail to make a valid election for the Capital Option, they may be subject to income tax in respect of both their Cash Entitlement and the market value of their Verizon Consideration Share Entitlement.** Further information in relation to tax is set out in Part X.

Following payment of the Special Dividend, the C Shares will convert into Deferred Shares which, in due course, will be repurchased and cancelled by Vodafone as described in paragraph 2.5 of Part III.

Settlement of entitlements under the Return of Value

It is expected that the Verizon Consideration Share Entitlements will be credited to Shareholders and ADS holders on 24 February 2014. Details of how the Verizon Consideration Share Entitlements will be provided to Shareholders and ADS holders are set out in paragraph 11 (below) and in paragraph 9 of Part III.

It is expected that Vodafone will make payments in respect of Cash Entitlements to Shareholders and ADS holders on 4 March 2014. Certificated Shareholders who have not previously provided a bank mandate to Vodafone will receive their cash proceeds by cheque.

Shareholders who are on the Register at the Distribution Record Time but sell their Ordinary Shares before the Ex-Date will not receive the Cash Entitlement or Verizon Consideration Share Entitlement which they would otherwise have received.

CREST holders will be able to trade their Verizon CDIs on and from 24 February 2014.

ADS holders at the ADS Distribution Record Time who sell their ADSs before the Ex-Date will not receive the Cash Entitlement or Verizon Consideration Share Entitlement which they would otherwise have received. ADS holders who do not sell their ADSs as described above will retain their entitlements and may begin trading their Verizon Consideration Share Entitlements on 24 February 2014. It is expected that DTC will allocate the Verizon Consideration Shares to ADS holders on 27 February 2014 in time for settlement of those trades.

6.2 Share Consolidation

The Share Consolidation, which is expected to take place on the first Business Day following the Scheme Effective Date, is intended broadly to maintain comparability, as far as reasonably practicable, of the Company's share price before and after the Return of Value. The share price of one New Ordinary Share following the Scheme Effective Date is intended, as far as reasonably practicable, to be approximately equal to the share price of one Ordinary Share immediately before the Scheme Effective Date (subject to market movements).

The Share Consolidation ratio cannot be fixed at this time as it will depend on a number of factors including fluctuations in the price of Ordinary Shares, Verizon Shares and the £:\$ exchange rate. Accordingly, the number of New Ordinary Shares to be issued in exchange for each Ordinary Share will be announced by the Directors on the third Business Day prior to the First Court Hearing on the basis of the number obtained by dividing (i) the difference between (a) the closing price of an Ordinary Share on the LSE on that day and (b) the aggregate sterling-equivalent amount of the Cash Entitlement and Verizon Consideration Share Entitlement (based on the closing price of Verizon Shares on the NYSE on the same day) for each B Share or C Share expected to be issued under the Scheme, by (ii) the closing price of an Ordinary Share on the LSE at such time, subject to such amendments as the Directors may agree to deal with fractions, rounding or other practical problems or matters which may result from such division and/or to achieve a ratio which in their judgment is the most appropriate to seek to maintain comparability of the Company's share price before and after the Return of Value.

By way of example, on the basis of the closing price per Ordinary Share of 225.83 pence as at 3 December 2013 (the third Business Day prior to 6 December 2013, the last practicable date prior to the publication of this Circular), and on the basis of the closing price of Verizon Shares of \$49.57 and a £:\$ exchange rate of 1.6414 on the same date, the consolidation ratio would be 10 New Ordinary Shares for every 19 existing Ordinary Shares.

ADSs will be consolidated in the same manner as Ordinary Shares. The consolidation ratio for ADSs will be announced at the same time as the Share Consolidation ratio.

Following the Share Consolidation, Shareholders and ADS holders will own the same proportion of Vodafone as they did previously (subject to fractional entitlements) but will hold fewer New Ordinary Shares or New ADSs than the number of Ordinary Shares or ADSs currently held. The number of Ordinary Shares represented by each ADS will remain unchanged at ten New Ordinary Shares. Further information on the Share Consolidation is set out at paragraph 2.7 of Part III of this document.

6.3 Vodafone Share Account

In connection with the Share Consolidation, it is intended that no share certificates in respect of New Ordinary Shares will be sent to Certificated Shareholders (unless such Shareholders elect otherwise or are Vodafone Share Account Restricted Shareholders) but, instead, New Ordinary Shares to which such Shareholders are entitled will be registered in the Vodafone Share Account in the name of Computershare Company Nominees Limited. The Vodafone Share Account will be administered by Computershare on behalf of such shareholders. Under these arrangements, such Certificated Shareholders will remain the beneficial owners of the relevant number of New Ordinary Shares to which they are entitled pursuant to the Share Consolidation and will be able to direct Computershare to hold, trade or otherwise deal with their New Ordinary Shares in accordance with their instructions.

The Directors believe that the Vodafone Share Account will be beneficial to Certificated Shareholders, making it easier for them to buy and sell New Ordinary Shares at a low cost and settle trades in such shares in a shorter time frame than it would take to execute a trade of those shares held in certificated form. It will also remove the need for Shareholders to hold a share certificate which needs to be kept safely and securely. Shareholders who hold their shares through the Vodafone Share Account will have the same rights as they do now, subject to any applicable legal restrictions, and the New Ordinary Shares will carry the same rights (including as regards dividends and voting at general meetings of the Company) whether they are held in certificated form or through the Vodafone Share Account.

Certificated Shareholders who would prefer to continue holding their shares in Vodafone through a share certificate will be able to elect to do so by completing the relevant box on the Form of Election, as set out in Part II of this document. Due to regulatory restrictions, Vodafone Share Account Restricted Shareholders will not be able to hold their New Ordinary Shares through the Vodafone Share Account and will, therefore, be sent new certificates in respect of their New Ordinary Shares.

Further details about the Vodafone Share Account are set out in Part III of this document.

7. The Scheme of Arrangement

It is intended that the VZW Transaction, the Return of Value and the Share Consolidation will be implemented by way of a scheme of arrangement under Part 26 of the Companies Act. A scheme of arrangement is a statutory procedure that can be used (among other things) to effect a return of value to shareholders.

To become effective, the Scheme of Arrangement must:

- be approved at the Court Meeting by Shareholders representing a majority in number, and 75 per cent. by value, of those present and voting in person or by proxy; and
- be sanctioned by the Court.

The implementation of the Scheme is also conditional on the passing of Resolution 2 by Shareholders at the General Meeting and on the satisfaction (or waiver) of the conditions to completion of the VZW Transaction.

Once the Court's approval has been obtained, the Scheme of Arrangement will automatically become effective upon the delivery of the Court's order to the Registrar of Companies. At that point, all Shareholders at the Distribution Record Time will become bound by the Scheme of Arrangement, even if they failed to vote or voted against it.

The Directors will not take the necessary steps to implement the Scheme of Arrangement until they are satisfied that regulatory approvals and other conditions to completion of the VZW Transaction have been obtained or satisfied.

The implementation of the Return of Value pursuant to the terms of the Scheme will also require the Capital Reductions to be confirmed by the Court on the terms proposed in this Circular. It is expected that the Court will confirm the terms of the Capital Reductions shortly after sanctioning the Scheme. The Capital Reductions and the Return of Value will then become effective on delivery of the Reduction Court Order to (or, if the Court so orders, upon its registration by) the Registrar of Companies.

The Scheme contains a provision enabling Vodafone, in certain circumstances, to consent on behalf of all persons concerned to any modification of (for example, by reducing the quantum of the Cash Entitlement under the Return of Value), or addition to, the Scheme or to any condition approved or imposed by the Court. The Directors may determine to modify the terms of the Scheme where they consider this to be necessary or desirable to secure the Court's approval or the confirmation of the Court to the Capital Reductions forming part of the Scheme.

8. Consequences for the VZW Transaction and the Return of Value of the Scheme of Arrangement and/or the related Capital Reductions not being implemented

As discussed above, it is intended that the VZW Transaction will be implemented pursuant to the Scheme and, under the VZW SPA, Vodafone and Verizon have therefore agreed to co-operate to implement the Scheme. However, they have also agreed that, if it is not possible to implement the Scheme (where this is not approved by Shareholders or sanctioned by the Court, or the Scheme lapses in accordance with its terms or is withdrawn, or the Court does not confirm the Capital Reductions), the VZW Transaction will still complete pursuant to the mechanics set out in the VZW SPA if all the remaining conditions to completion of the VZW Transaction are satisfied.

In such circumstances, Vodafone will still dispose of the US Group to Verizon and Verizon will still pay the Cash Consideration, and issue the Verizon Loan Notes and the Verizon Term Note, to Vodafone, and issue the Verizon Consideration Shares to the Distribution Agent on behalf of, and for distribution to, Shareholders. However, Vodafone would not be in a position to pay the Cash Entitlement in the Return of Value. As previously announced, the Board would seek to distribute the cash to Shareholders in due course through other lawful means. In addition, the Share Consolidation would not be implemented. Further details of the consequences of the VZW Transaction completing in circumstances where the Scheme does not become effective are set out in paragraph 16 of Part III.

If the Scheme and the related Capital Reductions are not able to be implemented, the tax treatment for certain Shareholders of receiving the Verizon Consideration Shares and any cash distribution may differ from the treatment that would apply if the VZW Transaction were to complete, and the Verizon Consideration Shares were issued, pursuant to the Scheme. A summary of the tax consequences for UK and Irish Shareholders is set out in Part X.

The Vodafone Italy Transaction would not be affected by completion of the VZW Transaction pursuant to the VZW SPA rather than pursuant to the Scheme. If the relevant conditions to completion of the Vodafone Italy Transaction are also satisfied at the time of completion of the VZW Transaction (whether or not pursuant to the Scheme), the Vodafone Italy Transaction will also complete on the VZW Completion Date.

9. Amendments to the Articles of Association

A number of amendments to the Articles of Association are required to implement the Return of Value and the Share Consolidation and, accordingly, the Company proposes to adopt the New Articles of Association, subject to Shareholder approval at the General Meeting. Further details are set out in paragraph 7 of Part III of this Circular.

10. Dealing Facility

Verizon has agreed to provide individuals resident in, or with a registered address in, the EEA (other than in Croatia) and who are Certificated Shareholders holding fewer than 50,000 Ordinary Shares at the Distribution Record Time with a share dealing facility enabling them to sell, free of dealing costs and commissions, all (but not some only) of the Verizon Consideration Shares that they are issued pursuant to the VZW Transaction and which are held by the Verizon CSN on their behalf in the form of Verizon CDIs. Shareholders who satisfy the above criteria but hold their Ordinary Shares through CREST may use this facility by converting, at their own cost, their holdings of Ordinary Shares into certificated form prior to the Distribution Record Time. The Dealing Facility is not available to holders of ADSs.

The Dealing Facility will be open for six weeks from the VZW Completion Date. The costs of the Dealing Facility will be paid by Vodafone and Verizon in equal measure. Further details of the Dealing Facility are set out in Part III of this document.

11. Settlement of Verizon Consideration Shares

Verizon Shares are US securities and are therefore not capable of being traded in the UK through CREST like Ordinary Shares. Accordingly, Verizon has agreed to make arrangements to provide Uncertificated Shareholders (other than Verizon Share Restricted Shareholders) with Verizon CDIs, which are instruments which represent the underlying Verizon Shares and allow settlement of trading in Verizon Shares through CREST. Uncertificated Shareholders (other than Verizon Share Restricted Shareholders) will therefore receive Verizon CDIs.

In addition, Certificated Shareholders may be unfamiliar with the formalities required to trade in US securities. Accordingly, Verizon has agreed to procure delivery of the relevant Verizon CDIs to the Verizon CSN who will hold them as nominee for Certificated Shareholders (other than Verizon CSN Restricted Shareholders). Such Certificated Shareholders will not receive a certificate in respect of their Verizon CDIs but will instead receive from the Verizon CSN a Statement of Ownership, evidencing their entitlement to the underlying Verizon CDIs. Such Shareholders will be able to direct the Verizon CSN to hold or sell the underlying Verizon CDIs as they instruct. Further details are set out in paragraph 9.2 of Part III of this document.

Verizon CSN Restricted Shareholders (other than Verizon Share Restricted Shareholders) will receive Verizon Consideration Shares through the Direct Registration System, which subsequently can be transferred by instructing Computershare. ADS holders will receive Verizon Consideration Shares in uncertificated form, registered to them in the Direct Registration System or (if they hold ADSs through DTC with an Agent Institution) through DTC and that Agent Institution.

Verizon Share Restricted Shareholders will not receive any Verizon Consideration Shares; instead, such shares will be sold on their behalf and they will receive the cash proceeds from that sale.

Further details are set out in Part III of this document.

12. Currency of Cash Entitlement

Pursuant to the Return of Value, Uncertificated Shareholders and ADS holders will receive their Cash Entitlements and any other cash proceeds under the Return of Value in dollars. Uncertificated Shareholders should ensure that they have a USD cash memorandum account enabled and linked to their account in CREST prior to the due date for the payments. Payments to ADS holders will be net of the Depositary's fee.

Certificated Shareholders will receive their Cash Entitlement and any other cash proceeds from the Return of Value in their Default Currency based on their existing mandated instructions, in line with Vodafone's standard dividend practice, unless they elect to receive their cash proceeds in dollars or (where this is not already their Default Currency) in sterling or euro by completing the relevant box on the Form of Election. To receive their cash proceeds electronically in a currency other than their Default Currency, Shareholders should contact Computershare to supply updated bank mandate details specific to the currency elected, in the usual way. Shareholders who make such an election but who do not supply updated bank mandate details will receive their cash proceeds in their chosen currency by cheque. Shareholders who have not previously provided a bank mandate will be sent a cheque for their cash proceeds. Further details are set out in paragraph 8 of Part II of this document. Shareholders should note that any updated mandate provided (excluding a US dollar mandate) will replace any existing mandate for all future payments, including (depending on the time of receipt), the interim dividend due in February 2014, unless later revoked.

13. Risk Factors

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Resolutions, please refer to Part IV of this Circular.

14. Use of proceeds and financial effects of the Transactions on the Vodafone Group

The Board believes that it is appropriate to return 71 per cent. of the net proceeds of the Transactions to Shareholders. The remaining proceeds will be retained by Vodafone to support Project Spring, with approximately £7 billion of organic investments over the next two financial years to further enhance network and service leadership, and to reduce the Group's net debt. The Board believes that Vodafone will therefore retain a strong balance sheet and expects to target a low single A credit rating.

The Board will continue to review the Retained Group's capital structure and potential for further shareholder returns over the medium term, depending on operating performance and the availability of value creating investment opportunities. The Board recognises that, given conditions in the sector, other inorganic opportunities to advance its growth strategy in mobile and unified communications services may present themselves. The Board would consider any such opportunities on their merits and against demanding criteria.

Part VIII of this Circular contains a pro forma statement of the net assets of the Group which illustrates the effects of the Transactions and the Return of Value on the net assets of the Group, had they occurred at 30 September 2013.

15. Current trading and prospects of the Retained Group

On 12 November 2013, Vodafone announced its half-yearly results for the six-month period ended 30 September 2013. The following update on current trading and the prospects of the Group has been substantially extracted from that announcement.

Current trading and prospects of the Group

Vodafone's emerging markets continue to deliver strong results, with growing revenue and increasing margins. The environment in Europe remains challenging, resulting in intense macroeconomic, regulatory and competitive pressures during the six months ended 30 September 2013. Overall, Vodafone continued to make progress in that period.

Trading update⁽¹⁾

Group revenue for the six months ended 30 September 2013 was £22.0 billion and Group service revenue was £20.0 billion. Group service revenue decreased by 4.2 per cent.*, or 1.5 per cent.* excluding the impact of mobile termination rate cuts. Enterprise service revenue decreased 4.5 per cent.* following intense price competition across a number of Vodafone's markets.

Group EBITDA⁽²⁾ fell 4.1 per cent.* to £6.6 billion. The Group EBITDA margin fell 0.8 percentage points, or 0.3* percentage points on an organic basis.

Notes:

- * All amounts in this paragraph 15 marked with an "*" represent organic growth which presents performance on a comparable basis, both in terms of merger and acquisition activity and movements in foreign exchange rates. There have been two one-off items impacting organic growth rates in the six month period.
- (1) Trading performance includes the results of Vodafone Italy, Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, the Group's joint ventures, on a proportionate consolidation basis. It also includes five months' profit contribution from VZW.
- (2) Now reported excluding restructuring costs and significant one-off items of £121 million (2012: £63 million) and £107 million respectively in the six months ended 30 September 2013.

Adjusted operating profit⁽²⁾ fell 8.3 per cent. due to lower EBITDA and higher depreciation and amortisation. Additionally, only five months of profit contribution from VZW is included in the six months ended 30 September 2013. On an organic basis, adjusted operating profit increased by 0.5 per cent.*.

Free cash flow was £2.0 billion, £0.2 billion lower than the prior year due principally to lower EBITDA, increased taxation and higher capital additions, offset by lower adverse working capital and higher dividends received. Net debt at 30 September 2013 was £25.7 billion which includes the £2.1 billion dividend received from VZW in the period reported on.

Strategy update

In November 2012, Vodafone announced its 'Vodafone 2015' strategy to seize the attractive long-term opportunities and mitigate adverse factors in the telecommunications sector. This strategy outlined a new approach to consumer offers and pricing in Europe, a growing focus on unified communications, and a strong commitment to emerging markets. Underpinning this strategy is the Group's continuous investment in high speed data networks to enhance customers' experience. Additional value and efficiency will be delivered from scale through focus on standardisation and simplification across the Group.

In Europe, despite the current tough macroeconomic and regulatory environment, the telecoms market is approaching a turning point:

- the demand for universal high speed data continues to grow, creating attractive growth opportunities in mobile and unified communications services in both the consumer and enterprise sectors;

- the economic environment is expected to recover, with a return to GDP growth forecast in 2013 and 2014 for Northern Europe and Southern Europe respectively; and
- the focus of regulation is showing some early signs of acknowledging the need to promote investment in the sector and permit consolidation.

In emerging markets, the regulatory framework is becoming increasingly clear, particularly in India, underpinning the Board's expectations for continued strong growth and improving profitability.

The Vodafone 2015 strategy has already created good momentum and achieved significant progress.

Project Spring

The transition to 4G and unified communications, coupled with the economic outlook for Europe, makes this the right time for Vodafone to pursue further development and differentiation. The Vodafone 2015 strategy outlined above will be boosted by the new organic investment programme announced in September 2013, Project Spring. This significant additional investment gives Vodafone a unique opportunity to strengthen further its network and service differentiation.

Vodafone plans to invest approximately £7 billion in capital expenditure in the next two financial years, including up to £0.5 billion committed in the current financial year that is expected to lead to a cash outflow in the 2015 financial year. The investments in mobile and fixed networks, enterprise products and customer experience are expected to improve competitive performance and deliver attractive returns. Vodafone expects to generate incremental free cash flow of over £1 billion in the 2019 financial year. The total cash payback is expected to be approximately seven years.

The increased capex will result in higher operating expenses, with a peak impact on EBITDA, net of Project Spring benefits, of around £0.6 billion in the 2015 financial year. Vodafone expects the impact on EBITDA to be neutral by the 2017 financial year.

Guidance

In September 2013 and on 12 November 2013, Vodafone issued pro forma guidance for the 2014 financial year, which excludes VZW and includes 100 per cent. of Vodafone Italy, both for the whole year. This revised guidance includes Vodafone's remaining joint ventures (Australia, Fiji and Indus Towers) on an equity accounting basis consistent with IFRS requirements.

The performance of the Group in the first half of the current financial year has been in line with expectations. The latest view of the likely overall business performance over the remainder of the year is consistent with that held when issuing the revised guidance on 2 September 2013 and 12 November 2013. Vodafone is therefore on target to deliver adjusted operating profit of approximately £5 billion and free cash flow in the £4.5 — £5.0 billion range, on the guidance basis described above. Further information on guidance assumptions and how the revised guidance compares with the original guidance issued in May 2013 can be found in Part IX of this Circular.

Dividends

Assuming completion of the VZW Transaction and implementation of the Proposals in the first quarter of 2014, the Board intends to increase the final dividend per share (post Share Consolidation) by 8.0 per cent. Together with the 3.53 pence interim dividend per share, total dividends per share for the 2014 financial year are therefore expected to be 11.0 pence.

It is the intention of the Board to increase dividends per share annually thereafter.

Executive Directors' shareholdings

As an expression of their support for the strategy and prospects of the Group, each of the Executive Directors (together with Nick Read, Vodafone's proposed new Chief Financial Officer) has committed to using the post-tax proceeds of the Return of Value due to him to acquire further shares in the Company.

16. Verizon Prospectuses

It is expected that the Verizon UK Prospectus and Verizon US Prospectus, relating to the Verizon Consideration Shares and which have been prepared by Verizon, will be published on or around the same date as this document. A copy of each of the Verizon Prospectuses may be accessed (subject to the restrictions provided therein) via Verizon's website: verizon.com/investor/shareownersservices.htm. For the avoidance of doubt, the contents of that website and the Verizon Prospectuses are not incorporated into and do not form part of this document. The Verizon US Prospectus will be posted to Shareholders and ADS holders resident in, or with a registered address in, the United States or Canada. The Verizon UK Prospectus will not be posted to Shareholders or ADS holders. Shareholders and ADS holders (other than (i) Shareholders and ADS holders resident in, or with a registered address in, the United States or Canada and (ii) Verizon Prospectus Restricted Holders) who wish to receive a hard copy of the Verizon UK Prospectus may request one, subject to applicable restrictions, by contacting the Registrar at Computershare, Corporate Actions 3, The Pavilions, Bridgwater Road, Bristol BS99 6AR.

17. Tax

Guidance on the general tax position of United Kingdom, Irish and US Shareholders in respect of the Share Alternatives as at the date of this document is set out in Part X of this document.

You are strongly advised to read whichever section of Part X of this document is relevant to you (if any) before making an election in respect of your Share Alternatives (where available). However, Shareholders resident for tax purposes in the United Kingdom or Republic of Ireland should note that, if they fail to make a valid election for the Capital Option, they may be subject to income tax in respect of both their Cash Entitlement and the market value of their Verizon Consideration Share Entitlement.

All Shareholders, including those who are subject to tax in the United Kingdom, the Republic of Ireland or the United States, are encouraged to consult their professional advisers.

18. Vodafone Employee Share Plans

Separate communications are being sent to participants in the Vodafone Share Incentive Plan in respect of the Return of Value.

The Share Consolidation is intended to preserve the prevailing value immediately before the Scheme Effective Date of each Ordinary Share under option or award, subject to any market fluctuations. As a result, the value of each option and award under the Vodafone Employee Share Plans after the Share Consolidation is intended to remain approximately the same. No adjustments, therefore, are proposed to be made to options or awards that have been made under the Vodafone Employee Share Plans. The number of Ordinary Shares over which participants have options or awards, the exercise price and the other terms of the relevant options or awards will remain unchanged.

19. Overseas Shareholders

Overseas Shareholders' attention is drawn to paragraph 10 of Part III of this Circular. **If you are a Restricted Scheme Shareholder, you will not be able to elect between the Income Option and the Capital Option and will automatically receive C Shares and, accordingly, receive the Special Dividend under the Income Option.**

Overseas Shareholders (other than Restricted Scheme Shareholders) should note that, by making a valid election for B Shares, such Shareholders will be deemed to represent, warrant, undertake and/or agree (as applicable) in the terms set out in paragraph 10.1 of Part III of this Circular.

20. Resolutions proposed at the Court Meeting and the General Meeting

The Court Meeting has been convened for 11.00 a.m. on 28 January 2014 to consider and, if thought fit, approve the Scheme. The General Meeting has been convened for 11.15 a.m. on 28 January 2014, or as soon thereafter as the Court Meeting has concluded or been adjourned, to consider and, if thought fit, pass the requisite resolutions to approve the Transactions, implement the Scheme and the related Capital Reductions, the Return of Value and the Share Consolidation, to approve certain amendments to the Articles of Association and renew Vodafone's standing authority to repurchase shares in the Company. A summary of the Resolutions is set out in paragraph 15 of Part III of this document.

Notices convening the Court Meeting and the General Meeting are set out in Part XIV and Part XV (respectively) of this document.

21. Action to be taken

Your attention is drawn to Part II of this document, which explains the action you should take in relation to the Proposals.

22. Shareholder Helplines

If you are a Shareholder and have any questions about this Circular, the Court Meeting or the General Meeting, or are in any doubt as to how to complete the Forms of Proxy or Form of Election or how to submit a valid Electronic Election, please call the Shareholder Helpline on 0870 707 1739 from the UK, 01 969 8421 for Shareholders based in the Republic of Ireland, or +44 (0) 870 707 1739 for Shareholders in other jurisdictions between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding UK bank or public holidays). Calls will be charged at national rate. Calls to +44 (0)870 707 1739 from outside the UK are chargeable at applicable international rates. Please note that calls may be monitored or recorded and Computershare cannot provide financial or tax advice or advice on the merits of the Scheme of Arrangement or the Proposals.

If you are a holder of ADSs and have any questions about this Circular, the Court Meeting or the General Meeting, or relating to the completion and return of the ADS Proxy Card, please contact The Bank of New York Mellon on 888-985-2038 if calling from inside the United States or (001) 312.360.5214 if calling from outside the United States between 8.00 a.m. and 8.00 p.m., New York time (excluding US holidays). The helpline cannot provide financial or tax advice or advice on the merits of the Scheme of Arrangement or the Proposals.

23. Recommendation

The Board considers that the Proposals are in the best interests of Shareholders as a whole and, accordingly, unanimously recommends that all Shareholders vote in favour of the Scheme of Arrangement at the Court Meeting and the Resolutions at the General Meeting, as the Directors intend to do in respect of their own beneficial shareholdings.

The Board, which has been so advised by Goldman Sachs and UBS as sponsors, considers the terms of the Transactions to be fair and reasonable so far as Shareholders are concerned. In providing financial advice to the Board, Goldman Sachs and UBS have each taken into account the commercial assessment of the Directors.

Yours faithfully

Gerard Kleisterlee
Chairman

PART II – ACTION TO BE TAKEN

1. General

It is intended that the VZW Transaction, the Return of Value and the Share Consolidation be implemented pursuant to the Scheme of Arrangement. The Scheme of Arrangement will require approval at a meeting of Shareholders convened by order of the Court to be held at Hilton London Metropole Hotel, 225 Edgware Road, London W2 1JU at 11.00 a.m. (London time) on 28 January 2014 and at a General Meeting to be held at 11.15 a.m. (London time) or if later, immediately after the conclusion or adjournment of the Court Meeting.

The Scheme of Arrangement must be approved at the Court Meeting by Shareholders representing a majority in number, and 75 per cent. by nominal value, of those present and voting in person or by proxy. Implementation of the Scheme and related Capital Reductions must also be approved by Shareholders at the General Meeting by way of a special resolution as set out in the Notice of General Meeting in Part XV of this Circular. A summary of the Resolutions is set out at paragraph 15 of Part III.

Please check you have received the following with this document:

All Shareholders

- a BLUE Form of Proxy for use in respect of the Court Meeting on 28 January 2014; and
- a YELLOW Form of Proxy for use in respect of the General Meeting on 28 January 2014.

All Certificated Shareholders

- a shareholder guide, which provides summary guidance in respect of the Proposals;
- a Form of Election in relation to the Income Option, the Capital Option, the Currency Facility and the Vodafone Share Account;
- a pre-paid envelope for use in the UK in connection with the Form of Election;
- in the case of Certificated Shareholders who are individuals resident in, or with a registered address in, the EEA (other than in Croatia) and hold fewer than 50,000 Ordinary Shares at 3 December 2013 (the latest practicable date for the purposes of posting this Circular), a Dealing Facility Election Form; and
- the terms and conditions in relation to the Dealing Facility, the Verizon CSN Facility and the Vodafone Share Account.

ADS holders

Registered holders of ADSs (including those holding ADSs in the Direct Registration System or the Global BuyDIRECT Plan) should have received a letter to ADS holders and an ADS Proxy Card with this document which will enable them to (i) attend, speak and vote at the Court Meeting and the General Meeting, (ii) appoint another person to attend, speak and vote on their behalf at the Court Meeting and the General Meeting or (iii) instruct the Depositary how to vote on the matters to be considered at the Court Meeting and the General Meeting. If a registered ADS holder wishes to instruct the Depositary how to vote, the ADS Proxy Card must be received by The Bank of New York Mellon by no later than 5.00 p.m. (New York time) on 22 January 2014 for votes returned by mail or 5.00 p.m. (New York time) on 21 January 2014 for votes received by telephone or internet. Holders of ADSs who hold through an Agent Institution in book-entry form should receive a request for instructions from the relevant Agent Institution or should contact them directly to deliver voting instructions in respect of their ADSs in the form and by the time specified by that Agent Institution. Holders should note that their Agent Institution may establish an earlier deadline for the receipt of instructions and, accordingly, holders are encouraged to contact their Agent Institutions promptly to determine any applicable deadlines so that they can deliver timely instructions.

Should any of these documents be missing, please contact the Shareholder Helpline on the numbers set out on page 4 or, if you are a holder of ADSs, the Depositary on the numbers set out on page 4.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Shareholder opinion. You are therefore strongly urged to complete and return your Forms of Proxy or ADS Proxy Card as soon as possible, whether or not you intend to attend the meetings in person.

If the Scheme of Arrangement becomes effective, it will be binding on all holders of Ordinary Shares (including those underlying ADSs) including any holders who did not vote to approve the Scheme of Arrangement.

2. Appointment of proxies

In addition to the instructions below, Shareholders who hold their Ordinary Shares in certificated or uncertificated form may register proxy appointments and instructions electronically by logging on to vodafone.com/courtmeeting and vodafone.com/generalmeeting, where details of the procedure are set out, provided that they do so not less than 48 hours before the relevant meeting.

The transmission of a CREST Proxy Instruction (as defined below) or the registration of a proxy appointment or instruction electronically will not preclude you from attending the Court Meeting or General Meeting and voting in person, if you so wish.

In the case of joint holders of Ordinary Shares, the vote of the senior who tenders the vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s), and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company at the Voting Record Time in respect of the joint holding.

Certificated Shareholders

Shareholders will find enclosed with this document a BLUE Form of Proxy and a YELLOW Form of Proxy. The BLUE Form of Proxy is to be used in connection with the Court Meeting and the YELLOW Form of Proxy is to be used in connection with the General Meeting. Whether or not you intend to attend these meetings, please complete and sign both Forms of Proxy and return them in accordance with the instructions printed thereon to the Registrar at Corporate Actions 3, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AR, so as to arrive as soon as possible but in any event at least 48 hours prior to the relevant Meeting (i.e. by 11.00 a.m. on 26 January 2014 for the Court Meeting or 11.15 a.m. on 26 January for the General Meeting).

If the BLUE Form of Proxy relating to the Court Meeting is not lodged by the relevant time, it may be handed to the Registrar, on behalf of the Chairman, at the Court Meeting. However, in the case of the General Meeting, if the YELLOW Form of Proxy is not lodged so as to be received by the time mentioned above and in accordance with the instructions on that Form of Proxy, it will be invalid. The completion and return of either Form of Proxy will not preclude you from attending the Court Meeting or the General Meeting and voting in person, if you so wish.

Uncertificated Shareholders

Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the Court Meeting and General Meeting or any adjournment(s) by using the CREST electronic proxy appointment service may do so by using the procedure described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The CREST Proxy Instruction, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, to be valid, be transmitted so as to be received by the Registrar by 11.00 a.m. on 26 January 2014 for the Court Meeting or 11.15 a.m. on 26 January for the General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsor or voting service provider, should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning limitations of the CREST system and timings.

Vodafone may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

Holders of ADSs

If you are a registered holder of ADSs, you should have received an ADS Proxy Card that appoints you as proxy for the Depositary for the purposes of the Court Meeting and the General Meeting and you may attend the Court Meeting and/or the General Meeting in person should you wish to do so. Alternatively, you may use the ADS Proxy Card to appoint another person as your proxy for the purposes of the Court Meeting and the General Meeting or to instruct The Bank of New York Mellon, as the Depositary, regarding how to vote the Ordinary Shares underlying your ADSs at the Court Meeting and/or the General Meeting. If you choose to instruct the Depositary, you must complete, sign and return the ADS Proxy Card in accordance with the instructions printed thereon to Proxy Services, c/o Computershare, PO Box 43126, Providence, RI 02940-5138, so that it is received as soon as possible and in any event no later than 5.00 p.m. (New York time) on 22 January 2014 for votes returned by mail or 5.00 p.m. (New York time) on 21 January 2014 for votes received by telephone or internet. ADS Proxy Cards returned by fax or email will not be accepted. If you hold your ADSs indirectly through an Agent Institution you must rely on the procedures of that institution if you wish to vote at the Court Meeting or General Meeting and your instructions must be given on the forms and by the time set by that institution. Holders should note that their Agent Institutions may establish earlier deadlines for the receipt of instructions and, accordingly, holders are encouraged to contact their Agent Institutions promptly to determine any applicable deadlines so that they can deliver timely instructions.

3. Notes on electing between the Income Option and the Capital Option

Restricted Scheme Shareholders will not be eligible to elect between the Income Option and the Capital Option and will be deemed to have elected for the Income Option in respect of ALL their Ordinary Shares.

If you are an Uncertificated Shareholder (i.e. you hold your shares through CREST) and you wish to receive the Special Dividend (i.e. the Income Option) in respect of ALL your Ordinary Shares, you do not need to make an election through CREST; you will automatically receive C Shares and the Special Dividend in respect of all your Ordinary Shares.

If you are a Certificated Shareholder and wish to receive the Special Dividend (i.e. the Income Option) and any cash proceeds under the Return of Value in your Default Currency in respect of ALL your Ordinary Shares (or by cheque where a mandate has not previously been supplied) then you do not need to complete or return a Form of Election (unless you do not want to participate in the Vodafone Share Account). C Shares will be issued to you and the Special Dividend distributed automatically in respect of all of your Ordinary Shares.

If you are a Shareholder and you are on the Register at the Distribution Record Time but you sell your Ordinary Shares before the Ex-Date, you will not receive the Cash Entitlement or Verizon Consideration Share Entitlement.

If you are an ADS holder at the ADS Distribution Record Time but you sell your ADSs before the Ex-Date, you will not receive the Cash Entitlement or Verizon Consideration Share Entitlement which you would otherwise have received.

3.1 Certificated Shareholders—completing the Form of Election

The following instructions describe what Shareholders (other than Restricted Scheme Shareholders) who hold their shares in certificated form should do when completing a Form of Election.

Shareholders need to take their own decision regarding any election(s) they make under the Return of Value and should consult their own independent professional adviser.

References to “Boxes” are to the boxes on the Form of Election.

Number of Ordinary Shares held

Box A shows the number of Ordinary Shares registered in the name(s) of the Shareholder(s) at 6.00 p.m. on 3 December 2013⁽⁵⁾ and is for information purposes only. If Shareholders do not sell or transfer any Ordinary Shares registered in their name(s) or purchase additional Ordinary Shares between that date and the Distribution Record Time (expected to be 6.00 p.m. on 20 February 2014), then this number will also be the same as the number of Ordinary Shares in respect of which they may make an election. If Shareholders sell or transfer any Ordinary Shares registered in their name(s) and/or purchase additional Ordinary Shares, they should ensure that their election corresponds to the number of Ordinary Shares that will be registered in their name(s) at the Distribution Record Time. Details of how elections for excess Ordinary Shares will be treated are set out below. Forms of Election returned by Shareholders who have sold ALL of their Ordinary Shares by the Distribution Record Time will be deemed invalid. Shareholders who buy Ordinary Shares after the date of this Circular can request a Form of Election from Computershare by calling the Shareholder Helpline.

How Shareholders may elect for the Income Option or the Capital Option in respect of their Ordinary Shares

To elect for the Capital Option in respect of ALL their Ordinary Shares, Shareholders should mark an “X” where indicated in Section 2.

Shareholders wishing to elect for the Income Option in respect of ALL of their Ordinary Shares do not need to complete Section 2.

Shareholders who wish to split their election between the Income Option and the Capital Option should contact the Registrar on the Shareholder Helpline, details of which are provided on page 4 of this Circular.

Deemed elections

Where a Shareholder makes no election for the Capital Option in Section 2 then that Shareholder will be deemed to have elected for the Income Option in respect of ALL of his Ordinary Shares.

Where a Shareholder has made an election in relation to a greater number of Ordinary Shares than they hold at the Distribution Record Time, any Ordinary Shares elected to the Income Option will be fulfilled first and if the Shareholder elected any of their remaining Ordinary Shares to the Capital Option, those elections will then be fulfilled up to the number of Ordinary Shares held by the Shareholder at the Distribution Record Time.

Where a Shareholder makes an election in relation to fewer Ordinary Shares than are held by him at the Distribution Record Time, they will be deemed to have elected for the Income Option in respect of the balance of their holding.

Dematerialisation of Ordinary Shares following election

If the Ordinary Shares to which any election made on the enclosed Form of Election relates are currently held in certificated form and are “dematerialised” into uncertificated form (i.e. held in CREST) after the relevant Form of Election has been submitted but before the Election Return Time, such election will become invalid. Shareholders who subsequently hold such Ordinary Shares in uncertificated form in CREST will need to give a valid Electronic Election in place of the submitted Form of Election by the Election Return Time, in accordance with paragraph 3.2 below.

Signing the Form of Election

The Form of Election shows the name of the Shareholder, or names of joint Shareholders, of Ordinary Shares by reference to which an election can be made. The Shareholder, or all joint Shareholders, must sign the Form of Election (in Section 4). If the Form of Election is signed under a power of attorney, the original power of attorney should be sent to Computershare with the Form of Election.

Final instructions on completing a Form of Election

Once completed and signed, this Form of Election should be returned in the reply-paid envelope provided. No stamps will be needed if posted in the United Kingdom. To be valid, Forms of Election must be returned so as to be received by Computershare by the Election Return Time (expected to be 1.00 p.m. on 20 February 2014). If Shareholders do not use the envelope provided, postage will be payable and the Form of Election should be sent to Computershare at Corporate Actions 3, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AR.

If you need assistance in completing the Form of Election or have any queries relating to it please call the Shareholder Helpline on 0870 707 1739 from the UK, 01 969 8421 for Shareholders based in Republic of Ireland or +44 (0)870 707 1739 (if calling from elsewhere outside the UK) between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding UK bank or public holidays). Calls are charged at national rate. Calls to +44 (0)870 707 1739 from outside the UK are chargeable at applicable international rates. Please note that the Shareholder Helpline will not give advice on the merits of the Return of Value, the Capital Option or the Income Option or provide financial, investment or taxation advice.

3.2 CREST Shareholders

Shareholders holding their Ordinary Shares in CREST will not be sent a Form of Election with this Circular. They will need to make an Electronic Election by means of a TTE Instruction.

Such Shareholders should take (or procure to be taken) the action set out below to transfer by means of a TTE Instruction the number of Ordinary Shares held at the Distribution Record Time (expected to be 6.00 p.m. on 20 February 2014) in respect of which they are making an election to an escrow balance, specifying Computershare in its capacity as a CREST receiving agent (under participant ID RA70) as the escrow agent, as soon as possible and in any event so that the transfer to escrow settles not later than 1.00 p.m. on 20 February 2014. If Shareholders sell or transfer any Ordinary Shares registered in their name(s) before the Distribution Record Time or purchase additional Ordinary Shares, they should take care to ensure that their election is in respect of the number of Ordinary Shares that will be registered in their name(s) at the Distribution Record Time.

If Shareholders are CREST personal members, they should refer to their CREST sponsor before taking any action. CREST sponsors will be able to confirm details of Shareholders' participant ID and the member account ID under which their Ordinary Shares are held. In addition, only CREST sponsors will be able to give the TTE Instruction to Euroclear by which Shareholders are making their election.

To make an election, Shareholders should give (or, if they are a CREST personal member, procure that their CREST sponsor gives) a TTE Instruction, which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for the TTE Instruction to settle in CREST, the following details:

- the number of Ordinary Shares to be transferred to the escrow account;
- the member account ID;
- the participant ID;
- the corporate action ISIN, which is GB00B16GWD56;
- the corporate action number of the Return of Value. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- the intended settlement date for the transfer to escrow, which should be as soon as possible and in any event not later than 1.00 p.m. on 20 February 2014;
- the standard delivery instruction priority of 80; and
- the name and contact number inserted in the shared note field.

In order for an uncertificated election to be valid, the TTE Instruction must comply with the requirements as to authentication and contents set out above and must settle by 1.00 p.m. on 20 February 2014.

Electing for the Income Option

Shareholders who hold their Ordinary Shares in CREST and who wish to elect for the income Option in respect of ALL their Ordinary Shares need take no action. Shareholders who do not give a TTE Instruction will automatically receive the Special Dividend in respect of all their Ordinary Shares.

Electing for the Capital Option

Shareholders who hold their Ordinary Shares in CREST and who wish to elect for the Capital Option in respect of SOME or ALL of their Ordinary Shares should give (or, if they are a CREST personal member, procure that their CREST sponsor gives) a TTE Instruction with the following information, in addition to the information listed above:

- the participant ID of Computershare, which is RA70; and
- the member account ID of Computershare which for these purposes is VODCAP01.

Any Ordinary Shares remaining in a CREST account that are not the subject of a Capital Option election will receive the Special Dividend.

Validity of Elections

Shareholders who do not make a valid election will be deemed to have elected for the Income Option in respect of ALL of their Ordinary Shares.

The default position where a Shareholder makes an election which in total is less than their holding of Ordinary Shares at the Distribution Record Time.

If Shareholders send a TTE Instruction which details, or TTE Instructions which together detail, a number of Ordinary Shares to be transferred to the escrow account which in total is less than their holding of Ordinary Shares at the Distribution Record Time, they will be deemed to have elected for the Income Option in respect of the balance of their holding.

Rematerialisation of Ordinary Shares following election

If the Ordinary Shares to which any TTE Instruction relates are currently held in uncertificated form and are rematerialised into certificated form after the relevant TTE Instruction has been given but before the Election Return Time, such election will become invalid. Shareholders who subsequently hold such Ordinary Shares in certificated form will need to submit a valid Form of Election in place of the TTE Instruction by the Election Return Time.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE Instruction relating to your Ordinary Shares to settle prior to 1.00 p.m. (London time) on 20 February 2014. In this connection, you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

4. Withdrawal Rights

Any election for one of the Share Alternatives, whether made by the signing of a Form of Election or the giving of an Electronic Election, may be withdrawn by a Shareholder at any time prior to the Election Return Time. Thereafter, such election will be irrevocable. If an election is validly withdrawn, the Shareholder may make a new election during the Election Period, but if a new valid election is not made by the Election Return Time, the Shareholder will be deemed to have elected for the Income Option to the extent the Shareholder has not otherwise made a valid election. After the end of the Election Period, any election made will be irrevocable. If the Election Period is extended, withdrawal rights will be correspondingly extended.

For a withdrawal of any election to be effective, in the case of Ordinary Shares held in certificated form, a written notice of withdrawal signed by the person(s) who signed the relevant Form of Election must specify the name(s) and address(es) of the person(s) who tendered the election to be withdrawn, the account number (which appears on the front page of the relevant Form of Election) and the exact number of their Ordinary Shares in respect of which the election is to be withdrawn.

In the case of an election originally made by an Electronic Election, a valid ESA Message must be given by the person(s) who gave the relevant Electronic Election, be received by Computershare no later than one hour before the Election Return Time (that is, by 1.00 p.m. on 20 February 2014) and include the following details:

- the number of Scheme Ordinary Shares in respect of which the election is to be withdrawn, together with their ISIN number which is GB00B16GWD56;
- the member account ID of the relevant Scheme Shareholder, together with his participant ID;
- the participant ID of Computershare, which is RA70;
- the member account ID of the Escrow Agent included in the relevant Electronic Election, which is VODCAP01;
- the transaction reference number of the Electronic Election to be withdrawn;
- the intended settlement date for the withdrawal;

- the corporate action number for the Scheme. This is allocated by Euroclear and will be available on screen from Euroclear; and
- input with standard delivery instruction priority of 80.

Any such withdrawal will be conditional upon the Registrar verifying that the withdrawal request is validly made. Accordingly, the Registrar will on behalf of Vodafone reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

Telex, facsimile, electronic mail or other electronic means of transmission or any form of copy of written notice will not constitute a written instruction of withdrawal.

Withdrawals may not be rescinded, but re-elections may be made at any time prior to the end of the Election Period. Withdrawals must be received by Computershare no later than one hour before the Election Return Time (that is, by 1.00 p.m. on 20 February 2014). Any re-elections that are received by Computershare after the end of the Election Period will be deemed invalid. Any Shareholder who withdraws his election in accordance with this paragraph 4 before the end of the Election Period and does not validly re-elect in respect of their Ordinary Shares will be deemed to have elected for the Income Option to the extent such Shareholder has not otherwise made a valid election.

The Directors shall determine all questions as to the form and validity (including time and place of receipt) of any notice of withdrawal, in their absolute discretion, which determination shall be final and binding. The Directors also reserve the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any withdrawal by any Shareholder, and such determination will be binding on such Shareholder. None of Vodafone, any other member of the Vodafone Group, Goldman Sachs, UBS, Computershare or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification or for any reason with regard to withdrawals and re-elections.

5. Suspension of Vodafone Dividend Reinvestment Plan

Vodafone has asked Computershare, in its capacity as administrator of the Vodafone Dividend Reinvestment Plan, to suspend the Vodafone Dividend Reinvestment Plan for the purposes of the Return of Value. This means that even if Shareholders have previously elected to reinvest their cash dividends paid by Vodafone, their Cash Entitlement under the Return of Value will not be reinvested but will be paid to Shareholders as cash.

Shareholders are reminded that if they have previously lodged a dividend reinvestment instruction and/or, for Certificated Shareholders, they do not have a bank mandate for receipt of Vodafone dividends in place on their account, or, for Uncertificated Shareholders, they do not have a valid dollar cash memorandum account enabled in CREST, they will receive their Cash Entitlement by cheque.

The Vodafone Dividend Reinvestment Plan will resume once the Return of Value has been completed and will apply as usual to all future cash dividends paid by Vodafone to Certificated Shareholders who have elected to join the Vodafone Dividend Reinvestment Plan. However, Uncertificated Shareholders will need to submit new elections through CREST on the ISIN for the New Ordinary Shares in order to participate in the Vodafone Dividend Reinvestment Plan in respect of future Vodafone Cash dividends.

6. Bank Mandate Details

Vodafone will pay the cash proceeds arising under the Return of Value to Certificated Shareholders by direct credit, except that (i) Certificated Shareholders who have not previously provided bank or building society details for the payment of their dividends will be sent a cheque for their cash proceeds unless they notify updated details to Computershare and (ii) CREST holders will receive all payments through the CREST system in dollars.

Registered holders of ADSs who currently hold their ADSs in certificated form will receive their cash proceeds by cheque from the Depositary.

7. General

The Directors shall have absolute discretion to determine all questions as to the form and validity (including time and place of receipt) of any Form of Election or Electronic Election which determination shall be final and binding. The Directors also reserve the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any Form of Election completed by or on behalf of any Shareholder, and such determination shall be binding on such Shareholder(s). The Directors shall not be liable to Shareholders for any loss arising from the determination of questions as to the form and validity (including time and place of receipt) of any Form of Election or Electronic Election, unless attributable to their own wilful default, fraud or negligence and the Directors shall not be under any duty to give notification of any defect or irregularity in any Form of Election or incur any liability for failure to give any such notice.

Once the Election Period has ended, any election made is irrevocable. If the Election Period is extended, the period for exercising withdrawal rights will also be extended (these rights are described more fully in paragraph 4 above). No authority conferred by or agreed by the signing of a Form of Election will be affected by, and all such authority will survive, the death or incapacity of the Shareholder executing such form or giving such instruction. All obligations of such Shareholder will be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

If a Shareholder delivers more than one Form of Election and there is an inconsistency between such Forms of Election, the last Form of Election which is delivered by the Election Return Time shall prevail over any earlier Form of Election. The delivery time for a Form of Election shall be determined on the basis of which Form of Election is last sent or, if the Company is unable to determine which is last sent, is last received. Forms of Election which are sent in the same envelope shall be treated as having been sent and received at the same time, and, in that case, none of them shall be treated as valid (unless the Company otherwise determines in its absolute discretion).

8. Currency Facility

Certificated Shareholders will receive their Cash Entitlement and any cash proceeds arising under the Return of Value (including, where applicable, any proceeds from a sale of a Shareholder's Verizon Consideration Share Entitlement or of a fractional entitlement to a Verizon Consideration Share) in their Default Currency unless they elect to receive them in dollars or (where this is not already their Default Currency) in sterling or euro. To elect to receive the cash proceeds under the Return of Value in a currency other than their Default Currency, Certificated Shareholders should mark an "X" in Section 1 next to the desired currency and contact Computershare to supply updated bank mandate details specific to the currency elected, in the usual way. Shareholders who do not supply updated bank mandate details in these circumstances, and Shareholders who have not previously provided a bank mandate, will receive their cash proceeds in their chosen currency by cheque. All cash proceeds payable to a Certificated Shareholder will be paid in the currency elected in this way by such Shareholder or, where no election is made, in the Default Currency. No assurance can be given as to the exchange rate at which a Shareholder's cash proceeds are exchanged from dollars into their Default Currency or, if relevant, other elected currency.

Uncertificated Shareholders (that is, those holding through CREST) and ADS holders will receive their Cash Entitlement and any other cash proceeds under the Return of Value in dollars.

9. Electing for the Dealing Facility

Verizon has agreed to make the Dealing Facility available to individuals resident in, or with a registered address in, the EEA (other than in Croatia) who are Certificated Shareholders holding fewer than 50,000 Ordinary Shares at the Distribution Record Time.

Individuals resident in, or with a registered address in, the EEA (other than in Croatia) who are Uncertificated Shareholders (that is, those holding through CREST) and expect to hold fewer than 50,000 Ordinary Shares at the Distribution Record Time who wish to make use of the Dealing Facility, would need to convert, at their own cost, their holdings of Ordinary Shares into certificated form prior to the Distribution Record Time.

Certificated Shareholders who may be eligible for the Dealing Facility should complete the Dealing Facility Form enclosed with this Circular (where applicable) in accordance with the instructions provided. The terms and conditions on which the Dealing Facility will be provided are included with this Circular.

The Dealing Facility will be available for six weeks after the VZW Completion Date. Eligible Shareholders who do not return the Dealing Facility Form before the Election Return Time may sell their Verizon CDIs through the Dealing Facility during that six-week period by completing the Dealing Facility Form enclosed with this Circular (where applicable) or by requesting a Dealing Facility Form from Computershare by calling the Shareholder Helpline.

The sale price for the Verizon CDIs sold through the Dealing Facility will not be subject to any minimum or maximum price but will depend on the market price at the time of the sale and, therefore, the Verizon CDIs may be sold at prices that are substantially lower or higher than the current trading price of Verizon Shares.

Payments under the Dealing Facility will be made by cheque in the same currency as payments of Cash Entitlements.

The Dealing Facility is not available to US Shareholders, holders of ADSs, Shareholders outside the EEA or Shareholders resident in, or with a registered address in Croatia.

10. Share Consolidation

A summary of the terms of the Share Consolidation is set out in paragraph 2.7 of Part III of this document.

10.1 Ordinary Shareholders

Uncertificated Shareholders

If you are an Uncertificated Shareholder, there is no need to take any action with respect to the Share Consolidation. Your Ordinary Shares will (subject to amendment of the Official List) be consolidated into New Ordinary Shares as set out in paragraph 2.7 of Part III of this document.

Certificated Shareholders

No share certificates in respect of New Ordinary Shares will be sent to Certificated Shareholders (other than Vodafone Share Account Restricted Shareholders) unless such Shareholders elect otherwise as described below. Instead, New Ordinary Shares to which such Shareholders are entitled will be registered in the Vodafone Share Account in the name of Computershare Company Nominees Limited. Computershare will administer the Vodafone Share Account on behalf of such Certificated Shareholders, who will remain the beneficial owners of the relevant number of New Ordinary Shares to which they are entitled pursuant to the Share Consolidation and will be able to direct Computershare to hold, trade or otherwise deal with their New Ordinary Shares in accordance with their instructions.

The Directors believe that the Vodafone Share Account programme will benefit Shareholders, as described in paragraph 6.3 of Part I of this Circular. The terms and conditions of the Vodafone Share Account are included with this Circular.

Vodafone Share Account Restricted Shareholders will receive certificates for the New Ordinary Shares to which they become entitled pursuant to the Share Consolidation, expected to be despatched on or around 4 March 2014.

If you are a Certificated Shareholder (other than a Vodafone Share Account Restricted Shareholder) and you would prefer to continue holding your shares in Vodafone through a share certificate, you should place a cross in the box in Section 3 of the Form of Election.

10.2 ADS Holders

When the Share Consolidation occurs, the ratio of New Ordinary Shares to each New ADS will be the same as the ratio of Ordinary Shares to each ADS before the Share Consolidation and each New ADS will represent ten New Ordinary Shares. As a result, the ADSs will be consolidated at the same time and in the same ratio as the Ordinary Shares, and each ADS holder will hold a smaller number of ADSs than before.

If you are a registered holder of ADSs in certificated form, as soon as practicable after the Scheme Effective Date you must return a completed ADS Consolidation Letter of Transmittal to the Depositary accompanied by the ADRs held by you in order to be credited with New ADSs and cash in lieu of any fraction of a New ADS. Once a completed ADS Consolidation Letter of Transmittal has been returned with your ADRs, you will automatically become a participant in the Direct Registration System maintained by the Depositary. You will not receive an ADR evidencing New ADSs, but will be sent a transaction advice reflecting your holding of uncertificated New ADSs and further information about the Direct Registration System by the Depositary.

Please note that failure to return a completed ADS Consolidation Letter of Transmittal and your ADRs will prevent the Depositary from sending you a transaction advice indicating your ownership of New ADSs and the cash proceeds in respect of the sale of your fractional entitlements and you will not be able to trade your ADSs. In time, your entitlements will escheat according to the applicable abandoned property laws in your jurisdiction.

If you already hold your ADSs in the Direct Registration System or the Global BuyDIRECT Plan or in book-entry form through an Agent Institution, no further action needs to be taken by you. Your ADSs will automatically be exchanged for New ADSs and an appropriate notice will be provided to you or your Agent Institution.

PART III – EXPLANATORY STATEMENT
(IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006)

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB

UBS Limited
1 Finsbury Avenue
London EC2M 2PP

10 December 2013

1. Introduction

On 2 September 2013, Vodafone announced that it had reached an agreement to dispose of the US Group whose principal asset is its 45 per cent. interest in Verizon Wireless to Verizon, Vodafone's joint venture partner, pursuant to the VZW Transaction. Vodafone and Verizon also announced that they had agreed that Vodafone will acquire the Vodafone Italy Shares, thereby securing full ownership of Vodafone Italy, pursuant to the Vodafone Italy Transaction. In addition, Vodafone announced its intention to return 71 per cent. of the net proceeds of the Transactions to Shareholders, through the Return of Value, and thereafter to carry out the Share Consolidation.

It is intended that the VZW Transaction, the Return of Value and the Share Consolidation be effected by means of the Scheme. It is expected that the Vodafone Italy Transaction will be implemented simultaneously. We have been authorised by the Directors to write to you to explain the proposals relating to the Scheme, and to provide you with other relevant information.

Implementation of the Scheme is subject to various conditions, including the sanction of the Court (and the Court's confirmation of the Capital Reductions) and the approval of Shareholders at the Court Meeting and the General Meeting. The full text of the Scheme is set out in Part XVI of this Circular. The full text of the resolution to be proposed at the Court Meeting is set out in Part XIV and the full text of the Resolutions to be proposed at the General Meeting is set out in Part XV of this Circular.

Your attention is drawn to Part I of this Circular, which contains, among other things, the background to and the reasons for the Proposals and a summary of the principal terms of the Transactions, the Return of Value and the Scheme of Arrangement. The Chairman's letter states that the Directors have received financial advice from Goldman Sachs and UBS in respect of the Transactions, and that, having been so advised by Goldman Sachs and UBS (as sponsors), they consider the Transactions to be fair and reasonable so far as Shareholders are concerned. In providing financial advice to the Directors, Goldman Sachs and UBS have each taken into account the commercial assessment of the Directors. The Chairman's letter also states that the Directors consider the terms of the Proposals to be in the best interests of Vodafone and Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting.

Your attention is also drawn to the information in the other Parts of this Circular, which also forms part of this Explanatory Statement. Shareholders and holders of ADSs should read the whole of this Circular before deciding whether or not to vote in favour of the Scheme.

A description of the action to be taken by Shareholders (including holders of ADSs) in relation to the Court Meeting and the General Meeting is set out in Part II of this Circular.

2. Summary of the Scheme of Arrangement

It is intended that the Scheme of Arrangement will give effect to the VZW Transaction, the Return of Value and the Share Consolidation. The principal steps involved are as follows.

2.1 Allotment and issue of B Shares and C Shares

To implement the Return of Value, it is proposed that Vodafone capitalise part of its share premium account, by paying up in full, and allotting and issuing to Shareholders electing for the Capital Option (other than certain Restricted Scheme Shareholders who are not entitled to elect for the Capital Option), B Shares. The B Shares will be unlisted, non-transferable (other than with Board approval) and non-voting.

Vodafone will also capitalise part of its share premium account (as reduced by the allotment and issue of the B Shares) by paying up in full, and allotting and issuing to Shareholders electing to receive the Income Option (or who are deemed to have elected to receive the Income Option, including Restricted Scheme Shareholders), C Shares with a nominal value of \$0.00001 each. The C Shares will also be unlisted, non-transferable (other than with Board approval) and non-voting.

The B Shares and C Shares will be issued to Shareholders on the basis of one B Share or one C Share for each Ordinary Share held at the Distribution Record Time, which is expected to be 6.00 p.m. on 20 February 2014. No B Shares or C Shares will be allotted or issued to the Company in respect of Ordinary Shares held in Treasury.

The exact number of B Shares and C Shares to be issued will depend upon (in addition to the factors described below) the elections made or deemed to have been made by each Shareholder for the Income Option or the Capital Option, as described in paragraph 2.5 below, but in total will be equal to the number of Ordinary Shares in issue (but not held in treasury) at the Distribution Record Time. As at 6 December 2013 (the latest practicable date prior to the publication of this Circular), there were 52,821,686,866 Ordinary Shares (excluding treasury shares) in issue, and 4,357,552,843 treasury shares constituting 8.25 per cent. of the Ordinary Shares in issue.

The maximum number of B Shares available to be issued has to be limited to achieve the intended taxation treatment for certain Shareholders as described in Part X of this Circular. In order for the proceeds under the Return of Value to be taxed as described in Part X, the B Shares must be paid up in full out of amounts standing to the credit of Vodafone's share premium account that represent new consideration for tax purposes and have not previously been taken into account in payments to Shareholders, being a maximum amount of £34,297 million (less any amount of such share premium which is capitalised to allot and issue C Shares, which must also be paid out of such amounts). The maximum number of B Shares available to be issued will also depend on the \$/£ exchange rate at the time of issue (because the B Shares will be denominated in dollars but Vodafone's share premium account is denominated in sterling) and on the market price of Verizon Shares at or about that time (because the nominal value of the B Shares is intended to be not less than the market value of the cash and Verizon Consideration Shares to be received by the holder on cancellation). However, based on the \$/£ exchange rate of 1.6321 quoted by WM/Reuters and a closing price of Verizon Shares on the NYSE of \$48.92, in each case on the Trading Day prior to 6 December 2013 (the latest practicable date prior to publication of this Circular) and an Average Trading Price of \$50.14 over the 20 Trading Days ending on the third Business Day prior to 6 December 2013, and on the basis of one B Share or C Share for every Ordinary Share in issue at 6 December 2013, Vodafone would be able to allot and issue (credited as fully paid) a maximum of 30,677,130,134 B Shares (on the basis that the aggregate nominal value of B Shares and C Shares can be no greater than £34,297 million).

If valid elections are made for a greater number of B Shares than are able to be issued on this basis, the scaling-back arrangements described in paragraph 2.5 below would apply, but in all events it is intended that Shareholders would receive the same Cash Entitlement and Verizon Consideration Share Entitlement in respect of each B Share and C Share they hold.

The rights and restrictions to be attached to the B Shares and the C Shares are summarised in Part VI of this Circular and set out in the New Articles of Association. No application has been, or will be, made for the B Shares or the C Shares to be admitted to listing on the Official List or admitted to trading on the LSE's main market for listed securities, nor will the B Shares or the C Shares be listed or admitted to trading on NASDAQ or on any other recognised investment exchange. No share certificates will be issued to Shareholders in respect of the B Shares or the C Shares and no CREST accounts will be credited with such shares.

Vodafone will announce the exact number of B Shares and C Shares issued under the Return of Value, and the exact nominal value of the B Shares, on the Scheme Effective Date.

The attention of Overseas Shareholders generally is drawn to paragraph 10 below.

2.2 Reduction of share premium account and cancellation of capital redemption reserve

Following the issue of B Shares and C Shares, and subject to the Court's confirmation of the Capital Reductions at the Second Court Hearing, Vodafone will:

- (A) cancel its existing capital redemption reserve, which stood at approximately £10,462,083,000 at 30 November 2013; and
- (B) further reduce its share premium account (for the avoidance of doubt, as reduced by the allotment and issue of the B Shares and the C Shares) to £16,107,000,000, and in the event that the allotment and issue of B Shares and C Shares has reduced the share premium account to an amount equal to or less than £16,107,000,000, there shall be no further reduction of the share premium account).

As a result of the above, and unless the Court otherwise orders, Vodafone's distributable reserves will be increased by an amount equal to the amount of its capital redemption reserve plus the amount by which the share premium account is thus reduced.

2.3 Transfer of VAF1 Shares

Pursuant to the Scheme, and subject to the terms and conditions of the VZW SPA, V4L will transfer all of the issued and outstanding capital stock of VAF1 (the holding company of the US Group) to Verizon and Verizon will:

- (A) pay the Cash Consideration to V4L in accordance with the VZW SPA;
- (B) issue the Verizon Loan Notes, the Verizon Term Note and the Verizon Settlement Note (and, if the Vodafone Italy Transaction does not complete simultaneously, the Omnitel Note) to V4L, in each case in accordance with the terms of the VZW SPA; and
- (C) issue the Verizon Consideration Shares to (or for the benefit of) Shareholders in respect of and in proportion to their respective holdings of B Shares and C Shares in part satisfaction of their entitlements under the Return of Value, as described in paragraph 2.4 below.

Settlement of the Verizon Consideration Shares will occur as described in paragraph 9 below.

If the Vodafone Italy Transaction completes at the same time as the VZW Transaction on the Scheme Effective Date, VEBV will also acquire the Vodafone Italy Shares from VBIHBV on that date for an amount in cash equal to the Omnitel Consideration Amount. A summary of the principal terms of the VZW Transaction and the Vodafone Italy Transaction is set out in Part V of this document.

2.4 The Return of Value

The aggregate amount to be returned to Shareholders under the Return of Value will depend on the value of the Verizon Consideration Shares on the Scheme Effective Date. By way of example, based on an Average Trading Price of Verizon Shares of \$50.14 during the 20 Trading Days ending on the third Business Day prior to 6 December 2013 (the latest practicable date prior to the publication of this Circular) and on a closing price of Verizon Shares on 6 December 2013 of \$49.48, had the Scheme Effective Date been 6 December 2013, the aggregate amount to be returned under the Return of Value would have been approximately \$59.347 billion in Verizon Shares and \$23.886 billion in cash (approximately £36.292 billion in Verizon Shares and £14.607 billion in cash based on a \$/£ exchange rate of £1:\$1.6353, being the exchange rate quoted by WM/Reuters on 6 December 2013). This example assumes no Verizon Cash Election and no Dividend Adjustment.

The Return of Value offers each Shareholder (except Restricted Scheme Shareholders) a choice as to how they receive their proceeds under the Return of Value, subject to making appropriate elections. This is intended to give Shareholders (other than Restricted Scheme Shareholders) the flexibility, which may be relevant under their prevailing tax regime (such as the UK and Republic of Ireland), to receive their proceeds as income (that is, as a special dividend on their C Shares) or capital (that is, as a repayment of capital on their B Shares) as described in paragraph 2.5 below. Each B Share and C Share is intended to return the same amount of value to Shareholders.

The Return of Value also requires the Court to sanction the Scheme and confirm the Capital Reductions. If the Court did not sanction the Scheme or confirm the Capital Reductions, then the Verizon Consideration Shares would still be distributed to Vodafone Shareholders as soon as practicable after completion of the VZW Transaction and in satisfaction of a special dividend on the Ordinary Shares held by them at such record time as the Directors may determine, but Vodafone would be unable to pay the Cash Entitlement in the Return of Value. In these circumstances, Vodafone would seek to distribute the cash to Shareholders by other lawful means in due course.

2.5 Capital Option and Income Option

Shareholders other than US Shareholders, ADS holders and other Restricted Scheme Shareholders may choose between two alternatives: the Income Option or the Capital Option, or a combination of the two, in respect of the Return of Value. Details of how to make an election are set out in Part II of this Circular.

Shareholders who do not make a valid election, US Shareholders, the Depositary on behalf of ADS holders and Restricted Scheme Shareholders will receive C Shares (the Income Option).

Income Option

Shareholders electing (or deemed to elect) for the Income Option will receive one C Share for each Ordinary Share they hold at the Distribution Record Time in respect of which they have elected (or are deemed to have elected) for the Income Option. The Special Dividend will become payable on each C Share on the Scheme Effective Date, and will be satisfied by Vodafone paying the Cash Entitlement, and Verizon issuing and delivering (or procuring the issue and delivery of) the Verizon Consideration Share Entitlement, to the relevant holders.

The C Shares will thereafter be converted into Deferred Shares which will be transferred to LDC (Shares) Limited in accordance with the New Articles of Association and will subsequently be acquired by the Company for \$0.01, in aggregate, pursuant to the Option Agreement, after one year.

Capital Option

Shareholders electing for the Capital Option will receive one B Share for each Ordinary Share they hold at the Distribution Record Time in respect of which they have elected for the Capital Option. Each B Share so allotted and issued will then be cancelled on the Scheme Effective Date, in consideration of which Vodafone will pay the Cash Entitlement and Verizon will issue and deliver (or procure the issue and delivery of) the Verizon Consideration Share Entitlement to the relevant holders in satisfaction of a repayment of the capital paid up on the B Shares.

It is intended that the nominal value of a B Share will be not less than the market value of the cash and Verizon Consideration Shares to be received by the holder on its cancellation. Accordingly, because of fluctuations in the \$/£ exchange rate and trading price of Verizon Shares, the nominal value of the B Shares will need to be finally determined as near as possible to the Scheme Effective Date. It is expected that each B Share will have a nominal value in dollars equal to the sum of (A) the Cash Entitlement; (B) the value of the Verizon Consideration Share Entitlement (which shall be determined by multiplying the relevant number of Verizon Consideration Shares (or fraction thereof) comprising the Verizon Consideration Share Entitlement by the closing price of Verizon Shares on the NYSE on the Trading Day preceding the date of the First Court Hearing (as quoted by Bloomberg); and (C) ten per cent. of the amount in (B) above. By way of example, based on the \$/£ exchange rate of 1.6321 quoted by WM/Reuters and a closing price of Verizon Shares on the NYSE of \$48.92, both on the Trading Day prior to 6 December 2013 (the latest practicable date prior to the publication of this Circular), and an Average Trading Price of \$50.14 over the 20 Trading Days ending on the third Business Day prior to 6 December 2013, had the Scheme Effective Date been 6 December 2013, the B Shares would have had a nominal value of approximately \$1.82.

The number of B Shares which will be issued is subject to a maximum limit as described in paragraph 2.1 above. Consequently, if there are insufficient B Shares available to satisfy valid elections for the Capital Option, the Company will issue C Shares proportionately among such elections (or as near thereto as the Company in its discretion considers practicable). The proportions in which B Shares and C Shares are issued to satisfy elections for the Capital Option will not affect the total amount to be returned to each Shareholder who has validly elected for the Capital Option.

Part II of this document contains instructions on making an election between the Income Option and the Capital Option.

The Cash Entitlement and the Verizon Consideration Share Entitlement in respect of the Special Dividend on each C Share is intended to be the same as the Cash Entitlement and the Verizon Consideration Share Entitlement in respect of the repayment of capital on cancellation of each B Share. Verizon Share Restricted Shareholders, however, will be ineligible to receive and retain the Verizon Consideration Shares to which they are entitled, and such Verizon Consideration Shares will instead be sold on their behalf and the proceeds remitted to them (net of dealing costs and any applicable taxes) as described in more detail in paragraph 10 of this Part III.

2.6 Impact of Verizon Cash Election and changes in the Verizon Consideration Share price and dollar/sterling exchange rate on the Return of Value

Pursuant to the Verizon Cash Election, Verizon may elect (up to 10 Business Days prior to the expected Scheme Effective Date) to increase the Base Cash Consideration by up to \$5 billion and reduce the Base Verizon Share Amount accordingly, if it fails to obtain the requisite approval of Verizon Shareholders to increase the number of Verizon Shares authorised by its certificate of incorporation at the Verizon Special Meeting. If Verizon chooses to exercise the Verizon Cash Election, the Shareholders' Cash Entitlement will be increased proportionately and the Shareholders' Verizon Consideration Share Entitlement will be reduced accordingly, by reference to the full amount of the Verizon Cash Election.

The market price of the Verizon Shares will affect the Return of Value in two ways. First, under the VZW SPA, the number of Verizon Consideration Shares will be adjusted pursuant to the operation of the Collar (as described more fully in Part V of this Circular). For example, fluctuations in the Average Trading Price of the Verizon Shares within the range of \$47.00 to \$51.00 during the 20-Trading Day Reference Period will result in an adjustment to the number of Verizon Consideration Shares so that their aggregate value (at that Average Trading Price) is always equal to \$60.15 billion (less any reduction as a result of the Verizon Cash Election), but if the Average Trading Price were to rise (or fall) outside this range, there would be no adjustment to the number of Verizon Consideration Shares beyond the relevant end-point and the notional gain (or loss) would, accordingly, be for the account of Shareholders. Secondly, although the number of Verizon Consideration Shares will be fixed three Business Days before the Scheme Effective Date, their actual value on the Scheme Effective Date will depend on their market price at that time.

Assuming Verizon does not exercise the Verizon Cash Election, and on the basis of the Average Trading Price of Verizon Shares during the 20 Trading Days ending on the third Business Day prior to 6 December 2013 (the latest practicable date prior to the publication of this Circular) of \$50.14 and the closing price of Verizon Shares on 6 December 2013 of \$49.48, had the Scheme Effective Date occurred on 6 December 2013, each Shareholder would have received, in respect of each B Share or C Share held by him, approximately \$1.71 in aggregate pursuant to the Return of Value (approximately £1.05 based on the £/\$ exchange rate of 1.6353 quoted by WM/Reuters at close of business on 6 December 2013), being \$0.49 in cash and \$1.22 in Verizon Consideration Shares (subject to the provisions relating to fractional entitlements and Verizon Share Restricted Shareholders set out below). This example assumes no Dividend Adjustment.

Assuming Verizon exercises the Verizon Cash Election in full, and on the basis of the same assumed market price for Verizon Consideration Shares and closing price for Verizon Shares as set out above, had the Scheme Effective Date occurred on 6 December 2013, each Shareholder would have received, in respect of each B Share or C Share held by him, \$1.72 in aggregate pursuant to the Return of Value (approximately £1.05 based on the £/\$ exchange rate of 1.6353 quoted by WM/Reuters at close of business on 6 December 2013), being \$0.60 in cash and \$1.12 in Verizon Consideration Shares (subject to the provisions relating to fractional entitlements and Verizon Share Restricted Shareholders set out below). This example assumes no Dividend Adjustment.

2.7 Share Consolidation

Under the proposed Share Consolidation, the Ordinary Shares will be consolidated to ensure, to the extent reasonably practicable, that, subject to market fluctuations, the market price of one New Ordinary Share immediately after the Scheme Effective Date should be approximately equal to the market price of one Ordinary Share immediately beforehand. The ratio for the Share Consolidation will be determined shortly prior to the Scheme Effective Date, as set out below.

At the same time as the Share Consolidation, the Depositary will also consolidate the ADSs into New ADSs on the same basis as the Ordinary Shares.

Following the Share Consolidation and consolidation of ADSs, Shareholders and ADS holders will own the same proportion of the Company as they did immediately prior to the Share Consolidation and consolidation of ADSs taking effect, subject to the sale of fractional entitlements on their behalf.

Consolidation ratio

The consolidation ratio cannot be set at this time as there may be material fluctuations in the £/\$ exchange rate and in the value of the Ordinary Shares or Verizon Shares between the date of this Circular and the Scheme Effective Date, which may affect the exact amount of the Return of Value as a proportion of the Company's market capitalisation. As provided in Resolution 2 to be passed at the General Meeting, the Share Consolidation ratio will be set by the Directors on the third Business Day prior to the First Court Hearing, when the expected quantum of the Return of Value should be clearer, and will be announced through a Regulatory Information Service. The number of New Ordinary Shares to be issued in exchange for each Ordinary Share will be equal to the number obtained by dividing (i) the difference between (a) the closing price of an Ordinary Share on the LSE on the third Business Day prior to the First Court Hearing and (b) the aggregate sterling-equivalent amount of the Cash Entitlement and Verizon Share Entitlement (based on the closing price of Verizon Shares on the NYSE on the same day as quoted by Bloomberg) for each B Share or C Share expected to be issued under the Scheme, by (ii) the closing price of an Ordinary Share on the LSE at such time (as reported by Bloomberg), subject to such amendments as the Directors may determine to deal with fractions, rounding or other practical problems or matters which may result from such division and/or to achieve a ratio which in their judgment is the most appropriate to seek to maintain comparability of the Company's share price before and after the Return of Value.

By way of example, based on the closing price of Verizon Shares of \$49.57, a £/\$ exchange of 1.6414 and the closing price of an Ordinary Share of 225.83p, in each case on the third Business Day prior to the 6 December 2013 (the latest practicable date prior to publication of this Circular), the consolidation ratio would be 10 New Ordinary Share for every 19 existing Ordinary Shares.

In order to ensure that a whole number of New Ordinary Shares is created, it is proposed that the Company may issue Ordinary Shares to one of the Company's employee benefit trusts, or repurchase Ordinary Shares under its existing authority granted at the 2013 annual general meeting, in advance of the Distribution Record Time. The number of Ordinary Shares to be issued or repurchased would be such as will result in the total number of Ordinary Shares (including any held in treasury) being exactly divisible in accordance with the consolidation ratio.

Application will be made to the UKLA for the Official List to be amended to reflect the New Ordinary Shares resulting from the Share Consolidation and trading in the New Ordinary Shares is expected to commence at 8.00 a.m. on the Business Day after the Scheme Effective Date under ISIN GB00BH4HKS39. General market transactions will continue to be settled within the CREST system.

Trading in the ADSs is expected to close at the close of business on the Scheme Effective Date and New ADSs are expected to commence trading on NASDAQ at the open of business on the Trading Day after the Scheme Effective Date.

Vodafone Share Account

The Company is proposing to provide a facility whereby Certificated Shareholders (other than Vodafone Share Account Restricted Shareholders) will not, unless they elect otherwise, receive new share certificates in respect of their New Ordinary Shares but their New Ordinary Shares will instead be registered in the Vodafone Share Account in the name of Computershare Company Nominees Limited. The Vodafone Share Account will be administered by Computershare on behalf of such Certificated Shareholders. Certificated Shareholders (other than Vodafone Share Account Restricted Shareholders) will receive a Statement of Ownership showing the number of New Ordinary Shares which they own and will be able to direct Computershare to hold, trade or otherwise deal with their New Ordinary Shares in accordance with their instructions.

The Directors believe that the Vodafone Share Account will be beneficial to eligible Certificated Shareholders, making it easier for them to buy and sell New Ordinary Shares at a low cost and settle trades in such shares in a shorter timeframe than it would take to execute a trade of those shares held in certificated form. It will also remove the need for such Certificated Shareholders to hold a share certificate which needs to be kept safely and securely. Certificated Shareholders who hold their shares through the Vodafone Share Account will have the same rights as they do now, subject to any applicable legal restrictions, and the New Ordinary Shares will carry the same rights (including as regards dividends and voting at general meetings of the Company) whether they are held in certificated form or through the Vodafone Share Account.

Certificated Shareholders who wish to continue to hold their shares in Vodafone by way of a certificate can do so by opting out of the Vodafone Share Account programme on the Form of Election. Such Shareholders, and Vodafone Share Account Restricted Shareholders, will receive new certificates in respect of their New Ordinary Shares, expected to be despatched by 4 March 2014.

2.8 Treatment of fractions

Fractional entitlements to Verizon Consideration Shares pursuant to the Return of Value

No fractions of Verizon Consideration Shares will be received by any Shareholder and the Verizon Consideration Shares to which a Shareholder may become entitled under the Scheme will be rounded down to the nearest whole Verizon Consideration Share.

Instead, all fractions of Verizon Consideration Shares to which Shareholders are entitled will be aggregated, rounded down to the nearest whole Verizon Consideration Share and issued to the person appointed as nominee and agent for and on behalf of the relevant Shareholders and sold as soon as practicable by instructing a broker to sell them in the open market at the then-prevailing prices. The net proceeds of sale (after deduction of all expenses and commissions incurred) are expected to be paid to the relevant Shareholders by 10 March 2013.

Fractional entitlements to New Ordinary Shares or New ADSs following the Share Consolidation

Shareholders may have a fractional entitlement to a New Ordinary Share following the Share Consolidation. So, for example, if the consolidation ratio was 1.9, a Shareholder holding 267 Ordinary Shares would, after the Share Consolidation, be entitled to 140 New Ordinary Shares and a fractional entitlement of 0.53 of a New Ordinary Share. By contrast, a Shareholder holding 190 Ordinary Shares would, after the Share Consolidation, be entitled to 100 New Ordinary Shares and no fractional entitlement.

Fractional entitlements to New Ordinary Shares will be aggregated and sold as soon as practicable by instructing a broker to sell them in the open market at the then-prevailing prices. The net proceeds of sale (after deduction of all expenses and commissions incurred) will be distributed to the Shareholders entitled to them, save that, where the proceeds from the sale of any such fractional entitlement are less than £3.00, Shareholders will have no entitlement or right to the proceeds of sale but instead any such proceeds will be donated to the charity ShareGift (registered number 1052686). If the Vodafone share price does not exceed £3.00, no payments to Shareholders in respect of fractional entitlements to New Ordinary Shares will be made.

If a fractional entitlement to a New ADS arises as a result of the consolidation of ADSs, the Depositary will aggregate those fractional entitlements and sell them in the market to raise cash proceeds. The net proceeds of sale (after deduction of all expenses and commission incurred) will be distributed to the ADS holders entitled to them. If you hold ADSs in certificated form, it is expected that the Depositary will send you a cheque for your proportionate share of the sale proceeds, without interest, when you return your ADRs to the Depositary with the ADS Consolidation Letter of Transmittal. If you hold your ADSs in the Direct Registration System, it is expected that the Depositary will send you a cheque for your proportionate share of the sale proceeds as soon as practicable. If you hold your ADSs in the Global BuyDIRECT Plan, you will not receive any sale proceeds but will receive a credit of fractional New ADSs to your account. If you hold your ADSs in book-entry form, it is expected that you will receive a book-entry credit through your Agent Institution for your proportion of the sale proceeds as soon as practicable.

Settlement of proceeds from sale of fractions

Cash proceeds arising from the sale of any fractional entitlements are expected to be paid to Shareholders and ADS holders by 10 March 2014. Shareholders will receive their proceeds in the same currency as their Cash Entitlement.

2.9 Dealings in New Ordinary Shares, New ADSs and sending of documents

The Return of Value will be made by reference to holdings of Ordinary Shares on the Company's register of members as at the Distribution Record Time.

However, Shareholders who are on the Register at the Distribution Record Time but sell their Ordinary Shares before the Ex-Date will not receive the Cash Entitlement or Verizon Consideration Share Entitlement which they would otherwise have received.

ADS holders at the ADS Distribution Record Time who sell their ADSs before the Ex-Date will not receive the Cash Entitlement or Verizon Consideration Share Entitlement which they would otherwise have received. ADS holders who do not sell their ADSs as described above will retain their entitlements and may begin trading their Verizon Consideration Share Entitlements on 24 February 2014. It is expected that DTC will allocate the Verizon Consideration Shares to ADS holders on 27 February 2014 in time for settlement of those trades.

B Shares and/or C Shares which are transferred by operation of law or pursuant to the Articles shall remain subject to the relevant Shareholder's election (or deemed election) made in respect of such B Shares and/or C Shares.

From the effective time of the Share Consolidation (expected to be 8.00 a.m. on 24 February 2014), share certificates in respect of Ordinary Shares will cease to be valid. Share certificates in respect of New Ordinary Shares will not be issued to Certificated Shareholders (other than Vodafone Share Account Restricted Shareholders) following the Share Consolidation, unless such Shareholders elect to receive them, but the New Ordinary Shares will be held on behalf of such Shareholders in the Vodafone Share Account and evidenced by a Statement of Ownership. It is therefore important that, if you hold certificate(s) in respect of your Ordinary Shares, you retain them for the time being until you are sent your Statement of Ownership, which is expected to be on or around 4 March 2014. On receipt of a Statement of Ownership in respect of New Ordinary Shares, certificates in respect of Ordinary Shares can be destroyed.

Uncertificated Shareholders will have their CREST accounts updated automatically on the Trading Day following the Scheme Effective Date, expected to be 24 February 2014, and need take no further action.

From the effective date of the consolidation of the ADSs (expected to be open of business (New York time) on 24 February 2014), existing ADRs will cease to be valid. Registered holders of ADSs in certificated form must return a completed ADS Consolidation Letter of Transmittal to the Depositary accompanied by the ADRs they hold in order to be credited with New ADSs and cash in lieu of any fraction of a New ADS. Once a completed ADS Consolidation Letter of Transmittal has been returned with the ADRs, ADS holders will automatically become a participant in the Direct Registration System maintained by the Depositary. No new ADRs evidencing New ADSs will be issued, but ADS holders will be sent a transaction advice reflecting their holding of uncertificated New ADSs and further information about the Direct Registration System by the Depositary. ADS holders who hold through the Direct Registration System or the Global BuyDIRECT Plan or in book-entry form through an Agent Institution need take no further action and their accounts will be updated automatically.

No share certificates will be issued to Shareholders by the Company in respect of the B Shares, the C Shares or the Deferred Shares and such shares will not be credited to CREST.

2.10 Settlement of Cash Entitlements and other cash proceeds

For Certificated Shareholders, it is expected that payments in respect of their Cash Entitlements will be made electronically to such Shareholders' mandated accounts on 4 March 2014 (save where details of such accounts have not been provided to Vodafone in advance, in which case such Shareholders will be sent a cheque for their cash proceeds).

Uncertificated Shareholders are expected to have their CREST accounts credited with their Cash Entitlements on 4 March 2014.

Any cash proceeds due from the sale of fractional entitlements to Verizon Consideration Shares, or, in relation to Verizon Share Restricted Shareholders, from the sale of their Verizon Consideration Shares, will be made in the same manner by 10 March 2014.

As cash proceeds for fractional entitlements to New Ordinary Shares are subject to a minimum of £3.00, if Vodafone's share price does not exceed that level on the date on which such fractional entitlements are sold then the Company will not make any payments in relation to fractional entitlements to New Ordinary Shares.

Payments to ADS holders in registered form are expected to be made by cheque on 4 March 2014. Payments in respect of ADSs held in DTC through an Agent Institution will be made by wire transfer to DTC on or about 4 March 2014 and will be allocated by DTC to Agent Institutions entitled to them. Agent Institutions will credit payments to customer accounts entitled to them. Payments to ADS holders in respect of fractional entitlements to Verizon Consideration Shares will be made in the same manner by 10 March 2014. All payments to ADS holders will be made net of the Depository's fee.

Certificated Shareholders' existing dividend payment mandates in respect of a bank account, unless revoked or amended, will be deemed to be valid for any cash proceeds payable pursuant to the Return of Value and for future dividends from Vodafone in respect of the New Ordinary Shares. If a Certificated Shareholder does not revoke or amend his present dividend mandate, his cash proceeds, including his Cash Entitlement, will be paid in his Default Currency. Shareholders may revoke or amend their dividend mandates, including to elect to receive their cash proceeds in dollars, sterling or euro rather than their Default Currency, by contacting Computershare.

If a Certificated Shareholder has not provided a dividend mandate instruction to Vodafone before the date of this document, he will be sent a cheque for his cash proceeds payable pursuant to the Return of Value (but not for future dividends from Vodafone in respect of the New Ordinary Shares, for which dividend mandate instructions will continue to be necessary).

Uncertificated Shareholders' existing bank account details will be retained for future dividends from Vodafone in respect of New Ordinary Shares. However, any dividend mandates submitted through CREST will not be deemed to be valid for future dividends from Vodafone in respect of the New Ordinary Shares and new dividend currency elections and any elections to participate in the Vodafone Dividend Reinvestment Plan will be required to be submitted through CREST on the ISIN for the New Ordinary Shares.

2.11 Settlement of Verizon Consideration Shares

Details of the settlement of Verizon Consideration Shares are set out in paragraph 9 of this Part III.

3. Conditions to the Scheme

The implementation of the Scheme is conditional upon the following conditions having been satisfied or (where permitted) waived:

- (A) the approval of the Scheme at the Court Meeting by a majority in number of the Shareholders present and voting, either in person or by proxy, representing 75 per cent. or more in value of the Ordinary Shares held by those Shareholders;

- (B) Resolution 2 being passed by the requisite majority of Shareholders at the General Meeting as a special resolution;
- (C) all the conditions to the VZW Transaction (other than the conditions relating to the Scheme being sanctioned and the Capital Reductions being confirmed by the Court) being satisfied or waived prior to the First Court Hearing. Such conditions are described in more detail in paragraph 3 of Part V of this Circular;
- (D) the Scheme being sanctioned at the First Court Hearing and a copy of the Scheme Court Order being delivered to the Registrar of Companies; and
- (E) the Capital Reductions being confirmed by the Court at the Second Court Hearing and becoming effective.

The Capital Reductions will become effective on the delivery of the Reduction Court Order to (or, if the Court requires, registration of the Reduction Court Order with) the Registrar of Companies.

The Directors will not take the necessary steps to implement the Scheme unless the above conditions have been satisfied or (where permitted) waived and, at the relevant time, they consider that it continues to be in the best interests of Shareholders that the Scheme should be implemented.

4. The General Meeting and Court Meeting

Before the Court's approval can be sought to sanction the Scheme, the Scheme will require approval by Shareholders at the Court Meeting and the passing of Resolution 2 by Shareholders at the General Meeting.

Notices of the Court Meeting and the General Meeting are set out in Parts XIV and XV of this document respectively. All holders of Ordinary Shares whose names appear on the register of members at the Voting Record Time are entitled to attend and vote at the relevant meeting in respect of the number of Ordinary Shares registered in their name at that time.

The Court Meeting and the General Meeting will be held at Hilton London Metropole Hotel, 225 Edgware Road, London W2 1JU.

The Court Meeting

The Court Meeting, which has been convened for 11.00 a.m. on 28 January 2014, is being held at the direction of the Court to seek the approval of Shareholders for the Scheme. At the Court Meeting, voting will be by way of poll and each Shareholder present in person or by proxy will be entitled to one vote for each Ordinary Share held. In order for the resolution to be passed, it must be approved by a majority in number of those Shareholders, present and voting, either in person or by proxy, representing 75 per cent. or more by value of all Ordinary Shares held by such Shareholders.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Shareholder opinion.

The General Meeting

The General Meeting has been convened for 11.15 a.m. on 28 January 2014, or as soon thereafter as the Court Meeting has concluded or been adjourned, to consider and, if thought fit, pass the Resolutions (as ordinary or special resolutions, as applicable, and as described in the notice convening the General Meeting set out in Part XV of this document) to:

- (i) approve the Transactions (as Class 1 and related party transactions) and their implementation in accordance with their terms;
- (ii) subject to the Scheme being approved at the Court Meeting, approve matters necessary to implement the Scheme, including the issue of the B Shares and C Shares and the terms of the Return of Value, the Capital Reductions and the Share Consolidation and to make certain changes to the New Articles of Association; and
- (iii) subject to the Scheme becoming fully effective and to the amendment of the Official List of the UKLA for the New Ordinary Shares pursuant to the Share Consolidation, provide the Directors with the power to make on-market repurchases of New Ordinary Shares, substantially on the same terms as the equivalent authority granted at the 2013 annual general meeting, but amended to reflect the effect of the Share Consolidation.

Entitlement to vote at the Shareholder Meetings

Each holder of Ordinary Shares who is entered in Vodafone's register of members at the Voting Record Time will be entitled to attend and vote at the Court Meeting and the General Meeting. Verizon and any other member of the Verizon Group holding Shares will not be entitled to vote any of the Ordinary Shares held by it at the Court Meeting or on Resolution 1 at the General Meeting. If either Meeting is adjourned, only those Shareholders on the register of members at 6.00 p.m. on the day which is two days before the adjourned meeting will be entitled to attend and vote.

Each Shareholder is entitled to appoint a proxy or proxies to attend and to vote instead of him or her. Voting at the Court Meeting and General Meeting will be conducted by poll. A proxy need not be a Shareholder. A BLUE Form of Proxy for the Court Meeting and a YELLOW Form of Proxy for the General Meeting are enclosed with this document. To be valid, the Forms of Proxy must be duly completed and signed and must be received by the Registrar at the following address: Corporate Action 3, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AR by 11.00 a.m. for the Court Meeting and 11.15 a.m. for the General Meeting on 26 January 2014 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). However, in the case of the Court Meeting, the BLUE Form of Proxy can also be handed to representatives of the Registrar at the venue of the Court Meeting or the Chairman of the Court Meeting before the start of the Court Meeting.

Further details on completing and returning a Form of Proxy are set out on the Form of Proxy itself and in Part II of this Circular.

5. Sanction of the Scheme by the Court

The Scheme requires the sanction of the Court at the First Court Hearing, and the Capital Reductions must be confirmed by the Court at the Second Court Hearing. The Court Hearings are expected to be held on 21 February 2014, assuming that the other conditions set out at paragraph 3 above have by that time been satisfied (or, where permitted, waived). Shareholders may, if they wish, attend the First Court Hearing to support or oppose the Scheme or the Capital Reductions. Verizon has agreed to undertake to the Court to execute and do and procure to be executed and done all such documents, acts and things as may be reasonably necessary or desirable to be executed or done by it to give effect to the Scheme.

If the Scheme becomes effective, it will be binding on all Shareholders whether or not they attend or vote in favour of the Scheme at the Court Meeting or in favour of the Resolutions at the General Meeting. If the Scheme is not implemented by the date which falls 20 Business Days following the date of the First Court Hearing (or, where the date on which the First Court Hearing is initially scheduled is postponed because the conditions set out at paragraph 3 above are not fulfilled, 20 Business Days following such postponed date), the Scheme will not be implemented. In such circumstances, provided that the remaining conditions to the VZW Transaction have been satisfied or waived, the VZW Transaction will still complete as described in paragraph 16 of Part III of this Circular.

6. Modifications to the Scheme

The Scheme contains a provision for Vodafone, V4L and Verizon to consent on behalf of all persons concerned to any modification (including to reduce the total quantum of the Cash Entitlement) of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or additions to, or impose a condition to, the Scheme which might be material to the interests of Shareholders unless Shareholders were informed of such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Shareholders should be held in these circumstances.

7. Amendments to the Articles of Association

A number of consequential amendments to the Articles of Association are required to implement the Scheme, the Return of Value and the Share Consolidation and, accordingly, Shareholders are asked to approve the New Articles of Association at the General Meeting. The New Articles of Association include the rights of the B Shares, the C Shares and the Deferred Shares, which are summarised in Part VI of this Circular.

8. Directors and the effect of the Scheme of Arrangement on their interests

Details of the interests of the Directors in the share capital of Vodafone are set out in paragraph 3 of Part XI of this document. Ordinary Shares held by the Directors will be subject to the Scheme.

Each Director who is a Shareholder intends to vote his Ordinary Shares in favour of the Scheme at the Court Meeting and the General Meeting.

In addition, each of the Executive Directors (together with Nick Read, Vodafone's proposed new Chief Financial Officer) has committed to using the post-tax proceeds of the Return of Value due to him to acquire further shares in the Company.

Particulars of the termination provisions under the service contracts and letters of appointment of the Directors are set out in paragraph 4 of Part XI of this document.

Save as set out above, the effect of the Scheme on the interests of the Directors does not differ from its effect on the like interests of any other person.

9. Settlement of Verizon Consideration Shares

9.1 Issue of Verizon Consideration Shares

On settlement, and subject to the position of Verizon Share Restricted Shareholders described at paragraph 9.4 below, Verizon will instruct its transfer agent, Computershare Trust Company, N.A., to credit the Verizon Consideration Shares as follows:

- (i) in the case of ADS holders, such Verizon Consideration Shares shall be credited to the Depository, which will in turn transfer such Verizon Consideration Shares either: (a) in the case of ADS holders holding through an Agent Institution in DTC, to DTC for allocation by it to the relevant Agent Institution on behalf of such ADS holder or (b) in the case of ADS holders not holding through an Agent Institution in DTC, to the relevant ADS holder by means of the Direct Registration System. Should ADS holders who receive their Verizon Consideration Shares through the Direct Registration System wish to trade those Verizon Consideration Shares, they will need to instruct Computershare Trust Company, N.A., Verizon's transfer agent. ADS holders who receive their Verizon Consideration Shares through the Direct Registration System will receive further information from Computershare Trust Company, N.A. about the Direct Registration System;
- (ii) in the case of Verizon CSN Restricted Shareholders who are Certificated Shareholders, to the Direct Registration System on behalf of those Shareholders. Should Shareholders who receive their Verizon Consideration Shares through the Direct Registration System wish to trade those Verizon Consideration Shares, they will need to instruct Computershare Trust Company, N.A., Verizon's transfer agent. Shareholders who are issued Verizon Consideration Shares through the Direct Registration System will receive further information from Computershare Trust Company, N.A. about the Direct Registration System; and
- (iii) in the case of all other Shareholders, to the securities deposit account of CREST International Nominees Limited, as nominee for CREST Depository Limited. CREST Depository Limited will then issue Verizon CDIs through CREST to the Registrar for delivery, in the case of Uncertificated Shareholders, to the securities deposit account in CREST in which each such Uncertificated Shareholder holds its Ordinary Shares or, in the case of Certificated Shareholders, to the Verizon CSN, in its capacity as nominee for those Certificated Shareholders (as described below).

9.2 Issue of Verizon CDIs to Uncertificated Shareholders

Unlike the Ordinary Shares, Verizon Shares are not capable of being held, transferred or settled directly through the usual UK settlement systems such as CREST. Uncertificated Shareholders will, therefore, be issued with Verizon CDIs (as explained in more detail below and subject to the position of Verizon Share Restricted Shareholders).

The Verizon CDI arrangements do not affect the economic rights attached to the Verizon Consideration Shares. However, while the holders of Verizon CDIs will have an entitlement to the underlying Verizon Consideration Shares, they will not be the registered holders of the Verizon Consideration Shares.

Verizon CDIs to which Uncertificated Shareholders will be entitled under the Scheme will be delivered, held and settled in CREST by means of the CREST International Settlement Links Service, and, in particular, CREST's established link with DTC, the US settlement and clearance system. This link operates via the services of CREST International Nominees Limited, which is a participant in DTC. Under the CREST International Settlement Links Services, CREST Depository Limited, a subsidiary of Euroclear, issues dematerialised depository interests called CDIs, interests in entitlements to which represent non-UK securities (such as Verizon Shares). CDIs may be held, transferred and settled exclusively through CREST.

The terms on which CDIs are issued and held in CREST are set out in the CREST Manual (and, in particular, the deed poll set out in the CREST International Manual) and the CREST Terms and Conditions issued by Euroclear.

9.3 Verizon CSN for certain Certificated Shareholders in the EEA (other than in Croatia)

UK and certain other Shareholders who currently hold their Ordinary Shares in certificated form (that is, they hold a share certificate) may find that holding the Verizon Consideration Shares directly involves a number of formalities that may be unfamiliar for them. Dealing with a transfer agent (the equivalent of a registrar in the UK) in a different jurisdiction and time zone may also prove inconvenient in certain circumstances.

Accordingly, Verizon will arrange for the Verizon CSN to act as corporate sponsored nominee for individual Certificated Shareholders resident in, or with a registered address in, the EEA (other than Croatia), and hold Verizon CDIs for and on behalf of all such Certificated Shareholders. Certificated Shareholders will be able to hold and/or sell their Verizon CDIs by instructing the Verizon CSN. The detailed provisions of these nominee arrangements are set out in the terms and conditions on which the Verizon CSN Facility will be provided by the Verizon CSN to such Certificated Shareholders.

The Verizon CSN Facility will not be made available to any Verizon CSN Restricted Shareholder.

Certificated Shareholders to whom the Verizon CSN Facility is made available will be sent a Statement of Ownership (setting out their Verizon CDI entitlements) shortly after the Scheme Effective Date and at least annually thereafter. A booklet describing the terms and conditions of the Verizon CSN Facility is sent together with this Circular. In addition, a copy of the terms and conditions of the Verizon CSN Facility will be made available on Verizon's website at verizon.com/investor/shareownersservices.htm.

9.4 Verizon Share Restricted Shareholders

Verizon Share Restricted Shareholders will not be able to receive Verizon Consideration Shares.

Instead, Verizon Share Restricted Shareholders will receive the cash proceeds from the sale of the Verizon Consideration Shares to which they are entitled, net of transaction costs, in dollars (in the case of Uncertificated Shareholders) or in their Default Currency (in the case of Certificated Shareholders and save where such Shareholders elect to receive such proceeds in dollars or (where this is not already their Default Currency) in sterling or euro in accordance with Part II of this document). Verizon Share Restricted Shareholders do not need to elect for the Verizon Consideration Shares to be sold on their behalf. The Verizon Consideration Shares to which Verizon Share Restricted Shareholders would otherwise be entitled will be aggregated and sold in the open market at the then-prevailing prices. No discretion will be exercised by Verizon or Vodafone as to the timing of the sale of the Verizon Consideration Shares. Verizon Share Restricted Shareholders will receive the sale consideration net of transaction costs.

9.5 Rights attaching to Verizon CDIs

The registered holder of the Verizon Consideration Shares represented by Verizon CDIs will be Cede & Co, a nominee of DTC. The interests in those Verizon Consideration Shares will be credited to the account of CREST International Nominees Limited, who will hold them through the DTC system as nominee for CREST Depository Limited. CREST Depository Limited will hold the interests in those Verizon Consideration Shares on trust for the Uncertificated Shareholders (other than Verizon Share Restricted Shareholders) and for the Verizon CSN (as the CREST member acting as corporate sponsored nominee for the Certificated Shareholders other than Verizon CSN Restricted Shareholders), to whom it will issue Verizon CDIs.

Accordingly, the holders of Verizon CDIs will be able to exercise rights relating to the underlying Verizon Consideration Shares only in accordance with the arrangements described below.

To allow the holders of Verizon CDIs to exercise rights relating to the underlying Verizon Consideration Shares, Verizon will enter into arrangements pursuant to which holders of Verizon CDIs (including eligible Certificated Shareholders who hold their Verizon CDIs through the Verizon CSN Facility) will be able to:

- (A) receive notices of general shareholder meetings of Verizon;
- (B) give directions as to voting at general shareholder meetings of Verizon; and
- (C) have made available to them and be sent, at their request, copies of all documents issued by Verizon to shareholders of Verizon generally.

Holders of Verizon CDIs will otherwise generally be treated in the same manner as if they were registered holders of the Verizon Consideration Shares underlying their Verizon CDIs, in each case in accordance with and subject to applicable law and, so far as is possible, in accordance with CREST arrangements (save that Verizon CDI holders participating in the Verizon CSN will be required to provide dividend mandate instructions in order to receive future dividends in respect of their Verizon CDIs, for which cheques will not be issued).

Under an agreement for the provision of the CDI register, Euroclear will make a copy of the register of the names and addresses of Verizon CDI holders available to Verizon (and/or its voting agent) to enable Verizon (or its voting agent) to: (a) send out notices of shareholder meetings and proxy forms to its CDI holders; and (b) produce a definitive list of CDI holders as at the record date for the meeting.

In addition, Cede & Co and Euroclear have omnibus proxy arrangements pursuant to which CREST International Nominees Limited (the custodian of the Verizon Consideration Shares underlying the Verizon CDIs) will be able to grant each Verizon CDI holder the right to vote in respect of such holder's underlying Verizon Consideration Shares. As a result, the custodian and the depository step out of the voting arrangements and simply pass on any voting rights they have, by virtue of holding the underlying Verizon Consideration Share, to the Verizon CDI holders.

Under the terms of the Verizon CSN Facility, the Verizon CSN will provide Certificated Shareholders whose Verizon CDIs are held through the Verizon CSN Facility the option to give the Verizon CSN voting instructions and the Verizon CSN will reflect those instructions in the proxy granted to it by Euroclear.

Holders of Verizon CDIs (including Certificated Shareholders whose Verizon CDIs are held through the Verizon CSN Facility) are entitled to attend Verizon Shareholder meetings in person as a result of their beneficial interest in the Verizon Consideration Shares. If a Certificated Shareholder whose Verizon CDIs are held through the Verizon CSN Facility should wish to attend, speak and vote in person at a Verizon Shareholders' meeting, the Verizon CSN will provide such holder with a letter of representation in respect of such Verizon CDIs and such letter will enable that Certificated Shareholder to attend, speak and vote at the shareholder meeting on behalf of the Verizon CSN in respect of that holder's underlying interest in the Verizon Consideration Shares.

9.6 Dividends in respect of Verizon CDIs

Your attention is drawn to paragraph 11 of Part XI (regarding Verizon's dividend history) and Section 3 of Part X (regarding US Taxation).

Any dividends paid on the Verizon Consideration Shares will be paid to holders of Verizon CDIs electronically, in accordance with their previously provided Vodafone mandate instructions, and not by cheque. The Verizon CSN will, so long as CREST continues to provide such services, elect to receive payments in the currency in which the Verizon dividends are declared, expected to be dollars, and any dividends paid to Certificated Shareholders in respect of Verizon CDIs held through the Verizon CSN Facility will be paid in either dollars, sterling or euro as instructed (or deemed to have been instructed) by the relevant Shareholder. The Verizon CSN will distribute any such dividends to the Certificated Shareholders in accordance with the terms of the Verizon CSN Facility.

9.7 Transfer and cancellation of Verizon CDIs

Uncertificated Shareholders who hold their Verizon CDIs through CREST will be able to cancel their Verizon CDIs by settling a cross-border delivery transaction in respect of the underlying Verizon Consideration Shares through CREST to a DTC participant, in accordance with the rules and practices of CREST and DTC.

Certificated Shareholders who are entitled to receive Verizon CDIs through the Verizon CSN, but wish to hold the underlying Verizon Consideration Shares to which they are entitled directly, will be able to instruct the Verizon CSN to transfer that holder's entitlement to Verizon Consideration Shares into a Direct Registration System account in their name or into the account of a DTC participant specified by them. Details of the manner in which such instructions may be given are available from Computershare upon request.

Transaction fees will be payable by a holder of Verizon CDIs who executes a transaction through CREST (including a cancellation of Verizon CDIs). In addition, Certificated Shareholders whose Verizon CDIs are held through the Verizon CSN Facility will be required to pay a fee to the Verizon CSN to effect such transfer. Uncertificated holders of Verizon CDIs will be charged a custody fee by CREST in relation to the Verizon CDIs which they hold.

9.8 Verizon Prospectuses

Further details of the Verizon Consideration Shares are set out in the Verizon Prospectuses. It is expected that each of the Verizon UK Prospectus and Verizon US Prospectus, relating to the Verizon Consideration Shares and which Verizon has prepared, will be published on or around the same date as this document. A copy of each of the Verizon Prospectuses may be accessed (subject to applicable restrictions) via Verizon's website: verizon.com/investor/shareownersservices.htm. For the avoidance of doubt, the contents of that website and the Verizon Prospectuses are not incorporated into and do not form part of this document. The Verizon US Prospectus will be posted to Shareholders and ADS holders resident in, or with a registered address in, the US or Canada. The Verizon UK Prospectus will not be posted to Shareholders or ADS holders. Shareholders and ADS holders (other than (i) Shareholders and ADS holders resident in, or with a registered address in, the United States or Canada and (ii) Verizon Prospectus Restricted Holders) who wish to receive a hard copy of the Verizon UK Prospectus may request one, subject to applicable restrictions, by contacting the Registrar at Computershare, Corporate Actions 3, The Pavilions, Bridgwater Road, Bristol BS99 6AR.

9.9 Dealing Facility

Verizon has agreed to arrange for a free share dealing facility to be provided to enable certain Shareholders who receive Verizon CDIs pursuant to the Scheme to sell all (but not part only) of their newly acquired Verizon CDIs without incurring any charges (including any dealing or settlement charges). The costs of the Dealing Facility will be paid by Vodafone and Verizon in equal measure.

This Dealing Facility will be available to Certificated Shareholders holding Verizon CDIs through the Verizon CSN who (i) are individuals, (ii) hold fewer than 50,000 Ordinary Shares at the Distribution Record Time and (iii) are resident in, or have a registered address in, the EEA (other than in Croatia). The Dealing Facility will not be available to any other Shareholders or to ADS holders.

Uncertificated Shareholders who expect to meet the criteria set out in (i) to (iii) above and who wish to make use of the Dealing Facility would need to convert, at their own cost, their holdings of Ordinary Shares into certificated form prior to the Distribution Record Time. Following such conversion, such Shareholders will be treated like other Certificated Shareholders for the purposes of the Proposals. Accordingly, they will not receive Verizon CDIs directly through CREST but instead these will be held by the Verizon CSN on their behalf, and, if such a Shareholder elects to use the Dealing Facility, sold by the Verizon CSN. Such Shareholders will also not receive their New Ordinary Shares arising from the Share Consolidation through CREST but instead these will be held in the Vodafone Share Account on their behalf, unless such Shareholders elect to receive a share certificate.

The Dealing Facility will be available until the date which falls six weeks after the VZW Completion Date.

The Dealing Facility cannot be used to sell only part of a holding of Verizon CDIs or to buy additional Verizon CDIs. Persons wanting to sell their Verizon CDIs are not obliged to sell them through the Dealing Facility. Persons wanting to use the Dealing Facility may also be required to provide evidence of their identity, where required by applicable anti-money laundering laws.

Eligible Shareholders who wish to use the Dealing Facility should complete the Dealing Facility Form and return it in the manner set out in paragraph 9 of Part II. The full terms and conditions on which the Dealing Facility will be provided are set out in the information booklet which has been sent to Certificated Shareholders together with this Circular.

After the instructions to sell have been accepted, subject to and in accordance with the full terms and conditions on which the Dealing Facility will be provided, the relevant Shareholders' Verizon CDIs will be sold. Once the Dealing Facility opens, sales are expected to be made at regular intervals, and proceeds of these sales are expected to be sent to Shareholders in the week following the relevant sale. No assurance can be given as to the price that will be received for the Verizon CDIs sold through the Dealing Facility.

Eligible Shareholders who sell through the Dealing Facility will receive the proceeds of such sale by cheque.

A helpline will be available to assist Shareholders wishing to make use of this Dealing Facility. Replacement documents may be requested from this helpline or by writing to Computershare at Corporate Actions 3, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AR.

Vodafone understands that the Verizon CSN (the provider of the Dealing Facility) will not acquire any Verizon Consideration Shares pursuant to the Dealing Facility. Subject to any legal restrictions on transfer in any jurisdiction, Shareholders who do not want, or are not able, to sell their Verizon CDIs through the Dealing Facility described in this paragraph 9.9 may nonetheless sell or transfer their Verizon CDIs as described in paragraph 9.7 of this Part III. Certain UK, US and Irish tax consequences of such a disposal are set out in Part X.

10. Overseas Shareholders

10.1 General

Shareholders who are not resident in the United Kingdom, Republic of Ireland or United States or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the Return of Value pursuant to the Scheme (including, as may be relevant in each case, the issue, holding or cancellation of the B Shares or the C Shares), their receipt of Verizon Consideration Shares or the use of the Dealing Facility will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any such Shareholders to satisfy themselves as to full observance of the laws of each relevant jurisdiction in connection with the Return of Value, including the obtaining of any government, exchange control or other consents which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the Proposals constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

Each Shareholder by whom, or on whose behalf, a Form of Election is executed or Electronic Election is given, irrevocably represents, warrants, undertakes and agrees to and with Vodafone that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in any territory in connection with any election under the Share Alternatives (or any resulting transaction) and such Shareholder has not taken or omitted to take any action which may result in Vodafone or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Return of Value or such Shareholder's election (or any resulting transaction).

10.2 US Securities Laws

The B Shares, C Shares, Deferred Shares and New Ordinary Shares to be issued in connection with the Scheme have not been and will not be registered under the US Securities Act or under the applicable securities laws of any state of the United States. The B Shares, C Shares, Deferred Shares and New Ordinary Shares to be issued in connection with the Scheme will be issued in a transaction exempt from registration under such securities laws.

10.3 Treatment of Overseas Shareholders under the Scheme

The Company has been advised that it would or might be in breach of legal or regulatory requirements in certain jurisdictions, or the Company would or might be required to make filings or take any other action in certain jurisdictions, if it made the Capital Option or the Vodafone Share Account available to Shareholders in such jurisdictions, and the Company understands that Verizon has been advised that it would or might be in breach of legal or regulatory requirements in certain jurisdictions, or Verizon would or might be required to make filings or take any other action in certain jurisdictions, if it issued the Verizon Consideration Shares to Shareholders in such jurisdictions. Accordingly, the following arrangements will be put in place for relevant Overseas Shareholders who are resident in such jurisdictions.

Restricted Scheme Shareholders

Restricted Scheme Shareholders (including US Shareholders and ADS holders) will not be entitled to elect for the Capital Option (by way of a Form of Election or Electronic Election) pursuant to the Return of Value. Instead, Restricted Scheme Shareholders (including US Shareholders and ADS holders) will be deemed to have elected for the Income Option (unless the Directors otherwise determine in their absolute discretion).

Restricted Scheme Shareholders are those Shareholders resident in, or with a registered address in, the US, Hong Kong, Malaysia, New Zealand, Saudi Arabia, Switzerland or the United Arab Emirates.

Verizon Share Restricted Shareholders

Verizon Share Restricted Shareholders will not be able to receive Verizon Consideration Shares (or participate in the Verizon CSN Facility or the Dealing Facility). Instead, they will receive the cash proceeds from the sale of the Verizon Consideration Shares to which they were entitled in dollars (in the case of Uncertificated Shareholders) or in their Default Currency (in the case of other Certificated Shareholders, save where such Shareholders elect to receive such proceeds in dollars or (where this is not already their Default Currency) in sterling or euro in accordance with Part II of this document).

Verizon Share Restricted Shareholders are those Shareholders resident in, or with a registered address in, Australia, China, Hong Kong, New Zealand, Saudi Arabia and Singapore.

Verizon CSN Restricted Shareholders

Verizon CSN Restricted Shareholders will not participate in the Verizon CSN. Instead, such Shareholders (other than Verizon Share Restricted Shareholders) will receive their Verizon Consideration Shares in the manner set out in paragraph 9.1 above.

Verizon CSN Restricted Shareholders are all Shareholders resident outside, or with a registered address outside, the EEA, those Shareholders resident in, or with a registered address in Croatia, Uncertificated Shareholders and those Shareholders who are not individuals.

Verizon Prospectus Restricted Holders

Verizon Prospectus Restricted Holders will not be entitled to receive the Verizon Prospectuses or be able to access them via Verizon's website. However, Verizon Prospectus Restricted Holders who are not Verizon Share Restricted Shareholders will be entitled to receive the Verizon Consideration Shares or Verizon CDIs, as applicable.

Verizon Prospectus Restricted Holders are those Shareholders and ADS Holders resident in or with a registered address in Australia, China, Egypt, Hong Kong, Malaysia, Mexico, New Zealand, Saudi Arabia and Singapore.

Dealing Facility

As set out in paragraph 9.9 above, Verizon has agreed to provide the Dealing Facility to Certificated Shareholders holding Verizon CDIs through the Verizon CSN who are individuals resident in, or with a registered address in, the EEA (other than in Croatia) holding fewer than 50,000 Ordinary Shares at the Distribution Record Time. This facility will not be available to any other Shareholders or to ADS holders.

Vodafone Share Account Restricted Shareholders

Vodafone Share Account Restricted Shareholders will not be able to hold their New Ordinary Shares through the Vodafone Share Account but will receive new share certificates in respect of their New Ordinary Shares.

Vodafone Share Account Restricted Shareholders are those Shareholders who are not resident in, or do not have a registered address in, one of the jurisdictions listed as a Vodafone Share Account Permitted Jurisdiction in Part XIII of this Circular.

10.4 Overseas Notices

Australia

This Circular has not been prepared in accordance with the Corporations Act 2001 (Cth) or lodged with the Australian Securities & Investments Commission (“ASIC”), and is not accompanied by a prospectus or Product Disclosure Statement that has been prepared in accordance with the Corporations Act 2001 (Cth) or lodged with ASIC. The B Shares and the C Shares to be issued under the Scheme are being offered in Australia in reliance on ASIC Class Order CO 07/9.

The information contained in this Circular does not constitute financial product advice and has been prepared without reference to individual investment objectives, financial situation, taxation position or particular needs. If you are in doubt as to what you should do, you should consult your legal, investment, taxation or other professional adviser.

Belgium

The envisaged transaction does not constitute or comprise an offer to the public in Belgium within the meaning of the Belgian Act of 16 June 2006 on public offers of investment instruments and admission to trading on a regulated market in Belgium. The Proposals have not been and will not be notified to, and this Circular or any other material relating to the Proposals have not been submitted to, and will not be approved by, the Belgian Financial Services and Markets Authority. Any representation to the contrary is unlawful.

This Circular has been issued to each Shareholder in their capacity of shareholder of Vodafone for their personal use only and exclusively for the purposes of the Proposals. Accordingly, this Circular may not be used for any other purpose or passed on to any other person in Belgium.

Canada

This Circular does not address Canadian tax consequences for Shareholders resident in Canada regarding holding or disposing of the Verizon Consideration Shares they receive. Shareholders resident in Canada are strongly advised to consult their own tax advisers with respect to the Canadian and other tax considerations applicable to them.

France

This Circular has not been prepared in the context of a public offering of securities in France within the meaning of Article L.411-1 and seq. of the French Code monétaire et financier and Articles 211-1 and seq. of the Autorité des marchés financiers (“AMF”) General Regulations and has therefore not been submitted to the AMF for prior approval or otherwise and does not require a prospectus to be submitted for approval to the AMF. The B Shares and the C Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France and neither this Circular nor any other offering material relating to the B Shares or the C Shares has been distributed or caused to be distributed or will be distributed or caused to be distributed to the public in France, except only to registered Shareholders in France.

Hong Kong

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Republic of Ireland

This document does not constitute a prospectus within the meaning of Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Republic of Ireland (as amended). No offer of B Shares, C Shares or New Ordinary Shares to the public is made, or will be made, that requires the publication of a prospectus pursuant to Irish prospectus law (within the meaning of Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Republic of Ireland (as amended)) in general, or in particular pursuant to the Prospectus (Directive 2003/71/EC) Regulations 2005 of Republic of Ireland (as amended). This document has not been approved or reviewed by or registered with the Central Bank of Republic of Ireland. This document does not constitute investment advice or the provision of investment services within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 of Republic of Ireland (as amended) or otherwise. Vodafone is not an authorised investment firm within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 of Republic of Ireland (as amended) and the recipients of this document should seek independent legal and financial advice in determining their actions in respect of or pursuant to this document.

Malaysia

This Circular has not been approved or registered with any regulatory authorities in Malaysia.

If you are in any doubt as to the contents of this Circular, you should seek independent professional advice.

It is the sole responsibility of the recipients wishing to take any action upon this Circular to satisfy themselves as to the full observance of the laws of Malaysia and to obtain all relevant government regulatory approvals including but not limited to approval pursuant to exchange control laws. If you are in doubt as to the action you should take, you should consult your professional adviser immediately.

Saudi Arabia

This document may not be distributed in the Kingdom except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Shareholders should conduct their own due diligence on the accuracy of the information contained in this document. If you do not understand the contents of this document you should consult an authorised financial adviser.

Spain

Neither the B Shares nor the C Shares (the “**Securities**”) nor this Circular have been approved or registered in the administrative registries of the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores). Consequently, the Securities may not be offered in Spain except in circumstances which do not constitute a public offer of securities in Spain within the meaning of Article 30bis of the Spanish Securities Market Law of 28 July 1988 (Ley 24/1988, de 28 de julio, del Mercado de Valores), as amended and restated, and supplemental rules enacted thereunder, or pursuant to one of the exemptions from registration set out in the Spanish Securities Market Law and Royal Decree 1310/2005, of November 4.

Sweden

This Circular does not contain and does not constitute an offer of securities to the public within the meaning of the Prospectus Directive (as amended). No securities referred to herein are subject to any application for admission to trading on a regulated market in Sweden. Accordingly, this Circular has not been, nor will it be, approved or registered by the Swedish Financial Supervisory Authority (Finansinspektionen) under the Swedish Financial Instruments Trading Act (1991:980).

UAE

The B Shares and the C Shares are not registered under the laws of the United Arab Emirates or approved by the securities regulator of the United Arab Emirates. The proposed issue of B Shares and C Shares pursuant to the Scheme is not an offer for sale of securities in the United Arab Emirates and B Shares and C Shares are only being issued to existing Shareholders. No prospectus or other similar statement in relation to the B Shares or C Shares has been published in the United Arab Emirates or sent to any person (other than registered Shareholders) in the United Arab Emirates.

10.5 Other

The above provisions of this paragraph 10 relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion.

11. Taxation

Your attention is drawn to Part X of this document which contains a summary of certain tax consequences for Shareholders who are tax-resident in the UK, the US or Republic of Ireland of the implementation of the Return of Value.

Shareholders resident for tax purposes in the UK or Republic of Ireland should note that, if they fail to make a valid election for the Capital Option, they may be subject to income tax in respect of both their Cash Entitlement and the market value of their Verizon Consideration Share Entitlement.

Shareholders who are in any doubt as to their tax position, or who are subject to taxation in a jurisdiction other than the UK, the US or Republic of Ireland, are strongly advised to contact an appropriate professional independent financial adviser immediately.

12. Vodafone Share Plans

The Share Consolidation is intended to preserve the prevailing value immediately before the Return of Value of each Ordinary Share under option or award, subject to any market fluctuations. As a result, the value of each option and award under the Vodafone Employee Share Plans after the Share Consolidation is intended to remain approximately the same. No adjustments, therefore, are proposed to be made to options or awards that have been made under the Vodafone Employee Share Plans. The number of Ordinary Shares over which participants have options or awards, the exercise price and the other terms of the relevant options or awards will remain unchanged.

13. ADS Holders

Further details of the effect of the Scheme on, and the actions to be taken by, holders of ADSs are set out in Part II and elsewhere in this Circular.

14. Law governing arrangements with Shareholders

The Scheme of Arrangement will be governed by English law. The terms of the B Shares, the C Shares, the Deferred Shares and the New Ordinary Shares will also be governed by English law.

Verizon is incorporated in Delaware, United States, and the common stock of Verizon is listed on the NYSE and NASDAQ and registered under the Exchange Act. Therefore, the relationship between Verizon Shareholders (including, following the Scheme Effective Date, Shareholders who hold Verizon Consideration Shares or Verizon CDIs pursuant to the terms of the Scheme) and Verizon is governed (*inter alia*) by Delaware law, US federal securities law and the listing rules of the NYSE and NASDAQ.

15. Summary of the Resolutions to be proposed at the General Meeting

Resolution 1

The Transactions are Class 1 and related party transactions under the Listing Rules.

Under such rules, both a Class 1 transaction and a related party transaction require shareholder approval, and the Transactions are therefore conditional on the approval of Resolution 1 as an ordinary resolution.

This Resolution seeks Shareholder approval to complete the VZW Transaction and the Vodafone Italy Transaction on the terms set out in the VZW SPA and the Vodafone Italy Agreement, subject to any modifications that the Directors think necessary, expedient or appropriate. Both the VZW Transaction and the Vodafone Italy Transaction must be approved together otherwise the Transactions will not proceed.

Resolution 2

The purpose of Resolution 2 is to approve certain changes to the Articles of Association, the Capital Reductions, the Return of Value and the Share Consolidation and certain related matters pursuant to the Scheme of Arrangement. The Scheme will be subject to the sanction of the Court at the First Court Hearing and the Capital Reductions which take place pursuant to the Scheme will be subject to confirmation by the Court at the Second Court Hearing.

Paragraph 2.1 seeks the approval of Shareholders for certain changes to the Articles of Association. These include amendments necessary to implement (or otherwise in connection with) the Scheme, including to allow the Company to capitalise its profits and reserves in order that the Company can allot B Shares and C Shares in the manner described in this Circular. They also include the rights and restrictions attaching to the B Shares, the C Shares and the Deferred Shares, a summary of which is set out in Part VI of this document.

The authority in paragraph 2.2(A) of Resolution 2 will allow the Directors to capitalise such amounts standing to the credit of Vodafone's share premium account as may be required to implement the Return of Value in the manner set out in this Circular.

Paragraph 2.2(B) gives the Directors the power to issue B Shares up to an aggregate nominal amount equal to the difference between (i) the US-dollar equivalent of £34,297 million and (ii) the aggregate nominal amount of C Shares issued pursuant to this resolution; and C Shares up to an aggregate nominal amount of \$533,105 to Shareholders on the register at the Distribution Record Time pursuant to the Scheme.

Paragraph 2.2(C) permits the reduction of the capital of the Company by the cancellation of its capital redemption reserve and the reduction of its share premium account to £16,107 million (provided that, if the issue of B Shares and C Shares reduces the share premium account below £16,107 million, there shall be no further reduction).

Paragraph 2.2(D) permits the cancellation of the B Shares, to effect the Return of Value for Shareholders electing for the Capital Option.

Paragraph 2.2(E) approves the implementation of the Share Consolidation.

Paragraph 2.3 approves the terms of the Option Agreement pursuant to which (among other things) LDC (Shares) Limited would be entitled to require the Company to purchase, and the Company would be entitled to require LDC (Shares) Limited to sell, all the Deferred Shares (or Deferred B Shares, if any) held by LDC (Shares) Limited upon notice by the other for an aggregate consideration of \$0.01. The principal terms of the Option Agreement are summarised in paragraph 8 of Part XI.

Paragraph 2.4 amends the definition of ordinary shares in the New Articles of Association to reflect the fact that the nominal value of the New Ordinary Shares will be greater following the Share Consolidation. The nominal value of the New Ordinary Shares will not be known until the Share Consolidation ratio is set by the Directors in accordance with paragraph 2.2(E) of Resolution 2, expected to be the third Business Day prior to the Scheme Effective Date.

Resolution 3

Resolution 3 amends the authority granted by Shareholders at the Vodafone 2013 Annual General Meeting for the Company to make market purchases of its own shares. That authority allowed the Company to purchase 4,870,500,807 Ordinary Shares, equivalent to 10 per cent. of the ordinary shares in the Company in issue as at 29 May 2013 (excluding shares held in treasury) in line with investor body guidance. If the Share Consolidation is implemented, this number of shares will no longer represent 10 per cent. of the total share capital of the Company. Resolution 3 seeks to ensure that the proportion of its shares which the Company is authorised to repurchase remains the same before and after the Share Consolidation and that the substance of the existing authority is preserved.

If approved, the Board will use this authority only after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall position of the Company. The Board will only purchase such New Ordinary Shares after taking into account the effects on earnings per share (excluding items not related to underlying business performance) and the benefit for Shareholders. The Board will treat the cap on the number of New Ordinary Shares it is authorised to repurchase pursuant to Resolution 3 as reduced by the number of Ordinary Shares purchased under the authority granted at the Vodafone 2013 Annual General Meeting prior to the Share Consolidation becoming effective. Shares repurchased under this authority will be held in treasury.

The minimum price, exclusive of expenses, which may be paid for a New Ordinary Share is its nominal value. The maximum price, exclusive of expenses, which may be paid for a New Ordinary Share is the highest of (i) an amount equal to 5 per cent. above the average market value for a New Ordinary Share for the five Business Days immediately preceding the date of the purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out at the relevant time.

The total number of warrants and options to subscribe for shares issued by the Company outstanding at 6 December 2013 (the last practicable date prior to the publication of this Circular) was 285,076,446. This represents 0.6 per cent. of the issued share capital at that date (excluding treasury shares). If the Company were to purchase the maximum number of shares permitted pursuant to this Resolution then the total number of warrants and options to subscribe for shares issued by the Company outstanding as at 6 December 2013 would (assuming a ratio of 10 New Ordinary Shares for 19 Ordinary Shares were used to effect the Share Consolidation in accordance with the basis set out in paragraph 2.7 of this Part III) represent 1.1 per cent. of the issued share capital (excluding treasury shares) following the Share Consolidation.

Resolution 4

Resolution 4 seeks a general authority for the Directors to take all such actions as they consider necessary or appropriate in connection with Resolutions 1 to 3.

16. Consequences of the Scheme not proceeding

As set out in more detail above, the Scheme is subject to approval of Shareholders at the Court Meeting and certain matters required to implement the Scheme are subject to shareholders approving Resolution 2 at the General Meeting. In addition, implementation of the Scheme is subject to the Court's sanction at the First Court Hearing and to the confirmation by the Court of the Capital Reductions at the Second Court Hearing. Although the Board has no reason to believe this will occur, it is possible that the Scheme and Capital Reductions are not sanctioned or confirmed by the Court, but the remaining conditions to the VZW Transaction are otherwise satisfied. In such circumstances, the terms of the VZW SPA provide that the VZW Transaction will still complete in accordance with the mechanics set out therein and which are described in paragraph 16.1 below. The consequences for Vodafone and its Shareholders should such circumstances materialise are summarised in paragraphs 16.1 to 16.6 below.

16.1 Closing of the VZW Transaction

Under the VZW SPA, the parties have agreed to implement the VZW Transaction pursuant to the Scheme. If the Scheme does not become effective (for example, because it is not approved by the requisite majority at the Court Meeting or Resolution 2 is not passed at the General Meeting, or because the Court declines to sanction the Scheme or to confirm the Capital Reductions), but in each case all other conditions to completion of the VZW Transaction have been satisfied or (where permitted) waived, then the VZW Transaction will complete on the VZW Completion Date on the basis set out in the VZW SPA.

The VZW SPA provides that in such circumstances, the VZW Transaction will complete at 3.00 p.m. London time on the fifth Business Day after the later of (a) the satisfaction or waiver of the last outstanding condition to completion of the VZW Transaction and (b) the earlier of (i) 2 September 2014 and (ii) the date on which the Scheme lapses or is withdrawn, or another date and time agreed by Vodafone and Verizon. Under the terms of the VZW SPA, if the VZW Transaction does not complete under the Scheme and all the relevant conditions are otherwise satisfied or have been waived, then on the VZW Completion Date, V4L will transfer its shares in VAF1 to Verizon and Verizon will (i) issue the Verizon Consideration Shares to the Distribution Agent to hold on behalf of, and for distribution to, Shareholders (other than Verizon Share Restricted Shareholders) pro rata to their holdings of Ordinary Shares, (ii) pay the Cash Consideration to V4L and (iii) issue the Verizon Loan Notes, the Verizon Term Note and the Verizon Settlement Note to V4L. In accordance with the VZW SPA, the issue and delivery of the Verizon Consideration Shares would be in satisfaction of a special dividend declared by Vodafone with respect to the Ordinary Shares, the record date for which would be announced via a Regulatory Information Service.

16.2 Closing of the Vodafone Italy Transaction

The Vodafone Italy Transaction is not conditional on the Scheme being approved but, rather, on the VZW Transaction completing. Provided the VZW Transaction completes and all other conditions to completion of the Vodafone Italy Transaction are satisfied, the Vodafone Italy Transaction will complete in accordance with its terms (whether or not the Scheme becomes effective). Accordingly, if the conditions to the Vodafone Italy Transaction have been satisfied in full or otherwise waived by the VZW Completion Date, the Vodafone Italy Transaction will complete at the same time as the VZW Transaction. If the conditions to the Vodafone Italy Transaction have not been satisfied in full or otherwise waived by the VZW Completion Date, the Vodafone Italy Transaction will complete when its conditions are subsequently satisfied. If such conditions are not satisfied on the date which falls two years from the VZW Completion Date, either VEBV or VBIHBV may terminate the Vodafone Italy Agreement, in which case VEBV will not acquire the remaining interest in Vodafone Italy held by VBIHBV.

The EU Commission granted its approval to completion of the Vodafone Italy Transaction on 29 October 2013. Completion of the Vodafone Italy Transaction remains subject to approval by Shareholders and completion of the VZW Transaction. Although there are further customary conditions to completion of the Vodafone Italy Transaction, the Board does not consider these to be material and so it is expected that the Vodafone Italy Transaction will be completed at the same time as the VZW Transaction.

16.3 Effect on the Return of Value

If the Scheme and Capital Reductions are not able to be fully implemented, it will not be possible to implement the Return of Value on the terms originally proposed. In such circumstances, as detailed above, the Verizon Consideration Shares would still be distributed to Shareholders. The Group would have on its balance sheet approximately \$23.9 billion of cash (assuming no Cash Election is made by Verizon) that it would have no immediate means of returning to Shareholders. Holding this amount of cash means that the Group is likely to receive a reduced return on capital while the Board considers the alternative options for returning value to Shareholders. Any such return of value would be effected as soon as reasonably practicable, to the extent the Board deems appropriate. In determining the amount of any such return of value, the Board would take into account, among other things, the distributable reserves position of Vodafone and its ability to pay regular dividends following the return of value.

16.4 No Share Consolidation

If the Scheme and the related Capital Reductions are unable to be fully implemented, then the Company will not proceed with the Share Consolidation on the terms described in paragraph 2.7 of this Part III. In such circumstances, the Board would review its proposed dividend policy to take into account that the Share Consolidation has not been implemented.

16.5 Issue of the Verizon Consideration Shares to Shareholders

The Verizon Consideration Shares would be issued to the Distribution Agent and distributed to Shareholders (by the Distribution Agent) pro rata to their holdings of Ordinary Shares and in satisfaction of a special dividend declared by Vodafone (with such record date as the Board may determine) as soon as reasonably practicable after the VZW Completion Date.

The Verizon Consideration Shares would still be issued by Verizon credited as fully paid, ranking equally with each other and with all other shares of Verizon's common stock in issue at the beginning of the VZW Completion Date and with an entitlement to participate rateably and equally in all dividends and other distributions declared, paid or made by Verizon by reference to a record date on or after VZW Completion Date. The Verizon Consideration Shares will have the same rights whether or not they are issued pursuant to the Scheme of Arrangement or not.

Substantially the same settlement mechanics as are described in paragraph 9 of this Part III will apply to the issue of Verizon Consideration Shares, the holding of Verizon CDIs (directly through CREST or through the Verizon CSN), the treatment of fractional entitlements to Verizon Consideration Shares, the treatment of Verizon Share Restricted Shareholders and the application of the Dealing Facility if the Scheme is not implemented and the VZW Transaction completes pursuant to the VZW SPA.

16.6 Tax treatment

The tax consequences for certain Shareholders of receiving Verizon Consideration Shares from the Distribution Agent and cash proceeds from Vodafone in circumstances where the Scheme or related Capital Reductions are not approved may differ from their tax consequences if the VZW Transaction completes and the Verizon Consideration Shares are issued, and cash proceeds are paid, to Shareholders pursuant to the Scheme.

A summary of the expected tax treatment for UK resident Shareholders of any proposed return of value if the Transactions complete pursuant to a share purchase under the VZW SPA rather than under the Scheme is set out in paragraph 7 of Section 1 of Part X.

17. Action to be taken

Your attention is drawn to Part II of this document.

18. Further Information

Apart from completing, signing and returning the Forms of Proxy, you need take no further action at this stage unless you wish to, and are eligible to, make an election for the Capital Option or the Income Option; to provide new or amended bank mandate details; to elect (if eligible) to receive your Cash Entitlement and other cash proceeds in dollars, sterling or euro (if the desired currency is not your Default Currency) in each case under the Form of Election (and if so, please refer to paragraphs 3 and 9 of Part II); and/or, if you are a Certificated Holder (other than a Vodafone Share Account Restricted Shareholder) if you wish to receive a share certificate for your New Ordinary Shares rather than holding them through the Vodafone Share Account.

A Shareholder Helpline is available on 0870 707 1739 for Shareholders based in the UK, 01 696 8421 for Shareholders based in the Republic of Ireland or +44 (0) 870 707 1739 for Shareholders calling from outside the UK or the Republic of Ireland. Calls will be charged at national rate. Lines are open 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Shareholder Helpline is available to answer questions regarding this document, the Meetings or the completion and return of the Forms of Election. However, the Shareholder Helpline cannot provide advice on the merits of the Scheme or the Transactions, nor give any financial, legal or tax advice.

Your attention is also drawn to the further information contained (or incorporated by reference) in this document, which forms part of this Explanatory Statement.

Yours faithfully,

UBS Limited
Goldman Sachs International

PART IV – RISK FACTORS

Prior to voting on the Resolutions, Shareholders should consider these risks fully, together with all other information set out in this Circular. This Part IV addresses the risks known to Vodafone and the Directors at the date of this Circular and which the Directors consider to be material risks relating to the Proposals, as well as material risks to the Group or the Retained Group which will result from, or be affected by, the Proposals. However, the risks below do not necessarily comprise all such risks and do not include additional risks relating to the Proposals currently unknown to Vodafone and the Directors or which Vodafone and the Directors currently deem immaterial. If any or a combination of the following risks actually materialises, the Proposals and/or the business, results of operations, financial position or prospects of the Group or, following completion of the Transactions, the Retained Group may be materially and adversely affected.

The following risks set out the necessary disclosure under the Listing Rules and do not seek to cover all of the material risks which generally affect the Group and could have an adverse effect on the results of operations, financial condition or business of the Group. Further information on the material risks which generally affect the Group is available at pages 46 to 49 of Vodafone's 2013 Annual Report.

The Verizon UK Prospectus, which is expected to be published on or around the date of this document (and which Verizon has prepared) sets out further risks relating to Verizon's business and to Verizon Shares.

1. Risks related to the VZW Transaction

1.1 The VZW Transaction may not proceed

Completion of the VZW Transaction is subject to the satisfaction or waiver of certain conditions precedent (including the approval of Shareholders, the approval of Verizon Shareholders of the issue of the Verizon Consideration Shares and completion of the Reorganisation), details of which are set out in Part V of this Circular. The parties also have certain termination rights, which are also summarised in Part V of this Circular. If any of such conditions are not satisfied (or waived) by 2 September 2014, or if any of such termination rights are exercised, the VZW Transaction will not complete.

If the VZW Transaction does not complete, the Company will be unable to implement the Return of Value (described in paragraph 2 of Part III of this Circular) and may not be able to implement its plans for organic growth as effectively. In addition, if the VZW Transaction does not complete, a termination fee of up to \$1.55 billion may, in certain circumstances, be payable by the Company to Verizon, as described in Part V of this Circular.

The Board is of the opinion that the VZW Transaction is in the best interests of Shareholders as a whole and currently provides the best opportunity to realise an attractive and certain value for Vodafone's indirect 45 per cent. shareholding in VZW. If the VZW Transaction does not complete, the value to the Group of its interest in VZW may be lower than can be realised through the VZW Transaction and the Group's ability to realise value from a sale of its interest in VZW may be prejudiced in the future.

1.2 The Retained Group may not realise the benefits of the Transactions

The Retained Group may not realise the anticipated benefits of the Transactions set out in paragraph 2 of Part I of this Circular. The Retained Group may encounter substantial difficulties in achieving these anticipated benefits and/or these anticipated benefits may not materialise.

1.3 The VZW SPA contains certain representations, warranties and indemnities

The VZW SPA contains representations, warranties and indemnities given by the Company in favour of Verizon in respect of VZW, further details of which are set out in Part V of this Circular. Any payment under those representations, warranties and indemnities could have an adverse effect on the Retained Group's cash flow and financial condition.

1.4 The value of the consideration received by the Group may decline due to currency fluctuations

The Group's reporting currency is sterling. However, the Cash Consideration for the Transactions is in dollars and the sterling-dollar exchange rate fluctuates continuously. The Group is therefore exposed to currency fluctuation risks which may mean that the value of the consideration actually received in sterling may be less (or more) than the amount expected at the date of this Circular. While the Group attempts to manage foreign transaction exchange risks, there can be no assurance that the Group will be able to hedge successfully all its foreign exchange risk and failure to do so could have a material adverse effect on the Group's financial condition.

1.5 The tax liabilities arising in respect of the Transactions and the Reorganisation may be greater than expected

The Group expects that the aggregate amount of taxes for which the Group will be liable (either directly or indirectly) in respect of the Transactions and the Reorganisation will be approximately \$5.0 billion (£3.1 billion). It is, however, possible that the tax authorities of any relevant jurisdiction could assert that the Group will be liable for a greater amount of taxes and, in the event such position were to prevail, the overall tax liability of the Group with respect to the Transactions and the Reorganisation could be greater than expected.

2. Risks relating to the Vodafone Italy Transaction

2.1 The conditions to the Vodafone Italy Transaction may not be satisfied at the VZW Completion Date or at all

Completion of the Vodafone Italy Transaction is conditional upon the satisfaction of certain conditions, including the completion of the VZW Transaction, further details of which are set out in Part V of this Circular. If such conditions are not satisfied (or, where capable of being waived, waived), the Vodafone Italy Transaction will not complete. If the Vodafone Italy Transaction does not complete, Verizon will continue to hold a 23.1 per cent. stake in Vodafone Italy.

It is also possible that the conditions for the VZW Transaction are satisfied at a time when the conditions to the Vodafone Italy Transaction remain outstanding. If this occurs, the VZW Transaction will complete but the Vodafone Italy Transaction would not complete or would complete later. Further details of the arrangements which would take place were such circumstances to occur are set out in paragraph 8 of Part V of this Circular.

3. Risks related to the proposed Return of Value

3.1 The proposed structure for the Return of Value is subject to approval of the Court

As set out in Part III of this Circular, it is proposed that the Return of Value be carried out pursuant to the Scheme of Arrangement and the related Capital Reductions.

The Return of Value is subject to completion of the VZW Transaction and the approval of Shareholders at the Court Meeting and the General Meeting. The Return of Value will not take place if the conditions to the VZW Transaction are not satisfied or waived, the VZW Transaction does not complete or if the Scheme is not approved at the Court Meeting and the General Meeting.

In addition, the approval of the Scheme and the Capital Reductions is subject to the discretion of the Court and the Court can refuse to sanction the Scheme and/or confirm the Capital Reductions.

If the Court refuses to sanction the Scheme and/or confirm the Capital Reductions, the Transactions may still complete (if the remaining conditions to the Transactions are satisfied or waived) but the Group will be unable to implement the Return of Value in the manner currently proposed. In such circumstances, the Verizon Consideration Shares would still be issued to Shareholders as soon as practicable after completion of the VZW Transaction, but Vodafone would be unable to pay the cash entitlement in the Return of Value. In these circumstances, the Group could have on its balance sheet up to approximately \$23.9 billion of cash in excess of what is proposed. Holding this amount of cash means that the Group would be likely to generate a reduced return on capital while the Board considered the alternative options for returning value to Shareholders. As previously announced, the Board expects that any such return of value would be effected as soon as reasonably practicable, taking into account, among other things, the distributable reserves position of the Company and the desirability of it being able to pay regular dividends following completion of the Transactions, as well as the tax implications for Shareholders.

In addition, Shareholders' tax treatment in respect of the issue of Verizon Consideration Shares in circumstances where the Scheme cannot be implemented could (depending on their individual circumstances) differ materially from their tax treatment in respect of the issue of Verizon Shares pursuant to the Scheme of Arrangement. Further details are set out in Part X of this Circular.

3.2 The value of Verizon Shares may fall

The number of Verizon Consideration Shares to be issued at completion of the VZW Transaction to satisfy the Verizon Share Consideration will not be known until the third Business Day prior to the VZW Completion Date. The period of time between the date of this Circular and that date may be significant, and the price of the Verizon Shares will fluctuate during this period and may fluctuate further after that date and before the relevant number of Verizon Consideration Shares is issued to Shareholders at completion of the VZW Transaction. The VZW SPA contains a fixed value collar mechanism (described in Part V of this Circular) whereby if the Average Trading Price of Verizon Shares during the 20-Trading Day Reference Period is between \$47.00 and \$51.00, the number of shares to be issued by Verizon will be adjusted such that the aggregate value of the Verizon Consideration Shares at the Average Trading Price will remain the Base Verizon Share Amount of \$60.15 billion (or, if reduced by the Verizon Cash Election, the Adjusted Verizon Share Amount).

If the Average Trading Price of the Verizon Shares is below \$47.00 (or is above \$51.00), there will be no adjustment beyond the relevant Collar end-point to the number of Verizon Consideration Shares which Verizon is required to issue to Shareholders at completion of the VZW Transaction, and the aggregate number of Verizon Consideration Shares to be issued would (based on that Average Trading Price) have a value which is lower (or greater) than the expected Base Verizon Consideration Share Amount of \$60.15 billion (or, if reduced by the Verizon Cash Election, the Adjusted Verizon Share Amount), with the corresponding loss (or gain) being borne by Shareholders. In addition, the actual market value of the Verizon Consideration Share Entitlement to be received by Shareholders will depend on the market value of the Verizon Consideration Shares on the VZW Completion Date, which may fluctuate between the third Business Day prior to the VZW Completion Date (being the date on which the number of Verizon Consideration Shares which Verizon is required to issue is fixed pursuant to the Collar) and the VZW Completion Date. If the market value of Verizon Shares falls during that period, the market value of the Verizon Consideration Share Entitlement received by Shareholders will fall accordingly.

In addition, the Verizon Shares are valued in dollars for the purposes of the VZW Transaction and the sterling-dollar exchange rate fluctuates continuously. Accordingly, the sterling value of the Verizon Consideration Shares which Shareholders will receive at completion of the VZW Transaction may be less (or more) than that stated as at 6 December 2013 (being the latest practicable date prior to the publication of this Circular).

As at 30 September 2013, Verizon had approximately 2.9 billion Verizon Shares outstanding and approximately 22.0 million additional shares issuable upon the vesting or exercise of stock options and other outstanding stock-based compensation awards. Assuming there is no Verizon Cash Election, Verizon is expected to issue up to approximately 1.28 billion Verizon Shares in connection with the VZW Transaction. The issuance of these new Verizon Shares could have the effect of depressing the market price for Verizon Shares.

In addition, Shareholders may already be Verizon Shareholders and those Shareholders may decide not to hold the additional Verizon Shares they will receive. Other Shareholders, such as funds with geographic limitations on their permitted investments, may be required to sell the Verizon Shares they receive. Such sales of Verizon Shares could also have the effect of depressing the market price for Verizon Shares.

3.3 Shareholders are exposed to currency fluctuations

Pursuant to the Return of Value, Certificated Shareholders other than Restricted Scheme Shareholders will receive their Cash Entitlements (and any other cash proceeds from the Return of Value) in euro or sterling (depending on their elections, where made, or their Default Currency), unless they elect to receive dollars. At close of business on 6 December 2013 (the latest practicable date prior to publication of this Circular), the dollar-sterling exchange rate was 1.6353 and the dollar-euro exchange rate was 1.3684 (in each case, as quoted by WM/Reuters). Fluctuations in the dollar-sterling or dollar-euro exchange rates may result in Certificated Shareholders who receive their Cash Entitlements (and any other cash proceeds pursuant to the Return of Value) in sterling or euro receiving a cash amount in sterling or euro (as applicable) which is less than (or greater than) the amount in sterling or euro which would be received based on the dollar-sterling or dollar-euro exchange rates (as applicable) quoted by WM/Reuters on 6 December 2013 (the latest practicable date prior to publication of this Circular).

Uncertificated Shareholders will receive their Cash Entitlements (and any other cash proceeds from the Return of Value) in dollars. If Uncertificated Shareholders wish to convert their proceeds into an alternative currency (of their own accord), fluctuations in the dollar exchange rate may result in those Shareholders receiving a cash amount in that alternative currency which is less than (or greater than) the amount in that alternative currency which would be received based on the dollar exchange rate on 6 December 2013 (the latest practicable date prior to publication of this Circular).

3.4 The price received for Verizon Consideration Shares sold through the Dealing Facility will be determined by the market at the time of sale

If a Certificated Shareholder who is eligible to make use of the Dealing Facility elects to sell his Verizon CDIs through the Dealing Facility, those Verizon CDIs will be sold in the market and the price that each such Shareholder receives will therefore depend on the market price at the time of the sale. Sales under the Dealing Facility will take place during the period of six weeks following the VZW Completion Date depending on when elections are received. The sale price for the Verizon CDIs sold through the Dealing Facility will not be subject to any minimum or maximum price and, therefore, the Verizon CDIs may be sold at prices that are substantially lower or higher than the current trading price of Verizon Shares as at the date of this Circular.

3.5 Current tax legislation and practice may change

The general guide to certain tax consequences of the Return of Value for Shareholders set out in Part X of this Circular is based on interpretation of current law and practice as at the date of this Circular. Current legislation and practice may change (including in the period between the date of this Circular and the date(s) on which any proceeds of the Return of Value are received by Shareholders) and any such change may affect the liabilities of Shareholders in relation to the Return of Value.

4. Risks relating to holding Verizon CDIs

4.1 Holders of Verizon CDIs will be subject to the applicable CDI arrangements

As Verizon Shares are US securities, they are not eligible to be settled directly within CREST. CREST is the electronic settlement system for UK and Irish securities operated by Euroclear which allows trades in securities listed on the LSE to be settled. To enable settlement in CREST, Verizon intends to enter into depositary arrangements which will enable investors to hold and settle Verizon Shares in CREST in the form of CDIs. The CDIs represent entitlements to underlying non-UK shares. Verizon CDIs will represent entitlements to Verizon Shares.

Holders of Verizon CDIs will only be able to exercise their rights attached to the CDIs by having Computershare instruct the CREST Depository, through Euroclear (or its appointed agent), to exercise these rights on their behalf, and, therefore, the process for exercising rights attached to the CDIs (including the right to vote at general meetings) will take longer for holders of the CDIs than for holders of Verizon Shares. For this reason, a deadline will be set by Euroclear (or its appointed agent), on behalf of the CREST Depository, by which it must receive instructions from all holders of the CDIs in respect of the relevant corporate action. As a result, holders of Verizon CDIs may have shorter periods to exercise rights attached to their CDIs than Verizon Shareholders will have to exercise rights attached to Verizon Shares. The CREST Depository will not exercise voting rights with regard to any CDI for which it does not receive voting instructions by the deadline.

5. Risks related to the Retained Group and the markets in which it operates

5.1 The Retained Group's business will have a narrower geographical spread and be smaller in scale

Following the Transactions, the Retained Group's business will no longer have a significant presence in the United States, which is a major market in the telecommunications industry. If the Retained Group wished to expand its operations in the United States in future, this would require a substantial investment on the part of the Retained Group and there is no guarantee that the Retained Group could compete effectively. The effect of the Transactions will also mean that the Retained Group will increase its proportionate exposure to markets outside the United States, including Europe, in which conditions continue to be relatively poor.

The Retained Group will therefore be materially smaller in scale following completion of the VZW Transaction. As a result of its reduction in scale and its reduced geographical spread, the Retained Group may consequently be more susceptible to adverse developments in the industries and markets in which it operates. The greater sensitivity to fluctuations in the remaining markets may have an adverse effect on the cash flow, operating results and financial condition of the Retained Group.

PART V – SUMMARY OF THE TRANSACTIONS

The VZW Transaction

1. Overview

Vodafone has agreed to dispose of the US Group to Verizon for a total headline consideration of approximately \$130 billion. The consideration, subject to the adjustments and provisions described below, comprises \$58.9 billion in cash, Verizon Shares with an aggregate notional value of \$60.15 billion, \$5.0 billion in the form of Verizon Loan Notes, \$3.5 billion in the form of the Vodafone Italy Shares and \$2.5 billion through the indirect assumption by Verizon of certain Vodafone net liabilities relating to the US Group.

2. Structure

Pre-Sale Reorganisation

Vodafone has agreed to effect a reorganisation of the assets and liabilities held under the US Group prior to the closing of the VZW Transaction (the “**Reorganisation**”), so that (i) at completion of the VZW Transaction, the only equity interests held, directly or indirectly, by any member of the US Group will be equity interests in another member of the US Group 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 Reorganisation, the equity interests of certain non-US entities currently held under the US Group will be sold, in exchange for consideration including a note payable by Vodafone (the “**VIBV Note**”). The Reorganisation will involve a series of steps as a result of which the US Group will be left with no assets or liabilities other than (i) the 45 per cent. interest in Verizon Wireless; (ii) the AirTouch Preference Shares; (iii) the VIBV Note payable by Vodafone, which will be exchanged for (at or immediately after completion of the VZW Transaction pursuant to the terms of the VZW SPA) a note of the same amount and on similar terms issued by Verizon to V4L (the “**Settlement Note**”), which will remain outstanding after the completion of the VZW Transaction and which will be held by one of the members of the US Group; (iv) certain payables and receivables owed between themselves; and (v) cash in the amount of \$250 million.

The Scheme

Subject to approval by Shareholders at the Court Meeting and the passing of Resolution 2 at the General Meeting, it is intended that the VZW Transaction will be implemented by way of the Scheme. To become effective, the Scheme must be approved by a majority in number, representing at least 75 per cent. by nominal value, of those Shareholders voting at the Court Meeting in person or by proxy. Further information about the Scheme is set out in Part III.

If the Scheme is not approved by the Court and does not become effective within 20 Business Days of the expected date of the First Court Hearing, provided that all the other conditions to completion of the VZW Transaction are satisfied at that expected date, the VZW Transaction will complete on the VZW Completion Date on the basis set out in the VZW SPA.

Under the terms of the VZW SPA, if the VZW Transaction does not complete under the Scheme and all the relevant conditions are otherwise satisfied or have been waived then on the VZW Completion Date, V4L will transfer its shares in VAF1 to Verizon and Verizon will (i) issue the Verizon Consideration Shares to the Distribution Agent on behalf of Verizon and for distribution to Shareholders (other than Verizon Share Restricted Shareholders) pro rata to their holdings of Ordinary Shares, (ii) pay the Cash Consideration to V4L and (iii) issue the Verizon Loan Notes, the Verizon Term Note and the Verizon Settlement Note to V4L. The issue and delivery of the Verizon Consideration Shares would be in satisfaction of a special dividend declared by Vodafone with respect to the Ordinary Shares, the record date for which would be announced via a Regulatory Information Service. The consequences of the VZW Transaction completing in circumstances where the Scheme does not become effective are set out in paragraphs 16.3 to 16.6 of Part III of this document.

3. Conditions

The material outstanding conditions to completion of the VZW Transaction by way of the Scheme are:

- (A) the passing of Resolutions 1 and 2 by Shareholders at the General Meeting;

- (B) the approval of the Scheme by the requisite majority of Shareholders at the Court Meeting;
- (C) the passing of the requisite resolutions by Verizon Shareholders at the Verizon Special Meeting;
- (D) the completion by Vodafone of the Reorganisation;
- (E) admission of the Verizon Consideration Shares to the NYSE and NASDAQ, and to the Official List of the UKLA and to trading on the LSE;
- (F) amendment of the Official List of the UKLA in respect of the New Ordinary Shares; and
- (G) the Scheme being sanctioned by the Court (and the Court order sanctioning the Scheme being delivered to the UK Registrar of Companies) and the Capital Reductions being confirmed by the Court,

provided that, if the conditions set out in (B), (F) and (G) have not been satisfied within 20 Business Days of the expected date of the First Court Hearing, and provided that all the other conditions to the VZW Transaction are satisfied, then the VZW Transaction will be completed pursuant to a share purchase under the terms of the VZW SPA rather than the Scheme.

The approval of the FCC pursuant to the Communications Act of 1934, as amended, with respect to (i) a petition for a declaratory ruling regarding foreign ownership of Verizon and (ii) any licence transfers that may be required in connection with the VZW Transaction, which is a condition to completion of the VZW Transaction, was obtained on 4 December 2013.

4. Termination

The VZW Transaction can also be terminated in certain circumstances, including:

- (A) if it does not complete by 2 September 2014;
- (B) by either Vodafone or Verizon, within 30 days after the other's board of directors changes its recommendation to its Shareholders or stockholders, as applicable, to vote in favour of the VZW Transaction;
- (C) by either Vodafone or Verizon, if the requisite resolutions of Shareholders or vote of Verizon's stockholders are not obtained;
- (D) by Vodafone, if there has been a material and unremedied violation or breach by Verizon of an undertaking, representation or warranty which causes or is reasonably likely to cause any of the conditions to completion of the VZW Transaction not to be satisfied;
- (E) by Verizon, if there has been a material and unremedied violation or breach by Vodafone of an undertaking, representation or warranty which causes or is reasonably likely to cause any of the conditions to completion of the VZW Transaction not to be satisfied;
- (F) by Vodafone, if, prior to completion of the VZW Transaction, there is a change in law (or, in certain circumstances, a proposed change in law) or an adverse ruling or statement from certain tax authorities, which would impose a material incremental tax cost on the Group in respect of the VZW Transaction; and
- (G) by Vodafone, if Vodafone is ready, willing and able to complete the VZW Transaction but Verizon is unable to complete by reason that the full proceeds of its financing are not available to Verizon to complete the VZW Transaction.

The Board has recommended that you vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting. Under the VZW SPA, the Board may change this recommendation if required by its fiduciary duties and after prior consultation with Verizon.

The Verizon board has also recommended that Verizon Shareholders vote in favour of the requisite resolutions at the Verizon Special Meeting. Under the VZW SPA, the Verizon board may change its recommendation in response to certain intervening events if it considers a change in recommendation is required by its fiduciary duties and after prior consultation with Vodafone.

Vodafone has agreed to pay Verizon a termination fee of \$1.55 billion if the VZW SPA is terminated (i) by Verizon in the circumstances described in (B) above, (ii) by Vodafone or Verizon if Resolution 1 is not passed, as described in (C) above, or (iii) by Vodafone in the circumstances described in (F) above.

Verizon has agreed to pay Vodafone (i) a termination fee of \$4.65 billion if the VZW SPA is terminated by Vodafone in the circumstances described in (B) above, (ii) a termination fee of \$1.55 billion if the VZW SPA is terminated by Vodafone or Verizon if the requisite resolutions of Verizon Shareholders are not obtained, as described in (C) above, or (iii) a termination fee of \$10 billion if the VZW Transaction is terminated by Vodafone in the circumstances described in (G) above.

5. Consideration

Pursuant to the VZW Transaction, V4L has agreed to sell, and Verizon has agreed to acquire, all of the outstanding stock in VAF1, an indirect, wholly owned subsidiary of Vodafone which holds (through the US Group) a 45 per cent. partnership interest in Verizon Wireless, for a total consideration of:

- (A) \$58.9 billion in cash;
- (B) Verizon Consideration Shares having an aggregate notional value of \$60.15 billion;
- (C) Verizon Loan Notes with an aggregate principal amount of \$5 billion;
- (D) if the Vodafone Italy Transaction completes at the same time as the VZW Transaction, the Vodafone Italy Shares, valued at \$3.5 billion (and if the Vodafone Italy Transaction does not complete at the same time, the arrangements set out in paragraph 8 below will apply);
- (E) the indirect assumption by Verizon, through the purchase of the US Group, of certain liabilities, including those relating to the AirTouch Preference Shares, valued at \$2.5 billion; and
- (F) the Verizon Term Note with a principal amount of \$250 million.

In addition, as described in paragraph 2 above, at completion of the VZW Transaction, Verizon will issue to V4L the Verizon Settlement Note which will be exchanged for the VIBV Note and which will be held by one of the members of the US Group.

Verizon Cash Election

Under the VZW SPA, Verizon had the right, prior to the date of this Circular, to increase the Base Cash Consideration by up to \$15 billion and, accordingly, to decrease the number of Verizon Consideration Shares to be issued by the proportion that the Verizon Cash Election Amount represents of the Base Verizon Share Amount. Verizon has not exercised such right prior to the date of this document.

In addition, if Verizon fails to obtain the requisite approval of Verizon Shareholders at the Verizon Special Meeting to increase the number of Verizon Shares authorised by its certificate of incorporation, Verizon may, by notifying Vodafone up to 10 Business Days prior to the VZW Completion Date, make the Verizon Cash Election and increase the Base Cash Consideration by up to \$5 billion and thereby reduce the Base Verizon Share Amount accordingly.

Verizon Share Consideration and Collar

The number of Verizon Consideration Shares to be issued at completion of the VZW Transaction to satisfy the Verizon Share Consideration will be determined on the third Business Day prior to the VZW Completion Date. Under the VZW SPA, at completion of the VZW Transaction, Verizon will issue to Shareholders a number of Verizon Consideration Shares which is obtained by dividing the Adjusted Verizon Share Amount (as adjusted, where relevant, by the Dividend Adjustment) by the Average Trading Price of the Verizon Shares during the 20-Trading Day Reference Period, save that pursuant to the Collar:

- (A) if the Average Trading Price of the Verizon Shares during the Reference Period is below \$47.00, the maximum amount of approximately 1,280 million Verizon Consideration Shares (assuming no Cash Election) will be issued to Shareholders, equal to approximately 30.9 per cent. of Verizon's share capital following completion of the VZW Transaction (based on 2,861,750,762 Verizon Shares outstanding as of 30 September 2013); and
- (B) if the Average Trading Price of the Verizon Shares during the Reference Period is above \$51.00, the minimum amount of approximately 1,179 million Verizon Consideration Shares (assuming no Cash Election) will be issued to Shareholders, equal to approximately 29.2 per cent. of Verizon's share capital following completion of the VZW Transaction (based on 2,861,750,762 Verizon Shares outstanding as of 30 September 2013).

In addition, if the Verizon Shares trade both with and without an entitlement to receive any dividend on one or more days during the period commencing on the first day of the Reference Period and ending on the VZW Completion Date (such that trading is both “cum” and “ex” dividend during such period), then the volume-weighted average of the per share NYSE trading prices of Verizon Shares for each day during the portion of the Reference Period which precedes the ex-dividend date shall be reduced by the amount of the applicable dividend payable on a Verizon Share (the “**Dividend Adjustment**”).

Vodafone and Verizon have also agreed that if certain changes are made to Verizon’s share capital (as a result of a stock split, declaration of stock dividends, a merger or other similar corporate actions or transactions by Verizon) after the date of this document and before completion of the VZW Transaction, such adjustments as are necessary will be made to the number of Verizon Consideration Shares to be issued on the VZW Completion Date as is appropriate to provide Shareholders with the same economic effect as if such event or transaction had not taken place. In the unlikely event any such adjustment will be required, an announcement will be made by Vodafone.

Under the VZW SPA, Verizon has agreed to use its commercially reasonable efforts to cause the Verizon Consideration Shares to be approved for listing on the NYSE and NASDAQ prior to the VZW Completion Date and to be admitted to the Official List and to trading on the LSE on the first Business Day following the VZW Completion Date. Verizon has also agreed to maintain its standard listing of Verizon Shares on the LSE for at least two years after closing.

Delayed completion

If the VZW Transaction has not been completed before 1 May 2014 for any reason other than as a result of a breach of the VZW SPA by Vodafone or V4L, the Base Cash Consideration payable by Verizon will be increased by the Cash Flow Adjustment Amount (\$10 million for each day from and including 1 May 2014 up to and including the VZW Completion Date).

Verizon Loan Notes

At completion of the VZW Transaction, Verizon will issue two Verizon Loan Notes to V4L, each with a principal amount of \$2.5 billion. The Verizon Loan Notes will be unsecured and will rank equally with all other existing and future senior unsecured indebtedness of Verizon. The first Verizon Loan Note will have a maturity of eight years and the second Verizon Loan Note will have a maturity of 11 years. The Verizon Loan Notes will pay, quarterly in arrear, a floating rate coupon equal to 3-month LIBOR plus a margin to be agreed five Business Days prior to the VZW Completion Date between two banks, one to be appointed by Verizon and the other by Vodafone, on the basis of a set of pre-agreed criteria aimed at ensuring that the Verizon Loan Notes are priced in line with the trading levels of similar Verizon senior debt prior to the VZW Completion Date. The Verizon Loan Notes are subject to a period of lock-up limiting the sale of them by Vodafone prior to 1 January 2017, following which Vodafone will be able to sell up to \$2.5 billion of the 8-year Verizon Loan Notes between 1 January 2017 and 30 June 2017, up to a further \$2.5 billion of the Verizon Loan Notes between 1 January 2019 and 30 June 2019, and an unlimited amount from 30 June 2020.

Verizon Term Note

At completion of the VZW Transaction, Verizon will issue the Verizon Term Note to V4L. Under the terms of the Verizon Term Note, Verizon agrees to pay \$250 million to V4L on the date which falls two years following the VZW Completion Date (the “**Maturity Date**”). V4L’s rights under the Verizon Term Note are subordinated to the prior payment of all amounts due and payable by Verizon at the Maturity Date on its current and future unsubordinated debt.

6. Other terms

Verizon and Vodafone give customary representations, warranties, covenants and indemnities to each other under the VZW SPA, including indemnities relating to public documents produced by each party, certain indemnities relating to tax and other matters and mutual covenants to use their reasonable commercial endeavours to take the steps necessary to satisfy the conditions precedent to completion of the VZW Transaction.

In addition, Vodafone has agreed to indemnify Verizon for any losses actually incurred or suffered in connection with, arising out of or resulting from the Reorganisation (including taxes arising from the Reorganisation).

Vodafone's liability to Verizon for breach of warranty terminates at completion of the VZW Transaction, except warranties relating to capacity, authority and instruction of brokers (which survive for 12 months after completion) and title and similar warranties relating to the US Group (which survive until 30 days after expiry of the applicable statute of limitations). Verizon's liability to Vodafone for breach of warranty terminates at completion of the VZW Transaction, except warranties relating to capacity, authority and instruction of brokers (which survive for 12 months after completion). Claims by Vodafone or Verizon under the VZW SPA are subject to a *de minimis* level of \$2 million (although certain specified types of claim are subject to a lower threshold of \$250,000).

The VZW SPA also contains (i) an undertaking by Vodafone to procure that the US Group does not take certain specified actions (other than as required by law, contemplated by the VZW SPA or in connection with the Reorganisation) without Verizon's consent; and (ii) an undertaking by Verizon to ensure that its business and that of its subsidiaries is run in all material respects in the ordinary course (other than as required by law or contemplated by the VZW SPA) up to completion of the VZW Transaction and that certain specified actions are not taken without Vodafone's consent.

The Vodafone Italy Transaction

7. Overview

Under the Vodafone Italy Agreement, VEBV, the current holder of 76.9 per cent. of Vodafone Italy, has agreed to purchase, and VBIHBV has agreed to sell, VBIHBV's 23.1 per cent. stake in Vodafone Italy.

8. Conditions and termination

The EU Commission granted its approval to completion of the Vodafone Italy Transaction on 29 October 2013. As a result, the only material outstanding conditions to completion of the Vodafone Italy Transaction are the satisfaction of the conditions to completion of the VZW Transaction and approval of the Vodafone Italy Transaction by Shareholders at the General Meeting.

While there are other conditions to completion of the Vodafone Italy Transaction, the Board does not consider these to be material. It is therefore expected that the Vodafone Italy Transaction will complete at the same time as the VZW Transaction.

If any of the outstanding conditions to completion of the Vodafone Italy Transaction were not satisfied at the time when the conditions to completion of the VZW Transaction were satisfied, the VZW Transaction would complete and the Vodafone Italy Transaction would complete when its conditions are subsequently satisfied. If such conditions are not satisfied by the date which falls two years from the VZW Completion Date, either VEBV or VBIHBV may terminate the Vodafone Italy Agreement and VEBV will not acquire the remaining interest in Vodafone Italy held by VBIHBV.

In the unlikely event that the Vodafone Italy Transaction does not complete at the same time as the VZW Transaction, VBIHBV will not be able to transfer its interest in Vodafone Italy to VEBV at that time. Instead, under the terms of the VZW SPA, Verizon will issue the Omnitel Note to V4L at completion of the VZW Transaction. The Omnitel Note will have a principal amount of \$3.5 billion (being the value attributed to the 23.1 per cent. interest in Vodafone Italy held by VBIHBV), will be payable on maturity on the date which falls two years from the date of issue (the date of termination of the Vodafone Italy Agreement) and will accrue interest at the Omnitel Note Rate from the date which falls six months following the date of issue of the Omnitel Note. Accrued interest will be added to the principal amount of the Omnitel Note and be repayable on maturity. The Omnitel Note may be repaid (at Verizon's election) in cash or in such number of Verizon Shares as is equal to the amount due under the Omnitel Note, based on the volume-weighted average price of such shares on the NYSE during the 20 Trading Days prior to the third Business Day prior to termination of the Omnitel Note, or in a combination of cash and Verizon Shares.

If the Vodafone Italy Transaction completes after the VZW Completion Date and prior to the Vodafone Italy Long-Stop Date, VBIHBV will transfer its 23.1 per cent. stake in Vodafone Italy to VEBV in exchange for the cancellation of the Omnitel Note. If the Vodafone Italy Agreement is terminated because its conditions are not fulfilled on the Vodafone Italy Long-Stop Date, the Omnitel Note will be repaid by Verizon in accordance with its terms.

The Vodafone Italy Agreement will automatically terminate if the VZW SPA is terminated in accordance with its terms prior to completion of the VZW Transaction.

9. Other terms

VEBV and VBIHBV give customary representations, warranties, covenants and indemnities to each other under the Vodafone Italy Agreement.

VEBV and VBIHBV have also agreed to take such steps as are required to effect the conversion of Vodafone Italy from a public company under Dutch law (*naanloze vennootschap*) into a private company with limited liability under Dutch law (*besloten vennootschap met beperkte aansprakelijkheid*) such that it will take effect on or prior to 27 December 2013. VBIHBV has agreed to indemnify each of VEBV and Vodafone Italy for any tax liability which may be incurred by them as a result of such conversion.

**PART VI – SUMMARY OF RIGHTS ATTACHING TO THE B SHARES, THE C SHARES
AND THE DEFERRED SHARES
SECTION 1**

Rights and Restrictions Attaching to the B Shares

The following summarises the rights of the B Shares and the restrictions to which they are subject, which are reflected in the New Articles of Association of Vodafone.

1. Income

The B Shares shall confer no right to participate in the profits of Vodafone.

2. Capital

If Vodafone is wound up (but in no other circumstances involving a repayment of capital or distribution of assets to Shareholders whether by reduction of capital, redeeming or buying back shares or otherwise), the holders of B Shares will be entitled, before any payment to the holders of the New Ordinary Shares but after any payment to the holders of the Fixed Rate Shares, to repayment of the amount paid up or treated as paid up on the nominal value of each B Share. The aggregate entitlement of each holder of B Shares on a winding-up in respect of all of the B Shares held by that holder of B Shares will be rounded down to the nearest whole cent.

The holders of B Shares will not have any other right to share in Vodafone's surplus assets. If there is a winding-up as outlined in the paragraph above and there is not enough to pay the amounts due on the B Shares, the holder of the B Shares will share what is available in proportion to the amounts to which they would otherwise be entitled.

The B Shares shall rank *pari passu* with the C Shares as regards the sums received by them on a return of capital on a winding-up.

3. Cancellation

Subject to the provisions of the Scheme, the Companies Acts and the New Articles of Association, the B Shares shall be cancelled upon the delivery of the Reduction Court Order to (or, if the Court so orders at the Second Court Hearing, registration by) the Registrar of Companies (the “**Cancellation Time**”).

On cancellation of a B Share, Vodafone shall be liable to distribute to each holder of B Shares an amount equal to the Cash Entitlement and the Verizon Consideration Share Entitlement for each B Share held by that holder of B Shares. Vodafone's obligation to pay such amount to each holder of B Shares shall be discharged by:

- (A) the Company paying the Cash Entitlement to the holders of B Shares at the Distribution Record Time out of the capital available for distribution; and
- (B) Verizon issuing and delivering the Verizon Consideration Share Entitlement to the holders of B Shares at the Distribution Record Time.

4. Attendance and voting at General Meetings

The holders of B Shares will receive notice of general meetings of Vodafone, and will be able to attend, speak and vote at such general meetings, only if a resolution is to be proposed at the general meeting to wind up Vodafone, in which case the holders of B Shares will receive notice of the general meeting and will have the right to attend, speak and vote on that resolution only.

If the holders of the B Shares are entitled to vote at a general meeting of Vodafone, each holder present in person or by proxy (or, being a company, by representative) will have one vote on a show of hands, and on a poll every holder who is present in person or by proxy (or, being a company, by a company representative) will have one vote for each fully paid B Share.

5. Purchase of Shares

Vodafone will not require the sanction or the consent of the holders of B Shares for the purchase or redemption of shares of any class in Vodafone (including, without limitation, Fixed Rate Shares, New Ordinary Shares, B Shares, C Shares and/or Deferred Shares).

6. Class Rights

Vodafone may from time to time issue new shares which have rights or restrictions attaching to them. The rights of the new shares can take priority over the rights of the B Shares. The issue of any such new shares will be in accordance with the rights attaching to the B Shares and will not involve a variation of those rights or require the consent of holders of the B Shares.

Vodafone may reduce the share capital paid up or treated as paid up on the B Shares in any way (in accordance with the Companies Act). Any such reduction will be in accordance with the rights attaching to the B Shares and will not involve a variation of those rights. Vodafone can reduce its capital (in accordance with the Companies Act) at any time without the consent of the holders of the B Shares including by paying to the holders of the B Shares the preferential amounts they are entitled to as set out in paragraph 2 above.

7. Form

Subject to the provisions of the New Articles of Association which may be applicable, the B Shares shall be non-transferrable.

8. Other

If the Capital Reductions are not confirmed by the Court by the date falling 21 Business Days following the issue of the B Shares, the B Shares shall automatically be reclassified as deferred B Shares (the “**Deferred B Shares**”). The Deferred B Shares will have with the same rights and restrictions as the Deferred Shares, which are summarised in Section 3 of this Part VI, but the nominal value of a Deferred B Share will be the same as the nominal value of a B Share rather than the nominal value of a Deferred Share.

SECTION 2

Rights and Restrictions Attached to the C Shares

The following summarises the rights of the C Shares and the restrictions to which they are subject, which are reflected in the New Articles of Association of Vodafone.

1. Income

Subject to the provisions of the Scheme, the Companies Act and the New Articles of Association, the Special Dividend shall become due to each holder of C Shares at the Distribution Record Time to be satisfied and effected by:

- (A) the Company paying the Cash Entitlement to the holders of C Shares at the Distribution Record Time out of the profits available for distribution; and
- (B) Verizon issuing and delivering the Verizon Consideration Share Entitlement to the holders of C Shares at the Distribution Record Time.

The Special Dividend shall become payable at the Cancellation Time (as defined in Section 1 of this Part VI).

Each C Share in respect of which the Special Dividend is paid shall immediately thereupon be reclassified as a deferred share of \$0.00001 in the capital of the Company, having the rights and being subject to the restrictions summarised in Section 3 of this Part VI (a “**Deferred Share**”).

The C Shares will not confer any other right to share in Vodafone’s profits.

2. Capital

If Vodafone is wound up (but in no other circumstances involving a repayment of capital or distribution of assets to Shareholders whether by reduction of capital, redeeming or buying back shares or otherwise), the holders of C Shares will be entitled, before any payment to the holders of the New Ordinary Shares but after any payment to the holders of the Fixed Rate Shares, to payment of an amount equal to the amount paid up or treated as paid up on the nominal value of each B Share. The aggregate entitlement of each holder of C Shares on a winding-up in respect of all of the C Shares held by that holder of C Shares will be rounded down to the nearest whole penny.

The holders of C Shares will not have any other right to share in Vodafone’s surplus assets. If there is a winding-up and there is not enough to pay the amounts due on the C Shares, the holder of the C Shares will share what is available in proportion to the amounts to which they would otherwise be entitled.

The C Shares shall rank *pari passu* with the B Shares as regards the sums received by them on a return of capital on a winding-up.

3. Attendance and voting at General Meetings

The holders of C Shares will receive notice of general meetings of Vodafone, and will be able to attend, speak and vote at such general meetings, only if a resolution is to be proposed at the general meeting to wind up Vodafone, in which case the holders of C Shares will receive notice of the general meeting and will have the right to attend, speak and vote on that resolution only.

If the holders of the C Shares are entitled to vote at a general meeting of Vodafone, each holder present in person or by proxy (or, being a company, by representative) will have one vote on a show of hands, and on a poll every holder who is present in person or by proxy (or, being a company, by a company representative) will have one vote for each fully paid C Share.

4. Purchase of Shares

Vodafone will not require the sanction or the consent of the holders of C Shares for the purchase or redemption of shares of any class in Vodafone (including, without limitation, Fixed Rate Shares, New Ordinary Shares, B Shares, C Shares or Deferred Shares).

5. Class Rights

Vodafone may from time to time issue new shares which have rights or restrictions attaching to them. The rights of the new shares can take priority over the rights of the C Shares. The issue of any such new shares will be in accordance with the rights attaching to the C Shares and will not involve a variation of those rights or require the consent of holders of the C Shares.

Vodafone may reduce the share capital paid up or treated as paid up on the C Shares in any way (in accordance with the Companies Act). Any such reduction will be in accordance with the rights attaching to the C Shares and will not involve a variation of those rights. Vodafone can reduce its capital (in accordance with the Companies Act) at any time without the consent of the holders of the C Shares including by paying to the holders of the C Shares the preferential amounts they are entitled to as set out in paragraph 2 above.

6. Form

Subject to the provisions of the New Articles of Association which may be applicable, the C Shares shall be non-transferrable.

7. Other

If the Capital Reductions are not confirmed by the Court by the date which falls 21 Business Days following the issue of the C Shares, the C Shares shall automatically be reclassified as Deferred Shares with the rights and restrictions set out in Section 3 of this Part VI.

SECTION 3

Rights and restrictions attaching to the Deferred Shares

The following summarises the rights of the Deferred Shares and the restrictions to which they are subject. These are reflected in the New Articles of Association.

1. Income

The Deferred Shares will confer no right to share in Vodafone's profits.

2. Capital

- (A) If Vodafone is wound up (but in no other circumstances involving a repayment of capital or distribution of assets to Shareholders whether by reduction of capital, redeeming or buying back shares or otherwise), the holders of Deferred Shares will be entitled to the amount paid up or treated as paid up on the nominal value of each Deferred Share after:
- (i) first, paying to the holders of Fixed Rate Shares the amount paid up or treated as paid up on the nominal value of each Fixed Rate Share, together with any dividend, arrears of dividend or proportion of any dividend to which they are entitled under the New Articles of Association;
 - (ii) secondly, paying to the holders of B Shares the amount paid up or treated as paid up on the nominal value of each B Share and paying to the holders of C Shares any outstanding entitlement to the Special Dividend immediately before the winding-up; and
 - (iii) thirdly, paying to the holders of Ordinary Shares the amount paid up or treated as paid up on the nominal value of each Ordinary Share together with £100,000,000,000 on each Ordinary Share.
- (B) The holders of Deferred Shares have no further right to share in Vodafone's surplus assets.

3. Repurchase

Vodafone may, at any time (in accordance with the Companies Act and the provisions of the New Articles of Association) without prior notice, repurchase and cancel all Deferred Shares for a total price of not more than one cent for all Deferred Shares repurchased.

4. Attendance and voting at general meetings

The holders of the Deferred Shares will not receive notice of any general meeting of Vodafone or be able to attend, speak or vote at any general meeting.

5. Form

The Deferred Shares will not be listed on any stock exchange and no share certificates will be issued for the Deferred Shares. The Deferred Shares will not be transferable except in accordance with paragraph 7 below or with the written consent of the Directors.

6. Class rights

- (A) Vodafone may from time to time issue new shares which have rights or restrictions attaching to them. The rights of the new shares can take priority over the rights of the Deferred Shares. The issue of any such new shares will be in accordance with the rights attaching to the Deferred Shares and will not involve a variation of those rights or require the consent of the holders of the Deferred Shares.
- (B) Vodafone may reduce the share capital paid up or treated as paid up on the Deferred Shares in any way (in accordance with the Companies Act). Any such reduction will be in accordance with the rights attaching to the Deferred Shares and will not involve a variation of those rights. Vodafone can reduce its capital (in accordance with the Companies Act) at any time without the consent of the holders of the Deferred Shares.

7. Transfer and purchase

Vodafone may at any time (in accordance with the Companies Act) without the consent of the holders of the Deferred Shares:

- (A) appoint any person to sign (on behalf of the holders of the Deferred Shares) a transfer of all or any part of their holding to Vodafone or any other person the Directors decide (whether or not an officer of Vodafone), for a total price of not more than \$0.01 for all Deferred Shares (and Deferred B Shares, if any) transferred, and without needing to account for such amount to any holder of Deferred Shares (or Deferred B Shares, if any); and
- (B) cancel any Deferred Shares purchased by Vodafone (in accordance with the Companies Act).

PART VII – FINANCIAL INFORMATION

1. Verizon Wireless – Historical Financial Information^{(1),(2)}

The financial information presented below in relation to Verizon Wireless has been extracted without material adjustment from the consolidation schedules that underlie the Group's audited consolidated accounts for the financial years ended 31 March 2011, 2012 and 2013, and from the consolidation schedules that underlie the Group's unaudited interim accounts for the financial period ended 30 September 2013.

	<u>H1 2014</u> £m
Income Statement:	
Group share of profit for the financial period from discontinued operations ⁽⁶⁾	<u>3,191</u>
Statement of financial position:	
Assets held for sale from discontinued operations ⁽⁶⁾	<u>35,758</u>
Statement of cash flows:	
Tax distributions ⁽⁴⁾	1,422
Income dividend ⁽⁵⁾	<u>2,067</u>
Dividends received from investments	<u><u>3,489</u></u>

	<u>2013</u> £m	<u>2012</u> £m	<u>2011</u> £m
Income Statement:			
Group share of profit for the financial year	<u>6,422</u>	<u>4,867</u>	<u>4,513</u>
Statement of financial position:			
Investment in associates ⁽³⁾	<u>38,373</u>	<u>34,880</u>	<u>33,664</u>
Statement of cash flows:			
Tax distributions ⁽⁴⁾	2,389	965	1,024
Income dividend ⁽⁵⁾	<u>2,409</u>	<u>2,855</u>	<u>—</u>
Dividends received from investments	<u><u>4,798</u></u>	<u><u>3,820</u></u>	<u><u>1,024</u></u>

- (1) Verizon Wireless is the trading name of Cellco Partnership, in which Vodafone has an indirect 45 per cent. ownership interest through the US Group.
- (2) The Group accounts for its interest in Verizon Wireless using the equity method.
- (3) Includes Vodafone's share of net assets in Verizon Wireless, together with attributable goodwill.
- (4) Specific distributions made by Cellco Partnership to its partners based on the taxable income of Verizon Wireless.
- (5) Distributions (other than tax distributions) by Verizon Wireless as agreed from time to time by the board of Verizon Wireless.
- (6) Following the announcement of the VZW Transaction on 2 September 2013, Vodafone reclassified its investment in VZW as an asset held for sale and presented our share of profit within discontinued operations.

2. Vodafone Italy – Unaudited condensed consolidated financial statements

Consolidated income statement

	<u>Note</u>	<u>Six months ended</u> <u>30 September</u> <u>2013</u> £m
Revenue		<u>3,384</u>
Cost of sales		(2,104)
Gross profit		<u>1,280</u>
Selling and distribution expenses		(221)
Administrative expenses		(586)
Operating profit		<u>473</u>
Investment income		1
Financing costs		(12)
Profit before taxation		<u>462</u>
Income tax expense	2	(107)
Profit for the financial period attributable to equity shareholders		<u><u>355</u></u>

Consolidated statement of comprehensive income

	Six months ended 30 September 2013 €m
Profit for the financial period	355
Total comprehensive income for the financial period attributable to equity shareholders	355

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Consolidated statement of financial position

	30 September 2013 €m	
Non-current assets		
Goodwill	288	241
Other intangible assets	2,967	2,481
Property, plant and equipment	2,287	1,912
Other investments	1	1
Deferred tax assets	234	196
Trade and other receivables	119	99
	5,896	4,930
Current assets		
Inventory	107	89
Trade and other receivables	2,038	1,705
Cash and cash equivalents	17	14
	2,162	1,808
Total assets	8,058	6,738
Equity		
Share capital	2,305	1,927
Treasury shares	(3,753)	(3,138)
Accumulated comprehensive income	6,049	5,058
Total equity	4,601	3,847
Non-current liabilities		
Post employment benefits	66	55
Provisions	39	33
Trade and other payables	99	83
	204	171
Current liabilities		
Short-term borrowings	407	340
Taxation liabilities	29	24
Provisions	99	83
Trade and other payables	2,718	2,273
	3,253	2,720
Total equity and liabilities	8,058	6,738

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

	Share Capital €m	Treasury shares €m	Accumulated comprehensive income €m	Total equity €m
1 April 2013	2,305	(3,753)	5,707	4,259
Capital contribution relating to share-based payment	—	—	7	7
Contribution paid in relation to share-based payment	—	—	(20)	(20)
Comprehensive income	—	—	355	355
30 September 2013	2,305	(3,753)	6,049	4,601

Consolidated statement of cash flows

	<u>Note</u>	<u>Six months ended 30 September 2013 €m</u>
Net cash flow from operating activities	3	884
Cash flows from investing activities		
Purchase of tangible assets		(327)
Purchase of intangible assets		(97)
Interest received		1
Net cash flow from investing activities		(423)
Cash flows from financing activities		
Repayment of borrowings	4	(459)
Interest paid		(9)
Net cash flow from financing activities		(468)
Net cash flow		(7)
Cash and cash equivalents at beginning of the financial period		24
Cash and cash equivalents at end of the financial period		17

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

1. Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 September 2013:

- comprise the consolidated financial statements of Vodafone Omnitel N.V. and its 100 per cent. owned subsidiaries, Vodafone Gestioni S.p.A. and Vodafone Servizi e Tecnologie S.r.l., (together “**Vodafone Italy**” or the “**Group**”) and were extracted without material adjustment from the consolidation schedules used by Vodafone Group Plc in the preparation of its Half Year Report for the six months ended 30 September 2013;
- apply the same accounting policies, presentation and methods of calculation as those followed in the preparation of the Vodafone Group Plc consolidated financial statements for the year ended 31 March 2013. The Vodafone Group Plc consolidated financial statements for the year ended 31 March 2013 were prepared in accordance with IFRS as issued by the International Accounting Standards Board and were also prepared in accordance with IFRS adopted by the European Union (“EU”) and Article 4 of the EU IAS Regulations; and
- include all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results for the periods presented.

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Amounts in the unaudited condensed consolidated financial statements are stated in euro (€), the functional currency of the country in which Vodafone Italy operates. The translation into pounds sterling of the consolidated statement of financial position as of 30 September 2013 is for convenience only and has been made at a rate of €1.1960: £1. This translation should not be construed as a representation that the euro amounts actually represented have been, or could be, converted into pounds sterling at this or any other rate.

2. Taxation

	Six months ended 30 September 2013 €m
Current tax expense:	
Current year	(246)
Adjustments in respect of prior years	15
Total current tax expense	(231)
Deferred tax expense/(income):	
Deferred tax on origination and reversal of temporary differences	124
Total deferred tax income	124
Total income tax expense	(107)

3. Reconciliation of net cash flow from operating activities

	Six months ended 30 September 2013 €m
Profit for the financial period	355
Adjustments for:	
Share-based payments	(13)
Depreciation and amortisation	571
Loss on disposal of property, plant and equipment	3
Investment income	(1)
Financing costs	12
Income tax expense	107
Decrease in inventory	12
Increase in trade and other receivables	(91)
Increase in trade and other payables	97
Cash generated by operations	1,052
Tax paid	(168)
Net cash flow from operating activities	884

4. Repayment of borrowings

During the period, Vodafone Italy repaid €459 million in relation to its funding loan from Vodafone Group Plc.

5. Related party transactions

Vodafone Italy's related parties include its joint ultimate owners, Vodafone Group Plc and Verizon Communications Inc., together with its pension schemes, directors and executive committee members.

Related party transactions with the Vodafone Group primarily comprise fees for the use of products and services including network airtime and access charges, and financing arrangements.

No related party transactions have been entered into during the period which might reasonably affect any decisions made by the users of these unaudited condensed consolidated financial statements, except as disclosed below.

	Six months ended 30 September 2013		
	Sales of goods and services €m	Purchases of goods and services €m	Net interest charge €m
Vodafone Group	80	207	10

	30 September 2013		
	<u>Trade balances receivable</u>	<u>Trade balances payable</u>	<u>Financing balances payable</u>
	€m	€m	€m
Vodafone Group	35	285	407

In the six months ended 30 September 2013 Vodafone Italy made contributions to defined benefit pension schemes of €9 million.

6. Other matters

6.1 Seasonality or cyclicity of interim operations

Vodafone Italy's financial results have not, historically, been subject to significant seasonal trends.

6.2 Vodafone Italy Litigation

Vodafone Italy is currently, and may be from time to time, involved in a number of legal proceedings including inquiries from, or discussions with, governmental authorities that are incidental to its operations. However, save as disclosed below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or known to be contemplated) which may have, or have had in the 12 months preceding the date of this report, a significant effect on the financial position or profitability of Vodafone Italy.

(A) British Telecom (Italy)

In June 2010, BT Italy commenced an action for damages of €280 million for abuse of dominant position by Vodafone Italy in the wholesale fixed to mobile termination market for the period 1999 to 2007. This same issue was investigated by the Italian competition authority in 2005 and settled on the basis of undertakings given by Vodafone Italy in 2007. This civil damages claim is a follow-on action by BT Italy. A technical expert report commissioned by the court supports Vodafone Italy's position that there was no abuse of dominant position and estimates, if the court nevertheless finds there was abuse, that damages should be in the range of €5.6 million to €17.3 million rather than the €280 million claimed by BT Italy.

(B) Wind

In April 2011, Wind commenced an action against Vodafone Italy for damages of €174 million for alleged violation of mobile number portability obligations which Wind claims has caused it competitive injury. A technical expert report commissioned by the court estimates damages should be in the range of €47 million to €61 million rather than the €174 million claimed by Wind.

(C) FASTWEB

In December 2010, FASTWEB commenced an action against Vodafone Italy for damages of €143 million for abuse of dominant position arising from the alleged application by Vodafone Italy of higher termination rates than those given to Vodafone Italy's commercial affiliates. The damages claimed were subsequently increased to €360 million. This is a follow-on damages claim after the Italian Competition Authority's investigation in 2005 in relation to which Vodafone Italy entered into undertakings in 2007. A technical expert commissioned by the court has produced a draft report which will be discussed at the next hearing. Vodafone Italy believes this claim to be grossly inflated.

(D) Vodafone Italy claim against Telecom Italia

In May 2013, the Italian Competition Authority imposed a €100 million fine on Telecom Italia for abuse of its dominant position. On 1 August 2013, Vodafone Italy and TeleTu (Vodafone Italy's subsidiary for fixed line services) filed in the Court of Milan a civil action against Telecom Italia for approximately €1 billion in damages to compensate Vodafone Italy and TeleTu for the anti-competitive strategy adopted by Telecom Italia in the fixed line market in the last five years (2008 – June 2013). These civil actions are, in part, follow-on claims to the Competition Authorities decision against Telecom Italia. Telecom Italia will be required to file a defence by 24 December 2013. The first hearing is set for 14 January 2014.

(E) Eutelia

In June 2008, Eutelia (a fixed line and internet operator) filed an action for damages for alleged abuse of dominant position in the wholesale market for mobile termination against Vodafone Italy. This is a follow-on damages claim after the Italian Competition Authority's investigation in 2005 in relation to which Vodafone Italy entered into undertakings in 2007. Eutelia is claiming damages of €20 million for the higher prices it paid to Vodafone Italia and €20 million for loss of profit. The court has ordered that a report be prepared and filed by a technical expert.

(F) Telecom Italia claim against Vodafone Italy

In February 2012, Telecom Italia commenced an action for damages of €101 million arising from alleged anti-competitive effects of retention activities of TeleTu. The court has decided not to appoint a technical expert to provide an opinion to the court. The last hearing was held on 6 November 2013 when final submissions were made by the parties.

7. Subsequent events

There have been no material events between 30 September 2013 and 6 December 2013, the last practicable date prior to the publication of this Circular.

PART VIII – UNAUDITED PRO FORMA INFORMATION

SECTION A – UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE RETAINED GROUP

The unaudited pro forma statement of net assets of the Group set out below has been prepared to illustrate the effect of the VZW Transaction, the Vodafone Italy Transaction and the Return of Value on the net assets of the Group. It has been compiled using the Group's unaudited consolidated balance sheet as at 30 September 2013, adjusted to illustrate the pro forma effect of the VZW Transaction, the Vodafone Italy Transaction and the Return of Value as if they had occurred at that date. The unaudited pro forma statement of net assets has been prepared in a manner consistent with the accounting policies that will be applied in preparing the Group's financial statements for the year ending 31 March 2014, on the basis set out in the notes below, and in accordance with the requirements of item 20.2 of Annex I and items 1 to 6 of Annex II to the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent the Group's actual financial position or results.

Shareholders should read the whole of this Circular and not rely solely on the summarised financial information contained in this Part VIII. The Accountant's report on the unaudited pro forma statement of net assets is set out in this Part VIII of this Circular.

Unaudited pro forma statement of net assets

	Vodafone Group Plc 30 Sept 2013 ⁽¹⁾	Adjustments						Capital Return	Pro forma Retained Group
		Italy ^(2a)	Italy ^(2b)	Italy ^(2c)	VZW ⁽³⁾	VAI ⁽⁴⁾	Sale ⁽⁵⁾		
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Goodwill	23,537	—	241	4,738	—	—	2,161	—	30,677
Other intangible assets	17,773	—	2,481	—	—	—	—	—	20,254
Property, plant and equipment	16,150	—	1,912	—	—	—	—	—	18,062
Investment in associates	8,637	(8,585)	—	—	—	—	—	—	52
Other investments ⁽⁶⁾	726	—	1	—	—	—	39,859	(36,771)	3,815
Deferred tax assets	20,239	—	196	—	—	—	—	—	20,435
Post-employment benefit	57	—	—	—	—	—	—	—	57
Trade and other receivables	3,509	—	99	—	—	—	—	—	3,608
Non-current assets	90,628	(8,585)	4,930	4,738	—	—	42,020	(36,771)	96,960
Inventory	518	—	89	—	—	—	—	—	607
Taxation recoverable	327	—	—	—	—	—	—	—	327
Trade and other receivables	8,185	—	1,705	(643)	—	—	—	—	9,247
Other investments	4,389	—	—	—	—	—	—	—	4,389
Cash and cash equivalents ⁽⁷⁾	5,620	—	14	—	—	—	36,363	(14,752)	27,245
Assets classified as held for sale	35,836	—	—	—	(35,758)	—	—	—	78
Current assets	54,875	—	1,808	(643)	(35,758)	—	36,363	(14,752)	41,893
Total assets	145,503	(8,585)	6,738	4,095	(35,758)	—	78,383	(51,523)	128,853
Long-term borrowings	21,991	—	—	—	—	—	—	—	21,991
Taxation liabilities	50	—	—	—	—	—	—	—	50
Deferred tax liabilities	3,774	—	—	—	—	—	(2,957)	—	817
Post-employment benefits	589	—	55	—	—	—	—	—	644
Provisions	807	—	33	—	—	—	—	—	840
Trade and other payables	1,276	—	83	—	—	—	—	—	1,359
Non-current liabilities	28,487	—	171	—	—	—	(2,957)	—	25,701
Short-term borrowings	12,001	—	340	(340)	—	—	—	—	12,001
Taxation liabilities	817	—	24	—	—	—	2,957	—	3,798
Provisions	717	—	83	—	—	—	—	—	800
Trade and other payables	11,911	—	2,273	(303)	—	—	—	—	13,881
Total liabilities associated with assets held for sale	7,476	—	—	—	—	(7,476)	—	—	—
Current liabilities	32,922	—	2,720	(643)	—	(7,476)	2,957	—	30,480
Total liabilities	61,409	—	2,891	(643)	—	(7,476)	—	—	56,181
Net Assets	84,094	(8,585)	3,847	4,738	(35,758)	7,476	78,383	(51,523)	82,672

- (1) The consolidated net assets of the Group have been extracted, without material adjustment, from the unaudited historical financial statements of the Group for the six months ended 30 September 2013.
- (2) These adjustments relate to the acquisition of the remaining 23.1 per cent. interest in Vodafone Italy as follows:
 - (2a) Elimination of the equity accounted investment in associates extracted, without material adjustment, from the consolidation schedules of the Group.
 - (2b) Consolidation of 100 per cent. of Vodafone Italy as extracted, without material adjustment, from the financial information on Italy set out in Part VII of this document.
 - (2c) Elimination of balances between Vodafone and 100 per cent. of Vodafone Italy as extracted from the consolidation schedules of the Group.
- (3) The VZW adjustments relate to the disposal of Vodafone's 45 per cent. interest in VZW and have been extracted, without material adjustment, from the financial information on VZW set out in Part VII of this document.
- (4) As described in the Chairman's letter in Part I of this document, the VAI adjustment relates to the liabilities held by VAI to be transferred to Verizon, extracted, without material adjustment, from the consolidation schedules of the Group.

- (5) Adjustment to goodwill relates to the excess of the purchase price for the remaining interest in Vodafone Italy (\$3.5 billion or £2.2 billion) over the book value of the assets acquired (£0.9 billion). For the purposes of this pro forma, all of the excess purchase price has been allocated to goodwill. No account has been taken of any fair value adjustments which will need to be made as part of the actual accounting for the Italy acquisition. Further, no gain or loss has been recognised as a result of the revaluation of the Group's existing interest in Vodafone Italy. US\$ amounts have been translated at an exchange rate of £1 = \$1.6194, the closing rate prevailing on 30 September 2013.
- (6) Adjustment to other investments relates to the Verizon Consideration Shares and Verizon Loan Notes to be issued as part of the VZW Transaction of \$64.5 billion (£39.9 billion), net of the stock distribution of \$59.5 billion (£36.8 billion). The value of the Verizon Consideration Shares is calculated using a price of \$46.67, being the share price prevailing on 30 September 2013. This will differ from the share price when the Verizon Consideration Shares are issued to Shareholders. Part III of this document explains how the value of the Verizon Consideration Shares to be issued following the VZW Completion Date will be derived. US\$ amounts have been translated at an exchange rate of £1 = \$1.6194, the closing rate prevailing on 30 September 2013.
- (7) Adjustment to cash and cash equivalents comprises sales proceeds of \$58.9 billion (£36.4 billion) net of the proposed distribution of \$23.9 billion (£14.8 billion), as explained in Part III of this document. US\$ amounts have been translated at an exchange rate of £1 = \$1.6194, the closing rate prevailing on 30 September 2013.
- (8) The unaudited pro forma statement of net assets does not reflect any trading results or other transactions undertaken by the Group since 30 September 2013.

SECTION B: Accountant's Report in respect of the Unaudited Pro Forma statement of net assets of the Retained Group

The Board of Directors
on behalf of Vodafone Group Plc
The Connection
Newbury
Berkshire RG14 2FN

Goldman Sachs International Ltd
Peterborough Court
133 Fleet St
London EC4A 2BB

UBS Limited
1 Finsbury Avenue
London EC2M 2PP

10 December 2013

Dear Sirs,

Vodafone Group Plc (the "Company")

We report on the unaudited pro forma statement of net assets of the Retained Group (the "**Pro forma statement of net assets**") set out in Part VIII of the Class 1 circular dated 10 December 2013 (the "**Investment Circular**"), which has been prepared on the basis described in the notes thereto, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies to be used by the Company in preparing the financial statements for the period ending 31 March 2014. This report is required by Annex I item 20.2 of Commission Regulation (EC) No 809/2004 (the "**Prospectus Directive Regulation**") as applied by Listing Rule 13.3.3R and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "**Directors**") to prepare the Pro forma statement of net assets in accordance with Annex I item 20.2 and Annex II items 1 to 6 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

It is our responsibility to form an opinion, in accordance with Annex I item 20.2 of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma statement of net assets and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary Shareholders as a result of the inclusion of this report in the Investment Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Investment Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma statement of net assets, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma statement of net assets with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma statement of net assets has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

- (a) the Pro forma statement of net assets has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully,

Deloitte LLP
Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited (“DTTL”), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

SECTION C: UNAUDITED PRO FORMA STATEMENT OF ADJUSTED OPERATING PROFIT AND FREE CASH FLOW GUIDANCE

The unaudited pro forma statement of adjusted operating profit (“AOP”) and free cash flow guidance (the “**Revised Guidance**”) set out below has been compiled on the basis set out in the notes below to illustrate the effect of the proposed Transactions on the unaudited guidance in respect of the Group’s consolidated AOP and free cash flow for the year ending 31 March 2014, issued by the Company in its annual report for the year ended 31 March 2013 (the “**Original Guidance**”), as if the Transactions had completed on 1 April 2013. The Original Guidance is not historical financial information but, by its nature, relates to future events and circumstances and is, therefore, uncertain. The unaudited Revised Guidance, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Retained Group’s actual AOP or free cash flow.

The unaudited Revised Guidance has been prepared in a manner consistent with the accounting policies that will be applied in preparing the Group’s financial statements for the year ending 31 March 2014, on the basis set out in the notes below, and in accordance with the requirements of Annex II to the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R, and for the purposes of this Circular, as applied by the UK Listing Authority.

Revised Guidance

	Original Guidance for the year ending 31 March 2014 £bn ⁽¹⁾	Adjustments			Revised Guidance for the year ending 31 March 2014 £bn
		Excluding results relating to VZW £bn ⁽²⁾	Including additional 23% of Italy £bn ⁽³⁾	Impact of joint venture accounting £bn ⁽⁴⁾	
Adjusted operating profit	12.0–12.8	(7.0–8.0)	0.3	(0.2)	Around 5
Free cash flow	Around 7.0	(3.0)	0.2	0.2	4.5–5.0

Notes

- (1) The Original Guidance has been extracted, without material adjustment, from the annual report of the Group for the year ended 31 March 2013. The Original Guidance reflected the Company’s expectations for the year ending 31 March 2014, based on the Board-approved detailed budget for the year and expected foreign exchange rates (including of £1:A1.17, £1:\$1.52, £1:INR84.9 and £1:ZAR14.3). The Original Guidance is not historical financial information but, by its nature, relates to future events and circumstances and is, therefore, uncertain. The Original Guidance was based on the accounting policies used in the Group’s audited annual accounts for the year ended 31 March 2013. Part IX of this Circular contains further details of the assumptions that underlie the Original Guidance.
- (2) The VZW adjustments reflect the disposal of Vodafone’s indirect 45 per cent. interest in VZW, removing the forecast AOP and free cash flow attributed to VZW for the year ending 31 March 2014.
- (3) These adjustments reflect the forecast increase in AOP and free cash flow attributable to the purchase of the remaining 23% interest in Vodafone Italy.
- (4) Adjustment to reflect the impact of equity accounting for the Group’s joint ventures (principally Vodafone Hutchison Australia, Fiji and Indus Towers), consistent with IFRS 11 to be adopted in the Group’s annual accounts for the year ending 31 March 2014.
- (5) No adjustment has been made for the acquisition of Kabel Deutschland Holding AG, which completed on 14 October 2013.

SECTION D: Accountant's Report in respect of the unaudited Pro forma statement of adjusted operating profit and free cash flow guidance

The Board of Directors
on behalf of Vodafone Group Plc
The Connection
Newbury
Berkshire RG14 2FN

Goldman Sachs International Ltd
Peterborough Court
133 Fleet St
London EC4A 2BB

UBS Limited
1 Finsbury Avenue
London EC2M 2PP

10 December 2013

Dear Sirs,

Vodafone Group Plc (the "Company")

We report on the pro forma statement of adjusted operating profit ("AOP") and free cash flow guidance (the "**Revised Guidance**") set out in Part VIII, Section C of the Class 1 circular dated 10 December 2013 (the "**Investment Circular**"), which has been prepared on the basis described in the notes thereto, for illustrative purposes only, to provide information about how the Transactions might have affected the unaudited guidance in respect of the Group's consolidated AOP and free cash flow for the year ending 31 March 2014, issued by the Company in its annual report for the year ended 31 March 2013 (the "**Original Guidance**"), as if the Transactions had completed on 1 April 2013, presented on the basis of the accounting policies to be used by the Company in preparing the financial statements for the year ending 31 March 2014. This report is required by Annex II item 7 of Commission Regulation (EC) No 809/2004 (the "**Prospectus Directive Regulation**") as applied by Listing Rule 13.3.3R and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "**Directors**") to prepare the Revised Guidance in accordance with the requirements of Annex II to the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R, and for the purposes of this Investment Circular, as applied by the UK Listing Authority.

It is our responsibility to form an opinion as to the proper compilation of the Revised Guidance and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R, and for the purposes of this Investment Circular, as applied by the UK Listing Authority.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary Shareholders as a result of the inclusion of this report in the Investment Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Investment Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Revised Guidance, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the Original Guidance with the source documents, considering the evidence supporting the adjustments and discussing the Revised Guidance with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Revised Guidance has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

- (a) the Revised Guidance has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

Deloitte LLP

Chartered Accountants

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PART IX – PROFIT GUIDANCE

1. Original Guidance

In its results for the 2013 financial year, Vodafone stated in its Original Guidance that it expected Group AOP for the 2014 financial year to be in the range of £12.0 billion to £12.8 billion and free cash flow to be approximately £7.0 billion (including the £2.1 billion VZW dividend due in June 2013). The Original Guidance did not take into account the impact of the Transactions. In addition, on a statutory basis, the Group's financial results for the 2014 financial year will include the contribution of VZW up to the date of the announcement of the VZW Transaction on 2 September 2013 and will include the additional 23.1 per cent. of Vodafone Italy only from completion of the Vodafone Italy Transaction, and will therefore not be representative of performance.

The underlying performance assumptions of the business used when setting the Original Guidance, which are set out below in the paragraph headed "Assumptions", remain unchanged. Accordingly, if the Transactions do not complete, the Company believes that the Original Guidance, based on the original assumptions, remains appropriate in respect of the Group.

2. Revised Guidance

On 2 September 2013 and in its half-yearly results announcement of 12 November 2013, Vodafone provided the Revised Guidance for the 2014 financial year, which excluded Verizon Wireless and included 100 per cent. of Vodafone Italy for the whole year, assuming the Transactions had completed on 1 April 2013. The Revised Guidance was provided on this basis to enable comparability with guidance the Group may provide in respect of future financial years assuming that Shareholders vote in favour of the Transactions. The Revised Guidance also reflected equity accounting for the Group's remaining joint ventures (principally Vodafone Hutchison Australia, Fiji and Indus Towers) consistent with the new IFRS requirements which apply to the Group for the 2014 financial year. In all other material respects, the assumptions used when setting the Original Guidance (which are set out below in the paragraph headed "Assumptions"), including the underlying performance assumptions of the business, remain unchanged.

On this basis, Vodafone announced on 12 November 2013 that the Group was on target to deliver AOP of around £5 billion and free cash flow of £4.5 to £5.0 billion for the 2014 financial year. Our latest view of the likely overall business performance for the remainder of the 2014 financial year is consistent with that we held when we issued the Revised Guidance on 2 September 2013 and confirmed it on 12 November 2013. This Revised Guidance as to expected AOP and free cash flow for the 2014 financial year, therefore, remains unchanged.

The table set out in Section C of Part VIII of this Circular reflects the bridge between the Original Guidance and the Revised Guidance.

2.1 Basis of preparation

The Original Guidance reflected the Company's expectations for the year ending 31 March 2014, based on the Board-approved detailed budget for that year, the assumptions described below and the accounting policies used in the Group's audited annual accounts for the year ended 31 March 2013.

The Revised Guidance is based on the unaudited management accounts of the Group for the period 1 April 2013 to 30 September 2013 and on management forecasts for the six months to 31 March 2014. The Revised Guidance is in all material respects based on the same assumptions as the Original Guidance provided in May 2013, save that: (i) it excludes VZW for the full 2014 financial year; (ii) it includes 100 per cent. of Vodafone Italy for the full 2014 financial year; and (iii) it reflects the effect of the accounting policies which will apply to the Group for the 2014 financial year based on changes to IFRS, including equity accounting for the Group's remaining joint ventures (principally Vodafone Hutchison Australia, Fiji and Indus Towers).

The actual results reported may be affected by revisions required due to changes in circumstances and the impact of unforeseen events.

2.2 Use of AOP rather than Profit Before Tax ("PBT") for the guidance

Group AOP excludes non-operating income of associates, impairment losses and other income and expense. The Directors believe that it is both more useful and necessary to provide a guidance in relation to AOP rather than PBT for the following reasons:

- (A) AOP is the primary measure used for internal performance reporting; and
- (B) AOP is recognised and understood by the investor community and is useful in connection with discussion with investment analysts and debt rating agencies.

2.3 Assumptions

The Original Guidance and the Revised Guidance are provided at fixed foreign exchange rates (including of £1:A1.17, £1:\$1.52, £1:INR84.9 and £1:ZAR14.3). They each exclude the impact of Project Spring.

The following principal assumptions are applicable to the preparation of the Original Guidance.

(A) Factors outside the influence or control of the Directors

- (i) There will be no material change in legislation or regulatory requirements affecting the Group's operations.
- (ii) There will be no fundamental structural change to the eurozone.
- (iii) There will be no material changes to global trading and economic conditions from those which are currently prevailing and/or anticipated by the Directors that would cause a material change in levels of demand.

(B) Factors within the influence or control of the Directors

- (i) There will be no acquisitions or disposals by the Group that will have a material impact on the results. The impact of the Transactions has not been reflected, nor has the acquisition of Kabel Deutschland Holding AG.
- (ii) Licence and spectrum purchases, material tax settlement related payments and restructuring costs have been excluded.

The Revised Guidance is based on all the factors in paragraphs 2.3(A) and 2.3(B)(ii) above. In addition, the following assumptions apply to the preparation of the Revised Guidance:

(A) Factors outside the influence or control of the Directors

- (i) The Revised Guidance excludes the impact of purchase accounting adjustments on the Vodafone Italy Transaction.

(B) Factors within the influence, or control of the Directors

- (i) The Revised Guidance assumes that the Transactions completed on 1 April 2013 and, therefore, excludes VZW and includes 100 per cent. of Vodafone Italy for the whole year.
- (ii) Other than the Transactions, there will be no acquisitions or disposals by the Group that will have a material impact on the results. The impact of the acquisition of Kabel Deutschland Holding AG has not been reflected.
- (iii) Equity accounting has been used for the Group's joint ventures (principally Vodafone Hutchison Australia, Fiji and Indus Towers) consistent with IFRS 11 to be adopted in the annual accounts for the 2014 financial year.

2.4 Directors' statement

The Company confirms that the Original Guidance has been properly compiled on the basis of the assumptions stated and that the basis of accounting is consistent with the accounting policies used in the Company's financial statements for the year ending 31 March 2013.

The Company confirms that the Revised Guidance has been properly compiled on the basis of the assumptions stated and that the basis of accounting is consistent with the accounting policies to be used in the Company's financial statements for the year ending 31 March 2014.

PART X – TAXATION
SECTION 1
United Kingdom taxation

The following comments do not constitute tax advice, are intended only as a guide to current United Kingdom law and HM Revenue and Customs' ("HMRC's") published practice (which are both subject to change at any time, possibly with retrospective effect) and assume that the Return of Value is carried out by means of a B/C share scheme and pursuant to the Scheme of Arrangement. They relate only to certain limited aspects of the United Kingdom taxation treatment of Shareholders and are intended to apply only to Shareholders who are resident only in the United Kingdom for United Kingdom tax purposes (unless the context requires otherwise) and to whom split-year treatment does not apply and who are and will be the absolute beneficial owners of their Ordinary Shares, New Ordinary Shares, B Shares, C Shares, Deferred Shares or Verizon Consideration Shares (as the case may be) and who hold, and will hold, them as investments (and not as securities to be realised in the course of a trade) and who hold, and will hold, less than 10 per cent. of each class of share issued by Verizon. They are not exhaustive and may not apply to certain Shareholders, such as dealers in securities, broker dealers, insurance companies and collective investment schemes, Shareholders who are exempt from taxation and Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment. Such persons may be subject to special rules. The position may be different for future transactions and may alter between the date of this document and the implementation of the Return of Value.

For the purposes of this Part X, except in relation to the comments in paragraph 6 below or where the context requires otherwise, references to Verizon Consideration Shares include references to Verizon CDIs.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate professional adviser.

1. Shareholders subject to the Income Option (C Shares)

Taxation of chargeable gains

For the purposes of the United Kingdom taxation of capital gains and corporation tax on chargeable gains ("CGT"):

- (A) the issue of the B Shares and the C Shares, the issue of the Verizon Consideration Shares, the Share Consolidation and the reclassification of the C Shares as Deferred Shares should each be treated as a reorganisation of the Company's share capital;
- (B) the combined effect should be that a Shareholder's resultant holding of New Ordinary Shares, Verizon Consideration Shares and Deferred Shares should be treated as the same asset, acquired at the same time and for the same consideration, as the holding of Ordinary Shares held by that Shareholder prior to the issue of the B Shares and C Shares;
- (C) further, each Shareholder holding C Shares should be treated as having given, on the Scheme Effective Date, additional consideration for that resultant holding equal to the amount of the Special Dividend which is paid in respect of that Shareholder's C Shares in Verizon Consideration Shares (i.e. not including the amount paid in cash). That amount should be equal to the market value of those Verizon Consideration Shares on the Scheme Effective Date (the sterling-equivalent of which, where relevant, should be found using the exchange rate prevailing on the Scheme Effective Date);
- (D) each Shareholder's aggregate CGT base cost in his holding of New Ordinary Shares, Verizon Consideration Shares and Deferred Shares, being equal to his base cost in his holding of Ordinary Shares prior to the issue of the B Shares and C Shares plus the additional consideration referred to in paragraph 1(C) above, should fall to be apportioned by reference to the respective market values of the shares of each such class on the first day of listing of the New Ordinary Shares (which is expected to be the Trading Day immediately following the Scheme Effective Date). Since the market value of the Deferred Shares on that day should be negligible, this should mean that the aggregate base cost is apportioned between the Shareholder's New Ordinary Shares and Verizon Consideration Shares by reference to the respective market values of those shares on that day; and
- (E) the sale, on behalf of relevant Shareholders, of fractional entitlements to Verizon Consideration Shares (where applicable) should generally not constitute a part disposal for CGT purposes. Instead, the amount of any payment received by the Shareholder in respect of that sale will be deducted from the base cost of the Verizon Consideration Shares. If the amount of any payment received exceeds the Shareholder's base cost in the relevant shares, that will give rise to a part disposal of those shares for CGT purposes. However, the Shareholder may elect (in effect) for the excess to be treated as a capital gain and to give up any basis he has in the relevant shares.

Taxation of income

The tax treatment of the Special Dividend (including the part thereof that is satisfied by the issue of Verizon Consideration Shares) should be the same as that of any other dividend paid by the Company. Accordingly, the tax treatment of a Shareholder in respect of the Special Dividend paid in respect of a C Share should be the same as if that Shareholder had received a cash dividend of an amount equal to the Cash Entitlement received and the market value of the Verizon Consideration Share Entitlement in respect of that C Share. The market value of the Verizon Consideration Share Entitlement received should for these purposes be calculated on the Scheme Effective Date.

That tax treatment is as summarised below.

General

There is no United Kingdom withholding tax on dividends paid by the Company.

Individual Shareholders within the charge to United Kingdom income tax

When the Company pays a dividend to a Shareholder who is an individual resident (for United Kingdom tax purposes) in the United Kingdom, the Shareholder will be entitled to a tax credit equal to one-ninth of the amount or value of the dividend received (that amount or value being, in the case of the Special Dividend, an amount equal to the market value of the Verizon Consideration Share Entitlement (on the Scheme Effective Date) plus the Cash Entitlement). The dividend received plus the related tax credit (the “gross dividend”) will be part of the Shareholder’s total income for United Kingdom income tax purposes and will, generally, be regarded as the top slice of that income. However, in calculating the Shareholder’s liability to income tax in respect of the gross dividend, the tax credit (which equates to 10 per cent. of the gross dividend) is set off against the tax chargeable on the gross dividend.

Basic Rate Taxpayers

In the case of a Shareholder who is liable to income tax at the basic rate only, the Shareholder will be subject to tax on the gross dividend at the rate of 10 per cent. The tax credit will, in consequence, satisfy in full the Shareholder’s liability to income tax on the gross dividend.

Higher Rate Taxpayers

To the extent that, after taking into account the Shareholder’s other taxable income, the gross dividend falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax, the Shareholder will be subject to tax on the gross dividend at the rate of 32.5 per cent. This means that the tax credit will satisfy only part of the Shareholder’s liability to income tax on the gross dividend, so that to that extent the Shareholder will have to account for income tax equal to 22.5 per cent. of the gross dividend (which equates to 25 per cent. of the dividend received). For example, assuming the entire gross dividend falls above the higher rate threshold and below the additional rate threshold, a dividend of £90 from the Company would represent a gross dividend of £100 (after the addition of the tax credit of £10) and the Shareholder would be required to account for income tax of £22.50 on the dividend, being £32.50 (i.e. 32.5 per cent. of £100) less £10 (the amount of the tax credit).

Additional Rate Taxpayers

To the extent that, after taking into account the Shareholder’s other taxable income, the gross dividend falls above the threshold for the additional rate of income tax, the Shareholder will be subject to tax on the gross dividend at the rate of 37.5 per cent. This means that the tax credit will satisfy only part of the Shareholder’s liability to income tax on the gross dividend, so that to that extent the Shareholder will have to account for income tax equal to 27.5 per cent. of the gross dividend (which equates to approximately 30.56 per cent. of the dividend received). For example, assuming the entire gross dividend falls above the additional rate threshold, a dividend of £90 from the Company would represent a gross dividend of £100 (after the addition of the tax credit of £10) and the Shareholder would be required to account for income tax of £27.50 on the dividend, being £37.50 (i.e. 37.5 per cent. of £100) less £10 (the amount of the tax credit).

Corporate Shareholders within the charge to United Kingdom corporation tax

Shareholders within the charge to United Kingdom corporation tax which are “small companies” (for the purposes of United Kingdom taxation of dividends) should not generally expect to be subject to tax on dividends from the Company.

Other Shareholders within the charge to United Kingdom corporation tax will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. In general, a dividend paid to a United Kingdom corporate Shareholder holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital in respect of which the dividend is paid) is an example of a dividend that falls within an exempt class. Shareholders will need to ensure that they satisfy the requirements of an exempt class before treating any dividend as exempt and seek appropriate professional advice where necessary.

No payment of tax credit

A Shareholder (whether an individual or a company) who is not liable to tax on dividends from the Company will not be entitled to claim payment of the tax credit in respect of those dividends.

Non-residents

The right of a Shareholder who is not resident (for tax purposes) in the United Kingdom to a tax credit in respect of the Special Dividend and to claim payment from HMRC of any part of that tax credit will depend on the existence and terms of any double tax treaty between the United Kingdom and the country in which the Shareholder is resident for tax purposes. A Shareholder resident outside the United Kingdom (for tax purposes) may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident in the United Kingdom (for tax purposes) should consult their own tax advisers concerning their tax liabilities on dividends received from the Company. Shareholders who are subject to Irish tax are referred to Section 2 of this Part X below and Shareholders who are subject to United States tax are referred to Section 3 of this Part X below.

2. Shareholders electing for the Capital Option (B Shares)

Taxation of chargeable gains

For CGT purposes:

- (A) the issue of the B Shares and the C Shares, the issue of the Verizon Consideration Shares, the Share Consolidation and the reclassification of the C Shares as Deferred Shares should each be treated as a reorganisation of the Company's share capital;
- (B) the combined effect should be that a Shareholder's resultant holding of New Ordinary Shares and Verizon Consideration Shares should be treated as the same asset, acquired at the same time and for the same consideration, as the holding of Ordinary Shares held by that Shareholder prior to the issue of the B Shares and C Shares. As such, he should not be regarded as disposing of any part of his holding to the extent that he receives Verizon Consideration Shares;
- (C) to the extent that a Shareholder receives cash for the cancellation of his B Shares, he should be treated as having made a part disposal of his holding for such cash amount. This may, subject to the Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of CGT;
- (D) each Shareholder's aggregate CGT base cost in his holding of Ordinary Shares prior to the issue of the B Shares and C Shares should fall to be apportioned as follows:
 - (i) first, apportion the aggregate CGT base cost between that part of the holding disposed of in consideration for the Cash Entitlement and that part of the holding which remains. The proportion of base cost attributable to the part of the holding disposed of should be equal to $X/(X+Y)$ where X is the Cash Entitlement in respect of the Shareholder's B Shares and Y is the aggregate market value of the Shareholder's New Ordinary Shares and Verizon Consideration Shares on the first day of listing of the New Ordinary Shares (converted into sterling, where necessary, using the exchange rate prevailing on that day); and
 - (ii) secondly, apportion the balance between the New Ordinary Shares and Verizon Consideration Shares by reference to their respective market values on the first day of listing of the New Ordinary Shares (converted into sterling, where necessary, using the exchange rate prevailing on the first day of listing of the New Ordinary Shares); and
- (E) the sale, on behalf of relevant Shareholders, of fractional entitlements to Verizon Consideration Shares (where applicable) should generally not constitute a part disposal for CGT purposes. Instead, the amount of any payment received by the Shareholder in respect of that sale will be deducted from the base cost of the Verizon Consideration Shares. If the amount of any payment received exceeds the Shareholder's base cost in the relevant shares, that will give rise to a part disposal of those shares for CGT purposes. However, the Shareholder may elect (in effect) for the excess to be treated as a capital gain and to give up any basis he has in the relevant shares.

Computation and treatment of gains or losses in respect of the Cash Entitlement

As noted in paragraph 2(C) above, a Shareholder should be treated as having made a part disposal of his holding for consideration of an amount equal to the cash received in respect of the cancellation of the B Shares. This may, subject to the Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of CGT.

Any gain or loss will be calculated by reference to the difference between the amount of cash received and the element of the Shareholder's CGT base cost in his holding of Ordinary Shares that is apportioned to the part of the holding disposed of as described in paragraph 2(D)(i) above.

For the purposes of such calculations, sterling amounts must be used, save in the case of a company required to calculate its chargeable gains and losses in a different currency pursuant to section 9C of the Corporation Tax Act 2010 ("**CTA 2010**"). Where a Shareholder has given or received a non-sterling amount in acquiring or being treated as disposing of assets, such sterling amounts must be determined by reference to the relevant rate of exchange at the time of the relevant CGT event. A Shareholder receiving a dollar or euro amount on the cancellation of the B Shares will therefore be required to convert that sum into sterling by reference to the relevant rate of exchange as at the Scheme Effective Date.

The amount of CGT, if any, payable in respect of the cancellation of the B Shares by a Shareholder who is an individual will depend on his or her own personal tax position. No tax will be payable on any gain realised on the cancellation of the B Shares if the amount of the net chargeable gains realised by a Shareholder, when aggregated with other net gains realised by that Shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual exemption (£10,900 for 2013/2014). Broadly, any gains in excess of this amount will be taxed at a rate of 18 per cent. for a taxpayer paying tax at the basic rate and 28 per cent. for a taxpayer paying tax at a rate above the basic rate of income tax. Where the gains of a basic rate taxpayer subject to CGT exceed the unused part of his basic rate band, that excess is subject to tax at the 28 per cent. rate.

Individuals who are temporarily non-resident may, in certain circumstances, be subject to tax in respect of gains realised while they are not resident in the United Kingdom.

A corporate Shareholder is normally taxable on all of its chargeable gains, subject to any reliefs and exemptions. Corporate Shareholders should be entitled to indexation allowance up to the date the chargeable gain is realised.

Taxation of income

A Shareholder holding B Shares will not be subject to a charge to income tax in respect of the cancellation of his B Shares unless the sterling-equivalent of the Cash Entitlement and the market value of the Verizon Consideration Share Entitlement received in respect of them, as at the Scheme Effective Date, exceeds the amount paid up on those B Shares.

While the Company considers it very unlikely that such an excess will arise, it is not impossible that it will. In that case, the amount of the excess would be subject to income tax in the same way as a non-sterling dividend paid by the Company. The Company will inform Shareholders if such an excess does arise.

3. Dividends payable on the New Ordinary Shares

Dividends payable on the New Ordinary Shares should be subject to United Kingdom income tax or United Kingdom corporation tax on income under the rules applicable to dividends. The current tax treatment of dividends is as outlined in the section of paragraph 1 above headed "*Taxation of income*".

4. Dividends payable on the Verizon Consideration Shares

Dividends payable on the Verizon Consideration Shares should be subject to United Kingdom income tax or United Kingdom corporation tax on income under the rules applicable to dividends.

As described in Section 3 of this Part X below, dividends received on Verizon Consideration Shares will generally be subject to US withholding tax. The normal rate of US withholding tax is 30 per cent. of the gross amount of the dividend. However, this rate may be reduced under an applicable double tax treaty. The rate of withholding tax on dividends for United Kingdom residents who are entitled to claim (and make a valid claim) under the United States- United Kingdom Double Tax Treaty is generally 15 per cent. (or 0 per cent. in the case of certain pension schemes).

United Kingdom resident Shareholders wishing to claim a reduced rate of withholding under the United States-United Kingdom Double Tax Treaty should provide a properly completed and executed IRS Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding) to the payer or withholding agent prior to payment of the dividend.

If a Shareholder who is resident in the United Kingdom for United Kingdom tax purposes receives a dividend on Verizon Consideration Shares and the dividend is paid subject to US tax, credit for such US withholding tax may be available for set-off against a liability to United Kingdom corporation tax or United Kingdom income tax on the dividend. The amount of such credit will normally be equal to the lesser of the amount withheld and the liability to United Kingdom tax on the dividend. Such credit will not normally be available for set-off against a Shareholder's liability to United Kingdom tax other than on the dividend and, to the extent that such credit is not set off against United Kingdom tax on the dividend, the credit will be lost.

For the rates of tax applicable to a dividend on Verizon Consideration Shares received by individual and corporate Shareholders, see the section of paragraph 1 above headed "*Taxation of income*". In relation to a dividend received from Verizon, the "gross dividend" will be equal to the dividend received and the United States withholding tax on such dividend plus the related tax credit.

5. Tax clearances

Transactions in Securities

Shareholders should be aware that no application for clearance has been made under section 748 of CTA 2010 that the provisions of Part 15 of CTA 2010 will not apply in relation to the Return of Value or under section 701 of the Income Tax Act 2007 ("**ITA 2007**") that the provisions of Chapter 1 Part 13 of ITA 2007 will not apply in relation to the Return of Value. However, neither the provisions of Part 15 of CTA 2010 nor the provisions of Chapter 1 Part 13 of ITA 2007 should apply in relation to the Return of Value.

Reorganisation treatment

Anti-avoidance legislation set out in section 137 of the Taxation of Chargeable Gains Act 1992 ("**TCGA 1992**") can in certain circumstances act to disapply the reorganisation treatment that would otherwise apply where, pursuant to a scheme of reconstruction, a company issues shares to the shareholders of another company (the "original company") in respect of those shareholders' shares in the original company. This anti-avoidance legislation applies if the Scheme is found not to be effected for bona fide commercial reasons or if it is found to form part of a scheme or arrangement of which the main purpose or one of the main purposes is the avoidance of tax. However, it does not apply to any shareholder who, together with his connected persons, holds not more than 5 per cent. of the shares of, or of any class of shares of, the original company.

It is possible under section 138 of the TCGA 1992 to apply to HMRC for advance clearance that this anti-avoidance legislation will not apply to a particular reconstruction. Shareholders should note, however, that no such clearance has been or will be sought by the Company in relation to the Return of Value. Any Shareholder who will hold more than 5 per cent. of the shares of, or of any class of shares of, the Company is advised to consult his own professional advisers in relation to the consequences of not seeking any clearance.

6. Stamp duty and Stamp Duty Reserve Tax ("SDRT")

The statements below assume that Verizon is a body corporate not incorporated, and whose central management and control is not exercised, in the United Kingdom, the Verizon Consideration Shares are not registered in a register kept in the United Kingdom, the Verizon Consideration Shares are not paired with shares issued by a body corporate incorporated in the United Kingdom and the Verizon Consideration Shares are listed on a recognised stock exchange within the meaning of section 1137 of CTA 2010. The Verizon UK Prospectus states that the directors of Verizon have confirmed that they believe this will be, and will continue to be, the case.

No stamp duty or SDRT will be payable on the issue of the B Shares, C Shares, Verizon Consideration Shares, Verizon CDIs or New Ordinary Shares.

No stamp duty or SDRT will be payable on, or as a result of, the cancellation of the B Shares, the C Shares or the Deferred Shares, the conversion of the C Shares into Deferred Shares or the Share Consolidation.

No stamp duty or SDRT will be payable on the paperless transfer of Verizon Consideration Shares in dematerialised form or in respect of the paperless transfer of Verizon CDIs within CREST.

No stamp duty or SDRT will be payable on a written transfer of Verizon Consideration Shares if (in respect of stamp duty) such transfer is executed and retained outside the United Kingdom and provided that such transfer does not relate to property situated in the United Kingdom or to any other matter or thing done or to be done in the United Kingdom (which may include, without limitation, the involvement of United Kingdom bank accounts in payment mechanics).

No stamp duty or SDRT will arise in respect of an agreement to transfer Verizon Consideration Shares or Verizon CDIs.

An agreement to sell New Ordinary Shares will normally give rise to a liability on the purchaser to SDRT, at the rate of 0.5 per cent. of the actual consideration paid. If an instrument of transfer of New Ordinary Shares is subsequently produced it will generally be subject to stamp duty at the rate of 0.5 per cent. of the actual consideration paid (rounded up to the nearest £5.00). When such stamp duty is paid, the SDRT charge will be cancelled and any SDRT already paid will be refunded. Stamp duty and SDRT are generally the liability of the purchaser.

7. What if the Scheme of Arrangement is not approved by the Court?

The implementation of the Return of Value is conditional on the Court approving the Scheme of Arrangement and Capital Reductions. If the Court exercises its discretion to refuse to sanction the Scheme of Arrangement and Capital Reductions, the Company will not carry out the Return of Value and Shareholders will not have the opportunity to choose between the Capital Option and the Income Option. Instead, the Company will declare a special dividend in respect of all of the Ordinary Shares (the “**Non-Scheme Dividend**”), which will be satisfied by the issue of Verizon Consideration Shares.

If the Return of Value does not proceed and, instead, the Company declares the Non-Scheme Dividend, the United Kingdom tax treatment set out in paragraphs 1 to 3 above of this Section 1 of Part X will not apply. Instead, the tax treatment of the Non-Scheme Dividend should be the same as that of any other dividend paid by the Company. Accordingly, that tax treatment will follow the current tax treatment of dividends, which is summarised in the section of paragraph 1 above headed “*Taxation of income*”.

To the extent that Verizon Consideration Shares are received by Shareholders in satisfaction of the Non-Scheme Dividend, Shareholders will, for CGT purposes, be treated in the same way as they would have been treated had the Court approved the Scheme of Arrangement and Capital Reductions and they had been subject to the Income Option in respect of all of their Ordinary Shares (as to which, see the summary in the section of paragraph 2 above headed “*Taxation of chargeable gains*”).

The United Kingdom tax treatment of dividends payable on the Verizon Consideration Shares should be as set out in paragraph 4 above.

The stamp duty and SDRT treatment of Verizon Consideration Shares and Verizon CDIs should be as set out in paragraph 6 above.

SECTION 2

Irish Taxation

The following is a summary of the principal Irish tax consequences for Irish resident and ordinarily resident individuals and Irish tax resident companies of the Return of Value and Share Consolidation based on the laws and practices of the Irish Revenue Commissioners currently in force in the Republic of Ireland and may be subject to change. It assumes that the Return of Value is carried out by means of a B/C share scheme and pursuant to the Scheme of Arrangement and the related Capital Reductions. It deals with Shareholders who beneficially own their Ordinary Shares, New Ordinary Shares, B Shares or C Shares or Verizon Consideration Shares as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Ordinary Shares, New Ordinary Shares, B Shares or C Shares or Verizon Consideration Shares, such as dealers in securities, trusts etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Shareholders should consult their professional advisers on the tax implications of the Return of Capital and Share Consolidation under the laws of their country of residence, citizenship or domicile. If you are in doubt as to your tax position or are subject to tax in a jurisdiction other than the Republic of Ireland, you should consult an appropriate professional adviser without delay.

1. Shareholders subject to the Income Option (C Shares)

Taxation of Chargeable Gains

For the purposes of Irish taxation of capital gains and corporation tax on chargeable gains (as appropriate) (“**Irish CGT**”):

- (A) the issue of the B Shares and the C Shares, the issue of the Verizon Consideration Shares, the Share Consolidation and the reclassification of the C Shares as Deferred Shares should each be treated as a reorganisation of the Company’s share capital;
- (B) the combined effect should be that a Shareholder’s resultant holding of New Ordinary Shares, Verizon Consideration Shares and Deferred Shares should be treated as the same asset, acquired at the same time and for the same consideration, as the holding of Ordinary Shares held by that Shareholder prior to the issue of the B Shares and C Shares;
- (C) further, each Shareholder holding C Shares should be treated as having given, on the Scheme Effective Date, additional consideration for that resultant holding equal to the amount of the Special Dividend which is paid in respect of that Shareholder’s C Shares in Verizon Consideration Shares (i.e. not including the amount paid in cash). That amount should be equal to the market value of those Verizon Consideration Shares on the Scheme Effective Date (the euro equivalent of which, where relevant, should be found using the exchange rate prevailing on the Scheme Effective Date);
- (D) each Shareholder’s aggregate CGT base cost in their New Ordinary Shares, Verizon Consideration Shares and Deferred Shares, being equal to their base cost in their holding of Ordinary Shares prior to the issue of the B Shares and C Shares plus the additional consideration referred to in paragraph 1(C) above, should fall to be apportioned by reference to the respective market values of the shares of each such class on the first day of listing of the New Ordinary Shares (which is expected to be the Trading Day immediately following the Scheme Effective Date). Since the market value of the Deferred Shares on that day should be negligible, this should mean that the aggregate base cost is apportioned between the Shareholder’s New Ordinary Shares and Verizon Consideration Shares by reference to the respective market values of those shares on that day; and
- (E) the aggregation of fractional entitlements should not give rise to any tax consequences for Shareholders. The sale, on behalf of relevant Shareholders, of fractional entitlements may constitute a part disposal for CGT purposes and a liability to CGT may arise. However, where the relevant amount involved is small and the Shareholder agrees, the amount of any payment received by the Shareholder may be deducted from the base cost of the Verizon Consideration Shares or the New Ordinary Shares received (as applicable).

Taxation of Income

The tax treatment of the Special Dividend (including the part thereof that is satisfied by the issue of Verizon Consideration Shares) should be the same as that of any other dividend paid by the Company. Accordingly, the tax treatment of a Shareholder in respect of the Special Dividend paid in respect of a C Share should be the same as if that Shareholder had received a cash dividend of an amount equal to the sum of the Cash Entitlement received and the market value of the Verizon Consideration Share Entitlement in respect of that C Share. The market value of the Verizon Consideration Share Entitlement received should for these purposes be calculated on the Scheme Effective Date.

That tax treatment is as summarised below.

Individual Shareholders within the charge to Irish income tax

Basic Rate Taxpayers

In the case of a Shareholder who is liable to income tax at the basic rate only, the Shareholder will be subject to Irish income tax on the gross dividend at the rate of 20 per cent (and Universal Social Charge (“**USC**”) and pay-related social insurance (“**PRSI**”) if applicable).

Higher Rate Taxpayers

In the case of a Shareholder who is liable to income tax at the higher rate of income tax, the Shareholder will be subject to Irish income tax on the gross dividend at the rate of 41 per cent (and USC and PRSI if applicable).

Corporate Shareholders within the charge to Irish corporation tax

Irish resident corporate Shareholders will be subject to Irish corporation tax on the gross dividend at the rate of 25 per cent. or, where such Shareholder meets the relevant conditions of Section 21B of the Taxes Consolidation Act 1997 of the Republic of Ireland (the “**TCA**”) and makes a claim pursuant to Section 21B TCA, at the rate of 12.5 per cent.

2. Shareholders electing for the Capital Option (B Shares)

Taxation of chargeable gains

For the purposes of Irish CGT:

- (A) the issue of the B Shares and the C Shares, the issue of the Verizon Consideration Shares, the Share Consolidation and the reclassification of the C Shares as Deferred Shares should each be treated as a reorganisation of the Company’s share capital;
- (B) the combined effect should be that a Shareholder’s resultant holding of New Ordinary Shares and Verizon Consideration Shares should be treated as the same asset, acquired at the same time and for the same consideration, as the holding of Ordinary Shares held by that Shareholder prior to the issue of the B Shares and C Shares;
- (C) to the extent that a Shareholder receives cash for the cancellation of their B Shares, they should be treated as having made a part disposal of their holding for such cash amount. This may, subject to the Shareholder’s individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of CGT;
- (D) each Shareholder’s aggregate CGT base cost in their holding of Ordinary Shares prior to the issue of the B Shares and C Shares should fall to be apportioned as follows:
 - (i) first, apportion the aggregate CGT base cost between that part of the holding disposed of in consideration for the Cash Entitlement and that part of the holding which remains. The proportion of base cost attributable to the part of the holding disposed of should be equal to $X/(X+Y)$ where X is the Cash Entitlement in respect of the Shareholder’s B Shares and Y is the aggregate market value of the Shareholder’s New Ordinary Shares and Verizon Consideration Shares on the first day of listing of the New Ordinary Shares (converted into euro, where necessary, using the exchange rate prevailing on that day); and
 - (ii) secondly, apportion the balance between the New Ordinary Shares and Verizon Consideration Shares by reference to their respective market values on the first day of listing of the New Ordinary Shares (converted into euro, where necessary, using the exchange rate prevailing on the first day of listing of the New Ordinary Shares);
- (E) the aggregation of fractional entitlements should not give rise to any tax consequences for Shareholders. The sale, on behalf of relevant Shareholders, of fractional entitlements may constitute a part disposal for CGT purposes and a liability to CGT may arise. However, where the relevant amount involved is small and the Shareholder agrees, the amount of any payment received by the Shareholder may be deducted from the base cost of the New Ordinary Shares received (as applicable).

Computation and treatment of gains or losses in respect of the Cash Entitlement

As noted in paragraph 2(C) above, a Shareholder should be treated as having made a disposal of part of his holding of B Shares for consideration of an amount equal to the cash received in respect of their cancellation. This may, subject to the Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of Irish CGT.

Any gain or loss will be calculated by reference to the difference between the amount of cash received and the element of the Shareholder's CGT base cost in their holding of Ordinary Shares that is apportioned to the part of the holding disposed of as described in paragraph 2(D)(i) above.

For the purposes of such calculations, euro amounts must generally be used. Where a Shareholder has given or received a non-euro amount in acquiring or being treated as disposing of assets, such euro amounts must be determined by reference to the relevant rate of exchange at the time of the relevant CGT event. A Shareholder receiving a dollar or sterling amount on the cancellation of the B Shares will therefore be required to convert that sum into euro by reference to the relevant rate of exchange as at the Scheme Effective Date.

The amount of Irish CGT, if any, payable as a consequence of the cancellation of the B Shares by an Irish resident individual or corporate Shareholder will depend on his or her own personal tax position. No Irish CGT should be payable on any gain realised on cancellation of the B Shares if the amount of the net chargeable gains realised by a Shareholder, when aggregated with other net chargeable gains realised by that Shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual exemption (EUR(€) 1,270 for 2013). Broadly, any gains in excess of this amount will be taxed at a rate of 33 per cent. Indexation allowance will not be available in respect of expenditure incurred after 1 January 2003 or in respect of periods of ownership after 31 December 2002.

3. Dividends payable on the New Ordinary Shares

Dividends payable on the New Ordinary Shares should be subject to Irish income tax or Irish corporation tax on income under the rules applicable to dividends. The current tax treatment of dividends is as outlined in paragraph 1, "Shareholders subject to the Income Option (C Shares)" above.

4. Dividends payable on the Verizon Consideration Shares

Dividends payable on the Verizon Consideration Shares should be subject to Irish income tax or Irish corporation tax on income under the rules applicable to dividends.

As described below, dividends received on Verizon Consideration Shares will generally be subject to US withholding tax. The normal rate of US withholding tax is 30 per cent. of the gross amount of the dividend. However, this rate may be reduced under an applicable double tax treaty. The rate of withholding tax on dividends for Irish residents who are entitled to claim (and make a valid claim) under the United States-Republic of Ireland Double Tax Treaty is generally 15 per cent.

If a Shareholder receives a dividend on Verizon Consideration Shares and the dividend is paid subject to US withholding tax, credit for such US withholding tax may be available for set-off against a liability to Irish corporation tax or Irish income tax on the dividend. The amount of such credit will normally be equal to the lesser of the amount withheld and the liability to Irish tax on the dividend. Such credit will not normally be available for set-off against a Shareholder's liability to Irish tax other than on the dividend (and USC in the case of Irish resident individual Shareholders) and, to the extent that such credit is not set off against Irish tax on the dividend (and USC if applicable), the credit will be lost.

For the rates of tax applicable to a dividend on Verizon Consideration Shares received by individual and corporate Shareholders, see paragraph 1, "Shareholders subject to the Income Option (C Shares)".

5. Stamp Duty

No Irish stamp duty should be payable by Shareholders on:

- (A) the issue of the B Shares, C Shares, Verizon Consideration Shares or New Ordinary Shares;
- (B) the cancellation of the B Shares and the Deferred Shares, the conversion of the C Shares into Deferred Shares or the Share Consolidation.

6. Section 811 of the Irish Taxes Consolidation Act 1997

In certain circumstances, section 811 TCA may apply if, having regard to any one or more of (a) the results of the transaction, (b) its use as a means of achieving those results, and (c) any other means by which the results or any part of the results could have been achieved, the Irish Revenue Commissioners form the opinion that:

- (A) the transaction gives rise to, or but for Section 811 would give rise to, a tax advantage; and
- (B) the transaction was not undertaken or arranged primarily for purposes other than to give rise to a tax advantage.

If so, the Irish Revenue Commissioners may make all such adjustments and do all such acts as are just and reasonable to counteract any tax advantage.

Any Shareholder who has any doubt about his own taxation position or who is subject to taxation in any jurisdiction other than the Republic of Ireland is strongly recommended to consult his or her independent professional adviser immediately.

7. What if the Scheme of Arrangement is not approved by the Court?

The implementation of the Return of Value is conditional on the Court approving the Scheme of Arrangement and Capital Reductions. If the Court exercises its discretion to refuse to sanction the Scheme of Arrangement and Capital Reductions, the Company will not carry out the Return of Value and Shareholders will not have the opportunity to choose between the Capital Option and the Income Option. Instead, the Company will declare a special dividend in respect of all of the Ordinary Shares (the “**Non-Scheme Dividend**”), which will be satisfied by the issue of Verizon Consideration Shares.

In the event that the return of value is achieved by way of the declaration by the Company of the Non-Scheme Dividend, the Irish tax treatment set out in paragraphs 1 to 3 above of this Section 2 of Part X will not apply. Instead, the tax treatment of the Non-Scheme Dividend should be the same as that of any other dividend paid by the Company. Accordingly, that tax treatment will follow the current tax treatment of dividends, which is summarised in the section of paragraph 1 above headed “***Taxation of income***”.

To the extent that Verizon Consideration Shares are received by Shareholders in satisfaction of the Non-Scheme Dividend, Shareholders should, for Irish CGT purposes, be treated in the same way as they would have been treated had the Court approved the Scheme of Arrangement and Capital Reductions and they had been subject to the Income Option in respect of all of their Ordinary Shares (as to which, see the summary in the section of paragraph 2 above headed “***Taxation of chargeable gains***”).

The tax treatment of dividends payable on the Verizon Consideration Shares should be as set out in paragraph 4 above.

The stamp duty treatment of Verizon Consideration Shares should be as set out in paragraph 5 above.”

SECTION 3
United States Taxation
CERTAIN UNITED STATES FEDERAL INCOME TAX
CONSEQUENCES TO US HOLDERS

1. Introduction

The following discussion describes certain United States federal income tax consequences to United States Holders (as defined below) of the Special Dividend to be paid pursuant to the Return of Value and the Share Consolidation. Except where noted, this Section only addresses United States Holders that hold their Ordinary Shares as capital assets within the meaning of Section 1221 of the Code (as defined below). The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the “**Code**”), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in United States federal income tax consequences different from those detailed below.

As used herein, the term “**United States Holder**” means a beneficial owner of an Ordinary Share (including an Ordinary Share underlying an ADS) that is for United States federal income tax purposes (i) an individual citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organised in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source, or (iv) a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This Section does not address the effects of any state, local or non- United States tax laws and does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws (including, for example, if you are a dealer in securities or currencies, a financial institution, a regulated investment company, a real estate investment trust, an insurance company, a tax-exempt organisation, a person holding Vodafone’s Ordinary Shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle, a trader in securities that has elected the mark-to-market method of accounting for your securities, a person liable for alternative minimum tax, a person who owns or is deemed to own 10 per cent. or more of Vodafone’s voting stock, a partnership or other pass-through entity for United States federal income tax purposes, or a United States Holder whose “functional currency” is not the United States dollar).

If a partnership holds Vodafone’s Ordinary Shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding Ordinary Shares, you should consult your tax advisers.

2. The Special Dividend

The Special Dividend, which will consist of cash and the fair market value of the Verizon Consideration Shares (including the fair market value of any fractional entitlements to Verizon Consideration Shares deemed received and exchanged for cash), will constitute a dividend for United States federal income tax purposes to the extent of Vodafone’s current or accumulated earnings and profits, as determined under United States federal income tax principles. To the extent that the amount of the Special Dividend exceeds Vodafone’s current and accumulated earnings and profits, the Special Dividend will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of your Ordinary Shares, and to the extent the amount of the Special Dividend exceeds the adjusted basis in your Ordinary Shares, the excess will be treated as capital gain recognised on a sale or exchange of such shares. Vodafone currently expects that its current and accumulated earnings and profits will exceed the amount of the Special Dividend, and, therefore, the entire amount of the Special Dividend will be treated as a dividend for United States federal income tax purposes, without any offset for your tax basis in your Ordinary Shares.

With respect to the disposition of any fractional entitlements to Verizon Consideration Shares deemed received as part of the Special Dividend, you will recognise short-term capital gain or loss equal to the difference, if any, between the amount of cash received with respect to such fractional entitlements to Verizon Consideration Shares and your tax basis in such fractional entitlements to Verizon Consideration Shares.

The Special Dividend will be includable in your gross income on the day actually or constructively received by you, in the case of Ordinary Shares, or by the Depositary, in the case of ADSs. With respect to a non-corporate United States Holder, the Special Dividend paid by Vodafone is expected to constitute “qualified dividend income” eligible for reduced rates of taxation, provided that such non-corporate United States Holder satisfies certain minimum holding period requirements, does not elect to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code and is not obligated to make related payments with respect to positions in substantially similar or related property. Non-corporate United States Holders should consult their own tax advisers regarding their eligibility to claim such reduced rate based on their particular circumstances. The Company does not believe that it has been or will be treated as a passive foreign investment company (“PFIC”) for United States federal income tax purposes. If, however, the Company were to be treated as a PFIC in the year in which the Special Dividend is paid or in the preceding taxable year, the Special Dividend would not be eligible for the preferential tax rate on qualified dividend income for certain non-corporate United States Holders described above and further adverse United States federal income tax consequences could apply. The Special Dividend will not be eligible for the dividends received deduction allowed to corporations under the Code. The Special Dividend will be treated as income from foreign sources. For non-corporate United States Holders, the Special Dividend will be treated as “net investment income” and therefore may be subject to an additional Medicare tax of 3.8 per cent. If the Scheme is not implemented and, instead, the Company declares the Non-Scheme Dividend (as defined in Section 1 of this Part X) the United States federal income tax consequences of receiving the Non-Scheme Dividend would be the same as described above with respect to the Special Dividend, but based upon the amount of the Non-Scheme Dividend.

3. Share Consolidation

You generally will not recognise gain or loss on the receipt of New Ordinary Shares pursuant to the Share Consolidation and should generally have the same holding period and tax basis in the New Ordinary Shares received as you had in your Ordinary Shares. You will, however, recognise gain or loss as a result of the Share Consolidation equal to the difference, if any, between the amount of cash received with respect to any fractional entitlement of a New Ordinary Share or New ADS and your tax basis in your fractional entitlement of a New Ordinary Share or New ADS. Such gain or loss will be capital gain or loss and will be treated as long-term capital gain or loss if the Ordinary Shares or ADSs have been held by you for more than one year at the time the fractional entitlements to the Ordinary Shares or ADSs are sold in the market. Long-term capital gains of non-corporate United States Holders are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Such gain or loss will generally be treated as United States source income.

4. Verizon Consideration Shares

Your tax basis in the Verizon Consideration Shares will be equal to the fair market value of such shares on the date the Special Dividend or the Non-Scheme Dividend is received and your holding period for such shares will begin on the following day.

5. Information Reporting and Backup Withholding

In general, information reporting will apply to the Special Dividend, unless you are an exempt recipient. A backup withholding tax may also apply if you fail to provide a properly executed United States Internal Revenue Service (the “IRS”) Form W-9 providing your taxpayer identification number as well as certain other information or otherwise fail to establish an exemption from backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the IRS.

CERTAIN MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR NON-US HOLDERS OF HOLDING VERIZON SHARES

1. General

This Section describes certain material United States federal income tax considerations with respect to the ownership and disposition of Verizon Consideration Shares by non-US holders (as defined below) who acquire such shares pursuant to the VZW Transaction. This summary is based on current provisions of the Code, Treasury Regulations promulgated thereunder, judicial opinions, published positions of the IRS, and other applicable authorities. All of the preceding authorities are subject to change, possibly with retrospective effect, which may result in United States federal income tax consequences different from those discussed below.

The term “non-US holder” means, in this Section, a beneficial owner of Verizon Shares (other than an entity or arrangement that

is treated as a partnership for United States federal income tax purposes) that is not a “United States Holder”, as defined above under “Certain United States Federal Income Tax Consequences to United States Holders”.

If a partnership (or other entity or arrangement treated as a partnership for United States federal income tax purposes) holds Verizon Shares, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. A partner of such a partnership should consult its tax adviser as to the particular United States federal income tax consequences applicable to it.

This Section assumes that a non-US holder holds Verizon Shares as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This summary does not address all aspects of United States federal income taxation that may be important to a particular non-US holder in light of such holder's circumstances or that may be applicable to non-US holders subject to special rules (including, without limitation, insurance companies, tax-exempt organisations, financial institutions, brokers or dealers in securities or currencies, regulated investment companies, real estate investment trusts, "controlled foreign corporations", "passive foreign investment companies", holders that hold Verizon Shares as part of a straddle, hedge, conversion transaction or other integrated investment, persons who acquired Verizon Shares through the exercise or cancellation of employee stock options or otherwise as compensation for their services, and certain United States expatriates). In addition, this Section does not address United States federal tax laws other than those pertaining to United States federal income tax, nor does it address any aspect of United States state, local or non-United States taxes. This summary also does not address the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010.

THIS SUMMARY IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES FOR NON-US HOLDERS RELATING TO THE OWNERSHIP AND DISPOSITION OF VERIZON SHARES. SHAREHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISERS REGARDING THE TAX CONSEQUENCES TO THEM (INCLUDING THE APPLICATION AND EFFECT OF ANY STATE, LOCAL, FOREIGN INCOME AND OTHER TAX LAWS) OF THE OWNERSHIP AND DISPOSITION OF VERIZON SHARES.

2. Dividends

In general, the gross amount of any distribution Verizon makes to a non-US holder with respect to the Verizon Shares will be subject to United States withholding tax at a rate of 30 per cent. to the extent the distribution constitutes a dividend for United States federal income tax purposes, unless the non-US holder is eligible for a reduced rate of withholding tax under an applicable income tax treaty and the non-US holder provides proper certification of its eligibility for such reduced rate. A distribution will constitute a dividend for United States federal income tax purposes to the extent of Verizon's current or accumulated earnings and profits as determined for United States federal income tax purposes. To the extent any distribution does not constitute a dividend, it will be treated first as reducing the adjusted basis in the non-US holder's Verizon Shares and then, to the extent it exceeds the adjusted basis, as gain from the sale or exchange of such stock. Any such gain will be subject to the treatment described below under "Gain on Sale or Other Disposition of Verizon Shares".

Dividends paid by Verizon to a non-US holder that are effectively connected with the conduct of a trade or business by such non-US holder within the United States (and, if required by an applicable income tax treaty, are attributable to a United States permanent establishment of such non-US holder) will not be subject to United States withholding tax, as described above, if the non-US holder complies with applicable certification and disclosure requirements. Instead, such dividends generally will be subject to United States federal income tax on a net income basis, at regular United States federal income tax rates. Dividends received by a foreign corporation that are effectively connected with its conduct of a trade or business within the United States may be subject to an additional branch profits tax at a rate of 30 per cent. (or such lower rate as may be specified by an applicable income tax treaty).

3. Gain on Sale or Other Disposition of Verizon Shares

In general, a non-US holder will not be subject to United States federal income tax or, subject to the discussion below under the headings "FATCA Withholding on Payments to Foreign Financial Entities and Other Non-US Persons" and "Information Reporting and Backup Withholding", withholding tax on any gain realised upon the sale or other disposition of Verizon Shares unless:

- (A) the gain is effectively connected with a trade or business carried on by the non-US holder within the United States (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of such non-US holder); or
- (B) the non-US holder is an individual and is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met; or
- (C) Verizon is or has been a "United States real property holding corporation" and certain other requirements are met. Verizon believes that it is not currently, and does not anticipate becoming, a United States real property holding corporation.

Gain that is effectively connected with the conduct of a trade or business in the United States (or so treated) generally will be subject to United States federal income tax on a net income tax basis, at regular United States federal income tax rates. If the non-US holder is a foreign corporation, the branch profits tax described above also may apply. An individual non-US holder who is subject to United States federal income tax because the non-US holder was present in the United States for 183 days or more during the year of sale or other disposition of the Verizon Shares will be subject to a flat 30 per cent. tax on the gain derived from such sale or other disposition, which may be offset by United States-source capital losses.

4. FATCA Withholding on Payments to Foreign Financial Entities and Other Non-US Persons

A 30 per cent. United States withholding tax (“**FATCA withholding**”) will be imposed on certain payments to non-US holders or certain non-US financial institutions, investment funds and other non-US persons receiving payments on behalf of a non-US holder if the non-US holder or such institutions fail to comply with certain information reporting requirements. Such payments include United States-source dividends and the gross proceeds from the sale or other disposition of stock that can produce United States-source dividends. United States-source dividend payments received by a non-US holder after 30 June 2014 could be subject to this withholding if the non-US holder is subject to these information reporting requirements and fails to comply with them or if the non-US holder holds Verizon Shares through another person, such as a non-US bank or broker, that is subject to withholding because it fails to comply with these requirements. FATCA withholding will not apply to payments of gross proceeds from a sale or other disposition of Verizon Shares before 1 January 2017.

5. Information Reporting and Backup Withholding

Verizon or the relevant withholding agent must report annually to the IRS and to each non-US holder the amount of dividends paid to, and the tax withheld with respect to, each non-US holder. These reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable tax treaty. Copies of this information also may be made available under the provisions of a specific treaty or agreement with the tax authorities in the country in which the non-US holder resides or is established. United States backup withholding tax is imposed (currently, at a rate of 28 per cent.) on certain payments to persons that fail to furnish the information required under the United States information reporting rules. Dividends paid to a non-US holder generally will be subject to backup withholding unless the non-US holder provides a properly executed IRS Form W-8BEN or otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the payment of proceeds from a sale or other disposition of Verizon Shares by a non-US holder within the United States or conducted through certain United States-related financial intermediaries, unless the beneficial owner certifies under penalties of perjury that it is a non-US holder (and the payer does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against a non-US holder’s federal income tax liability, if any, and may result in a refund of tax, provided that the required information is furnished to the IRS in a timely manner.

PART XI – ADDITIONAL INFORMATION

1. Responsibility Statement

The Company and the Directors, whose names appear in paragraph 2 of this Part XI, accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the importance of such information.

Verizon is responsible for the Verizon US Prospectus and Verizon and its directors are responsible for the Verizon UK Prospectus. For the avoidance of doubt, neither the Company nor any of the Directors takes responsibility for the Verizon Prospectuses.

2. The Company and the Directors

The Company

Vodafone Group Plc was incorporated as a private limited company on 17 July 1984 under the laws of England and Wales with registration number 1833679 and re-registered as a public limited company on 14 September 1988. The principal legislation under which the Company operates is the Companies Act and the regulations made thereunder.

The Company is domiciled in the United Kingdom and its registered office is at Vodafone House, The Connection, Newbury, Berkshire RG14 2FN and its telephone number is +44 (0) 1635 33251.

The Company is, directly or indirectly, the ultimate holding company of all the companies in the Group and its assets substantially comprise investments in such companies.

Vodafone has a market capitalisation of approximately £111.9 billion as at 6 December 2013, the latest practicable date prior to publication of this document.

Directors of Vodafone

The names and principal functions of the Directors of the Company are:

<u>Directors</u>	<u>Position</u>
Gerard Kleisterlee	Chairman
Vittorio Colao	Chief Executive
Andy Halford	Chief Financial Officer
Stephen Pusey	Chief Technology Officer
Renee James	Non-Executive Director
Alan Jebson	Non-Executive Director
Samuel Jonah	Non-Executive Director
Omid Kordestani	Non-Executive Director
Nick Land	Non-Executive Director
Anne Lauvergeon	Non-Executive Director
Luc Vandewelde	Senior Independent Director
Anthony Watson	Non-Executive Director
Philip Yea	Non-Executive Director

3. Directors' interests

As at 6 December 2013, the interests of each Director, their immediate families and related trusts, and, insofar as is known to them or could with reasonable diligence be ascertained by them, persons connected (within the meaning of sections 252 to 255 of the Companies Act) with the Director (all of which, unless otherwise stated, are beneficial) in the share capital of the Company, including interests arising pursuant to any transaction notified to the Company pursuant to rule 3.1.2 of the FCA's Disclosure and Transparency Rules, are as follows:

Directors	Position	Number of Ordinary Shares	Percentage of Ordinary Shares
Gerard Kleisterlee	Chairman	109,552	0.0002
Vittorio Colao	Chief Executive	9,286,194	0.0176
Andy Halford	Chief Financial Officer	2,432,536	0.0046
Stephen Pusey	Chief Technology Officer	1,415,969	0.0027
Renee James	Non-Executive Director	50,000	0.0001
Alan Jebson	Non-Executive Director	82,340	0.0002
Samuel Jonah	Non-Executive Director	55,350	0.0001
Omid Kordestani	Non-Executive Director	0	0
Nick Land	Non-Executive Director	35,000	0.0001
Anne Lauvergeon	Non-Executive Director	30,952	0.0001
Luc Vandavelde	Senior Independent Director	99,034	0.0002
Anthony Watson	Non-Executive Director	115,000	0.0002
Philip Yea	Non-Executive Director	61,249	0.0001

In addition to the interest noted above, certain Directors have interests in Ordinary Shares as a result of options and awards made pursuant to the Vodafone Global Incentive Plan and the Vodafone Group 2008 Sharesave Plan. Details of options and awards (as at 6 December 2013) are set out below:

	<u>Earliest exercise/ vesting date</u>	<u>Option Price pence</u>	<u>Expiry date</u>	<u>Ordinary Shares under option/ within award</u>
Vittorio Colao				
2011—Base award	Jun 2014	—	—	3,740,808
2011—Co-investment award	Jun 2014	—	—	2,720,588
2012—Base award	Jul 2015	—	—	2,552,257
2012—Co-investment award	Jul 2015	—	—	1,958,823
2013—Base award	Jun 2016	—	—	2,540,926
2013—Co-investment award	Jun 2016	—	—	1,644,444
2009—Sharesave option	Sep 2014	93.85	Feb 2015	16,568
Andrew Halford				
2011—Base award	Jun 2014	—	—	1,887,254
2011—Co-investment award	Jun 2014	—	—	756,036
2012—Base award	Jul 2015	—	—	1,287,625
2013—Base award	Jun 2016	—	—	1,281,908
2013—Co-investment award	Jun 2016	—	—	1,037,037
2012—Sharesave option	Sep 2015	144.37	Feb 2016	6,233
Stephen Pusey				
2007—GIP options	Jul 2010	167.80	Jul 2017	947,556
2011—Base award	Jun 2014	—	—	1,550,245
2011—Co-investment award	Jun 2014	—	—	612,745
2012—Base award	Jul 2015	—	—	1,057,692
2012—Co-investment award	Jul 2015	—	—	1,014,705
2013—Base award	Jun 2013	—	—	1,052,996
2013—Co-investment award	Jun 2013	—	—	851,850

The Company has also announced the appointment of two new directors: Nick Read as Chief Financial Officer with effect from 1 April 2014; and Val Gooding as a Non-Executive Director with effect from 1 February 2014.

As at 6 December 2013 (the latest practicable date prior to the publication of this Circular), Nick Read held interests in 1,363,728 Ordinary Shares excluding options and unvested share awards. Val Gooding did not hold interests in any Ordinary Shares.

4. Termination payments in directors' service contracts and letters of appointment

Non-Executive Directors: letters of appointment

The appointment of Non-Executive Directors may be terminated without compensation.

Executive Directors: service contracts

Executive Directors' service contracts are terminable on no more than 12 months' notice. Under the service contracts a termination payment of up to 12 months' salary and entitlements under incentive plans and benefits that are consistent with the terms of such plans may be payable on termination.

5. Major interests in Ordinary Shares

The Bank of New York Mellon, as custodian of the Company's ADR programme, held approximately 20.36 per cent. of the Company's Ordinary Shares at 6 December 2013 (the latest practicable date prior to the publication of this Circular) as nominee. The total number of ADRs outstanding at 6 December 2013 was 9,868,696,505.

Set out in the table below are the names of those persons, other than the Directors, who, so far as the Company is aware, are interested, directly or indirectly, in 3 per cent. or more of the Company's total voting rights and capital in issue as at 6 December 2013.

<u>Name</u>	<u>Total number of voting rights</u>	<u>Approximate percentage of voting rights attached to the issued share capital</u>
BlackRock, Inc	3,628,001,846	7.49%
The Capital Group Companies, Inc	1,952,980,221	4.03%

Save as disclosed above, the Company is not aware of any person who either:

- (A) is interested, whether directly or indirectly, in 3 per cent. or more of the issued share capital of the Company; or
- (B) holds 3 per cent. or more of the voting rights attaching to the Ordinary Shares, whether as a Shareholder or through a direct or indirect holding of financial instruments (within the meaning in the DTRs) or a combination of such holdings.

As at 6 December 2013, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company nor is it aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company.

6. Fixed Rate Shares

The Company has 50,000 cumulative fixed rate shares with a nominal value of £1.00 each (the "**Fixed Rate Shares**") which, if there are profits available for distribution and the Directors resolve that these should be distributed, carry a right to a fixed cumulative preferential dividend at the rate of 7 per cent. a year on the nominal value of the Fixed Rate Shares. The Fixed Rate Shares are not entitled to participate in the Return of Value.

7. Related party transactions

The Group's related parties are its joint ventures, associates, pension schemes, directors and Executive Committee members.

Related party transactions with the Group's joint ventures and associates primarily comprise fees for the use of products and services including network airtime and access charges, and cash pooling arrangements.

No related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002) were entered into during the financial years ended 31 March 2013, 31 March 2012 and 31 March 2011 which might reasonably affect any decisions to be made by users of the Group's consolidated financial statements, except as disclosed below. Transactions between the Company and its joint ventures, to the extent that they have not been eliminated through proportionate consolidation or disclosed below, are not material.

In the previous three financial years the Group entered into the following related party transactions:

- (A) during the financial year ended 31 March 2013, the transactions disclosed in note A7 on page 148 to the Vodafone Annual Report and Accounts 2013, which is hereby incorporated by reference into this document;
- (B) during the financial year ended 31 March 2012, the transactions disclosed in note 31 on page 140 to the Vodafone Annual Report and Accounts 2012, which is hereby incorporated by reference into this document; and
- (C) during the financial year ended 31 March 2011, the transactions disclosed in note 30 on page 123 to the Vodafone Annual Report and Accounts 2011, which is hereby incorporated by reference into this document.

In the seven months ended 31 October 2013 (the latest practicable date prior to the publication of this Circular), the Group entered into the following related party transactions:

	7 months ended 31 October 2013 £m
Sales of goods and services to associates	148
Purchases of goods and services from associates	62
Sales of goods and services to joint ventures	9
Purchases of goods and services from joint ventures	338
Net interest charge payable by joint ventures	42

	31 October 2013 £m
Trade balances owed:	
by associates	11
to associates	8
by joint ventures	467
to joint ventures	225
Other balances owed by joint ventures	217
Other balances owed to joint ventures	198

In the seven months ended 31 October 2013 the Group made contributions to defined benefit pension schemes of £34 million. In addition, £1.3 million of dividends were paid to Board members and executive committee members. In the seven months ended 31 October 2013, the Group received dividends from associates of £1,452 million.

8. Material contracts

Retained Group

No contracts have been entered into (other than in the ordinary course of business) by any member of the Retained Group either: (i) within the period of two years immediately preceding the date of this Circular, which are or may be material to the Retained Group; or (ii) at any time, which contain any provisions under which any member of the Retained Group (as relevant) has any obligation or entitlement which is, or may be, material to the Retained Group (as relevant) as at the date of this Circular, save as disclosed below:

8.1 VZW SPA

Details of the VZW SPA are set out in Part V of this Circular.

8.2 Vodafone Italy Agreement

Details of the Vodafone Italy Agreement are set out in Part V of this Circular.

8.3 Option Agreement

On 10 December 2013, the Company entered into the Option Agreement with LDC (Shares) Limited. Under the Option Agreement, and in accordance with the New Articles of Association, LDC (Shares) Limited has granted the Company an option to require it to purchase, on such date(s) as may be specified by the Company and for an aggregate consideration of one cent, all of the Deferred Shares then in issue (and, if applicable, all of the Deferred B Shares). LDC (Shares) Limited has also granted a call option to the Company allowing it to purchase from LDC (Shares) Limited, and the Company has granted an option to LDC (Shares) Limited allowing it to sell to the Company, all of the Deferred Shares (and, if applicable, all of the Deferred B Shares), purchased by LDC (Shares) Limited under the Option Agreement for a total consideration of one cent. The call option and put option are exercisable by either the Company or LDC (Shares) Limited (as applicable) after no less than 366 days have elapsed from the date on which the Deferred Shares come into existence in accordance with the New Articles of Association (or, if the call option and the put option relate also to the Deferred B Shares, after five days following the date on which the Deferred B Shares come into existence in accordance with the New Articles of Association).

8.4 Kabel Deutschland Holding AG

On 14 October 2013, Vodafone announced that the voluntary public takeover offer for Kabel Deutschland Holding AG (“**KDH**”) by Vodafone Vierte Verwaltungs AG (formerly Vodafone Vierte Verwaltungsgesellschaft mbH; “**Vodafone Vierte**”), a subsidiary of Vodafone, had been settled and completed. Vodafone now holds 76.57 percent of the share capital of KDH. The offer delivered KDH shareholders a total value of €87 in cash for each KDH share, comprising €84.50 per share in cash pursuant to the offer plus the payment of a €2.50 dividend per share announced by KDH on 20 February 2013. In relation to the offer, Vodafone Group Plc, Vodafone Vierte and KDH entered into a business combination agreement on 24 June 2013, which outlines certain parameters and the mutual understanding of the parties as regards the offer and its implementation as well as the future organisation of the combined operations.

8.5 Committed Facilities

The Group has a \$4.2 billion syndicated revolving credit facility which it entered into on 9 March 2011, with \$0.1 billion maturing on 9 March 2016 and \$4.1 billion maturing on 9 March 2017. The Group also has a €4.2 billion syndicated revolving credit facility which it entered into on 1 July 2010 and which matures on 1 July 2015.

As at 6 December 2013, the last practicable date prior to the publication of this Circular, no drawings had been made against these facilities. The facilities support the Group's commercial paper programmes and may be used for general corporate purposes including acquisitions.

VZW

So far as the Company is aware, no contracts have been entered into (other than in the ordinary course of business) by Verizon Wireless or its subsidiaries or subsidiary undertakings either: (i) within the period of two years immediately preceding the date of this Circular, which are or may be material to the Group; or (ii) at any time, which contain any provisions under which Verizon Wireless and its subsidiaries and subsidiary undertakings (as relevant) have any obligation or entitlement which is, or may be, material to the Group (as relevant) as at the date of this Circular.

Vodafone Italy

No contracts have been entered into (other than in the ordinary course of business) by Vodafone Italy either: (i) within the period of two years immediately preceding the date of this Circular, which are or may be material to the Group; or (ii) at any time, which contain any provisions under which Vodafone Italy has any obligation or entitlement which is, or may be, material to the Group (as relevant) as at the date of this Circular.

9. Share Plans

9.1 Vodafone Group 2008 Sharesave Plan (the "SAYE Plan")

Administration

The SAYE Plan will be operated and administered by the board of directors of the Company or a duly authorised committee thereof (the "**Board**").

Eligibility

All UK resident employees (including executive directors working 25 hours or more per week) who have such period of continuous service with the Company, or any subsidiary nominated to join in the SAYE Plan as the Board determines (not exceeding five years), will be eligible to participate in any invitation. The Board has the discretion to reduce or eliminate the period of qualifying service (on a particular occasion when invitations to apply for options are issued), and/or to invite other employees of the Group to participate.

Options

Options will entitle the holder to acquire Ordinary Shares in the Company ("**shares**"). Options may be either options to subscribe for new Shares to be issued by the Company or options to purchase existing Shares.

Options will be personal to the participant and may not be transferred. No payment will be required for the grant of an option. Options under the SAYE Plan are not pensionable.

Timing

Invitations to participate may be issued within 42 days of the Company announcing its results for the last preceding financial year or other period, the issue of a new sharesave contract prospectus, changes in relevant legislation or the Board resolving that exceptional circumstances exist which justify the grant of options. No invitations shall be made under the SAYE Plan after 29 July 2018.

Exercise price

The exercise price will be set by the Board and may not be less than an amount equal to 80 per cent. of the middle market quotation for a share (as derived from the Official List of the LSE) from the dealing day immediately prior to the invitation date (or, if the Board decides, the average of the middle market quotation for a share for the three immediately preceding dealing days). If the option relates to shares to be allotted, the exercise price will be set by the Board and may not be less than the nominal value of a share.

Individual limit

No eligible employee may be granted an option if the aggregate monthly contributions payable by an employee under all subsisting sharesave contracts would exceed £250 (or such other amount specified in paragraph 25 of Schedule 3 to the Income and Corporation Taxes Act 2003).

Plan limits

On any date, the maximum number of shares over which the Board may grant options under which shares are to be allotted, when added to the number of shares allotted and shares remaining to be allotted:

- (a) in respect of options which are to be or have been granted on the same date or within the previous ten years under the SAYE Plan or any other share option scheme approved by the Company in general meeting; and
- (b) on the same date or within the previous ten years under any other share incentive scheme approved by the Company in general meeting,

shall not exceed 10 per cent. of the number of shares in issue on the date preceding that date.

For these purposes, the allotment of shares shall, for the avoidance of doubt, mean the issue and allotment (but not transfer) of shares unless the shares to be transferred are shares held in treasury by Vodafone (in which case the shares held in treasury to be transferred shall be deemed to be an allotment for these purposes).

Exercise of options

Options will normally be exercisable in whole or in part during the period of six months starting on the bonus date. The bonus date is the date on which the bonus under the related sharesave contract is payable. In normal circumstances this will be the third or fifth anniversary of the starting date of the sharesave contract and will depend upon the election made by the participant at the time of grant.

Termination of employment

If the participant dies, his personal representatives may exercise his options in the 12 months following his death or, if death occurred within six months after the bonus date, within 12 months after the bonus date. If a participant ceases to be employed within the Group for a permitted reason, the participant may exercise his options in the six months following the termination of his employment. A permitted reason is injury, disability, redundancy, retirement, the company in which the participant works no longer being under the control of the Company or the business in which the participant works being transferred to a person who is not an associated company of the Company or under the control of the Company. If a participant ceases to be employed for any other reason, his option will lapse.

For these purposes, a participant will not be treated as ceasing to be employed within the Group for so long as he remains employed by a company which is an associated company of the Company or any company over which the Company has control.

Change of control

The exercise of options will also be permitted in the event of a change in control or a voluntary winding up of the Company. In the event of a change in control of the Company, participants may surrender their options in return for substitute options over shares in the acquiring company.

Listing

Application will be made for admission to the Official List of new shares issued under the SAYE Plan and for permission to trade in those shares. Shares allotted or transferred on the exercise of options will rank equally in all respects with existing shares except for, in the case of shares allotted, rights attaching to shares by reference to a record date prior to the date of exercise.

Amendments

The Board may make such amendments to the SAYE Plan as it sees fit, subject to the following paragraphs.

No amendments necessary to meet the requirements of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 may take effect when the Scheme is approved by HM Revenue and Customs without the prior approval of HM Revenue and Customs.

No amendment which is to the advantage of employees or participants may be made to those provisions dealing with eligibility, exercise price, individual or Plan limits, the terms of options, provision of shares pursuant to exercise, rights attaching to shares, or the powers of the Board for the adjustment of options or to amend the SAYE Plan, without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the scheme or to obtain or maintain HM Revenue and Customs' approval or favourable tax treatment for the Company, any Group member or participant or to take account of changes in law.

9.2 Vodafone Share Incentive Plan (the “SIP”)

Status

The SIP is an all-employee share ownership plan. Under the SIP, eligible employees may be:

- (i) awarded up to £3,000 worth of free shares (“**Free Shares**”) each year;
- (ii) offered the opportunity to buy shares with a value of up to the lower of £1,500 and 10 per cent. of the employee's pre-tax salary a year (“**Partnership Shares**”);
- (iii) given up to two free shares (“**Matching Shares**”) for each Partnership Share bought; and/or
- (iv) allowed or required to purchase shares using any dividends received on shares held in the SIP (“**Dividend Shares**”).

The limits set out above are the current limits under the applicable SIP legislation. The Board may determine that different limits shall apply in the future should the relevant legislation change in this respect.

SIP Trust

The SIP operates through a UK-resident trust (the “**SIP Trust**”). The SIP Trust purchases or subscribes for shares that are awarded to or purchased on behalf of employees under the SIP.

An employee will be the beneficial owner of any Ordinary Shares held on his behalf by the trustee of the SIP Trust. Any Shares held in the SIP Trust will rank equally with Shares then in issue. If an employee ceases to be employed by the Group, he will be required to withdraw his Free, Partnership, Matching and Dividend Shares from the SIP Trust (or the Free Shares or Matching Shares may be forfeited as described below).

Eligibility

Each time that the Board decides to operate the SIP, all UK resident tax- paying employees (including Executive Directors) must be offered the opportunity to participate. Other employees may be permitted to participate. Employees invited to participate must have completed a minimum qualifying period of employment before they can participate which must not exceed 18 months or, in certain circumstances, six months.

Limits

The SIP may operate over new issue shares, treasury shares or shares purchased in the market.

The rules of the SIP provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the SIP and under any other employee share scheme adopted by the Company.

No awards of any Free, Partnership, Matching or Dividend Shares may be granted after 27 July 2020.

Free Shares

Up to £3,000 worth of Free Shares may be awarded to each employee in a tax year. Free Shares must be awarded on the same terms to each employee, but the number of Free Shares awarded can be determined by reference to the employee's remuneration, length of service, number of hours worked and/or objective performance criteria. The award of Free Shares can, if the Company so chooses, be subject to the satisfaction of a performance target which measures the objective success of the individual, team, division or business.

There is a holding period of between three and five years (the precise duration to be determined by the Board) during which the employee cannot withdraw the Free Shares from the SIP Trust (or otherwise dispose of the Free Shares) unless the employee leaves employment with the Group.

At its discretion, the Board may provide that some or all of the Free Shares will be forfeited if the employee leaves employment with the Group other than in the circumstances of injury, disability, redundancy, transfer of employing business or company out of the Group, on retirement or on death (each a "**SIP Good Leaver Reason**"). Forfeiture can only take place within three years of the Free Shares being awarded.

Partnership Shares

The Board may allow an employee to use pre-tax salary to buy Partnership Shares. The maximum limit is the lower of £1,500 or 10 per cent. of pre-tax salary in any tax year. If a minimum amount of deductions is set, it shall not be greater than £10. The salary allocated to Partnership Shares can be accumulated for a period of up to 12 months (the "**Accumulation Period**") or Partnership Shares can be purchased out of deductions from the employee's pre-tax salary when those deductions are made. In either case, Partnership Shares must be bought within 30 days of, as appropriate, the end of the Accumulation Period or the deduction from pay. If there is an Accumulation Period, the number of Ordinary Shares purchased shall be determined by reference to the market value of the Ordinary Shares at the start and at the end of the Accumulation Period or the lower of these two figures.

An employee may stop and start (or, with the agreement of the Company, vary) deductions at any time. Once acquired, Partnership Shares may be withdrawn from the SIP by the employee at any time (subject to the deduction of income tax and national insurance contributions) and will not be capable of forfeiture.

Matching Shares

The Board may offer Matching Shares free to an employee who has purchased Partnership Shares. If awarded, Matching Shares must be awarded on the same basis to all employees up to a maximum of two Matching Shares for every Partnership Share purchased.

There is a holding period of between three and five years (the precise duration to be determined by the Board) during which the employee cannot withdraw the Matching Shares from the SIP Trust unless the employee leaves employment with the Group.

The Board can, at its discretion, provide that the Matching Shares will be forfeited if the associated Partnership Shares are withdrawn by the employee (other than on a corporate event or where the employee leaves employment with the Group for a SIP Good Leaver Reason) or if the employee leaves employment with the Group other than for a SIP Good Leaver Reason. Forfeiture can only take place within three years of the Matching Shares being awarded.

Reinvestment of dividends

The Board may allow or require an employee to reinvest the whole or part of any dividends paid on Ordinary Shares held in the SIP. Dividend Shares must be held in the SIP Trust for three years, unless the employee leaves employment with the Group. Once acquired, Dividend Shares are not capable of forfeiture.

Corporate events

In the event of a general offer being made to Shareholders, or a similar takeover event taking place during a holding period, employees will be able to direct the trustee of the SIP Trust as to how to act in relation to their Ordinary Shares held in the SIP. In the event of a corporate re-organisation, any Ordinary Shares held by employees may be replaced by equivalent shares in a new holding company.

Variation of capital

Ordinary Shares acquired on a variation of share capital of the Company will usually be treated in the same way as the Ordinary Shares acquired or awarded under the SIP in respect of which the rights were conferred and as if they were acquired or awarded at the same time. In the event of a rights issue during a holding period, participants will be able to direct the trustee of the SIP Trust as to how to act in respect of their Ordinary Shares held in the SIP.

Rights attaching to Ordinary Shares

Any Ordinary Shares allotted under the SIP will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Amendments

The Board and the trustees of the SIP Trust may at any time amend the rules of the SIP.

The prior approval of Shareholders at a general meeting of the Company must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining an employee's entitlement to, and the terms of, Ordinary Shares provided under the SIP, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the amendment rule, save that there are exceptions for any minor amendment to benefit the administration of the SIP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for employees, the Company and/or its subsidiaries or the trustees of the SIP Trust.

Any change to the main features of the SIP (being provisions necessary to meet the requirements of the relevant tax legislation) requires the prior approval of HM Revenue and Customs.

9.3 Vodafone Global Incentive Plan (the “Plan”)

Introduction

Under the Plan, the Company may either make awards of free shares or grant market value options (“**Awards**”). Awards may be granted to employees of the Group and certain associated companies, including Executive Directors and members of the Executive Committee (“**Executive directors**”). All awards and options have substantially the same terms unless stated otherwise.

Operation

Except in exceptional circumstances, Awards will only be granted within 42 days after the announcement of the Company's results for any period or of its annual general meeting.

Eligibility

All employees, of the Company, any subsidiaries and associated companies of the Company including the Executive directors, are eligible to participate in the Plan, provided they have not received or given notice to terminate their employment. Participation by Executive directors will be at the discretion of the Remuneration Committee (the “**Committee**”).

Performance conditions

Awards to Executive directors will only be made on the basis that the shares will be acquired on the satisfaction of performance conditions, the aim of which is to link the receipt of shares to an improvement in the performance of the Company over the performance period. The performance period will not normally be less than three financial years of the Company. The performance conditions will be determined by the Committee and, for Executive directors, will be described in the annual remuneration report. Awards to employees who are not Executive directors and awards made on an all-employee basis will be made subject to performance conditions at the discretion of the Committee.

The Committee can only amend or waive the performance conditions in exceptional circumstances.

Individual limits

Consistent with the Company's previous practice, the expected value of all Awards made under the Plan (other than awards made on an all-employee basis) to any Executive director in any one financial year will not exceed four times the Executive director's basic salary at the time of the Award.

Acquisition of shares

Shares will normally be acquired only by the employee after the end of the performance period, to the extent that performance conditions have been satisfied and provided the employee remains in employment.

Leaving employment

Shares can be acquired early where an employee leaves employment more than six months after the grant of the Award due to ill health or disability, retirement, redundancy, death or a sale of the employee's employing business or company or for other reasons if allowed by the Committee. In these circumstances, the number of shares acquired will be reduced prorata to take account of the period between the start of the performance period and the date of leaving as a proportion of the whole performance period.

The number of shares received will also depend on the extent to which any performance conditions have been satisfied to the date of leaving. If an employee leaves in the financial year in which the Award is granted, the number of shares will instead be time pro-rated, as described above, and then halved, or in the case of an Executive director, divided by three.

The Committee can decide that a participant who has left in these circumstances will not receive his shares early but that the award will continue for its normal term. The number of shares received will be determined in accordance with the performance condition (measured over its normal period) and will be reduced prorata to take account of the period between the start of the performance period and the date of leaving as a proportion of the whole performance period.

Time pro-rating and performance conditions will not always apply to early receipt of shares where the award was made on an all-employee basis.

Change of control

Generally, shares will be acquired under the Plan on a takeover, scheme of arrangement, merger or other corporate reorganisation, to the extent that any performance conditions have been satisfied at the date of the event. The number of shares received may also be time pro-rated as explained above. Alternatively, employees may be allowed or required (in the case of a reorganisation or merger) to exchange their shares for shares in the acquiring company. The exchanged award will be subject to an equivalent performance condition to that which applied to the old award or may only be exchanged to the extent that the existing performance condition is satisfied at the date of the relevant event.

Dilution limits

In any 10-year period, not more than 10 per cent. of the issued ordinary share capital of the Company may be issued or issuable under the Plan and all other employee share plans operated by the Company. In addition, in any 10-year period, not more than 5 per cent. of the issued ordinary share capital of the Company may be issued or issuable under the Awards made under the Plan on a discretionary rather than an all-employee basis and all other discretionary share plans adopted by the Company. These limits do not include rights which have lapsed or been surrendered, or shares issued under the plans operated by AirTouch Communications Inc, prior to the Company's merger with that company in 1999.

Variation in share capital

Awards may be adjusted following demergers, rights issues and certain variations in the Company's share capital including capitalisations, subdivisions, consolidations or reductions of capital.

Amendments

Provisions relating to eligibility, individual and dilution limits, option price, rights attaching to awards and shares, adjustment of awards and other rights in the event of a variation in share capital and the amendment powers cannot be altered to the advantage of participants without the prior approval of shareholders in general meeting. However, no such approval is required for minor changes intended to benefit the administration of the Plan, or to comply with or take account of existing or proposed legislation or any changes in legislation, or to secure favourable tax treatment for the Company, members of its Group or participants.

Termination

The Plan may be terminated by the Committee at any time and, in any event, no awards may be granted after 25 July 2015.

General

Awards granted under the Plan are not transferable (except with the consent of the Committee) and benefits under the Plan are not pensionable. Any shares issued under the Plan will rank equally with shares of the same class in issue on the date of allotment, except in respect of rights arising by reference to a prior record date.

Options granted under the Plan will lapse no later than ten years after the date of grant or, normally, 12 months after becoming exercisable as a result of leaving employment.

9.4 Vodafone Group Plc 1999 Long Term Stock Incentive Plan (“LTIP”)

Status

The LTIP is a discretionary executive share plan.

Under the LTIP, the Remuneration Committee may, within certain limits and subject to any applicable performance conditions, grant to eligible employees options to acquire Shares (“**LTIP Options**”) and/or awards over restricted Shares (“**LTIP Restricted Awards**”) and/or stock appreciation rights (“**SARs**”). No payment is required for the grant of an LTIP Award.

Eligibility

All employees of members of the Group were eligible for selection to participate in the LTIP at the discretion of a committee of the Board.

Limits

The rules of the LTIP provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company’s issued ordinary share capital may be issued under the LTIP and under any other employee share scheme adopted by the Company.

In addition, the rules of the LTIP provide that, in any period of 10 calendar years, not more than 5 per cent. of the Company’s issued ordinary share capital may be issued under the LTIP and under any other executive share scheme adopted by the Company.

Grant of LTIP Awards

No new awards may be granted under the LTIP.

Vesting and exercise

LTIP Options and SARs will normally become exercisable and LTIP Restricted Awards will cease to be subject to forfeiture, at such dates as were set at the time of their grant.

Cessation of employment

If a participant ceases to be employed within the Group because of his death, disability or retirement or other events set out at grant then his LTIP Award may vest on an accelerated basis.

If a participant ceases to be a Group employee or director for another reason, the LTIP Award agreement will normally specify whether the LTIP Award lapses or not.

Corporate events

In the event of a takeover or other change in control of the Company the Board may determine that LTIP Restricted Awards will vest early and LTIP Options and SARs will become exercisable.

Variation of capital

If there is a variation of share capital of the Company or, in the event of a payment of a special dividend or other corporate event which materially affects the market price of the shares, then the Board may make such adjustments as it considers appropriate to the number of shares under LTIP Awards and any exercise price.

Amendments

The Board may, at any time, amend the provisions of the LTIP in any respect, except that the prior approval of Shareholders at a general meeting of the Company must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining an employee's entitlement to, and the terms of, the LTIP Awards and the adjustments that may be made in the event of any variation to the share capital of the Company.

The above restriction shall not apply to any minor amendment to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for employees, the Company and/or its subsidiaries.

10. Legal and arbitration proceedings

Retained Group Litigation

The Retained Group is currently, and may be from time to time, involved in a number of legal proceedings including inquiries from, or discussions with, governmental authorities that are incidental to their operations. However, save as disclosed below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or known to be contemplated) which may have, or have had in the 12 months preceding the date of this report, a significant effect on the financial position or profitability of the Retained Group.

10.1 Telecom Egypt arbitration

In October 2009 Telecom Egypt commenced arbitration against Vodafone Egypt in Cairo alleging breach of non-discrimination provisions in an interconnection agreement as a result of allegedly lower interconnection rates paid to Vodafone Egypt by Mobinil. Telecom Egypt has also sought to join VIH BV, VEBV and Vodafone (which Telecom Egypt alleges should be held jointly liable with Vodafone Egypt) to the arbitration. VIH BV, VEBV and Vodafone deny that they were subject to the interconnection agreement or any arbitration agreement with Telecom Egypt. Telecom Egypt initially quantified its claim at approximately €190 million in 2009. This was subsequently amended and increased to €551 million in January 2011 and further increased to its current value of just over €1.2 billion in November 2011. The Company disputes Telecom Egypt's claim (and assertion of jurisdiction over VIH BV, VEBV and Vodafone) and will continue to defend the Vodafone companies' position vigorously. Final submissions were submitted on 5 February 2013. The arbitration hearing, which was held in Paris, concluded on 7 November 2013 and the arbitrator's award is expected after March 2014. Any award may be subject to appeal.

10.2 Indian tax case

In August 2007 and September 2007, VIL and VIH BV respectively received notices from the Indian tax authority alleging potential liability in connection with an alleged failure by VIH BV to deduct withholding tax from consideration paid to HTIL in respect of HTIL's gain on its disposal to VIH BV of its interests in a wholly owned subsidiary that indirectly holds interests in VIL. In January 2012 the Indian Supreme Court handed down its judgment, holding that VIH BV's interpretation of the Income Tax Act 1961 was correct, that the HTIL transaction in 2007 was not taxable in India, and that, consequently, VIH BV had no obligation to withhold tax from consideration paid to HTIL in respect of the transaction. The Indian Supreme Court quashed the relevant notices and demands issued to VIH BV in respect of withholding tax and interest. On 20 March 2012 the Indian government returned VIH BV's deposit of INR 25 billion (£310 million) and released the guarantee for INR 85 billion (£1.2 billion), which was based on the demand for payment issued by the Indian tax authority in October 2010 for tax of INR 79 billion (£0.9 billion) plus interest.

On 16 March 2012 the Indian government introduced proposed legislation (the "**Finance Bill 2012**") purporting to overturn the Indian Supreme Court judgment with retrospective effect back to 1962. On 17 April 2012 VIH BV filed a trigger notice under the Dutch-India Bilateral Investment Treaty ("**BIT**") signalling its intent to invoke arbitration under the BIT should the new laws be enacted. The Finance Bill 2012 received Presidential assent and became law on 28 May 2012 (the "**Finance Act 2012**"). The Finance Act 2012 is intended to tax any gain on transfer of shares in a non-Indian company, which derives substantial value from underlying Indian assets, such as VIH BV's transaction with HTIL in 2007. Further it seeks to subject a purchaser, such as VIH BV, to a retrospective obligation to withhold tax.

The Indian government commissioned a committee of experts (the “**Shome committee**”) consisting of academics, and current and former Indian government officials, to examine, and make recommendations in respect of, aspects of the Finance Act 2012 including the retrospective taxation of transactions such as VIH BV’s transaction with HTIL referred to above. On 10 October 2012 the Shome committee published its draft report for comment. The draft report concluded that tax legislation in the Finance Act 2012 should only be applied prospectively or, if applied retrospectively, that only a seller who made a gain should be liable and, in that case, without any liability for interest or penalties. The Shome committee’s final report was submitted to the Indian government on 31 October 2012, but no final report has been published, and it remains unclear what the Indian government intends to do with the Shome committee’s final report or its recommendations.

VIH BV has not received any formal demand for taxation following the Finance Act 2012, but it did receive a letter on 3 January 2013 reminding it of the tax demand raised prior to the Indian Supreme Court judgment and purporting to update the interest element of that demand in a total amount of INR 142 billion (£1.6 billion). The separate proceedings taken against VIH BV to seek to treat it as an agent of HTIL in respect of its alleged tax on the same transaction, as well as penalties of up to 100 per cent. of the assessed withholding tax for the alleged failure to have withheld such taxes, remain pending despite the issue having been ruled upon by the Indian Supreme Court. Should a further demand for taxation be received by VIH BV or any member of the Group as a result of the new retrospective legislation, the Group believes it is probable that it will be able to make a successful claim under the BIT. Although this would not result in any outflow of economic benefit from the Group, it could take several years for VIH BV to recover any deposit required as a condition for any stay of enforcement of a tax demand pending the outcome of VIH BV’s BIT claim. However, VIH BV expects that it would be able to recover any such deposit. VIH BV is exploring with the Indian government whether a mechanism exists under Indian law which would allow the parties to engage in a mutually satisfactory process for the negotiated resolution of this dispute. There is no certainty that such a mechanism exists or that a resolution acceptable to both VIH BV and the Indian government could be reached.

The Group did not carry a provision for this litigation or in respect of the retrospective legislation at 30 September 2013 or at previous reporting dates.

VZW Litigation

VZW and its subsidiaries are currently, and may be from time to time, involved in a number of legal proceedings including inquiries from, or discussions with, governmental authorities that are incidental to VZW’s operations. However, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or known to be contemplated) which may have, or have had in the 12 months preceding the date of this report, a significant effect on the financial position or profitability of VZW or its subsidiaries.

Vodafone Italy Litigation

Vodafone Italy is currently, and may be from time to time, involved in a number of legal proceedings including inquiries from, or discussions with, governmental authorities that are incidental to its operations. However, save as disclosed below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or known to be contemplated) which may have, or have had in the 12 months preceding the date of this report, a significant effect on the financial position or profitability of Vodafone Italy.

10.3 British Telecom (Italy)

In June 2010, BT Italy commenced an action for damages of €280 million for abuse of dominant position by Vodafone Italy in the wholesale fixed to mobile termination market for the period 1999 to 2007. This same issue was investigated by the Italian competition authority in 2005 and settled on the basis of undertakings given by Vodafone Italy in 2007. This civil damages claim is a follow-on action by BT Italy. A technical expert report commissioned by the court supports Vodafone Italy’s position that there was no abuse of dominant position and estimates, if the court nevertheless finds there was abuse, that damages should be in the range of €5.6 million to €17.3 million rather than the €280 million claimed by BT Italy.

10.4 Wind

In April 2011, Wind commenced an action against Vodafone Italy for damages of €174 million for alleged violation of mobile number portability obligations which Wind claims has caused it competitive injury. A technical expert report commissioned by the court estimates damages should be in the range of €47 million to €61 million rather than the €174 million claimed by Wind.

10.5 FASTWEB

In December 2010, FASTWEB commenced an action against Vodafone Italy for damages of €143 million for abuse of dominant position arising from the alleged application by Vodafone Italy of higher termination rates than those given to Vodafone Italy's commercial affiliates. The damages claimed were subsequently increased to €360 million. This is a follow-on damages claim after the Italian Competition Authority's investigation in 2005 in relation to which Vodafone Italy entered into undertakings in 2007. A technical expert commissioned by the court has produced a draft report which will be discussed at the next hearing. Vodafone Italy believes this claim to be grossly inflated.

10.6 Vodafone Italy claim against Telecom Italia

In May 2013, the Italian Competition Authority imposed a €100 million fine on Telecom Italia for abuse of its dominant position. On 1 August 2013, Vodafone Italy and TeleTu (Vodafone Italy's subsidiary for fixed line services) filed in the Court of Milan a civil action against Telecom Italia for approximately €1 billion in damages to compensate Vodafone Italy and TeleTu for the anti-competitive strategy adopted by Telecom Italia in the fixed line market in the last five years (2008 — June 2013). These civil actions are, in part, follow-on claims to the Competition Authorities decision against Telecom Italia. Telecom Italia will be required to file a defence by 24 December 2013. The first hearing is set for 14 January 2014.

10.7 Eutelia

In June 2008, Eutelia (a fixed line and internet operator) filed an action for damages for alleged abuse of dominant position in the wholesale market for mobile termination against Vodafone Italy. This is a follow-on damages claim after the Italian Competition Authority's investigation in 2005 in relation to which Vodafone Italy entered into undertakings in 2007. Eutelia is claiming damages of €20 million for the higher prices it paid to Vodafone Italia and €20 million for loss of profit. The court has ordered that a report be prepared and filed by a technical expert.

10.8 Telecom Italia claim against Vodafone Italy

In February 2012, Telecom Italia commenced an action for damages of €101 million arising from alleged anti-competitive effects of retention activities of TeleTu. The court has decided not to appoint a technical expert to provide an opinion to the court. The last hearing was held on 6 November 2013 when final submissions were made by the parties.

11. Historical information on Verizon

The tables below provide the historical closing prices of Verizon Shares on the last Trading Day of each month for the six months prior to the date of this document and the dividend payments made by Verizon for the previous three financial years. Please note that past performance of securities is no guide to their future performance and the information prepared is historical and not forward looking.

Verizon Share price

Trading date	Closing share price on the NYSE (\$)	Value of Verizon Consideration Shares at that price ⁽¹⁾ (\$)	Value of Verizon Consideration Shares at that price ⁽²⁾ (£)
28 June 2013	50.35	60.98	40.21
31 July 2013	49.51	58.95	38.89
30 August 2013 ⁽³⁾	47.35	58.61	37.89
30 September 2013	46.67	59.55	36.77
31 October 2013	50.52	63.19	39.33
29 November 2013	49.63	59.21	36.15
6 December 2013 ⁽⁴⁾	49.48	59.35	36.36

(1) The aggregate value of the Verizon Consideration Shares at the dates indicated is based on an illustrative example of how the Collar would have applied had the VZW Transaction completed at the times indicated, based on the Average Trading Price of the Verizon Shares during the 20 Trading Days ending on the third Business Day prior to the relevant Trading Date for which the share price information is given and assuming no Dividend Adjustment or Cash Election.

(2) Using the £:\$ exchange rate quoted by WM/Reuters on the Trading Days for which share price information is provided.

- (3) The latest trading day on NYSE prior to announcement of the Transactions.
- (4) The latest practicable date prior to publication of this Circular.

Verizon dividend payments

Payment Date	Dividend payment (\$ per share)
01-Nov-13	0.5300
01-Aug-13	0.5150
01-May-13	0.5150
01-Feb-13	0.5150
2013 YTD total	2.0750
01-Nov-12	0.5150
01-Aug-12	0.5000
01-May-12	0.5000
01-Feb-12	0.5000
2012 Total	2.0150
01-Nov-11	0.5000
01-Aug-11	0.4875
02-May-11	0.4875
2011 Total	1.4750

12. Working capital

The Company is of the opinion that, taking into account the net proceeds from the Transactions and the facilities available to the Retained Group, the working capital available to the Retained Group is sufficient for its present requirements, that is, for at least the next 12 months following the date of this Circular.

The Company is of the opinion that, if the VZW Transaction completed but the Vodafone Italy Transaction did not complete, taking into account the net proceeds from the VZW Transaction (excluding the Vodafone Italy Transaction) and the facilities available to the Retained Group, the working capital available to the Retained Group is sufficient for its present requirements, that is, for at least the next 12 months following the date of this Circular.

13. Significant change

There has been no significant change in the trading or financial position of the Group since 30 September 2013, the date of the Group's unaudited interim financial statements, being the latest published financial statements.

There has been no significant change in the trading or financial position of VZW since 30 September 2013, the date to which the VZW unaudited interim information has been prepared in Part VII of this Circular.

There has been no significant change in the trading or financial position of Vodafone Italy since 30 September 2013, the date to which the Vodafone Italy unaudited interim information has been prepared in Part VII of this Circular.

14. Consents

Goldman Sachs and UBS have given and not withdrawn their consent to the inclusion in this Circular of references to their name in the form and context in which they are included.

Deloitte has given and has not withdrawn its written consent to the inclusion of its reports on the unaudited pro forma statement of net assets of the Retained Group and the unaudited *pro forma* statement of adjusted operating profit and free cash flow guidance in Part VIII of this Circular, in the form and context in which they appear.

15. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of the Company at Vodafone House, The Connection, Newbury, Berkshire RG14 2FN and at the offices of Slaughter and May at One Bunhill Row, London EC1Y 8YY during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to and including the date of the General Meeting:

- the current Memorandum and Articles of Association;

- a copy of the New Articles of Association proposed to be adopted at the General Meeting, marked against the current Articles of Association;
- the Vodafone Annual Report for 2013 and the Vodafone Annual Report for 2012;
- the reports prepared by Deloitte on the unaudited *pro forma* statement of net assets of the Retained Group and the unaudited *pro forma* statement of adjusted operating profit and free cash flow guidance set out in Part VIII of this Circular;
- the consents referred to in paragraph 14 of this Section XI;
- the VZW SPA;
- the Vodafone Italy Agreement;
- the Option Agreement; and
- this document.

PART XII – INFORMATION INCORPORATED BY REFERENCE

The table below sets out the various information incorporated by reference into this Circular, so as to provide the information required pursuant to the Listing Rules. These documents are also available on the Company's website at vodafone.com/content/index/investors/investor_information/financial_results.html.

Information incorporated into this Circular	Page number(s) in such document	Location of incorporation in this Circular	Page number(s) in this Circular
Annual Report and Accounts 2013	46	IV	49
	148	XI, 7	197
Annual Report and Accounts 2012	140	XI, 7	197
Annual Report and Accounts 2011	123	XI, 7	197

The documents incorporated by reference in this Circular have been incorporated in compliance with rule 13.1.6 of the UKLA's Listing Rules.

Information that is itself incorporated by reference or referred or cross-referred to in these documents is not incorporated by reference into this Circular. Except as set forth above, no other portions of these documents are incorporated by reference into this Circular.

PART XIII – DEFINITIONS

The following definitions apply throughout this Circular (other than in Part XVI) unless the context requires otherwise:

“\$”, “USD”, “US\$” or “dollars”	the lawful currency of the United States of America;
“£”, “GBP” or “sterling”	the lawful currency of the United Kingdom;
“€”, “EUR” or “euro”	the single currency of member states of the European Union that have the euro as their lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union;
“Adjusted Verizon Share Amount”	an amount equal to the difference between the Base Verizon Share Amount and (if any) the Verizon Cash Election Amount;
“ADR”	American depositary receipt, a certificate evidencing ADSs;
“ADSs”	American depositary shares, each representing a specified number of Ordinary Shares, which may be evidenced by ADRs;
“ADS Consolidation Letter of Transmittal”	the form which must be completed by registered ADS holders in certificated form and returned together with their ADRs to receive their entitlement to New ADSs after the ADSs have been consolidated;
“ADS Distribution Record Time”	close of business on the Business Day immediately preceding the Second Court Hearing;
“ADS Proxy Card”	the proxy card for use by registered holders of Vodafone ADSs in connection with the Court Meeting and the General Meeting;
“Agent Institution”	a bank, broker, or other securities intermediary holding security entitlements in ADSs on behalf of a customer acting on behalf of ADS holders with respect to DTC;
“AirTouch Preference Shares”	the \$825 million par value Class D preference shares and the \$825 million par value Class E preference shares issued by VAI and held by MediaOne SPC II;
“AMAP”	one of Vodafone’s geographic operating regions which includes Africa, Middle East and Asia Pacific;
“Annual Report”	Annual Report and Accounts of Vodafone for the financial year ended 31 March 2013;
“Articles of Association” or “Articles”	the current articles of association of Vodafone;
“Average Trading Price”	the volume-weighted average of the per share trading prices of Verizon Shares on the NYSE as reported through Bloomberg (based on all NYSE trades in Verizon Shares during the primary trading session from 9.30 a.m., New York time, to 4.00 p.m., New York time, and not an average of daily averages);
“B Shares”	the class B shares in the share capital of the Company as described in paragraph 2.5 of Part III of this Circular, each having the rights and restrictions set out in the New Articles of Association;
“Base Cash Consideration”	\$58,886,000,000;
“Base Verizon Share Amount”	\$60,150,000,000;
“Business Day”	a day, other than Saturday, Sunday or any other day on which commercial banks in New York or London are authorised or required by applicable law to close;
“C Shares”	the class C shares in the share capital of the Company as described in paragraph 2.5 of Part III of this Circular each of \$0.00001 par value and having the rights and restrictions set out in the New Articles of Association;
“Canadian Shareholders”	Shareholders with an address (as shown on Vodafone’s register of members) in, or who are resident in, Canada;
“Capital Option”	the allotment and issue of B Shares to be cancelled by the Company pursuant to the Scheme;
“Capital Reductions”	the reductions of capital forming part of the Scheme, namely: (A) the cancellation of the Company’s capital redemption reserve pursuant to paragraph 4 of

the Scheme;

(B) the reduction of the Company's share premium account pursuant to paragraph 4 of the Scheme; and

(C) the cancellation of the B Shares pursuant to paragraph 5 of the Scheme;

"Cash Consideration"

the Base Cash Consideration and, where applicable, the Verizon Cash Election Amount and/or the Cash Flow Adjustment Amount;

"Cash Entitlement"

in respect of each B Share or C Share, as the case may be, and subject to paragraph 14 of the Scheme, the amount in dollars obtained by dividing (i) \$23.886 billion (twenty three billion eight hundred and eighty six million dollars) (as may be increased by the Verizon Cash Election or decreased by the Directors at their discretion in accordance with the terms of the Scheme) by (ii) the number of B Shares plus the number of C Shares issued pursuant to Part A of the Scheme;

“Cash Flow Adjustment Amount”	an amount equal to the product of (i) the number of calendar days elapsed from (and including) 1 May 2014 until the VZW Completion Date and (ii) \$10 million;
“CDIs” or “Verizon CDIs”	dematerialised CREST depositary interests representing Verizon Consideration Shares;
“certificated”	refers to a share or other security which is not in uncertificated form (that is, not in CREST);
“Certificated Shareholder”	a Shareholder who holds his Ordinary Shares in certificated form, that is, not through CREST;
“CGT”	United Kingdom capital gains tax and United Kingdom corporation tax on chargeable gains;
“Circular” or “this document”	this document dated 10 December 2013 issued by Vodafone to Shareholders in relation to the Proposals;
“Collar”	the mechanism by which the number of Verizon Consideration Shares may be adjusted under the VZW SPA, as more fully described in the sub-paragraph entitled “ <i>Verizon Share consideration and collar</i> ” of paragraph 5 of Part V;
“Companies Act” or the “Act”	the Companies Act 2006 (as amended);
“Company” or “Vodafone”	Vodafone Group Plc;
“Computershare”	Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AR;
“Consolidation Record Time”	6.00 p.m. (London time) in respect of Ordinary Shares and close of business (New York time) in respect of ADSs in each case on the Business Day immediately preceding the Second Court Hearing;
“Court”	the High Court of Justice in England and Wales;
“Court Hearings”	the First Court Hearing and the Second Court Hearing;
“Court Meeting”	the meeting of the holders of Ordinary Shares convened by direction of the Court pursuant to section 896 of the Companies Act, to consider and, if thought fit, approve the Scheme of Arrangement;
“CREST”	the Relevant System (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland is the Operator (as defined in the Regulations);
“CREST Manual”	the manual, as amended from time to time, provided by Euroclear describing CREST and supplied by Euroclear in accordance with the Regulations;
“CREST Proxy Instructions”	a proxy appointment or instruction made via CREST, authenticated in accordance with Euroclear UK & Ireland Limited’s specifications and containing the information set out in the CREST Manual;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
“Currency Facility”	the ability for Certificated Shareholders to elect, by making valid elections on the Form of Election, to receive dollars, sterling or euro in respect of any cash to which they become entitled under the Scheme;
“Dealing Facility”	the free share dealing facility offered to Certificated Shareholders (other than Verizon CSN Restricted Shareholders) holding fewer than 50,000 Ordinary Shares at the Distribution Record Time to sell the Verizon CDIs to which they would otherwise be entitled as described in paragraph 9.9 of Part III of this Circular;
“Dealing Facility Form”	the form for use by Shareholders eligible to use, and wishing to use, the Dealing Facility;
“Default Currency”	the currency in which Certificated Shareholders receive dividend payments from Vodafone in accordance with their existing dividend mandates, or, for those Certificated Shareholders who have not previously received a dividend payment from Vodafone: (A) euro for those Shareholders with a registered address in Republic of Ireland; or (B) sterling for those Shareholders with a registered address in any other jurisdiction;
“Deferred B Shares”	has the meaning set out in Section 1 of Part VI of this document;
“Deferred Shares”	the deferred shares of \$0.00001 each in the capital of the Company carrying the rights and restrictions set out in the New Articles of Association and summarised in Section 3 of Part VI of this Circular;
“Deposit Agreement”	the deposit agreement dated 12 October 1988, as amended, among Vodafone, the Depositary and owners and beneficial owners of ADSs issued thereunder;
“Depositary”	The Bank of New York Mellon, as depositary under the Deposit Agreement;

“Direct Registration System”	a service provided by The Bank of New York Mellon and which is standard within the securities industry, allowing securities (including ADSs) to be owned and recorded electronically without the owner having a security certificate (i.e. an ADR);
“Directors” or “Board”	the directors of Vodafone whose names are set out in paragraph 2 of Part XI of this Circular (or, where the context requires, the directors of Vodafone from time to time);
“Disclosure and Transparency Rules” or “DTRs”	the Disclosure and Transparency Rules of the FCA;
“Distribution Agent”	Computershare or such other distribution agent as may be appointed by Vodafone and Verizon prior to completion of the VZW Transaction;
“Distribution Record Time”	6.00 p.m. (London time) in relation to Ordinary Shares and close of business (New York time) in relation to ADSs, in each case on the Business Day immediately preceding the Second Court Hearing;
“Dividend Adjustment”	the adjustment (if any) to the volume-weighted average of the per share NYSE trading prices of Verizon Shares for purposes of calculating the Average Trading Price where the Verizon Shares trade both with and without an entitlement to a dividend during the Reference Period, as described in paragraph 5 of Part V of this document;
“DTC”	the Depository Trust Company, a wholly-owned subsidiary of the Depository Trust and Clearing Corporation;
“EBITDA”	earnings before interest, tax, depreciation and amortisation;
“EEA”	the member states of the European Economic Area as at the date of this document;
“Election Period”	the period starting with the date of this Circular and ending at the Election Return Time, during which Shareholders (other than Restricted Scheme Shareholders) are able to elect between the Share Alternatives;
“Election Return Time”	1.00 p.m. on 20 February 2014 or such later time and date as Vodafone may determine and announce through a Regulatory Information Service;
“Electronic Election”	an election made in respect of the Capital Option or Income Option by a Shareholder holding his Ordinary Shares in CREST as set out in paragraph 3.2 of Part II of this Circular;
“Euroclear UK & Ireland” or “Euroclear”	Euroclear UK & Ireland Limited, incorporated in England and Wales with registered number 02878738;
“Ex-Date”	in relation to Ordinary Shares, 8.00 a.m. (London time) on the Business Day immediately following the Scheme Effective Date and, in relation to ADSs, the Trading Day immediately following the Scheme Effective Date;
“Executive Directors”	the executive directors of the Company as at the date of this Circular and “Executive Director” means any one of them;
“FCA”	the UK Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act;
“FCC”	the US Federal Communications Commission;
“First Court Hearing”	the hearing at which the Court will be asked to make an order sanctioning the Scheme under section 899 of the Act;
“Fixed Rate Shares”	the 7 per cent. cumulative fixed rate shares of £1 each in the Company;
“Form of Election”	the form of election accompanying this document (where applicable) for use by Certificated Shareholders to indicate: (i) if they wish to elect for the Income Option or the Capital Option or a combination of the two; (ii) (where eligible, or applicable) whether they would prefer to receive their proceeds from the Return of Value in dollars, euro or sterling, rather than their Default Currency; and/or (iii) if they wish to receive a certificate for New Ordinary Shares instead of participating in the Vodafone Share Account;
“Forms of Proxy”	the forms of proxy enclosed with this Circular for use by Shareholders in connection with the General Meeting (YELLOW) and the Court Meeting (BLUE);
“FSMA”	the Financial Services and Markets Act 2000;

“GDP”	Gross Domestic Product;
“General Meeting” or “GM”	the general meeting of Vodafone, to be held immediately following the Court Meeting, or any adjournment thereof, notice of which is set out in Part XV of this Circular;
“Global BuyDIRECT Plan”	a direct share acquisition plan that allows both existing and new investors to acquire ADSs in Vodafone;
“Goldman Sachs”	Goldman Sachs International;
“Group”	Vodafone, its subsidiaries and subsidiary undertakings from time to time (other than, from the VZW Completion Date, the members of the US Group);
“HMRC”	Her Majesty’s Revenue and Customs;
“holder”	a registered holder, including any person(s) entitled by transmission whether pursuant to the Articles or by operation of law;

“HTIL”	Hutchison Telecommunications International Limited;
“IFRS”	International Financial Reporting Standards;
“Income Option”	the allotment and issue of C Shares in respect of which the Special Dividend will become payable under the terms of the Scheme;
“Indus Towers”	Indus Towers Limited, a joint venture between Vodafone India, Bharti Infratel Limited and Aditya Birla Telecom;
“INR”	Indian rupees;
“IRS”	the US Internal Revenue Service;
“LDC Shares Limited”	LDC Shares Limited, a wholly owned subsidiary of the Law Debenture Corporation plc;
“Listing Rules”	the listing rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
“London time”	the time of day in London, UK, from time to time, whether Greenwich Mean Time or British Summer Time;
“LSE”	London Stock Exchange plc;
“M2M”	machine-to-machine;
“Meetings”	the Court Meeting and the General Meeting, and “ Meeting ” means either one of them;
“NASDAQ”	the Nasdaq Stock Market;
“New ADSs”	the American depositary shares representing the New Ordinary Shares following the Share Consolidation and the consolidation of the ADSs;
“New Articles of Association”	the new articles of association to be adopted by Vodafone at the General Meeting pursuant to Resolution 2;
“New Ordinary Shares”	the ordinary shares in the capital of Vodafone following the Share Consolidation;
“New York time”	the time of day in New York City, New York, from time to time, whether Eastern Standard Time or Eastern Daylight Time;
“NGN”	next-generation network;
“Non-Executive Directors”	the non-executive directors of the Company as at the date of this Circular and “ Non-Executive Director ” means any one of them;
“Notices”	the notices of the Court Meeting and General Meeting which are set out in Part XIV and Part XV, respectively, of this Circular;
“NYSE”	the New York Stock Exchange;
“Official List”	the Official List maintained by the FCA pursuant to Part VI of FSMA;
“Omnitel Consideration Amount”	\$3.5 billion;
“Omnitel Note”	the promissory note to be issued by Verizon to V4L at completion of the VZW Transaction pursuant to the VZW SPA if the Vodafone Italy Transaction does not complete at the same time as the VZW Transaction;
“Omnitel Note Rate”	a rate of interest which is five basis points above (i) a benchmark rate that would be utilised in pricing US Treasury securities with a two-year maturity around the time of completion of the VZW Transaction plus (ii) the average rate of Verizon’s credit default swaps as determined, in accordance with the Omnitel Note, by four banks of national reputation to be appointed by Vodafone and Verizon;
“Option Agreement”	the agreement between Vodafone and LDC (Shares) Limited in relation to the Deferred Shares dated 10 December 2013 and described in paragraph 8.3 of Part XI;
“Ordinary Shares”	ordinary shares in the share capital of the Company each of 11 ³ / ₇ cents par value;
“Overseas Shareholders”	a Shareholder who is resident in, has a registered address in, or is a citizen or national of, any jurisdiction outside the United Kingdom including, for the avoidance of doubt, Restricted Scheme Shareholders and Verizon Share Restricted Shareholders;
“PRA”	the Prudential Regulatory Authority;

“Proposals”	the proposed transactions described in this document, including the Transactions, the Return of Value, the Capital Reductions, the Scheme of Arrangement, the Share Consolidation and the amendments to the Articles of Association;
“Prospectus Rules”	the rules made by the FCA pursuant to Part VI of FSMA (as amended from time to time);
“Reduction Court Order”	the Court order confirming the Capital Reductions;
“Reference Period”	the period of 20 consecutive full Trading Days on the NYSE ending on the third Business Day prior to the VZW Completion Date;
“Register”	the register of members of Vodafone;
“Registrar”	Computershare Investor Services PLC with registered office at The Pavilions, Bridgwater Road, Bristol BS13 8AE;
“Regulatory Information Service”	a regulatory information service that is approved by the FCA and that is on the list of regulatory information service providers maintained by the FCA;

“Reorganisation”	the transfer of the RoW Interests out of the US Group to the Retained Group prior to completion of the VZW Transaction and associated steps, more fully described in paragraph 2 of Part V of this Circular;
“Resolutions”	the resolutions as set out in Part XV of this Circular which are to be proposed at the General Meeting;
“Restricted Scheme Shareholders”	Shareholders with a registered address in, or who are resident in, a Restricted Scheme Territory;
“Restricted Scheme Territories”	the United States, Hong Kong, Malaysia, New Zealand, Saudi Arabia, Switzerland and the United Arab Emirates, and “Restricted Scheme Territory” means any one of them;
“Retained Group”	the members of the Vodafone Group excluding the US Group;
“Return of Value”	the bonus issue of the B Shares and the C Shares, the cancellation of the B Shares and the Special Dividend payable on the C Shares, all pursuant to the Scheme of Arrangement and which are being undertaken to return value to Shareholders;
“RoW Interests”	certain shareholdings held by the US Group in certain companies in the Vodafone Group incorporated outside the US and which are not intended to be transferred to Verizon pursuant to the VZW SPA;
“Scheme Court Order”	the order of the Court sanctioning the Scheme;
“Scheme Effective Date”	the date on which the Court’s order confirming the Capital Reductions under paragraphs 4 and 5 of the Scheme, together with the necessary statement of capital, are delivered to (or, if the Court so orders, registered by) the Registrar of Companies;
“Scheme of Arrangement” or “Scheme”	the proposed scheme of arrangement under section 899 of the Companies Act between Vodafone and Shareholders to implement the VZW Transaction, the Return of Value and associated Capital Reductions and the Share Consolidation;
“SDRT”	UK stamp duty reserve tax;
“SEC”	the US Securities and Exchange Commission;
“Second Court Hearing”	the hearing at which the Court will be asked to make an order confirming the Capital Reductions under section 648 of the Act;
“Settlement Note”	has the meaning set out in paragraph 2 of Part V;
“Share Alternatives”	the Income Option and the Capital Option, or any one of them as the context requires;
“Share Consolidation”	the consolidation and subdivision of the Ordinary Shares in the manner set out in paragraph 2.7 of Part III of this Circular;
“Shareholder”	a holder for the time being of Ordinary Shares or, following the Share Consolidation, New Ordinary Shares (including those underlying ADSs) and, where the context requires and following the issue of the B Shares and C Shares pursuant to Part A of the Scheme, of the B Shares and C Shares issued pursuant to Part A of the Scheme;
“Shareholder Helpline”	the telephone helpline for Shareholders operated by Computershare details of which are set out on page 4 of this Circular;
“Special Dividend”	the special dividend arising on the C Shares pursuant to the Return of Value as described in paragraph 6 of Part III of this document;
“Statement of Ownership”	a statement of ownership to be sent by Computershare Company Nominees Limited to participants in the Verizon CSN Facility or the Vodafone Share Account, as applicable, detailing the number of Verizon CDIs or New Ordinary Shares beneficially owned by the relevant participant through the Verizon CSN Facility or Vodafone Share Account, as applicable;
“sterling-equivalent amount”	an amount calculated by the Company by reference to the spot rate of exchange for the purchase of sterling in the London foreign exchange market, as quoted by WM/Reuters at or as near as practicable to the third Business Day prior to the Distribution Record Time;
“subsidiary” or “subsidiaries”	has the meaning given in section 1159 of the Companies Act;
“subsidiary undertaking” or	has the meaning given in section 1162 of the Companies Act;

“subsidiary undertakings”	
“Trading Day”	a day on which both NASDAQ and the NYSE are open for trading;
“Transactions”	the VZW Transaction and the Vodafone Italy Transaction;
“TTE Instruction”	a transfer to escrow instruction (as defined by the CREST Manual);
“UBS”	UBS Limited;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UK Listing Authority” or “UKLA”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA;

“uncertificated”	other than in relation to ADSs and Verizon Shares, refers to a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“Uncertificated Shareholders”	Shareholders who holds their Ordinary Shares in uncertificated form, that is, through CREST;
“US” or “United States”	the United States of America;
“US Securities Act”	the United States Securities Act of 1933, as amended;
“US Shareholders”	Shareholders (beneficial or otherwise) resident in, or with a registered address in, the United States;
“US Group”	VAF1, Vodafone Americas Finance 2 Inc., Vodafone Americas Holdings Inc., VAI, Vodafone Holdings LLC, PCS Nucleus LP, JV Partnerco LLC, Vodafone International Inc. and Vodafone B.V. Inc, each of which, immediately prior to closing of the VZW Transaction, will be a wholly owned subsidiary of Vodafone;
“V4L”	Vodafone 4 Limited, an indirect, wholly owned subsidiary of Vodafone;
“VAF1”	Vodafone Americas Finance 1 Inc.;
“VAI”	Vodafone Americas Inc.;
“VAT”	value added tax;
“VEBV”	Vodafone Europe B.V., an indirect, wholly owned subsidiary of Vodafone;
“Verizon”	Verizon Communications Inc.;
“Verizon Cash Election”	the election which may be made by Verizon prior to the date falling 10 Business Days prior to the expected VZW Completion Date to increase the Base Cash Consideration (and reduce the Base Verizon Share Amount accordingly) in accordance with the VZW SPA by an amount not to exceed the Verizon Cash Election Amount;
“Verizon Cash Election Amount”	the amount by which Verizon may increase the Base Cash Consideration in accordance with the VZW SPA, being an amount no greater than \$5 billion;
“Verizon Consideration Share Entitlement”	in respect of each B Share or C Share, as the case may be, the number of Verizon Consideration Shares (which may be a fraction) that is obtained by dividing (i) the number of Verizon Consideration Shares by (ii) the number of B Shares plus the number of C Shares issued pursuant to Part A of the Scheme;
“Verizon Consideration Shares”	the Verizon Shares that are to be issued and delivered by Verizon at completion of the VZW Transaction pursuant to the VZW SPA or the Scheme, as described in paragraph 5 of Part V of this Circular;
“Verizon CSN”	Computershare Company Nominees Limited in its capacity as the corporate sponsored nominee for the Verizon CSN Facility;
“Verizon CSN Facility”	the facility pursuant to which the Verizon CSN will hold the Verizon CDIs representing the Verizon Consideration Shares to which Certificated Shareholders (other than Verizon CSN Restricted Shareholders) become entitled pursuant to the VZW Transaction;
“Verizon CSN Restricted Shareholder”	any Shareholder other than an individual Certificated Shareholder resident in, or with a registered address in, the EEA (other than Croatia);
“Verizon Group”	Verizon and its subsidiaries and subsidiary undertakings;
“Verizon Loan Notes”	the loan notes to be issued by Verizon at completion of the VZW Transaction, the principal terms of which are summarised in Part V of this Circular;
“Verizon Prospectuses”	the Verizon UK Prospectus and the Verizon US Prospectus, and each a “Verizon Prospectus” ;
“Verizon Prospectus Restricted Holders”	a Shareholder or ADS holder who is resident in, or with a registered address that is in any of the following jurisdictions: Australia, China, Egypt, Hong Kong, Malaysia, Mexico, New Zealand, Saudi Arabia and Singapore;
“Verizon Share Restricted Shareholder”	a Shareholder who is resident in, or with a registered address that is in, any of the following jurisdictions: Australia, China, Hong Kong, New Zealand, Saudi Arabia and Singapore;

“Verizon Shareholders”	the holders of Verizon Shares from time to time;
“Verizon Shares”	the common stock of Verizon with a par value of \$0.10 each;
“Verizon Special Meeting”	the meeting of Verizon Shareholders to approve the issue by Verizon of the Verizon Consideration Shares pursuant to the VZW Transaction, and other matters, expected to be held on 28 January 2014;
“Verizon Term Note”	the promissory note to be issued by Verizon at completion of the VZW Transaction, the principal terms of which are summarised in Part V of this Circular;
“Verizon UK Prospectus”	the prospectus expected to be published on or around the date of this document containing information about the Verizon Consideration Shares and prepared in accordance with the Prospectus Rules;

“Verizon US Prospectus”	the prospectus forming a part of the Verizon registration statement to be filed with the SEC, to be published on or around the date of this document, containing information about the Verizon Consideration Shares and prepared in accordance with the US Securities Act;
“Verizon Wireless” or “VZW”	Cellco Partnership, a Delaware general partnership doing business as Verizon Wireless;
“VBIHBV”	Verizon Business International Holdings B.V., an indirect, wholly owned subsidiary of Verizon;
“VIHBV”	Vodafone International Holdings B.V., an indirect, wholly owned subsidiary of Vodafone;
“VIL”	Vodafone India Limited, an indirect subsidiary of Vodafone;
“Vodafone Employee Share Plans”	the employee share plans described in paragraph 9 of Part XI of this document;
“Vodafone Hutchison Australia”	Vodafone Hutchison Australia Pty Limited, a joint venture between Vodafone and Hutchison Telecommunications Australia;
“Vodafone Italy”	Vodafone Omnitel N.V. (or, following the proposed conversion of Vodafone Italy into a private company with limited liability under Dutch law (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), Vodafone Omnitel B.V.);
“Vodafone Italy Agreement”	the share purchase agreement between VEBV and VIHBV for the sale and purchase of the Vodafone Italy Shares;
“Vodafone Italy Long-Stop Date”	the date falling two years following the VZW Completion Date;
“Vodafone Italy Shares”	4,206,869 shares in Vodafone Italy held by VIHBV, representing 23.1 per cent. of the total issued share capital of Vodafone Italy;
“Vodafone Italy Transaction”	the intended acquisition by VEBV of the Vodafone Italy Shares from VBIHBV pursuant to the Vodafone Italy SPA;
“Vodafone Share Account”	the corporate sponsored nominee service pursuant to which Computershare Company Nominees Limited in its capacity as the corporate sponsored nominee for the Vodafone Share Account will hold the New Ordinary Shares to which Certificated Shareholders at the Distribution Record Time are entitled pursuant to the Share Consolidation (other than Vodafone Share Account Restricted Shareholders and any Certificated Shareholders who have elected to receive share certificates);
“Vodafone Share Account Permitted Jurisdiction”	Argentina, Austria, Belgium, Botswana, Brazil, Bulgaria, Chile, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Guinea, Hungary, Iceland, Indonesia, Republic of Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Namibia, the Netherlands, Norway, Paraguay, Peru, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Taiwan and the United Kingdom;
“Vodafone Share Account Restricted Shareholder”	a Certificated Shareholder who is not an individual or who is a resident of, or has a registered address in, the US, Canada or any other jurisdiction that is not a Vodafone Share Account Permitted Jurisdiction;
“Vodafone’s Group” or “Group”	Vodafone, its subsidiaries and subsidiary undertakings as at the date of this document;
“Voting Record Time”	6.00 p.m. (London time) on the day that is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. (London time) on the day that is two days before the date fixed for the adjourned meeting;
“VZW Completion Date”	the date on which completion of the VZW Transaction occurs in accordance with the VZW SPA or the Scheme;
“VZW SPA”	the stock purchase agreement dated 2 September 2013 between Vodafone, V4L and Verizon pursuant to which V4L has agreed to sell and Verizon has agreed to purchase all of the issued and outstanding shares in VAF1 (as amended on 5 December 2013); and
“VZW Transaction”	the proposed disposal by Vodafone of the US Group whose principal asset is its 45 per cent. interest in VZW, to Verizon pursuant to the VZW SPA or the Scheme.

PART XIV – NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
HENDERSON J

No. 8529 of 2013

IN THE MATTER OF VODAFONE GROUP PLC and IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an order of the High Court of Justice in England and Wales (the “**Court**”) dated 9 December 2013, the Court has directed that a meeting be convened of the holders of Scheme Shares (as defined in the scheme of arrangement hereinafter mentioned (the “**Scheme of Arrangement**”)) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 proposed to be made between Vodafone Group Plc and the holders of Scheme Shares and that such meeting will be held at Hilton London Metropole Hotel, 225 Edgware Road, London W2 1JU on 28 January 2014 such meeting starting at 11.00 a.m. at which place and time all holders of Ordinary Shares are requested to attend (the “**Court Meeting**”).

A copy of the Scheme of Arrangement, the blue form of proxy for the Court Meeting and copies of the explanatory statement required to be furnished pursuant to s.897 of the above-mentioned Act are incorporated in the circular dated on or around 10 December 2013 and sent to the holders of Scheme Shares (the “**Circular**”) of which this notice forms part.

Holders of Scheme Shares entitled to attend and vote at the Court Meeting may vote in person at the Court Meeting or they may appoint another person to attend and vote in their stead, whether a member or not, as their proxy, providing that where they appoint multiple representatives, they do so in respect of different shares. Appointment of a person as proxy will not prevent a holder of Scheme Shares from attending and voting at the Court Meeting, or any adjournment(s) (as the case may be), in person if he or she wishes to do so.

If you hold your shares through CREST please read the explanatory statement, which explains how you can register your vote, set out in Part III of the Circular of which this notice forms part.

In the case of joint holders of Scheme Shares, the vote of the senior who tenders the vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s), and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

It is requested that the blue form of proxy be lodged with the Registrar, Computershare Investor Services PLC, no later than 11.00 a.m. on 26 January 2014 but, if forms are not so lodged they may be handed to the chairman or the Registrar at the meeting.

You may return the blue form of proxy by post or electronically in accordance with the procedures set out in the notes to the form of proxy. Forms of proxy returned by fax will not be accepted.

Entitlement to attend and vote at the Court Meeting or any adjournment(s) (as the case may be), and the number of votes which may be cast, will be determined by reference to the register of members of the Company at 6.00 p.m. on 26 January 2014, or if the meeting is adjourned, 6.00 p.m. on the day two business days before the date fixed for the adjourned meeting. Changes to the registered members of the Company after 6.00 p.m. on 26 January 2014 or if the meeting is adjourned 6.00 p.m. on the day two business days before the date fixed for the adjourned meeting shall be disregarded in determining the rights of any person to attend and vote at the meeting.

By the said order, the Court has appointed Gerard Kleisterlee (or failing him Vittorio Colao or Andrew Halford) to act as chairman of the Court Meeting and has directed the chairman to report the result of the Court Meeting to the Court.

The Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated 10 December 2013

Slaughter and May

One Bunhill Row
London
EC1Y 8YY

Solicitors for the Company

PART XV – NOTICE OF GENERAL MEETING
VODAFONE GROUP PLC
(incorporated in England and Wales with registered number 01833679)
NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting (the “**General Meeting**”) of Vodafone Group Plc (the “**Company**”) will be held at 11.15 a.m. (London time) at Hilton London Metropole Hotel, 225 Edgware Road, London W2 1JU on 28 January 2014 (or as soon thereafter as the Court Meeting (as defined in the circular to the Company’s shareholders dated 10 December 2013 of which this notice of general meeting forms part (the “**Circular**”)) convened for 11.00 a.m. (London time) on the same day and at the same place, by an order of the High Court of Justice, shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolutions of which the resolution numbered 1 will be proposed as an ordinary resolution and the resolutions numbered 2, 3 and 4 will be proposed as special resolutions:

RESOLUTIONS

1. THAT:

- 1.1** the proposed disposal of all of the shares in Vodafone Americas Finance 1 (as described in the Circular) by Vodafone 4 Limited (“**V4L**”) to Verizon Communications Inc. (“**Verizon**”) (the “**VZW Transaction**”) on the terms and subject to the conditions of the stock purchase agreement dated 2 September 2013, entered into between the Company, Vodafone 4 Limited and Verizon, as amended (the “**VZW SPA**”), and the acquisition by Vodafone Europe B.V. of all of Verizon Business International Holding BV’s shares in Vodafone Omnitel N.V. (as described in the Circular) (the “**Vodafone Italy Transaction**” and, together with the VZW Transaction, the “**Transactions**”) pursuant to the terms of the share purchase agreement entered into between Vodafone Europe B.V. and Verizon Business International Holding B.V. dated 2 September 2013 (the “**Vodafone Italy Agreement**”) be and are hereby approved for the purposes of Chapters 10 and 11 of the Listing Rules as Class 1 transactions and related party transactions; and
- 1.2** the directors of the Company (the “**Directors**”) be and are hereby authorised to: (i) conclude and implement the Transactions in accordance with the VZW SPA and the Vodafone Italy Agreement; (ii) do all such acts and things and execute all such agreements and make such arrangements as may seem to them necessary, expedient or appropriate to give effect to, or otherwise in connection with, the Transactions and/or the associated and ancillary arrangements relating thereto; and (iii) agree and make such modifications, waivers or amendments to the terms and conditions of the VZW SPA and the Vodafone Italy Agreement and/or to the associated and ancillary arrangements relating thereto (providing such modifications, waivers or amendments are not material) as they may in their absolute discretion think necessary, expedient or appropriate.

2. THAT, conditional on the passing of resolution 1 above:

- 2.1** (i) with effect from the passing of this resolution 2, the articles of association of the Company be amended by adding the following new article 166:

“166. Shares subject to the Scheme

- 166.1 Terms defined in the circular published on or around 10 December 2013 (the “**Circular**”) shall have the same meaning in this Article 166.
- 166.2 Notwithstanding any other provision of these Articles, any **Ordinary Shares** issued (if any) at or after the Voting Record Time and prior to the Consolidation Effective Time, shall be issued or shall be deemed to have been issued subject to the terms of the Scheme and the holder or holders of such Ordinary Shares shall be bound by the Scheme accordingly.
- 166.3 In the event that the **Scheme** is not sanctioned at the **First Court Hearing** or lapses, is withdrawn or does not become effective in accordance with its terms, this Article 166 shall (on the earlier of completion or termination of the **VZW Transaction**) automatically be, and shall be deemed to be, of no effect and shall be deleted and replaced with the wording “Article 166 has been deleted”; but the validity of anything done under Article 166 before that date shall not otherwise be affected and any actions taken under Article 166 before that date shall be conclusive and not be open to challenge on any grounds whatsoever.”

- (ii) the draft articles of association produced to the meeting, marked “A” and signed by the Chairman of the meeting for the purposes of identification (the “**New Articles of Association**”), be and are hereby approved and, with effect from immediately prior to the commencement of the First Court Hearing (as defined in the Circular), be adopted as the articles of association of the Company, in substitution for and to the exclusion of all previous articles of association of the Company;

2.2 for the purpose of giving effect to the scheme of arrangement dated 10 December 2013 (the “**Scheme**”) between the Company and the holders of Scheme Ordinary Shares (as defined in the Scheme), a copy of which has been produced to this meeting and for the purposes of identification signed by the Chairman of the meeting, in its original form or subject to any modification, addition or condition agreed by the Company (and Verizon or V4L, where relevant) or approved or imposed by the Court:

(A)

(i) the Directors be and are hereby authorised pursuant to section 610 of the Companies Act 2006 to capitalise such sum standing to the credit of the Company’s share premium account as may be required to pay up in full up to the maximum number of B Shares (as defined in the Scheme), each with a nominal value determined in accordance with the Scheme, which may be allotted pursuant to the authority given by sub-paragraph 2.2(B)(i) below; and

(ii) the Directors be and are hereby authorised pursuant to section 610 of the Companies Act 2006 to capitalise such sum standing to the credit of the Company’s share premium account (as may be reduced by any amount applied in paying up in full the B Shares pursuant to the authority given by sub-paragraph 2.2(B)(i) below) as may be necessary to pay up in full up to the maximum number of C Shares (as defined in the Scheme), each with a nominal value of \$0.00001, which may be allotted pursuant to the authority given by sub-paragraph 2.2(B)(ii) below;

(B) the Directors be and are hereby authorised pursuant to section 551 of the Companies Act 2006, to exercise all powers of the Company to allot and issue credited as fully paid up (provided that the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or close of business on 28 January 2015, whichever is earlier):

(i) B Shares up to an aggregate nominal amount equal to the difference between (a) the dollar equivalent amount of £34,297,000,000 (calculated by the Company by reference to the spot rate of exchange for the purchase of dollars in the London foreign exchange market, as quoted by WM/Reuters at or as near as practicable to the Distribution Record Time) and (b) the aggregate nominal amount of C Shares allotted and issued pursuant to sub-paragraph (ii) below; and

(ii) C Shares up to an aggregate nominal amount of \$533,105,

to the holders of the Scheme Ordinary Shares on the basis of one B Share or one C Share for each Scheme Ordinary Share held and recorded on the register of members of the Company at the Distribution Record Time (as defined in the Scheme), in accordance with (i) the terms of the Circular (ii) the Directors’ determination (as described in the Circular) as to the number of B Shares and C Shares to be allotted and issued and (iii) subject to the terms set out in the Circular and the aforementioned Directors’ determination, valid elections made (or deemed to be made) by the holders of Scheme Ordinary Shares pursuant to the terms of the Circular whether to receive B Shares and/or C Shares;

(C) subject to the allotment and issue of the B Shares and C Shares:

(i) the Company’s existing capital redemption reserve be cancelled; and

(ii) the Company’s share premium account (for the avoidance of doubt, as reduced by the allotment and issue of the B Shares and C Shares) be reduced to £16,107,000,000 (unless it shall previously have been reduced to a lower amount pursuant to paragraph (B)(i) above, in which case there shall be no reduction of the share premium account);

(D) subject to the allotment and issue of the B Shares and C Shares, the issued share capital of the Company be reduced by cancelling all of the B Shares, and the capital paid up on the B Shares be repaid to the holders of B Shares *pro tanto* in proportion to their holdings, such repayment to be effected in accordance with the terms of the Scheme;

(E) subject to the reductions of capital as described in paragraphs 2.2(C) of this resolution 2 taking effect and conditional upon the amendment to the Official List of the UK Listing Authority in respect of the New Ordinary Shares (as defined below), the Ordinary Shares in the capital of the Company in issue at the Consolidation Effective Time (as defined in the Scheme):

- (i) be consolidated into one ordinary share of the Company (the “**Intermediate Share**”); and
- (ii) immediately thereafter, the Intermediate Share be subdivided into new ordinary shares in the capital of the Company (the “**New Ordinary Shares**”) on the basis that the number of New Ordinary Shares shall be equal to the number obtained by multiplying the number of Ordinary Shares at the Consolidation Effective Time by the fraction X:Y, where:
 - (a) “X” is the difference between (a) the closing price of an Ordinary Share on the London Stock Exchange on the third Business Day prior to the Effective Date (each as defined in the Scheme) and (b) the aggregate sterling-equivalent amount of the Cash Entitlement and Verizon Consideration Share Entitlement (each as defined in the Scheme). For these purposes, (i) the value of the Verizon Consideration Share Entitlement shall be determined by multiplying the relevant number of Verizon Consideration Shares (as defined in the Scheme, and which may be a fraction) comprising the Verizon Consideration Share Entitlement by the closing price of Verizon’s common stock on the New York Stock Exchange on the third Business Day prior to the Effective Date, as reported through Bloomberg) and (ii) the sterling-equivalent amount of the Cash Entitlement and the Verizon Consideration Share Entitlement shall be calculated by reference to the spot rate of exchange for the purchase of sterling in the London foreign exchange market, as quoted by WM/Reuters on the third Business Day prior to the Effective Date; and
 - (b) “Y” is the closing price of an Ordinary Share on the London Stock Exchange on the third Business Day prior to the Effective Date,

subject to such adjustments as the Directors may determine to deal with fractions, rounding or other practical problems or matters which may result from such consolidation and sub-division and/or to achieve a basis for consolidation and sub-division which in their judgment is the most appropriate to seek to maintain comparability of the Company’s share price before and after the share consolidation, and provided that, where such consolidation and sub-division would result in any member being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a New Ordinary Share (if any) to which other members of the Company would be similarly so entitled and the Directors of the Company be and are hereby authorised to sell (or appoint any other person to sell) to any person all the New Ordinary Shares representing such fractions in the open market at the price prevailing at the time of sale to any person (s), and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant members who would otherwise be entitled to the fractions so sold, save that (i) any fraction of a penny (or equivalent) which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the registrar of the Company and (ii) any due proportion of such proceeds of less than £3.00 (net of expenses) shall be retained by the Company and donated to the charity ShareGift (registered charity 1052686) and the relevant member shall not be entitled thereto (and in order to implement the provisions of this paragraph, any Director (or any person appointed by the Directors) shall be and is hereby authorised to execute one or more instrument(s) of transfer in respect of such New Ordinary Shares on behalf of the relevant member(s) and to do all acts and things the Directors consider necessary or desirable to effect the transfer of such New Ordinary Shares to, or in accordance with the directions of, any buyer of such New Ordinary Shares);

2.3 the terms of the agreement dated 10 December 2013 between LDC (Shares) Limited (the “**Holder**”) and the Company (a copy of which is produced to the meeting and initialled for the purposes of identification by the Chairman) under which (among other things) the Holder grants the Company an option to purchase from the Holder, and the Company grants the Holder an option to sell to the Company, all the Deferred Shares (and Deferred B Shares, if any) (each as defined in the Circular) in issue at the date on which such option is exercised by the Company or the Holder (as applicable), for an aggregate consideration of US\$0.01, be and are hereby approved and authorised for the purposes of section 694 of the Companies Act 2006 and otherwise, but so that such approval and authority shall expire on 31 October 2015; and

2.4 conditional on the share consolidation described in paragraph 2.2(E) above taking effect, the New Articles of Association be amended by amending the definition of “**Ordinary Shares**” therein to remove the current nominal value of US\$0.11 ³/₇ each and replacing it with the nominal value of the New Ordinary Shares.

3. **THAT**, conditional on the passing of resolutions 1 and 2 above, and on the share consolidation described in paragraph 2.2(E) of resolution 2 taking effect, and in substitution for the authority granted at the Company's annual general meeting on 23 July 2013 (the "**2013 AGM**"), the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make market purchases (as defined in section 693 of the Companies Act 2006) of Ordinary Shares in the capital of the Company provided that:
- (A) the maximum aggregate nominal value of shares which may be purchased is equal to the nominal value represented by such percentage of New Ordinary Shares as is equal to the difference between (i) 10 per cent. and (ii) the percentage of Ordinary Shares repurchased by the Company pursuant to the authority granted under resolution 21 at the 2013 AGM between the date of the 2013 AGM and the date on which this resolution 3 takes effect;
 - (B) the minimum price which may be paid for each share is the nominal value of each New Ordinary Share at the time of the repurchase;
 - (C) the maximum price (excluding expenses) which may be paid for any New Ordinary Share will not exceed the higher of (1) 5 per cent. above the average closing price of such shares on the London Stock Exchange Daily Official List for the five business days prior to the date of purchase and (2) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Article 5(1) of the Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003); and
 - (D) this authority shall expire at the conclusion of the annual general meeting of the Company held in 2014, unless such authority is renewed prior to that time (except in relation to the purchase of New Ordinary Shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry).
4. **THAT** the directors of the Company be authorised to take all such action as they may consider necessary or appropriate in connection with the aforementioned resolutions.

10 December 2013

By Order of the Board

Rosemary Martin
Company Secretary

Registered in England & Wales
No. 01833679

Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN

Notes to the Notices of Court Meeting and General Meeting

1. A shareholder is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend and to speak and vote at the Court Meeting and the General Meeting. A shareholder may appoint more than one proxy in relation to the Court Meeting and the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not also be a shareholder of the Company. Shareholders who have lodged a proxy (whether by post, via the internet, or by submitting a CREST message (if applicable)) are not precluded from attending and voting at the meeting themselves.
2. To appoint a proxy (a) the Form of Proxy and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority) must be sent to the Company's Registrars, Corporate Actions 3, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AR, or (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with Note 9, or (c) the proxy appointment must be registered electronically on the website at vodafone.com/courtmeeting and vodafone.com/generalmeeting, in each case so as to be received no later than 11.00 a.m. on 26 January 2014 for the Court Meeting and 11.15 a.m. on 26 January 2014 for the General Meeting.
3. Any person who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Court Meeting and the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The rights relating to proxy appointments in Note 1 do not apply directly to Nominated Persons.
4. Entitlement to attend and vote at the Court Meeting and the General Meeting, and the number of votes which may be cast at the Court Meeting and the General Meeting, will be determined by reference to the Company's register of members at 6.00 p.m. on 26 January 2014 or, if the meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded.
5. A copy of this Notice of Meeting and other information required to be displayed will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturday, Sunday and public holidays) from the date of this Notice of Court Meeting and the General Meeting until (and including) the date of the Court Meeting and the General Meeting.
6. As at 6 December, which is the latest practicable date before publication of this Notice of Court Meeting and the General Meeting, the Company's issued share capital comprised 52,821,686,866 Ordinary Shares of US 11³/₇ cents each (including treasury shares) and 50,000 7 per cent. cumulative fixed rate shares of £1 each. The total number of votes exercisable as at 6 December 2013 was 48,464,134,023. The holders of Ordinary Shares are entitled to attend and vote at general meetings of the Company. On a vote by show of hands every ordinary shareholder who is present and entitled to vote has one vote and every proxy present who has been duly appointed by a shareholder entitled to vote has one vote. On a vote by poll every ordinary shareholder who is present in person or by proxy has one vote for every Ordinary Share held. The holders of 7 per cent. cumulative fixed rate shares are only entitled to attend and vote at general meetings of the Company in very limited circumstances, as set out in the Articles of Association of the Company. Each of the resolutions to be put to the meeting will be voted on by poll and not by show of hands. A poll reflects the number of voting rights exercisable by each member and so the Board considers it a more democratic method of voting. It is also in line with recommendations made by the Shareholder Voting Working Group in 2004.
7. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Court Meeting and the General Meeting (and any adjournment of the Court Meeting or the General Meeting) by following the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

9. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual (available via euroclear.com). The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, to be valid, be transmitted so as to be received by Computershare Investor Services PLC (ID 3RA50) by the latest time for receipt of proxy appointments specified in Note 2. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him/her by other means.
10. CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Any shareholder attending the Court Meeting or the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Court Meeting and the General Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Registrars/shareholder enquiries

The Company’s Ordinary Share register is maintained by:

Computershare Investor Services PLC

Corporate Action 3

The Pavilions

Bridgwater Road

Bristol

BS99 6AR England

Telephone: +44(0) 870 707 1739

Fax: +44(0) 870 703 6101

investorcentre.co.uk/contactus

Any queries about the General Meeting should be directed to the Company’s Registrars as detailed above.

**PART XVI – SCHEME OF ARRANGEMENT
THE SCHEME OF ARRANGEMENT**

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. 8529 of 2013

**IN THE MATTER OF VODAFONE GROUP PLC
and
IN THE MATTER OF THE COMPANIES ACT 2006
SCHEME OF ARRANGEMENT
(under Part 26 of the Companies Act 2006)
between
VODAFONE GROUP PLC
and
THE HOLDERS OF THE SCHEME SHARES
(as hereinafter defined)**

PRELIMINARY

- (A) On 2 September 2013, Vodafone Group Plc (the “**company**”), Verizon Communications Inc. (“**Verizon**”) and Vodafone 4 Limited (“**V4L**”) entered into an agreement for the sale and purchase of all of the issued and outstanding capital stock of Vodafone Americas Finance 1 Inc. (“**VAF1**”) (the “**Stock Purchase Agreement**”).
- (B) The Stock Purchase Agreement provides for the completion of the sale and purchase of the whole issued and outstanding capital stock of VAF1 to be effected pursuant to and in accordance with this Scheme.
- (C) Also on 2 September 2013, the company and V4L entered into an agreement for the company to issue certain promissory notes to V4L, forthwith and contingently upon the reductions of capital under paragraphs 4 and 5 of the Scheme taking effect (the “**V4L Agreement**”).
- (D) In this Scheme (including in these recitals), unless inconsistent with the subject or context, the following expressions bear the following meanings:

“ Act ”	the Companies Act 2006 (as amended);
“ ADS Distribution Record Time ”	close of business (New York time) on the business day before the day of the Second Court Hearing (or such later time and date as the company may determine and announce through a Regulatory Information Service);
“ ADRs ” or “ American Depositary Receipts ”	receipts evidencing American Depositary Shares;
“ ADSs ” or “ American Depositary Shares ”	the securities represented by the interests in the ordinary shares in the capital of the company held by the Depositary, each of which represents ten underlying ordinary shares;
“ Articles ”	the company’s articles of association, including (where the context requires) as amended pursuant to the special resolutions of the company passed at the General Meeting;
“ B Share Alternative ”	the ability for Scheme Shareholders to elect, by making valid B Share Elections, to receive one B Share instead of one C Share under Part A of the Scheme in respect of each Scheme Ordinary Share held by them at the Distribution Record Time;
“ B Share Election ”	an election by a Scheme Shareholder under the B Share Alternative;
“ B Shares ”	the class B shares in the share capital of the company having the rights and restrictions set out in the Articles and a nominal value determined in accordance with paragraph 1.5 of the Scheme, and which are to be issued to Scheme Shareholders as bonus shares pursuant to Part A of the Scheme in respect of Scheme Ordinary Shares for which a valid B Share Election has been made;
“ business day ”	a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York, United States of America or London, United Kingdom are authorized or required by applicable Law to close;

“C Shares”

the class C shares in the share capital of the company having the rights and restrictions set out in the Articles and a nominal value of \$0.00001 (one thousandth of one cent), and which are to be issued to Scheme Shareholders as bonus shares pursuant to Part A of the Scheme in respect of Scheme Ordinary Shares for which no valid B Share Election has been made;

“Cash Entitlement”	in respect of each B Share or C Share, as the case may be, the amount in dollars obtained by dividing (i) \$23,886,000,000.00 (twenty three billion eight hundred and eighty six million dollars) plus (if applicable) an amount equal to the amount by which the “Cash Consideration” (as defined in the Stock Purchase Agreement) is increased pursuant to <i>Section 2.2(b)</i> of the Stock Purchase Agreement by (ii) the number of B Shares plus the number of C Shares issued pursuant to Part A of the Scheme;
“certificated” or “in certificated form”	in relation to a share or other security, one that is not in uncertificated form (that is, not in CREST);
“Circular”	the circular dated 10 December 2013 of which this Scheme forms part;
“Computershare”	Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AR;
“Consolidation Effective Time”	8.00 a.m. (London time) on the business day after the Effective Date (or such other time and date as the company may determine and announce through a Regulatory Information Service);
“Court”	the High Court of Justice of England and Wales;
“Court Meeting”	the meeting of the holders of Scheme Ordinary Shares (and any adjournment thereof) convened pursuant to an order of the Court under section 896 of the Act for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme, notice of which is included in the Circular;
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with a relevant system (as defined in the Regulations) of which Euroclear is the operator (as defined in the Regulations);
“Currency Alternative”	the ability for Scheme Shareholders holding their Scheme Ordinary Shares in certificated form to elect, by making valid elections under paragraph 3 of the Scheme, to receive dollars or (where this is not already the currency in which they ordinarily receive dividends) in sterling or euro in respect of any cash to which they become entitled under the Scheme;
“Currency Election”	an election by a certificated Scheme Shareholder under the Currency Alternative;
“Deposit Agreement”	the deposit agreement dated 12 October 1988, as amended, among the company, the Depository and owners and beneficial owners of ADSs issued thereunder;
“Depository”	The Bank of New York Mellon, as depository under the Deposit Agreement;
“Direct Registration System”	the system for the direct registration of ownership of uncertificated securities administered by DTC;
“Distribution Record Time”	6.00 p.m. (London time) on the business day before the day of the Second Court Hearing (or such later time and date as the company may determine and announce through a Regulatory Information Service);
“dollars” and “cents” and “\$”	the lawful currency of the United States of America;
“DRIP”	dividend reinvestment plan;
“DTC”	The Depository Trust Company, a wholly-owned subsidiary of The Depository Trust and Clearing Corporation;
“EEA”	the member states of the European Economic Area as at the date of this document, other than Croatia;
“Effective Date”	in accordance with section 649(3) of the Act, the date on which the Court’s order confirming the reductions of capital under paragraphs 4 and 5 of the Scheme, together with the necessary statement of capital, are delivered to (or, if the Court so orders, registered by) the Registrar of Companies;
“Election Return Time”	1.00 p.m. (London time) on the day before the date of the First Court Hearing, or such other time and date as the company may determine and announce through a Regulatory Information Service;
“Electronic Election”	an election made in respect of the B Share Alternative by a Scheme Shareholder holding his Scheme Ordinary Shares in uncertificated form in accordance with the procedure detailed in paragraph 3.2 of Part II of the Circular;

“Encumbrance”	any lien, mortgage, security interest, pledge, restriction on transferability, defect of title, option or other claim, charge or encumbrance of any nature whatsoever on, over or affecting the VAF1 Shares;
“euro”	the single currency of member states of the European Union that have the euro as their lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union;
“Euroclear”	Euroclear UK & Ireland Limited;

“FCA”	the Financial Conduct Authority;
“First Court Hearing”	the hearing at which the Court makes an order sanctioning the Scheme under section 899 of the Act;
“Form of Election”	the form of election for use by holders of certificated Scheme Ordinary Shares enabling them: <ul style="list-style-type: none"> (i) to make a B Share Election in respect of the B Share Alternative; (ii) to make a Currency Election in respect of the Currency Alternative; and (iii) to opt out of the Vodafone Share Account Facility in respect of the New Ordinary Shares to which they become entitled under Part C of the Scheme;
“General Meeting”	the general meeting of the company, notice of which is included in the Circular;
“Governmental Entity”	any federal, state, territorial, county, municipal, local, multinational or other government or governmental agency or body or any other type of regulatory body, whether in the United States of America, the United Kingdom or elsewhere;
“holder”	a registered holder, including any person(s) entitled by transmission whether pursuant to the Articles or by operation of Law;
“Law”	all applicable provisions of (i) constitutions, treaties, statutes, laws (including the common law), rules, regulations, ordinances, codes or orders of any Governmental Entity, (ii) any consents or approvals of any Governmental Entity and (iii) any orders, decisions, injunctions, judgments, awards, decrees of or agreements with any Governmental Entity;
“Listing Rules”	in accordance with section 73A of the Financial Services and Markets Act 2000 (as amended) (“FSMA”), the rules relating to admission to the Official List, referred to in Part 6 of FSMA as “listing rules” and made by the FCA in its capacity as the competent authority thereunder, as amended;
“LSE”	the Main Market operated by London Stock Exchange plc;
“New Ordinary Shares”	the new ordinary shares in the share capital of the company resulting from the consolidation and sub-division of the Scheme Ordinary Shares pursuant to Part C of the Scheme;
“ordinary shares”	the existing ordinary shares in the share capital of the company having a par value of 11 ³ / ₇ United States cents and including the ordinary shares represented by the bearer warrant held by the Depositary, which shall be treated as if it was the registered holder of such ordinary shares for all purposes under this Scheme;
“Overseas Scheme Shareholders”	Scheme Shareholders who are resident in, or citizens or nationals of, jurisdictions other than the United Kingdom or the United States of America;
“Reduction Record Time”	2.00 p.m. (London time) on the date of the Second Court Hearing (or, if later, the time that is 30 minutes following the allotment and issue of the B Shares and C Shares pursuant to Part A of the Scheme) or such later time and date as the company may determine and announce through a Regulatory Information Service;
“Registrar”	Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol BS99 6AR, United Kingdom;
“Registrar of Companies”	the Registrar of Companies in England and Wales;
“Regulations”	the Uncertificated Securities Regulations 2001, as amended;
“Regulatory Information Service”	a “Regulatory Information Service” as defined in the Listing Rules;
“Scheme”	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court;
“Scheme Shareholders”	the holders of the ordinary shares (other than the company): <ul style="list-style-type: none"> (i) in issue at the date of this document; (ii) (if any) issued after the date of this document and prior to the Voting Record Time; (iii) (if any) issued at or after the Voting Record Time and prior to the Distribution Record Time, in respect of which the original or any subsequent holder thereof shall be bound by

this Scheme or shall by such time have agreed in writing to be bound by this Scheme;

- (iv) (if any) issued at or after the Distribution Record Time and prior to the Consolidation Effective Time, in respect of which the original or any subsequent holder thereof shall be bound by this Scheme or shall by such time have agreed in writing to be bound by this Scheme,

and remaining in issue at the Distribution Record Time (in relation to Parts A and B of the Scheme) and the Consolidation Effective Time (in relation to Part C of the Scheme) (together and as applicable, the “**Scheme Ordinary Shares**”); and

- (v) following the issue of the B Shares and C Shares pursuant to Part A of the Scheme, the B Shares and C Shares issued pursuant to Part A of the Scheme and remaining in issue at the Reduction Record Time;

“Scheme Shares”	the Scheme Ordinary Shares, the B Shares and the C Shares;
“Second Court Hearing”	the hearing at which the Court makes an order confirming the reductions of capital under paragraphs 4 and 5 of the Scheme, under section 648 of the Act;
“Special Dividend”	has the meaning given in paragraph 6 of the Scheme;
“Statement of Ownership”	a statement of ownership to be sent by Computershare Company Nominees Limited to participants in the Verizon CSN Facility or the Vodafone Share Account Facility, respectively, detailing the number of Verizon CDIs or New Ordinary Shares beneficially owned by the relevant participant through the Verizon CSN Facility or Vodafone Share Account Facility, as applicable;
“sterling” and “pence” and “£”	the lawful currency of the United Kingdom;
“uncertificated form” or “in uncertificated form”	in relation to a share or other security, one that is recorded on the relevant “in uncertificated form” register as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST;
“VAT”	<ul style="list-style-type: none"> (i) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and (ii) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (i) above, or imposed elsewhere;
“Verizon CDIs”	dematerialised CREST depositary interests representing Verizon Consideration Shares;
“Verizon Consideration Share Entitlement”	in respect of each B Share or C Share, as the case may be, the number of Verizon Consideration Shares (which may be or include a fraction of a Verizon Consideration Share) that is obtained by dividing (i) the number of Verizon Consideration Shares by (ii) the number of B Shares plus the number of C Shares issued pursuant to Part A of the Scheme;
“Verizon Consideration Shares”	the shares of Verizon’s common stock, each of \$0.10 par value, to be issued to Scheme Shareholders pursuant to <i>Section 2.4(a)</i> of the Stock Purchase Agreement;
“Verizon CSN”	Computershare Company Nominees Limited in its capacity as the corporate sponsored nominee for the Verizon CSN Facility;
“Verizon CSN Facility”	the facility pursuant to which the Verizon CSN will hold the Verizon CDIs representing the Verizon Consideration Shares to which individual Scheme Shareholders holding their Scheme Ordinary Shares in certificated form (other than Verizon CSN Restricted Holders) become entitled pursuant to the Scheme, the terms and conditions of which shall be as set out in the document enclosed with the Circular mailed to eligible holders of Scheme Ordinary Shares in certificated form;
“Verizon CSN Restricted Holder”	a Scheme Shareholder, other than a Scheme Shareholder who is an individual and who holds his Scheme Ordinary Shares in certificated form and is resident in, or has a registered address in, the EEA;
“Vodafone Share Account Facility”	the facility pursuant to which Computershare Company Nominees Limited, in its capacity as sponsored nominee for the Vodafone Share Account Facility, will hold the New Ordinary Shares to which the Scheme Shareholders holding their Scheme Ordinary Shares in certificated form (other than Vodafone Share Account Restricted Holders) become entitled pursuant to the Scheme, the terms and conditions of which shall be as set out in the document enclosed with the Circular mailed to holders of Scheme Shares in certificated form;
“Vodafone Share Account Permitted Jurisdiction”	Argentina, Austria, Belgium, Botswana, Brazil, Bulgaria, Chile, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Guinea, Hungary, Iceland, Indonesia, Republic of Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Namibia, The Netherlands, Norway, Paraguay, Peru, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Taiwan and the United Kingdom;
“Vodafone Share Account Restricted Holder”	<p>a Scheme Shareholder holding his Scheme Ordinary Shares in certificated form and who is either:</p> <ul style="list-style-type: none"> (i) an individual who is a resident of, or who has a registered address in, a jurisdiction that is not a Vodafone Share Account Permitted Jurisdiction; or

“Voting Record Time”

(ii) not an individual; and

6.00 p.m. (London time) on the day that is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. (London time) on the day that is two days before the date fixed for the adjourned meeting.

- (E) As at 6 December 2013 (being the latest practicable date prior to the date of this Scheme), the issued share capital of the company consisted of \$6,036,764,213.25 ⁵/₇ divided into 52,821,686,866 ordinary shares each having a par value of 11 ³/₇ United States cents and £50,000 divided into 50,000 7 per cent. cumulative fixed rate preference shares each having a par value of 100 pence, and all such ordinary shares and 7 per cent. cumulative fixed rate preference shares were fully paid. 4,357,552,843 of the ordinary shares, and none of the 7 per cent. cumulative fixed rate preference shares, were held in treasury.
- (F) As at 30 November 2013 (being the latest practicable date prior to the date of this Scheme), the amount standing to the credit of the company's share premium account was £43,113,298,000 and the amount of the company's capital redemption reserve was £10,462,083,000.
- (G) As at 6 December 2013 (being the latest practicable date prior to the date of this Scheme), neither Verizon nor any entity controlled by it held any ordinary shares (whether as registered or beneficial owner).
- (H) Verizon and V4L have agreed to appear by Counsel at the First Court Hearing, to consent to the Scheme and to submit to be bound thereby and to undertake to the Court to be bound thereby, and to execute and do or procure to be executed and done all such documents, acts and things as may be reasonably necessary or desirable to be executed or done by it for the purpose of giving effect to the Scheme.
- (I) Part A of the Scheme can be implemented, and will become effective in accordance with its terms, only if the Court sanctions the Scheme under section 899 of the Act.
- (J) Part B and Part C of the Scheme can be implemented, and will become fully effective in accordance with their respective terms, only if the Court sanctions the Scheme under section 899 of the Act and confirms the reductions of capital under paragraphs 4 and 5 of the Scheme, under section 648 of the Act.

THE SCHEME
Part A – The Bonus Issue

1. Bonus issue of B Shares and C Shares

1.1 The company shall issue to each Scheme Shareholder:

- (A) one B Share in respect of each Scheme Ordinary Share held by that Scheme Shareholder at the Distribution Record Time for which a valid B Share Election has been made; and
- (B) one C Share in respect of each Scheme Ordinary Share held by that Scheme Shareholder at the Distribution Record Time for which a valid B Share Election has not been made.

1.2 The B Shares to be issued pursuant to paragraph 1.1(A) above shall be issued as bonus shares, paid up in full to their nominal value out of the company's share premium account in accordance with section 610(3) of the Act.

1.3 The C Shares to be issued pursuant to paragraph 1.1(B) above shall be issued as bonus shares, paid up in full to their nominal value out of the company's share premium account in accordance with section 610(3) of the Act.

1.4 The rights and restrictions of the B Shares and C Shares shall be as set out in the Articles.

1.5 Each B Share shall have a nominal value in dollars equal to the sum of:

- (A) the Cash Entitlement; and
- (B) the value of the Verizon Consideration Share Entitlement, which shall be determined by multiplying the relevant number of Verizon Consideration Shares (or fraction of a Verizon Consideration Share) comprising the Verizon Consideration Share Entitlement by the closing price of Verizon's common stock on the New York Stock Exchange on the trading day preceding the date of the Second Court Hearing, as reported by Bloomberg; and
- (C) ten per cent. (10%) of the amount in (B) above.

2. B Share Alternative

2.1 Elections made by Scheme Shareholders under the B Share Alternative shall not affect the entitlements of Scheme Shareholders who do not make any such election.

2.2 An election under the B Share Alternative will be accepted only in respect of a whole number of Scheme Ordinary Shares. Any election which is made not in respect of a whole number of Scheme Ordinary Shares shall be deemed to be made in respect of the nearest whole number when rounded down.

2.3 A Scheme Shareholder may make a B Share Election in respect of all or part of his holding of Scheme Ordinary Shares.

2.4 The following provisions shall apply with respect to the B Share Alternative:

- (A) the aggregate number of B Shares to be issued to Scheme Shareholders pursuant to valid B Share Elections shall be limited such that the aggregate nominal value of the B Shares so issued shall not exceed the difference between (i) the dollar equivalent amount of £34,297,000,000 (thirty four billion two hundred and ninety seven million) (calculated by the company by reference to the spot rate of exchange for the purchase of dollars in the London foreign exchange market, as quoted by WM/Reuters, at or as near as practicable to the Distribution Record Time) and (ii) the aggregate nominal value of the C Shares issued pursuant to paragraph 1.1(B) above; and
- (B) to the extent that valid B Share Elections cannot be satisfied in full:
 - (i) the number of Scheme Ordinary Shares in respect of which a B Share Election has been made shall be treated as scaled down proportionately (or as near thereto as the company in its absolute discretion considers practicable) among all Scheme Shareholders who have made valid B Share Elections, in proportion to the number of Scheme Ordinary Shares in respect of which they have made a valid B Share Election; and
 - (ii) in respect of the balance of the Scheme Ordinary Shares held by each such Scheme Shareholder, such Scheme Shareholder shall be deemed not to have made any election.

- 2.5** Minor adjustments to the entitlements of Scheme Shareholders pursuant to valid B Share Elections may be made by the Registrar with the prior consent of the company on a basis that the company considers to be fair and reasonable to the extent necessary to satisfy all entitlements pursuant to valid B Share Elections, as nearly as may be practicable. Such adjustments shall be final and binding on Scheme Shareholders.
- 2.6** Each election under the B Share Alternative made by a Scheme Shareholder who holds his Scheme Ordinary Shares in certificated form shall be made by completion of a Form of Election which shall be executed by the Scheme Shareholder or his duly authorised agent (or, in the case of a body corporate, executed by an authorised representative). Scheme Shareholders who hold their Scheme Ordinary Shares in uncertificated form shall make any such election by way of an Electronic Election. To be effective, a Form of Election must be completed and returned in accordance with the instructions printed thereon so as to be received by the Registrar by no later than the Election Return Time. To be effective, an Electronic Election must be made and received by the Registrar by no later than the Election Return Time.
- 2.7** If a Form of Election or an Electronic Election is received by the Registrar after the Election Return Time or is received by the Registrar before such time but is not, or is deemed not to be, valid or complete in all respects at such time, then such election shall be void unless and to the extent that the company, in its absolute discretion, elects to treat as valid in whole or in part any such election.
- 2.8** Upon execution and delivery by a Scheme Shareholder of a valid Form of Election or the making of a valid Electronic Election in respect of the B Share Alternative, such holder shall be bound by the terms and provisions contained in the Form of Election or the Electronic Election and by the terms and provisions contained in paragraph 3.2 of Part II of the Circular.
- 2.9** A Form of Election duly completed and delivered or an Electronic Election made in accordance with this Scheme may be withdrawn before the Election Return Time as follows:
- (A) in the case of a Form of Election, by a notice in writing to the Registrar at Computershare, Corporate Actions 3, Bristol BS99 6AR signed by the person(s) who signed the relevant Form of Election specifying the name(s) and address(es) of the person(s) who tendered the election to be withdrawn, the account number (which appears on the front page of the relevant Form of Election) and the exact number of Ordinary Shares in respect of which the election is to be withdrawn; and
 - (B) in the case of an Electronic Election by sending an ESA instruction to settle in CREST in accordance with paragraph 4 of Part II of the Circular.
- 2.10** If a Scheme Shareholder delivers more than one Form of Election and there is an inconsistency between such Forms of Election, the last Form of Election which is delivered by the Election Return Time shall prevail over any earlier Form of Election. The delivery time for a Form of Election shall be determined on the basis of which Form of Election is last sent or, if the company is unable to determine which is last sent, is last received. Forms of Election which are sent in the same envelope shall be treated as having been sent and received at the same time and, in that case, none of them shall be treated as valid (unless the company otherwise determines in its absolute discretion).
- 2.11** If a Scheme Shareholder has made a valid B Share Election in respect of all of his Scheme Ordinary Shares, then:
- (A) the validity of the B Share Election shall not be affected by any increase or decrease in the number of Scheme Ordinary Shares held by the Scheme Shareholder at any time prior to the Distribution Record Time; and
 - (B) accordingly, the B Share Election shall apply in respect of all of the Scheme Ordinary Shares which the Scheme Shareholder holds at the Distribution Record Time.

- 2.12** If a Scheme Shareholder has made a valid B Share Election, in respect of the same holding, in respect of a specified number representing some (but not all) of the Scheme Ordinary Shares within that holding and at the Distribution Record Time the number of Scheme Ordinary Shares held by the Scheme Shareholder within that holding is:
- (A) equal to or more than the number of Scheme Ordinary Shares to which such B Share Election(s) relate, then the validity of the election(s) made by the Scheme Shareholder shall not be affected by any increase or decrease in the number of Scheme Ordinary Shares held by the Scheme Shareholder at any time prior to the Distribution Record Time and any reduction in his holding shall be treated first as a disposal of those Scheme Ordinary Shares in respect of which he did not make such B Share Election(s); or
 - (B) less than the aggregate number of Scheme Ordinary Shares to which such B Share Election(s) relate, then if the Scheme Shareholder has made a valid B Share Election, he shall be treated as having made a B Share Election in respect of his entire holding of Scheme Ordinary Shares at the Distribution Record Time.
- 2.13** The Depositary shall not be entitled to make a B Share Election in respect of all or any of its Scheme Ordinary Shares (whether held in certificated or uncertificated form or represented by a bearer warrant).

3. Currency Alternative

- 3.1** The Currency Alternative shall be available only to Scheme Shareholders who at the Distribution Record Time hold their Scheme Ordinary Shares in certificated form, to enable them to receive the cash to which they become entitled under the Scheme in a currency other than the currency in which they ordinarily receive dividends.
- 3.2** Elections made by such Scheme Shareholders under the Currency Alternative shall not affect the entitlements of such Scheme Shareholders who do not make any such election or the entitlements of Scheme Shareholders who hold their Scheme Ordinary Shares in uncertificated form.
- 3.3** A Scheme Shareholder who holds his Scheme Ordinary Shares in certificated form may make a Currency Election in respect of the whole (but not part) of his certificated holding of Scheme Ordinary Shares.
- 3.4** Each election under the Currency Alternative shall be made by completion of a Form of Election which shall be executed by the Scheme Shareholder or his duly authorised agent (or, in the case of a body corporate, executed by an authorised representative). To be effective, a Form of Election must be completed and returned in accordance with the instructions printed thereon so as to be received by the Registrar by no later than the Election Return Time. The provisions of paragraphs 2.7 to 2.11 (other than paragraph 2.9(B)) shall apply *mutatis mutandis* with respect to Forms of Election and the Currency Alternative.
- 3.5** The Depositary shall be deemed to have made a valid Currency Election to receive dollars in respect of its certificated holding (if any, and including that part of its holding represented by a bearer warrant) of Scheme Ordinary Shares.

Part B – The Reductions of Capital and Return of Value

4. Reduction of share premium account and cancellation of capital redemption reserve

Subject to confirmation by the Court:

- (A) the company's share premium account (as reduced by the issue of B Shares and C Shares in accordance with Part A) shall be reduced to £16,107,000,000, (unless it shall previously have been reduced to a lower amount pursuant to paragraph 1.2 above, in which case there shall be no reduction of the share premium account under this paragraph 4(A)); and
- (B) the company's capital redemption reserve shall be cancelled.

5. Cancellation of the B Shares

5.1 Subject to the allotment and issue of the B Shares and the C Shares in accordance with Part A and to the company's registers having been written up accordingly, and subject further to the confirmation by the Court of the reduction of the company's share premium account and cancellation of capital redemption reserve under paragraph 4 above, all of the B Shares shall be cancelled and extinguished and the capital paid up on them shall be repaid to the holders *pro tanto*, in proportion to their holdings and on the basis set out in paragraph 5.2 below.

5.2 The repayment of the capital paid up on the B Shares shall be satisfied and effected by:

- (A) the company paying the Cash Entitlement to the Scheme Shareholders in respect of each B Share they hold at the Reduction Record Time; and
- (B) Verizon issuing and delivering the relevant number of Verizon Consideration Shares (or, subject to paragraph 10.2, fraction of a Verizon Consideration Share) comprising the Verizon Consideration Share Entitlement to or for the benefit of the Scheme Shareholders in respect of each B Share they hold at the Reduction Record Time,

such payment, issue and delivery to be effected in accordance with paragraphs 8, 9 and 10 below and to constitute a complete discharge of the company's and Verizon's obligations with respect to the cancellation of the relevant B Shares and the repayment of the capital paid up on them.

6. Special dividend on the C Shares

6.1 Subject to the allotment and issue of the B Shares and the C Shares in accordance with Part A and to the company's registers having been written up accordingly, and subject further to the reductions of capital under paragraphs 4 and 5 taking effect, a special dividend (the "**Special Dividend**") shall become due to each Scheme Shareholder in respect of each C Share he holds at the Reduction Record Time, in an amount per C Share equal to the sum of:

- (A) the Cash Entitlement; and
- (B) the value of the Verizon Consideration Share Entitlement, which shall be determined by multiplying the relevant number of Verizon Consideration Shares (or, subject to paragraph 10.2, fraction of a Verizon Consideration Share) comprising the Verizon Consideration Share Entitlement by the closing price of Verizon's common stock on the New York Stock Exchange on the trading day preceding the date of the Second Court Hearing, as reported by Bloomberg.

6.2 The payment of the Special Dividend shall be satisfied and effected by:

- (A) the company paying the Cash Entitlement to the Scheme Shareholders in respect of each C Share they hold at the Reduction Record Time; and
- (B) Verizon issuing and delivering the relevant number of Verizon Consideration Shares (or, subject to paragraph 10.2, fraction of a Verizon Consideration Share) comprising the Verizon Consideration Share Entitlement to or for the benefit of the Scheme Shareholders in respect of each C Share they hold at the Reduction Record Time,

such payment, issue and delivery to be effected in accordance with paragraphs 8, 9 and 10 below and to constitute a complete discharge of the company's and Verizon's obligations with respect to the Special Dividend.

7. Sale and Purchase of the VAF1 Shares

- 7.1** Subject to the confirmation by the Court of the reductions of capital under paragraphs 4 and 5 above, V4L shall sell, assign, transfer and convey to Verizon, and Verizon shall purchase and acquire from V4L, all of the issued and outstanding capital stock of VAF1, free and clear of any Encumbrance and in accordance with *Section 2.3* of the Stock Purchase Agreement.
- 7.2** In consideration of the transfer by V4L of all of the issued and outstanding capital stock of VAF1 to Verizon pursuant to paragraph 7.1 above Verizon shall:
- (A) pay to V4L the cash amount referred to in *Sections 2.4(b)* and (if applicable) *2.4(d)(i)(A)* of the Stock Purchase Agreement, in accordance with and subject to the other applicable provisions of the Stock Purchase Agreement;
 - (B) issue and deliver to V4L the notes referred to in *Sections 2.4(d)(i)(B)* (if applicable), *(ii)*, *(iii)* and *(iv)* of the Stock Purchase Agreement, in accordance with and subject to the other applicable provisions of the Stock Purchase Agreement; and
 - (C) issue and deliver (or procure the delivery of) the Verizon Consideration Shares to or for the benefit of the Scheme Shareholders entitled thereto, in satisfaction of their respective entitlement to Verizon Consideration Shares under the Scheme (as provided in paragraphs 5.2 and 6.2 above), in accordance with, and subject to, paragraphs 9 and 10 below.
- 7.3** In consideration of Verizon complying with its obligations under the Scheme, Vodafone shall comply with its obligations under *Section 2.4(c)* of the Stock Purchase Agreement.
- 7.4** In consideration of V4L procuring Verizon to issue and deliver the Verizon Consideration Shares to the Scheme Shareholders holding B Shares and C Shares at the Reduction Record Time in accordance with paragraph 7.2(C) above, and subject to the reductions of capital under paragraphs 4 and 5 above taking effect, the company shall issue and deliver to V4L the promissory notes required to be issued and delivered by it to V4L under and in accordance with the V4L Agreement.

8. Payment of Cash Entitlements

- 8.1** The payment of any cash to which a Scheme Shareholder becomes entitled under this Scheme shall be effected by the company within 20 business days of the Effective Date *mutatis mutandis* in accordance with the procedures adopted by the company for the payment of ordinary dividends, save that:
- (A) all Scheme Shareholders who at the Distribution Record Time hold their Scheme Shares in uncertificated form shall be paid in dollars through CREST; and
 - (B) all Scheme Shareholders who at the Distribution Record Time hold their Scheme Shares in certificated form shall be paid in the currency in which they would have been paid had the Cash Entitlement been an ordinary dividend, unless they shall have made valid Currency Elections pursuant to the Currency Alternative, in which case they shall be paid in accordance with such Currency Elections. Any cash to which a Scheme Shareholder holding his Scheme Ordinary Shares in certificated form becomes entitled under the Scheme, but who has not prior to the date of this Circular provided his banking details to the company to enable dividend payments by electronic means, shall be paid by cheque to be dispatched within 20 business days after the Effective Date. All deliveries of cheques shall be effected by sending the same by first class post in pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses as appearing in the company's register of members and none of Vodafone, Verizon, V4L or their respective officers, employees, agents or advisers shall be responsible for any loss or delay in the transmission of any cheques sent in accordance with this paragraph 8.1(B), which shall be sent at the risk of the persons entitled thereto.
- 8.2** For the purpose of paragraph 8.1(B), the "sterling or euro equivalent amount" means the amount determined by the Cash Entitlement payable in US dollars being converted (net of all relevant fees and expenses) into pounds sterling or euro based on the exchange rate obtained by the Registrar within five Business Days before the date of settlement of the Cash Entitlement.

9. Issue and delivery of Verizon Consideration Share Entitlements

9.1 The issue and delivery of any Verizon Consideration Shares to which a Scheme Shareholder becomes entitled under this Scheme shall be effected, subject to paragraphs 10 and 11, as follows:

- (A) in the case of Scheme Shareholders who at the Reduction Record Time hold their Scheme Ordinary Shares in certificated form and who are not Verizon CSN Restricted Holders or the Depositary, Verizon shall procure that:
 - (i) the Verizon Consideration Shares to which such Scheme Shareholders are entitled shall be issued to Cede & Co as nominee for DTC;
 - (ii) the interests in such Verizon Consideration Shares shall be credited to the DTC securities deposit account of CREST International Nominees Limited, as nominee for CREST Depositary Limited;
 - (iii) CREST Depositary Limited shall issue, for the credit of the CREST account of the Verizon CSN or its nominee, Verizon CDIs representing such interests in such Verizon Consideration Shares; and
 - (iv) the Verizon CSN shall thereupon deliver or procure delivery of a Statement of Ownership to each such Scheme Shareholder detailing his entitlement to Verizon CDIs;
- (B) in the case of Scheme Shareholders who at the Reduction Record Time hold their Scheme Ordinary Shares in certificated form and who are Verizon CSN Restricted Holders (other than the Depositary), Verizon shall procure that the Verizon Consideration Shares to which such Scheme Shareholders are entitled are issued directly to them in uncertificated form, and that their names are entered as registered owner of those Verizon Consideration Shares, through the Direct Registration System;
- (C) in the case of Scheme Shareholders who at the Reduction Record Time hold their Scheme Ordinary Shares in uncertificated form (other than the Depositary), Verizon shall procure that:
 - (i) the Verizon Consideration Shares to which such Scheme Shareholders are entitled shall be issued to Cede & Co as nominee for DTC;
 - (ii) the interests in such Verizon Consideration Shares shall be credited to the DTC securities deposit account of CREST International Nominees Limited, as nominee for CREST Depositary Limited; and
 - (iii) CREST Depositary Limited shall issue, for the credit of the corresponding CREST account in which such Scheme Ordinary Shares were so held, Verizon CDIs representing such interests; and
- (D) in the case of the Depositary, Verizon shall procure that the Verizon Consideration Shares to which the Depositary is entitled shall as directed by the Depositary be issued either (a) directly to the Depositary and that the name of the Depositary is entered as registered owner of those Verizon Consideration Shares, through the Direct Registration System, or (b) to Cede & Co as nominee for DTC, and that the interests in such Verizon Consideration Shares shall be credited to the corresponding DTC securities deposit account of the Depositary.

9.2 The Verizon Consideration Shares shall be issued by Verizon credited as fully paid, ranking equally with each other and with all other shares of Verizon's common stock in issue at the beginning of the Effective Date and shall be entitled to participate rateably and equally in all dividends and other distributions declared, paid or made by Verizon by reference to a record date on or after the Effective Date.

9.3 Neither the company nor V4L, nor any of their respective officers, employees, agents or advisers, shall be responsible to Scheme Shareholders for the issue and delivery by Verizon of the Verizon Consideration Shares (or Verizon CDIs representing them, or Statements of Ownership in respect of any such Verizon CDIs), nor shall they have any liability of any nature whatsoever in respect of any failure or delay by Verizon to issue and deliver any Verizon Consideration Shares (or Verizon CDIs representing them, or Statements of Ownership in respect of any such Verizon CDIs).

- 9.4** Having paid V4L the cash consideration due to it pursuant to *Section 2.4(b)* and (if applicable) *Section 2.4(d)(i)(A)* of the Stock Purchase Agreement, neither Verizon nor any of its officers, employees, agents or advisers shall be responsible to Scheme Shareholders for payment by Vodafone of the Cash Entitlement, nor shall they have any liability of any nature whatsoever in respect of any failure or delay by Vodafone to make such payments or procure that they are made.

10. Fractional entitlements to cash and Verizon Consideration Shares

- 10.1** No cash amount of less than one United States cent or Euro cent or one penny shall be paid to any Scheme Shareholder, and any cash payment to which a Scheme Shareholder may become entitled under the Scheme shall be rounded down to the nearest whole United States cent, Euro cent or penny, as applicable.
- 10.2** No fractions of Verizon Consideration Shares shall be issued directly to any Scheme Shareholder, and the Verizon Consideration Shares to which a Scheme Shareholder may become entitled under the Scheme shall be rounded down to the nearest whole Verizon Consideration Share. All fractions of Verizon Consideration Shares to which Scheme Shareholders would have been entitled but for this paragraph 10.2 shall be aggregated, rounded down to the nearest whole Verizon Consideration Share and issued to the person appointed by the company as nominee and agent for and on behalf of the relevant Scheme Shareholders and sold as soon as practicable by instructing a broker to sell them in the open market at the price prevailing at the time of sale. The net proceeds of sale (after deduction of all expenses and commissions incurred in connection with such sale, including without limitation any stamp, transfer, VAT or other tax payable on the proceeds of or in connection with the sale) shall be paid to the relevant Scheme Shareholders in due course and in accordance with their entitlements. Such payment shall be made in accordance with paragraph 8 *mutatis mutandis*.

11. Overseas Scheme Shareholders

- 11.1** If the company determines that the company making the B Share Alternative or Currency Alternative available, and/or that Verizon issuing and delivering Verizon Consideration Shares (or procuring the delivery of Verizon CDIs or Statements of Ownership in respect of Verizon CDIs) to Overseas Scheme Shareholders in a particular jurisdiction is either (a) prohibited by applicable Law or (b) permitted only subject to compliance by the company, V4L or Verizon with requirements of applicable Law (including, without limitation, any requirement to make any registration or filing with, or obtain any consent or approval from, any Governmental Entity) which the company at its absolute discretion considers to be unduly onerous (or which the company, V4L and Verizon may agree in writing to be unduly onerous), then the company may:
- (A) determine that the B Share Alternative or Currency Alternative, as applicable, shall not be available to Overseas Scheme Shareholders in that jurisdiction, or shall only be so available subject to compliance by such Overseas Scheme Shareholders with such conditions as the company may at its absolute discretion determine; and/or
 - (B) determine that the Verizon Consideration Shares (or Verizon CDIs representing them) to which Overseas Scheme Shareholders in that jurisdiction are entitled under the Scheme shall be sold on behalf of the relevant Overseas Scheme Shareholders, in which event the company may at its absolute discretion determine that:
 - (i) such Verizon Consideration Shares (or Verizon CDIs representing them) shall be issued and delivered to the relevant Overseas Scheme Shareholder and the company shall appoint a person to act pursuant to this paragraph (i) and such person shall be irrevocably authorised on behalf of such Overseas Scheme Shareholder to procure that any such Verizon Consideration Shares (or Verizon CDIs representing them) in respect of which the company has made a determination pursuant to this paragraph (i) shall be sold on behalf of the relevant Overseas Scheme Shareholder as soon as practicable; or
 - (ii) such Verizon Consideration Shares (or Verizon CDIs representing them) shall not be issued and delivered directly to the relevant Overseas Scheme Shareholder, but shall instead be issued and delivered to a nominee for such Overseas Scheme Shareholder appointed by the company on terms that the Verizon Consideration Shares (or Verizon CDIs representing them) in respect of which the company has made a determination pursuant to this paragraph (ii) shall be held by the nominee as agent for the relevant Overseas Scheme Shareholder and sold as soon as practicable.

- 11.2** Any sale under paragraph 11.1 shall be carried out by instructing a broker to sell the Verizon Consideration Shares (or Verizon CDIs representing them) in the open market at the price prevailing at the time of sale, and the net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with such sale, including any stamp, transfer or other tax payable on the proceeds of or in connection with the sale) shall be paid to such Overseas Scheme Shareholder in accordance with paragraph 8 *mutatis mutandis*.
- 11.3** To give effect to any sale under paragraph 11.1, the person appointed by the company in accordance with paragraph 11.1(B)(i) shall be authorised as attorney on behalf of the Overseas Scheme Shareholder concerned, and the nominee appointed by the company in accordance with paragraph 11.1(B)(ii) shall be authorised, to execute and deliver as a transferor a form of transfer or other instrument or instruction of transfer and to give such instructions and do all other acts and things which he may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of the company, V4L, Verizon or the person or nominee so appointed shall have any liability for any loss or damage arising from the timing or the terms of such sale.

12. Dividend mandates

All mandates and other instructions provided by Scheme Shareholders who at the Distribution Record Time hold their Scheme Ordinary Shares in certificated form (other than Verizon CSN Restricted Holders) to the company regarding communication preferences, the payment of dividends and participation in the company's DRIP, and which are in force at the Distribution Record Time, shall, unless and until revoked or amended, be deemed as from the Effective Date to be valid and effective mandates and instructions to Verizon in relation to the payment of dividends by Verizon and participation in the DRIP to be provided by the Verizon CSN with respect to their holdings of Verizon CDIs.

Part C – The Share Consolidation

13. Consolidation and sub-division of the Scheme Ordinary Shares

Subject to the reductions of capital under paragraphs 4 and 5 above taking effect, at and with effect from the Consolidation Effective Time, all of the Scheme Ordinary Shares (and the ordinary shares held in treasury) shall be consolidated into one ordinary share (the “**Intermediate Share**”) and immediately thereafter, the Intermediate Share shall be subdivided into New Ordinary Shares on the basis that the number of New Ordinary Shares shall be equal to the number obtained by multiplying the number of Scheme Ordinary Shares in issue at the Consolidation Effective Time by the fraction $\frac{X}{Y}$, where:

- (i) “X” is the difference between (a) the closing price of a Scheme Ordinary Share on the LSE on the third Business Day prior to the Effective Date and (b) the sterling-equivalent amount of aggregate value of the Cash Entitlement and Verizon Consideration Share Entitlement, which shall be determined by multiplying the relevant number of Verizon Consideration Shares (or fraction of a Verizon Consideration Share) comprising the Verizon Consideration Share Entitlement by the closing price of Verizon’s common stock on the New York Stock Exchange on the third Business Day prior to the Effective Date, as reported through Bloomberg; and
- (ii) “Y” is the closing price of a Scheme Ordinary Share on the LSE on the third Business Day prior to the Effective Date,

such consolidation and sub-division to be effected subject to such adjustments as the Directors may determine to deal with fractions, rounding or other practical problems or matters which may result from such consolidation and sub-division and/or to achieve a basis for consolidation and sub-division which in their judgment is the most appropriate to seek to maintain comparability of the Company’s share price before and after the share consolidation, and subject to paragraph 14 below.

14. Fractional entitlements to New Ordinary Shares

No fractions of New Ordinary Shares shall be issued directly to any Scheme Shareholder, and the New Ordinary Shares to which a Scheme Shareholder may become entitled under the Scheme shall be rounded down to the nearest whole New Ordinary Share. All fractions of New Ordinary Shares to which Scheme Shareholders would have been entitled but for this paragraph 14 shall be aggregated and issued to the person appointed by the company as nominee and agent for and on behalf of the relevant Scheme Shareholders and sold as soon as practicable by instructing a broker to sell them in the open market at the price prevailing at the time of sale. The net proceeds of sale (after deduction of all expenses and commissions incurred in connection with such sale, including without limitation any stamp, transfer, VAT or other tax payable on the proceeds of or in connection with sale) shall be paid to the relevant Scheme Shareholders in due course and in accordance with their entitlements in accordance with paragraph 8 *mutatis mutandis*, provided that individual entitlements to amounts of less than £3 will not be paid to them, but will be retained by the company and donated to the charity Share Gift (registered number 1052686).

15. Vodafone Share Account Facility

15.1 In the case of Scheme Shareholders who at the Consolidation Effective Time hold their Scheme Ordinary Shares in certificated form:

- (A) certificates in respect of the Scheme Ordinary Shares shall cease to be valid as documents of title and shall be surrendered to the company or as it may direct;
- (B) unless the relevant Scheme Shareholder has made a valid election to receive a new share certificate in respect of the New Ordinary Shares to which he becomes entitled, or is a Vodafone Share Account Restricted Holder, such New Ordinary Shares shall be transferred to Computershare Company Nominees Limited as nominee for the relevant Scheme Shareholder on the terms and conditions of the Vodafone Share Account Facility, and the company shall procure that Computershare shall thereupon deliver or procure delivery of a Statement of Ownership to such Scheme Shareholder detailing his entitlement to New Ordinary Shares; and
- (C) if the relevant Scheme Shareholder has made a valid election to receive a new share certificate in respect of the New Ordinary Shares to which he becomes entitled, or is a Vodafone CSN Restricted Holder, the company shall procure that a certificate in respect of such New Ordinary Shares is dispatched to the relevant Scheme Shareholder in accordance with the Articles.

16. Dividend and DRIP mandates

All mandates and other instructions provided by Scheme Shareholders (other than Scheme Shareholders holding their Scheme Ordinary Shares in uncertificated form) to the company regarding communication preferences, the payment of dividends and participation in the company's DRIP, and which are in force at the Consolidation Effective Time with respect to their holdings of existing ordinary shares, shall, unless and until revoked or amended, be deemed as from the Consolidation Effective Time to be valid and effective mandates and instructions to the company in relation to the payment of dividends and participation in the company's DRIP with respect to their holdings of New Ordinary Shares.

Part D – General provisions

17. Modification

The company may consent on behalf of all concerned to any modification of, or addition to, the Scheme, or to any condition which the Court may approve or impose in order for the Scheme to be sanctioned, the reductions of capital forming part of the Scheme to be confirmed, or the Scheme and the reductions of capital to become effective; provided, however, that any such modification, addition or condition which would adversely affect the rights and obligations of Verizon under the Scheme shall require Verizon's prior consent in writing and any such modification, addition or condition which would adversely affect the rights and obligations of V4L under the Scheme shall require V4L's prior consent in writing.

18. Conditions to the Scheme

18.1 The Scheme shall become effective in accordance with its terms as soon as a copy of the court order sanctioning the Scheme under section 899 of the Act has been delivered to the Registrar of Companies for registration.

18.2 The reductions of capital under paragraphs 4 and 5 of the Scheme shall become effective in accordance with their terms as soon as the order of the Court confirming those reductions of capital under section 648 of the Act, together with the statement of capital required under section 649 of the Act, have been delivered to the Registrar of Companies or, if the Court so orders, on the registration of the said order and statement of capital.

19. Scheme subject to applicable Law

The Scheme is subject to any condition or prohibition imposed by applicable Law.

Dated: 10 December 2013