# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report: February 5, 2015
(Date of earliest event reported)

# VERIZON COMMUNICATIONS INC.

*(Exact name of registrant as specified in its charter)*

| Delaware | 1-8606 | 23-2259884 |
|---|---|---|
| *(State or Other Jurisdiction of Incorporation)* | *(Commission File Number)* | *(I.R.S. Employer Identification No.)* |

| 1095 Avenue of the Americas New York, New York | 10036 |
|---|---|
| *(Address of principal executive offices)* | *(Zip Code)* |

Registrant's telephone number, including area code: (212) 395-1000

Not Applicable
*(Former name or former address, if changed since last report)*

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01. Entry into a Material Definitive Agreement.**

On February 5, 2015, Verizon Communications Inc. (“Verizon”) and Frontier Communications Corporation (“Frontier”) entered into a Securities Purchase Agreement (the “Purchase Agreement”), pursuant to which Frontier will acquire Verizon’s local exchange and related business assets in California, Florida and Texas (the “Transferred Business”) for approximately $10.54 billion, subject to certain adjustments, including approximately $9.9 billion in cash and $600 million in assumed debt.

The transaction includes Verizon’s FiOS Internet and Video customers, switched and special access lines, as well as its high-speed Internet service and long-distance voice accounts in these three states. The transaction does not include the services, offerings or assets of other Verizon businesses, such as Verizon Wireless and Verizon Enterprise Solutions. Approximately 11,000 Verizon company employees are expected to continue employment with Frontier after the transaction is completed.

As of December 31, 2014, the Transferred Business served approximately 3.7 million voice connections; approximately 2.2 million high-speed data customers, including approximately 1.6 million FiOS Internet customers; and approximately 1.2 million FiOS Video customers. Verizon expects that its wireline margin will be reduced after the transaction closes.

Subject to the terms and conditions of the Purchase Agreement, Verizon will form a new limited liability company (“Newco”) and contribute the membership interests and capital stock of Verizon Florida LLC, GTE Southwest Incorporated and Verizon California Inc., as well as certain other assets and liabilities related to the Transferred Business, to Newco. Frontier will thereafter purchase the limited liability company interests of Newco.

Consummation of the transactions contemplated by the Purchase Agreement is subject to customary closing conditions, including, among others: (i) expiration or termination of the applicable Hart-Scott-Rodino waiting period and receipt of Federal Communications Commission and certain state and local regulatory approvals; (ii) absence of any law or order prohibiting the consummation of the transactions; (iii) subject to certain exceptions, the accuracy of representations and warranties and compliance in all material respects with covenants; (iv) absence of a material adverse effect on the Transferred Business and (v) the achievement of certain milestones related to the transition.

**Item 8.01. Other Events.**

**Tower Transaction**

On February 5, 2015, Verizon and American Tower Corporation (“American Tower”) entered into a Master Agreement (the “Master Agreement”), pursuant to which American Tower will have the exclusive right to lease, acquire or otherwise operate and manage a significant majority of Verizon-owned wireless towers. As part of the transactions contemplated by the Master Agreement, Verizon and certain of its affiliates will, among other things, (i) sell 165 of its wireless communications sites to a newly formed subsidiary of American Tower (“Tower Operator”) and (ii) enter into a Master Prepaid Lease (the “Master Prepaid Lease”). In exchange, Verizon and its affiliates will receive approximately $5.056 billion proceeds in cash up-front, subject to certain conditions and limited adjustments.

Under the terms of the Master Prepaid Lease, Tower Operator will have the exclusive rights to lease or sublease or obtain the exclusive right to operate and manage over 11,300 Verizon-owned towers. The average term of the lease rights for the Verizon-owned towers is about 28 years. As the leases expire for the towers, American Tower will have purchase options for the towers based on their estimated fair market values at the end of the lease terms. Verizon will sublease collocation space at the towers from Tower Operator, pursuant to Master Lease Agreements for an initial ten-year period with an automatic extension (unless terminated by Verizon) for eight additional five-year periods, unless terminated earlier pursuant to a termination right. Verizon will pay Tower Operator an initial collocation rent of $1,900 per month per site, with annual rent increases of two percent. Verizon will also have access to additional reserve capacity on the towers for future use.

Verizon expects to complete the initial closing of the transactions by mid-2015, subject to standard closing conditions.

**Accelerated Share Repurchase**

On February 5, 2015, Verizon entered into an accelerated stock repurchase ("ASR") agreement to repurchase $5.0 billion of its common stock. Verizon expects to receive an initial delivery of shares having a value of approximately $4.25 billion. The total number of shares that Verizon will repurchase under the ASR agreement will be based generally upon the volume-weighted average share price of Verizon's common stock during the term of the transaction.

Final settlement of the transaction under the ASR agreement, including delivery of the remaining shares that Verizon expects to receive, is scheduled to occur in the second quarter of 2015. Verizon is funding the ASR with cash on hand.

The ASR is in addition to Verizon's three-year share repurchase program announced on March 7, 2014. Under the three-year program, Verizon is authorized to repurchase 100 million shares of its common stock. That program is set to terminate on February 28, 2017, or when the aggregate number of shares purchased under the program reaches 100 million, whichever date is earlier. To date, no shares have been repurchased under the program.

**Item 7.01. Regulation FD Disclosure.**

Attached as Exhibit 99.1 hereto is a press release dated February 5, 2015 issued by Verizon announcing the transactions referred to in this Report. Attached as Exhibit 99.2 hereto are slides from a presentation to be given by Verizon to investors on February 5, 2015.

The information provided pursuant to this Item 7.01 is being furnished and shall not be deemed to be "filed" with the Securities and Exchange Commission or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent set forth by specific reference in any such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

| Exhibit No. | Document |
|---|---|
| 99.1 | Verizon Communications Inc. Press Release, dated February 5, 2015. |
| 99.2 | Slides to be used in Investor Presentation on February 5, 2015. |

**FORWARD-LOOKING STATEMENTS**

This communication contains statements about expected future events that are forward-looking and subject to risks and uncertainties. Forward-looking statements also include those preceded or followed by the words “anticipates,” “believes,” “estimates,” “hopes” or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors, along with those discussed in our filings with the Securities and Exchange Commission (the “SEC”), could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: adverse conditions in the U.S. and international economies; the effects of competition in the markets in which we operate; material changes in technology or technology substitution; disruption of our key suppliers’ provisioning of products or services; changes in the regulatory environment in which we operate, including any increase in restrictions on our ability to operate our 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; our high level of indebtedness; an adverse change in the ratings afforded our 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; material adverse changes in labor matters, including labor negotiations, and any resulting financial and/or operational impact; significant increases in benefit plan costs or lower investment returns on plan assets; changes in tax laws or treaties, or in their interpretation; changes in our 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; and the inability to implement our business strategies.

# SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 5, 2015

Verizon Communications Inc.
(Registrant)

/s/ William L. Horton, Jr.
William L. Horton, Jr.
Senior Vice President, Deputy General
Counsel and Corporate Secretary

# EXHIBIT INDEX

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Exhibit 99.1

# NEWS RELEASE

**FOR IMMEDIATE RELEASE**
**February 5, 2015**

**Media contacts:**
**(See end of release)**

## Verizon Sharpens Strategic Focus and Returns Value to Investors With Transactions Valued at $15.54 Billion

***Selling Wireline Assets in Three States to Frontier for $10.54 Billion;***

***Generating $5 Billion of Initial Cash for Wireless Towers in Transaction With American Tower;***

***$5 Billion Share Repurchase***

**NEW YORK –** Verizon Communications Inc. (NYSE, Nasdaq: VZ) today announced two major transactions designed to further sharpen its strategic focus:

- Verizon has reached a definitive agreement to sell its local wireline operations serving customers in California, Florida and Texas to Frontier Communications Corporation (Nasdaq: FTR). Frontier will pay Verizon approximately $10.54 billion (approximately $9.9 billion in cash, plus $600 million in assumed debt) for the business and related assets in these states.

- Verizon has agreed to lease the rights to over 11,300 of its company-owned wireless towers to American Tower Corporation (NYSE: AMT), which will also purchase approximately 165 Verizon towers, for a total upfront payment of approximately $5 billion.

At the same time, Verizon is returning a significant amount of capital to its shareholders through a $5 billion accelerated share-repurchase program entered into today.

Verizon Chairman and CEO Lowell McAdam said: “Our long-standing strategy has been to consistently invest in our networks, improve our customers’ experience, and develop new products and services while delivering profitable growth. These transactions will further strengthen Verizon’s focus on extending our industry leadership position in our core markets and return significant value to our shareholders.”

**Details of the Verizon - Frontier Transaction**

Selling wireline operations in California, Florida and Texas to Frontier will concentrate Verizon’s wireline operations on the East Coast. Verizon will focus on further penetrating the market for its FiOS business across a contiguous footprint in Eastern states.

Frontier currently has access lines in 28 states, providing an array of voice, broadband and video services, including landline assets purchased from Verizon in 2009-2010.

Maggie Wilderotter, Frontier’s chairman and chief executive officer, said: “These properties align with Frontier’s disciplined strategic focus and enhance our footprint with rich fiber-based assets. We look forward to building on the strong results Verizon has delivered in these three states. Frontier has a solid track record of successful integrations, and we welcome the new employees who will help us implement our local engagement model in these markets.”

Completion of the transaction is subject to customary closing conditions including, among others, obtaining certain regulatory approvals. The companies are targeting completing the transaction in the first half of 2016.

Approximately 11,000 Verizon company employees are expected to continue employment with Frontier after the transaction. Frontier and Verizon will provide a smooth transition for these employees.

As they did during the companies' previous transaction, Verizon and Frontier transition teams will work to ensure that customer accounts, billing information and other assets from the operations are successfully transferred to Frontier and that the transition is seamless for customers as well as employees.

The operations Frontier will acquire consist of all of Verizon's local wireline operating territories in California, Florida and Texas. At the end of fourth-quarter 2014, these operations served approximately 3.7 million voice connections; approximately 2.2 million high-speed data customers, including approximately 1.6 million FiOS Internet customers; and approximately 1.2 million FiOS Video customers.

The transaction includes Verizon's FiOS Internet and Video customers, switched and special access lines, as well as its high-speed Internet service and long-distance voice accounts in these three states. Frontier will continue to provide video services in these states after the completion of the transaction.

The transaction does not include the services, offerings or assets of other Verizon businesses, such as Verizon Wireless and Verizon Enterprise Solutions.

As of the end of fourth-quarter 2014, the consumer and mass business wireline operations that Verizon is retaining provided service in nine states and the District of Columbia and had approximately 16.1 million wireline voice connections; 7.0 million high-speed data customers, including approximately 5.1 million FiOS Internet customers; and 4.5 million FiOS Video customers. The states in Verizon's contiguous consumer wireline footprint are Connecticut, Delaware, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Rhode Island, Virginia and Washington, D.C.

Credit Suisse, Guggenheim Securities and PJT Partners advised Verizon on the transaction.

**Details of the Verizon - American Tower Transaction**

In the wireless tower transaction, American Tower will have exclusive rights to lease and operate over 11,300 Verizon cell towers, a significant majority of the towers the company currently owns. In addition, Verizon will sell approximately 165 towers outright.

The average term of the lease rights is about 28 years. As the leases expire, American Tower will have fixed-price purchase options to acquire these towers based on their anticipated fair market values at the end of the lease terms.

Verizon will sublease capacity on the towers from American Tower for a minimum of 10 years for $1,900 per month per site, with annual rent increases of 2 percent. Verizon will have customary renewal options that could potentially extend the full term of the sublease to 50 years.

Verizon will have access to additional reserve capacity on the towers for future use and expects to use this additional capacity to help continuously improve the nation's most reliable network.

During the terms of the leases, American Tower will have full operating rights to and responsibilities for the towers. American Tower's rights will include the ability to sublease other available space to other companies.

Verizon expects the transaction to close by mid-2015, subject to standard closing conditions.

## $5 Billion Returned to Shareholders Through Share Repurchase

Under the terms of the accelerated stock repurchase (ASR) agreement, Verizon will repurchase $5 billion of its common stock and expects to receive an initial delivery of shares having a value of approximately $4.25 billion. The total number of shares that Verizon will repurchase under the ASR agreement will be based generally upon the volume-weighted average share price of Verizon's common stock during the term of the transaction.

Final settlement of the transaction under the ASR agreement, including delivery of the remaining shares that Verizon expects to receive, is scheduled to occur in the second quarter of 2015. Verizon is funding the ASR with cash on hand.

The ASR is in addition to Verizon's three-year share repurchase program announced on March 7, 2014. Under the three-year program, Verizon is authorized to repurchase 100 million shares of its common stock. That program is set to terminate on Feb. 28, 2017, or when the aggregate number of shares purchased under the program reaches 100 million, whichever date is earlier. To date, no shares have been repurchased under the program.

## Verizon Webcast Today

Verizon will provide further details of these transactions during a webcast at 5:15 p.m. Eastern Time today on Verizon's Investor Relations website, *www.verizon.com/about/investors/*, where presentation materials have been posted.

Verizon Communications Inc. (NYSE, Nasdaq: VZ), headquartered in New York, is a global leader in delivering broadband and other wireless and wireline communications services to consumer, business, government and wholesale customers. Verizon Wireless operates America's most reliable wireless network, with more than 108 million retail connections nationwide. Verizon also provides converged communications, information and entertainment services over America's most advanced fiber-optic network, and delivers integrated business solutions to customers worldwide. A Dow 30 company with more than $127 billion in 2014 revenues, Verizon employs a diverse workforce of 177,300. For more information, visit *www.verizon.com/news/*.

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VERIZON'S ONLINE NEWS CENTER: Verizon news releases, executive speeches and biographies, media contacts and other information are available at Verizon's online News Center at *www.verizon.com/news/*. The news releases are available through an RSS feed. To subscribe, visit *www.verizon.com/about/rss-feeds/*.

## Forward-Looking Statements

In this communication we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "hopes" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors, along with those discussed in our filings with the Securities and Exchange Commission (the "SEC"), could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: adverse conditions in the U.S. and international economies; the effects of competition in the markets in which we operate; material changes in technology or technology substitution; disruption of our key suppliers' provisioning of products or services; changes in the regulatory environment in which we operate, including any increase in restrictions on our ability to operate our 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; our high level of indebtedness; an adverse change in the ratings afforded our 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; material adverse changes in labor matters, including labor negotiations, and any resulting financial and/or operational impact; significant increases in benefit plan costs or lower investment returns on plan assets; changes in tax laws or treaties, or in their interpretation; 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; and the inability to implement our business strategies.

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Exhibit 99.2

# Verizon Transactions Conference Call

Lowell McAdam – Chairman and CEO
Fran Shammo – Chief Financial Officer

February 5, 2015

# “Safe Harbor” Statement

NOTE: In this presentation we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words “anticipates,” “believes,” “estimates,” “hopes” or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors, along with those discussed in our filings with the Securities and Exchange Commission (the “SEC”), could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: adverse conditions in the U.S. and international economies; the effects of competition in the markets in which we operate; material changes in technology or technology substitution; disruption of our key suppliers’ provisioning of products or services; changes in the regulatory environment in which we operate, including any increase in restrictions on our ability to operate our 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; our high level of indebtedness; an adverse change in the ratings afforded our 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; material adverse changes in labor matters, including labor negotiations, and any resulting financial and/or operational impact; significant increases in benefit plan costs or lower investment returns on plan assets; changes in tax laws or treaties, or in their interpretation; 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; and the inability to implement our business strategies.

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

## Overview

- Consistently invest in networks and platforms
- Provide superior customer experience
- Develop new products and services
- Deliver profitable growth and generate cash
- Return value to shareholders
- Strengthen balance sheet

**Transactions align with strategic imperatives**

# Optimizing Assets for Value

- Tower agreement
  – Value in excess of $5 billion
  – Lease-back terms provide operating flexibility
- Wireline property sale
  – Approx. $10.5 billion of value
  – Enables focus on contiguous Eastern states
- Return value to shareholders and de-lever the balance sheet

**Monetization creates value for shareholders**

# Tower Monetization Transaction

- Total transaction value
  - $5 billion up-front payment
  - Additional value from end of lease term purchase options
- Approx. 11,300 towers leased under a Master Prepaid Lease
- Approx. 165 towers sold outright
- All towers leased back under Master Lease Agreement
- Preserves operating flexibility

Expected to close within 60 to 90 days

## Wireline Property Sale Transaction

- Wireline assets in Florida, Texas, and California
- Concentrates remaining footprint to contiguous eastern states
- Total transaction value of approximately $10.5 billion
  - Includes assumption of about $600 million of debt
- Transaction multiple of 6.2 times adjusted 2014 EBITDA
- Expected net cash proceeds of approximately $6.8 billion
- Requires HSR, FCC and certain state and local approvals

**Targeting close in first half of 2016**

## Wireline Properties – Key Metrics

- 2014 operating revenue of approx. $5.8 billion
- 2014 adjusted EBITDA of approx. $1.6 billion
- About 1.6 million FiOS Internet customers
- About 1.2 million FiOS Video customers
- About 3.7 million voice connections
- Approximately 11,000 employees

Cost structure initiatives to mitigate financial impact

## Funding Plan

- $10.6 billion cash on hand at end of 2014
- Cash on hand will fund the $5 billion ASR
- Spectrum purchase of $10.4 billion less $900 million deposit
  - Cash on hand
  - Term loan
- Tower proceeds of $5 billion will reduce term loan
- Wireline proceeds in 2016 to pay down debt

Returning value and on track with credit commitments

## Accelerated Stock Repurchase

- $5 billion ASR program
- Signed agreement in place
- Provides for up-front payment and immediate delivery of 85% of the underlying shares
  - Counterparty borrows shares for delivery then purchases shares on open market between inception date and end of program
- Reduction in shares immediately accretive to EPS and reduces dividend payments
- Total shares repurchased “trued up” at end of program

**Provides immediate value to shareholders**

## Summary

- Delivering strong operating and financial performance
- Consistently investing for future growth
- Developing new products & services
  - Mobile video and Internet of Things
- Optimizing asset base
- Strengthening balance sheet
- Returning value to shareholders

**Confident in ability to execute, grow profitably, and invest for the future**