



### Information for shareholders and ADR holders resident in the US

The following information:

- should be read in conjunction with Section 3 of Part X of the Circular published on 10 December 2013;
- describe certain United States federal income tax consequences of the Return of Value to beneficial owners of Vodafone shares (including such share underlying ADSs) who are for United States federal income tax purposes individual citizens or residents of the United States, corporations (or other entities treated as corporations 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, an estates the income of which is subject to United States federal income taxation regardless of its source, or trusts if they are 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 has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person;
- only addresses those of such owners as are described above that at all relevant times held and hold their Vodafone shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended;
- is based upon the provisions of the Internal Revenue Code of 1986, as amended, 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;
- 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 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).

#### **Will a US shareholder be able to choose whether income tax or capital gains is payable on the Return of Value?**

No. US shareholders will not be able to choose between B or C shares. US shareholders will automatically receive C shares (the Income option) and Special Dividend. The expected tax treatment is set out below.

#### **How will I be taxed when I receive the Special Dividend if I am a US tax resident shareholder?**

Your tax position will depend on your individual circumstances and you should consult your own tax advisers as appropriate.

The Special Dividend, which will consist of cash and the market value of the Verizon Shares, will constitute a dividend for United States federal income tax purposes to the extent it is paid from Vodafone's current or accumulated earnings and profits. Vodafone 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 existing Vodafone shares or ADRs.

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 depending on the shareholders particular circumstances. The specific tax rate will depend on your own tax bracket.

#### **What is the base cost in my New Vodafone Shares or ADS?**

You generally will not recognise gain or loss on the receipt of New Vodafone shares pursuant to the share consolidation and should generally have the same holding period and total aggregate tax basis in the New Vodafone shares received as you had in your existing shares, less any basis in any fractional entitlement received in cash. Therefore the cost basis per share in the new shares would generally be higher than those in the original shares. More detail can be found [here](#).



**What is the base cost in my new Verizon shares?**

The base cost in your Verizon shares received is the relevant market value of the Verizon shares at the point the Scheme became effective, this is \$48.115.