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Verizon acquired Vodafone- Analysis of Market Reaction

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Abstract: *The recent big tickets in telecom industry include Microsoft acquiring part of Nokia for US\$ 7.2 billion, Verizon buying 45% stake in Vodafone for US\$130 billion, Google acquiring Motorola for 12.5 billion, and Lenovo acquiring Motorola mobility from Google for US\$ 3 billion. These buyouts are analyzed and commented by experts of the industry. This research paper is an attempt to analyze and collate their views with respect to Verizon and Vodafone deal. The analysis includes reasons for buyout, size of the deal, general comments in the media, what is in the deal for Verizon and Vodafone, impact on the eco-system, etc.*

Keywords: Acquisition, Verizon, Vodafone, Synergy, Technical Efficiency, Industry, Telecom Markets.

Preuzimanje Vodafona od strane Verizona – Analiza reakcije tržišta

Apstrakt: *Nedavne velike transakcije u telekom industriji uključuju preuzimanje dela Nokia od strane Microsoft-a za 7,2 mlrd USD, prodaju 45% vlasništva Vodafona Verizonu za 130 mlrd. USD, prodaju Motorole Googlu za 12,5 mlrd USD i potom preuzimanja Motorole od strane Lenova za 3 mlrd. USD. Ove transakcije su analizirane od strane eksperata ove grane industrije. Cilj rada je da definiše stavove u vezi preuzimanja Vodafon-a od strane Verizona. U istraživanju su analizirani razlozi preuzimanja, vrednost preuzimanja, komentari u medijima, dogovor između kompanija, uticaj na eko-sistem, i dr.*

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Ključne reči: akvizicija, Verizon, Vodafone, sinergija, tehnička efikasnost, industrija, tržište.

1. Introduction

Vodafone entered the U.S. market in 1999 by outbidding Bell Atlantic to buy AirTouch Communications Inc. of San Francisco. Next year, Verizon-Vodafone partnership started, when the then Bell Atlantic combined its East Coast wireless network with Vodafone's operations on the West Coast. Since then, Vodafone and Verizon partnership have prospered by building new network infrastructures in US telecom markets to make cell phone calls cheaper to its customers. Over the years, these communication networks have been converted into high-speed wireless connections for today's smartphone applications (Anderson & Kirka, 2013). Verizon Wireless name came in to existence in September 1999 when Bell Atlantic and Vodafone AirTouch agreed to merge their U.S. wireless operations (Bell Atlantic Mobile +AirTouch Cellular) to form Verizon Wireless. In this process, Vodafone invested US \$70 billion for its stake in Verizon Wireless (Soper, 2013).

The parting deal of Vodafone and Verizon is the third largest deal in the world. The first was Vodafone's \$203 billion takeover of Germany's Mannesmann in 1999 and the second one AOL's \$181 billion acquisition of Time Warner in 2000. It is being reported that a massive debt load on Verizon Wireless will limit its ability to do large transactions in near future. Verizon Wireless priority will be paying down its debt. It is also reported by analysts that Verizon had paid very high price when US wireless industry growth was not in favor of such a high investment. On the other hand, Vodafone will look for expansion in Europe and other markets of its operations in emerging economies or may search new wireless/ wire line telecom markets. The Verizon and Vodafone's deal will have huge impact on the wireless telecom industry in US and also across the globe. Given the importance of such a deal in wireless telecom industry, this research paper is an attempt to present an analysis of the very recent views about this deal expressed by experts and reported / presented facts mainly in electronic media in the subsequent sections of the research paper which are titled as size of the deal, general comments, deal for Vodafone, deal for Verizon, impact on eco-system of wireless telecom industry followed by concluding remarks. The main objectives of this research can be summarized as under:

Objective 1: To present an analysis of the very recent views expressed by experts and members of eco-systems of wireless telecom industry. These views are mainly with respect to impact on eco-systems of wireless telecom industry, acquirer Verizon and bought out company Vodafone.

Objective 2: To establish similarities to previous theories/findings of merger and acquisition of telecom industry such as synergy trap hypothesis (Myeong-Cheol, et al., 2002), asset efficiency hypotheses (Salleh, et al., 2013); Barkema and Schijven, 2008), theories of impact on innovative performance of the acquiring firm in relation to knowledge base of acquired firm (Clodt, et al., 2006), ethical conduct of mergers and acquisition and its impact on job performance (Lin and Wei, 2006), and share holders value effects (Rieck and Doan, 2009). In addition, objective is to compare analysis of similar recent deals (Singh, 2014).

2. Research Methodology

The methodology adopted in this research paper is exploratory cum descriptive in nature. The methodology of the study is designed by taking into consideration two above objectives of the study. Most of the data used in the study is secondary data collected and compiled from the articles, news reports, press releases published on the internet before and after the buyout of Vodafone America by Verizon Wireless. These sources are very recent. The analysis is similar to content analysis. Key words and phrases were identified from the secondary sources with respect to (i) reasons for buyout, (ii) general views on the deal in the market, (iii) similarities & dissimilarities of the past & business models in relation to merger & acquisition activities of competitors in the market, (iv) reasons for Verizon to buy Vodafone, (v) impact on the stakeholders / ecosystem.

In addition, analysis of the Verizon – Vodafone deal is done based on earlier theories/ researches of the past buyouts /merger and acquisition in telecom sector as listed in the following.

- (i) **Synergy Trap Hypothesis:** It says that immediately before and after an acquisition announcement, the acquiring firm's stock price is negatively affected and the target firm's stock price is positively affected. (Myeong-Cheol et al., 2002).
- (ii) **Technical Efficiency:** Merger & Acquisition activities are one of the routes to enhance relative technical efficiency in an effort to increase the overall efficiency which would be later translated into increase revenue. (Salleh et al, 2013 and Barkema & Schijven, 2008)
- (iii) **Innovative performance:** Non-technological M&As appear to have a negative impact on the acquiring firm's post-M&A innovative performance. In technological M&As, a large relative size of the

acquired knowledge base reduces the innovative performance of the acquiring firm (Cloudt et al, 2006).

- (iv) **Ethical conduct:** Ethical conduct in M&A is significantly correlated with employee job performance (Lin and Wei, 2006; Lee et al, 2009).
- (v) **Impact on Shareholders Wealth:** Shareholder value effects depend on the degree to which M&As are driven by a service diversification strategy or by an international diversification strategy (Rieck and Doan, 2009).

It is difficult to prove all such theories at this stage since empirical evidence for some hypotheses is not yet available in case of Verizon & Vodafone acquisition. However, attempts are made to link available data to as many hypotheses as possible. In addition, data of big deals of telecom sector is also compiled and presented in table 3 as well as in Table 2 with a view to prove that telecoms operators are frequently engaged in M&As with the objectives to grow bigger and achieve higher earnings or to get rid of a business which is not manageable by them.

3. Result and Discussion

3.1. Size of the Deal

Verizon Wireless bought back Vodafone's 45 percent stake in Verizon Wireless. The total Size of the deal is US\$ 130 billion. Vodafone will get \$58.9 billion in cash, \$60.2 billion in Verizon Wireless stock, and an additional \$11 billion from other smaller transactions in a deal that closes in the first quarter of 2014. The deal also includes transfer of 23% stake of Verizon in Vodafone Italy, worth about \$3.5 billion to Vodafone, and \$2.5 billion of Vodafone's debt (Yu (2013)). The code name assigned to the deal was Project River (Holton & Carew, 2013). Verizon was known as "Hudson," while Vodafone was referred to as "Thames." It is third largest deal in the US history. This deal will end 14 years partnership of Vodafone (British Company) and Verizon Wireless (US Company) in the US (Fung (2013)).

Vodafone will trouser \$58.9 billion in cash, which Verizon will finance through credit deals with J.P. Morgan Chase Bank, Morgan Stanley Senior Funding, Inc., Bank of America, and Barclays. The firm said that \$60.2 billion in common Verizon stock will be issued to Vodafone shareholders. Vodafone said it will return 71 per cent of the net proceeds of the sale to shareholders, setting aside £6 billion for additional investment in its international networks as part of an initiative called Project Spring, to run over three years (Hibberd (2013), Battersby, 2013).

3.2. General Comments

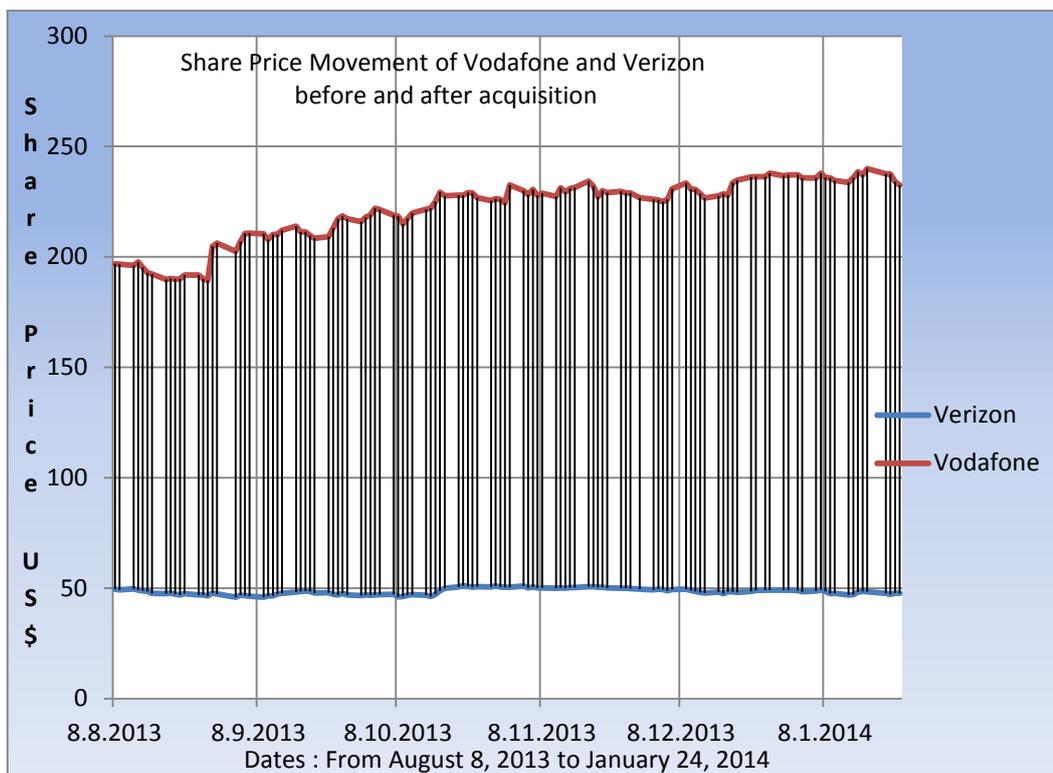
As soon as deal was announced, there were reactions of stakeholders and experts in the telecom market. These reactions were in particular about Verizon, Vodafone, and also of general nature. The general nature comments are compiled in the following.

- (i) Sakoui et al, 2013 reported that Goldman Sachs analysts valued the deal at \$115 billion post-tax. They also mentioned that there had been a six-year long hiatus in dividend payments from Verizon Wireless. Verizon used the cash to pay down debt rather than dividend to investors. Therefore, there was pressure on Vodafone to be squeezed from the US market. Additional reason cited by them were fall in revenue and free cash flow for Vodafone to have the deal in Europe and emerging economies.
- (ii) The deal requires approval by regulators and shareholders of both companies. It is expected this will be done without much hiccups. It is expected that deal will close in the first quarter of 2014 (Associated Press, 2013). It is now approved by shareholders and regulators.
- (iii) Verizon has managed to raise one of the largest ever financing packages of \$60 billion (Holton & Carew, 2013). It enhances the creditability of the Verizon Wireless in the financial markets but increases constraints on available cash with company.
- (iv) The deal will not have much effect on Verizon Wireless consumers or on the company's operations since Vodafone was not involved in day-to-day operations of the Verizon Wireless. The two partners have worked within their own territories during their partnership (Associated Press, 2013).
- (v) Verizon Wireless lawyers crafted a highly tax-efficient deal. They were waiting for long for right time to end joint venture (Suciu (2013)). Vodafone's great success was the creation of only substantial asset that they were not managing (Bronte Capital, 2013). It is an example of creating wealth with someone else's responsibility or management of day-to-day operations of the company.
- (vi) This deal on part of Verizon wireless is termed as hostile bid by (Bronte Capital, 2013). It is also reported that despite the huge size of the deal, it will not generate tax revenue for the United Kingdom due to existing tax law in United Kingdom (BBC, 2013).
- (vii) Vodafone will use the cash of the deal to convert its main five European markets into complete 4G markets by 2017 (BBC, 2013). In addition, it will consolidate its business in a number of countries by

buying up broadband and cable TV assets and integrate these businesses with its mobile businesses (BBC, 2013).

- (viii) Interesting facts are reported about the value of the deal. It is proven fact that 45 percent of Verizon Wireless is worth \$130 billion as per the deal. It means the Verizon's remaining 55 percent is worth of \$159 billion. However, the enterprise value of all of Verizon Wireless, including its debt, was fixed at \$176 billion. It means Verizon wireless had paid more in the deal (Stewart, 2013). It is more to the benefit of Vodafone than Verizon Wireless.
- (ix) Shares of Vodafone rose more than 7% on the news and Verizon climbed 3% after the announcement of the deal (News Business (2013)). The trend in stock prices is given in the following Fig 1 for a selected period.
- (x) Vodafone will use the cash for investment in program called "Project Spring." Verizon will have some more flexibility to control the business and create new subscription plans in its area of operation without Vodafone.
- (xi) After the first investment by Vodafone in 1999, Verizon Wireless mobile communications business unit was major contributor to the Verizon's total earnings but Vodafone was not satisfied with the meagre returns on its investment (Souppouris (2103)). Vodafone was looking for an exit.
- (xii) It will be an end to fractious shared ownership as described by many experts. It will create new theories both in terms of post merger success and failure.
- (xiii) It was not the first attempt by US companies to acquire Vodafone share in Verizon Wireless. Verizon Wireless and AT& T planned to buy Vodafone for approximately \$245 billion earlier but without success (Plessis, 2103). It was possibly due to high cost of the deal, as evident from the present size of the deal.
- (xiv) Verizon Communications, which posted a higher-than-expected quarterly profit in recent quarters on the performance of its wireless business, increased the pressure on Vodafone Group to sell its 45 percent stake in Verizon Wireless (Suciu, 2013). Verizon Wireless was keen to retain all profit of the business which is managed by it and not by partner.

Figure 1: Share Price of Vodafone & Verizon Wireless



3.3. What is in the deal for Vodafone?

This section presents positive and negative side of the deals for Vodafone and the new option available to Vodafone for its future expansion plans across the globe.

- (i) The deal will provide additional cash to Vodafone to pursue its expansion ambitions in Europe. Vodafone will buy cell phone providers and expand in the lucrative world of mobile services (Associated Press, 2013; Anderson & Kirka, 2013). For instance, recent acquisition of 76.57% share capital at the cost of \$10.4 billion of Kabel Deutschland, which will help Vodafone expand its foothold in Europe. Vodafone will gain 32.4 million mobile, 5 million broadband, and 7.6 million direct TV subscribers in Germany. It has 19.2 million mobile customers in the UK, and it has faced intense competition (Anderson and Kirka, 2013; Roxborough, 2013). It may also acquire

mobile network operator in India as reported by Menezes (2014). Basic data of its reach across the globe is given in table 1.

- (ii) Vodafone will return much of the proceeds of sale to shareholders in the form of dividends (Roxborough (2013)). It will enhance the reputation of Vodafone management among shareholders and also in the financial market which may help it in future ventures.
- (iii) It is reported that Vodafone will earmark around \$30 billion in cash to reduce debt and to make new deals (Roxborough, 2013). In addition, Vodafone has committed approximately \$10 billion over the coming three years to upgrade its fourth generation mobile network by laying new fiber optic cables to provide better broadband Internet coverage to its European customers (Roxborough, 2013).
- (iv) Shares of Vodafone rose 3.4 percent in London Stock Exchange on 02 September 2013 (Michael and Scott, 2013). The trend of share prices is shown in fig 1. Stock markets have treated it as a good deal for Vodafone group.
- (v) Vodafone may expand into fixed-line business in priority markets in Europe. It will help Vodafone sell triple- and quadruple-play packages that combine mobile, land-line, TV, and broadband service. High-capacity fiber-optic networks may help Vodafone in getting a share of surging mobile-data traffic (Campbell and Thomson, 2013).
- (vi) Vodafone (reduced size) is vulnerable to a bid from a large global player looking to expand its European mobile footprint (Daily Mail Reporter, 2013).
- (vii) Vodafone will look for European operators which are struggling due to economic constraints and fierce competition. Kabel Deutschland acquisition is a clear statement of intent. Vodafone will also look for selective acquisitions in the emerging markets (Daily Mail Reporter, 2013).
- (VIII) Vodafone is expected to make tens of billions in profit from the sale but will only pay \$5 billion in tax to the US authorities and nothing at all to the British tax authorities. Vodafone is structuring the deal as a two-step transaction to avoid even tax payment to the US (Cauchi and Thomson, 2013, Garside, 2013).
- (ix) Vodafone may make various acquisitions all throughout Europe (Sin (2013)) and Asia/India (Kumar, 2014). After Kabel Deutschland, it has acquired Spanish cable operator Ono which covers 7.2 million homes (approximately 41 % of total homes) in Spain, offering broadband speeds in excess of 200 Mbps and pay-TV services including TiVo.

The deal is of US \$10.1 billion and it will further strengthen Vodafone's fixed network (Ricknas, 2014).

- (x) Vodafone plans to spend at least £6 billion speeding up 4G roll out in the UK to improve fiber optic broadband speeds to homes (Grothaus, 2013).
- (xi) Vodafone has announced Project Spring, a US \$6 billion program intended to accelerate the growth of its 4G networks through five major European markets by 2017. It will also improve 3G coverage in many locations, and build on its 3G services in emerging markets (Boxall, 2013). Vodafone also signed an agreement with Telefonica that provided access to the Spanish company's broadband fiber optic network (Brooke, 2013).
- (xii) Vodafone could buy more wire line operators in many countries with the amount of cash available to it (Knutson et al, 2013). Vodafone will retain almost \$22.5 billion in cash, which it can use to reduce debt or finance growing dividends for the next few years (Seeking Alpha, 2013) to gain the confidence of share holders.

It can be concluded that the deal will help Vodafone to strengthen its businesses in many countries with main concentration in Europe in lieu of one US market which was solely managed by the partner. New markets will be managed by Vodafone which will in turn help Vodafone to sharpen its management and operational skills.

3.4. What is in the deal for Verizon Wireless?

This section presents impact of the deal on Verizon Wireless in the coming years in view of experts / researchers of the industry.

- (i) Verizon expects the deal to boost its earnings per share by 10 per cent once the deal closes. It will also boost its dividend to share holders (Associated Press, 2013), Anderson and Kirka, 2013)). It implies a better image of the company in the financial markets as well as among share holders. The deal also means Verizon Wireless will no longer have to share the profits with Vodafone (Zaroli, 2013).
- (ii) Verizon's share price, which was \$48.60 on August 29, 2013, then fell to \$45.08 on September 3, 2013, the first trading day after the purchase was announced which prove the synergy trap hypotheses (Santa Cruz D., 2013).
- (iii) Verizon Wireless has managed to raise one of the largest ever financing packages of \$60 billion (BT online Bureau, 2013). It reduces

its rating but increases confidence of bond investors. It will even further revive bond market.

- (iv) The transaction would provide Verizon Wireless with 100 percent ownership of the telecom industry-leading wireless carrier in the United States (Verizon Corporate (2013)). A 100 percent Verizon Wireless would improve the profitability for Verizon Communications substantially (Suciu (2013)). However, it depends on the strategies and abilities of the competitors.
- (v) Verizon Wireless made a tentative offer to buy Canadian telecom start-up Wind Mobile for \$600 million to \$800 million (Radovsky (2013)). But for the time being, Verizon may be cool about its potential entry into the Canadian market (Michael and Scott, 2013).
- (vi) The deal will give Verizon full access to the wireless unit's cash and it may invest in superfast mobile networks and fend off challengers in coming years (Holton and Jonas, 2013).
- (vii) With complete control of business, Verizon will pursue more aggressive strategy to create value within its wire line segment also. Verizon could try to put itself as a wireless-plus-enterprise provider of telecom services in USA (Mortiz, and Thomson, 2013).
- (viii) Verizon Wireless will 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 (iClarified, 2013).
- (ix) The capabilities to wirelessly stream video and broadband in 4G LTE will complement Verizon assets in fiber, global IP and cloud. It will position Verizon to meet rapidly increasing customer demand for video, machine to machine and big data (iClarified, 2013). Verizon will focus on rolling out 4G to more areas of the country (Grothaus, 2013).
- (x) Deal will allow Verizon to operate more efficiently. It will help Verizon to focus on producing more seamless and integrated products and solutions for customers (Hardawar, 2103 and Hildenbrand, 2013).
- (xi) Deal may result into more dividends to share holders of Verizon wireless to prove correctness of the decision. This is evident with recent announcement by Verizon of increase in dividend which proves this conclusion (Hildenbrand, 2013).
- (xii) Fitch on Tuesday reaffirmed Verizon rating of A-minus for the new Verizon bonds and said the outlook for the company was stable. Standard & Poor's issued a BBB-plus rating on the new bonds. Both agencies had lowered Verizon's rating one notch after the deal was

announced. Moody's Investors Service has also downgraded Verizon's credit (Technology Spectator, 2013; DNA Report, 2013).

3.5. Impact on Ecosystem

- (i) The deal is unlikely to have any impact on the customers of Verizon Wireless. Verizon wireless already owned most of the venture and controlled its day-to-day operations with little involvement of Vodafone (Zaroli, 2013).
- (ii) Central Bank of America was considering pulling back on its bond-buying program. It resulted into interest rates at historic lows. Therefore, it is a boom for bond investors (Sweet, 2103). It is evident from the fact that investors have submitted more than \$90 billion in orders to buy new Verizon bonds (Mufson, 2013, Roger and Waggoner, 2013; Yglesias, 2013). It was also reported that bond was the only route available to raise money. It will increase bond rates.
- (iii) Wall Street also stands to benefit handsomely from the transaction. Verizon was advised by JPMorgan, Morgan Stanley, Bank of America, Barclays and Guggenheim Securities. Verizon is borrowing \$61 billion from JPMorgan, Morgan Stanley, Bank of America and Barclays to fund the cash element of the purchase (Riley and Thompson, 2013).
- (iv) Investors will get more dividends this year at least (Murphy, 2013). Verizon Wireless will prove that its aggressive deal is a right decision. In future, it may be a different story as reported by Evans (2013). A big picture may emerge in coming years.
- (v) CanaccordGenuity reported that prospects of a Verizon Wireless entry into Canadian wireless market will decline. On the other hand, Macquarie Securities inferred that controlling 100% of its free cash flow gives Verizon more strategic flexibility in the future for expansion into Canada as well as content and spectrum deals (Gray, 2013a, 2013b). Further, Verizon Wireless plans to be leader in lucrative wireless telecom industry worth of \$1.6 trillion (Chen& Scott, 2013).
- (vi) Vodafone Australia customers are set to benefit from a \$US130 billion (\$141 billion) deal as proceeds will start to flow in operations around the globe including Australia (Battersby, 2013). Maroc Telecom, one of the largest phone companies in North Africa, could be on Vodafone shopping list and would cost in the region of £6billion (Daily Mail Reporter, 2013).
- (vii) Verizon Communications shareholders are not happy with deal. They sued Verizon for the deal (Santa Cruz, 2013). On the other hand, it is

reported by Evan (2013) that Vodafone investor will get more returns after the deal in comparison to Verizon Wireless investors.

- (viii) Robson (2013) also suggested that Vodafone will not sit ideal and it will be looking for more business in Europe and other parts including Asia. It has already started happening. There has also been said Vodafone might bid £12billion for the Liberty Europe Cable business (Daily Mail Reporter (2013)).

4. Concluding Remarks

It is one of the largest deals in telecom industry which is known for mergers and acquisitions (M&A) and has spent approximately US\$ 1.5 trillion on M&A from 2001 to 2010 that has created stiff competition in the industry as well as growth. This deal supports the statement that this is a wireless world. It is an indication that Verizon Wireless is matured (in terms of assets and experience) to have control of wireless business alone in US and does not need experienced partners like Vodafone. It may allow Verizon Wireless to work with more freedom and may help Verizon to strengthen consumer and enterprise wire line markets. Verizon may continue to increase its cash problem with regard to assuring the investor and shareholders that its highly paid deal was right decision. Recent increase in dividend is an example of its intentions. It may hamper technological innovations at Verizon wireless in the coming year which may impact its competitive advantage in the long run. The deal may leave fewer buyers in the US telecom market in coming year. It has an impact on the Verizon Wireless rating as rating agencies have lowered the rating of Verizon wireless.

Vodafone will take advantages in payment of taxes. Vodafone will increase its presence in five markets of Europe. Its investment may proceed in emerging markets of its operations. It may acquire Maroc telecom and Liberty Europe Cable Business. As reported, Tata communications could be a target company in India which is not likely to happen. However, it can make investment to strengthen infrastructure and its presence in Indian telecom services market which is becoming bigger than UK market for Vodafone (PTI (2013)). It will or may invest in wire line as well as wireless markets of Europe. It has already acquired KabelDeutschland and Spanish cable operator Ono. If investments are not made it will reduce its size, and Vodafone may become a target of biggies to acquire it.

Nothing is reported about layoff of employee of Vodafone or Verizon. It is in line with findings of Lin and Wei (2006) in terms of ethical conduct of Merger & Acquisitions. Buyout also proves the synergy trap hypothesis of Myeong-Cheol Park, et al (2002) as evident from the data presented in fig-1. The deal

is part of diversification strategy of both companies and will have effect on shareholder wealth of both companies. But presently not much data is available to support the point. Vodafone shareholders should have more benefit from the deal than Verizon Wireless shareholders. For other two hypotheses, data is not yet generated about this deal. The deal has some similarities with other deals of the past such as Nokia and Microsoft (Singh, 2014) and other deals in Business Intelligence domain (Singh and Nayeem (2011)). However, it is different in terms of its very basic nature. It is a separation of successful joint venture / efforts of two companies. Other deals represent integration of two different companies wherein one company (buyer/seller) faces one or the other form of stagnation and is looking for new ideas to beat that stagnation or planning to enter new vertical. It is cross border deal and may act as a catalyst for more cross border deals in the telecom sector. The telecom sector is a big ticket buyer sector as evident from the past data presented in table 2 and 3. This deal provided new evidence to support this theory of telecom sector for days to come.

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Table 1: Vodafone Group Service Revenue FY 2012/13

SN	Country	%age
1	Vodacom	12.0
2	Italy	11.0
3	India	10.0
4	Spain	09.0
5	UK	12.0
6	Germany	18.0
7	Other	28.0
Source: http://seekingalpha.com/article/1672562-vodafone-buy-for-income-even-after-verizon-deal		

Table 2: Past Acquisition in \$ Billion in the Domain

SN	Deal	Year	Amount
1	Vodafone's takeover of Germany's Mannesmann	1999/200	202/203 Billion
2	AOL's acquisition of Time Warner	2000/2001	181 Billion
1	Google buys Motorola Mobility	2011	12.5 Billion
2	Microsoft buys Skype	2011	8.5 Billion
3	Nokia buys NAVTEQ	2007	8.1 Billion
4	Microsoft-Nokia deal	2013	7.2 Billion
5	Nokia buys out Siemens out of NSN	2013	2.2 Billion
6	Sony buys out Ericsson	2012	1.5 Billion
7	NSN buys Motorola audio assets	2011	1.2 Billion
8	Microsoft buys Yammer	2012	1.2 Billion
9	Face book buys Instagram	2012	1.0 Billion
10	Nokia sells Vertu	2012	0.26 Billion
11	Vodafone acquire Cable & Wireless Worldwide	2012	1.60 Billion
12	Verizon acquire Vodafone	2013	130 Billion
13	Vodafone acquire Kabel Deutschland	2013	10.4 Billion
14	T-Mobile	MetroPCS	1.5 Billion
15	Japan's Softbank	Sprint	21.6 Billion
16	AT & T	Leap Wireless	1.1 Billion

Source: Peter (2013), Hill (2012)

Table 3. 10 top Telecom Deals

Announced	Status	*Deal Value (in millions)	Target Company	Acquirer
3/6/2006	Completed	\$85,160	BellSouth Corp.	AT&T Inc.
5/11/1998	Completed	\$73,154	Ameritech Corp.	SBC Communications Inc.
1/5/1999	Completed	\$61,497	Airtouch Communications Inc. (Bid No. 2)	Vodafone Group plc
7/28/1998	Completed	\$60,490	GTE Corp.	Bell Atlantic Corp.
10/1/1997	Completed	\$49,016	MCI Communications Corp (Bid No. 2)	WorldCom Inc.
6/13/1999	Completed	\$43,898	US West Inc.	Qwest Communications International Inc.
9/7/1999	Completed	\$43,104	CBS Corp.	Viacom, Inc. (BIMBO)
4/22/1999	Completed	\$41,104	MediaOne Group Inc. (Bid No 2)	AT&T Corp.
2/17/2004	Completed	\$40,770	AT&T Wireless Services Inc.	Cingular Wireless LLC
12/15/2004	Completed	\$37,780	Nextel Communications Inc.	Sprint Corp.

*Deal value, excluding debt. Source: Dealogic:

Source:<http://online.wsj.com/news/articles/SB10001424127887324009304579042523492899800>