

Verizon Communications

Corporate Action Update

Verizon Communications recently announced that they were withdrawing their Verizon Nominee Accounts with Computershare in Bristol on 26th February 2016. Effectively this means that any shares being held in this manner by Computershare change from currently being a UK asset to US asset on 26th February 2016.

Who does this effect – any Vodafone shareholder who held more than 38 shares in March 2014 (old Vodafone shares) and who currently hold 21 or more shares (new Vodafone shares) in either electronic or paper format and who has as not sold their holding in Verizon already.

The background to this stems from a corporate action in March 2014, where Vodafone did a spin out to shareholders and a share consolidation on the following basis – for every 11 old Vodafone shares shareholders received 6 new Vodafone shares and unless you specifically elected to take a paper share certificate, the shares are held electronically with Computershare. At the same time Vodafone shareholders received 0.0263001 Verizon shares for every old Vodafone share held. These shares can only be held electronically and shareholder statements should have been received for both Verizon and Vodafone and annual statements were issued for each company in April of this year for Verizon and March for Vodafone respectively. Please note that Vodafone is entirely unaffected by this announcement by Verizon.

Verizon have offered a number of options in the run up to the closing date and all shareholders should have received a notification and options pack dated 29th October.

- The first option is a low cost dealing service to sell you shares
- The second option is donate your shares to ShareGift
- The third option is to transfer your shares to a nominee service or stockbroker
- The fourth option is to do nothing and allow the shares to become a US asset

The opportunity to avail of the low cost dealing service is ideal as transferring the shares to a nominee service or stockbroker attracts a fee of Stg£50, which can put a large cost on small shareholding. The commission rates charged by Computershare are competitive (0.5% commission subject to a minimum of Stg£12.60 or €17). The postal dealing service is open till 17th February 2016. All shareholder need to do is either telephone Computershare or sign the form and return it to Computershare at the first opportunity but not later than 17th February 2016.

If you do not have or did not receive the low cost dealing form, you can telephone Computershare for a duplicate, but it is not possible for me to get a blank one as there is a PIN number on each form, which is unique to the form. If requesting a new form it will be sent to the address on record, so if the shareholder has moved address or the address is incorrect, this will need to be changed first and then specifically request a fresh form.

The other alternative is that the shares be donated to ShareGift. ShareGift is a UK charity that takes small quantities of shares, adds them together then donates the proceeds on to other charities. However only UK charities can benefit. If don't have the low cost dealing form, we can donate the

shares to ShareGift via a different avenue. Using this avenue we can direct which charity benefits from the donation. I usually suggest Barretstown UK as it is a direct funding arm for Barretstown here in Ireland, thus ultimately benefiting an Irish charity. If you would like to donate the shares this way please drop me an email or phone call and I will arrange to send out the appropriate form for signature. Provided that all I need to do is arrange the donation I don't charge for this service. Please note that if the shareholder is deceased, the death does need to be formally noted with the registrar before the donation can be made.

What are the implications of owning a US asset? For most shareholders there is no problem, however problems can really come to the fore when dealing with the asset in an estate context, as part of the noting of death process is the requirement by the US transfer agent (registrar) that the transfer form (which notes death and transfers the shares to the beneficiary or executors) have a Medallion Stamp applied to it. A Medallion Stamp is a barcoded green stamp provided by member of the Medallion Stamp program, and are usually US financial institutions. They act like an insurance indemnity against fraud of the signatures on the transfer form. They are not available here in Ireland and they currently cost Stg£200 per stamp. The other potential issue in an estate context, however only applies where the US assets exceed US\$60,000 at date of death, where US Federal Estate Tax may apply for non US alien citizens and it does need to be kept in mind when dealing with US shares in an estate context.

As the cost of the Medallion Stamp is a fixed cost, administering very small shareholdings becomes uneconomical for small shareholdings.

As a guide I would suggest that any shareholding in Verizon of less than 100 shares should be sold or donated before the cutoff date as shareholdings of less than this value in an estate context would have a current value as set out below.

100 shares at a price of US\$44.15 (as at 18th November 2015) give a value of US\$4415.00 which converts to Euro at 1.069 give a total of €4130.03.

This demonstrates that the cost of administration for the shares in a deceased estate become proportionately more expensive as the value drops as it is the same amount of work to administer a shareholding worth US\$10,000 as it is for a shareholding worth US\$100!

However one of the very small advantages of holding a US asset of very low value is that you can abandon it and over time it would be escheated to the state of incorporation for Verizon, which in this case is Delaware. The executors / shareholder can claim the asset back should value of the asset increase by making a claim to the Delaware state comptroller to reclaim the asset. This route does not require a Medallion Stamp! However it is a very slow process and the documentary requirements can be a little confusing.

Janet O'Byrne
Seapoint Probate Services
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