

AOL Inc.
Form SC TO-T
May 26, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE TO
Tender Offer Statement Under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934

AOL INC.

(Name of Subject Company)

HANKS ACQUISITION SUB, INC.

(Offeror)

A WHOLLY OWNED DIRECT SUBSIDIARY OF

VERIZON COMMUNICATIONS INC.

(Parent of Offeror)

(Names of Filing Persons)

COMMON STOCK, \$0.01 PAR VALUE

(Title of Class of Securities)

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918866108

(CUSIP Number of Class of Securities)

William L. Horton, Jr.

Senior Vice President, Deputy General Counsel and Corporate Secretary

Verizon Communications Inc.

One Verizon Way

Basking Ridge, New Jersey 07920

(908) 559-2001

(Name, address and telephone number of person authorized to receive notices and communications on behalf of filing persons)

with a copy to:

Frederick Green, Esq.

Weil, Gotshal & Manges LLP

767 Fifth Avenue

New York, NY 10153

(212) 310-8000

CALCULATION OF FILING FEE

Transaction Valuation*

\$4,298,163,866.14

Amount of Filing Fee**

\$499,446.64

- * Estimated for purposes of calculating the filing fee only. The transaction valuation was calculated by adding the sum of (i) 78,537,804 shares of common stock, par value \$0.01 per share (the Shares), of AOL Inc. (AOL) outstanding multiplied by the offer price of \$50.00 per share; (ii) 3,053,962 Shares reserved for issuance upon settlement of outstanding Company restricted stock unit awards multiplied by the offer price of \$50.00 per Share; (iii) 974,494 Shares reserved for issuance upon settlement of outstanding Company performance stock unit awards multiplied by the offer price of \$50.00 per Share; (iv) 397,552 Shares subject to outstanding Company restricted stock awards multiplied by the offer price of \$50.00 per Share and (v) 5,602,176 Shares issuable pursuant to outstanding options with an exercise price less than the offer price of \$50.00 per share, multiplied by the offer price of \$50.00 per share minus the exercise price for each such option. The calculation of the filing fee is based on information provided by AOL as of May 19, 2015.
- ** The filing fee was calculated in accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended, and Fee Rate Advisory No. 1 for Fiscal Year 2015, issued August 29, 2014, by multiplying the transaction valuation by 0.0001162.

- .. Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: N/A
Form or Registration No.: N/A

Filing Party: N/A
Date Filed: N/A

- .. Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: ..

This Tender Offer Statement on Schedule TO (this Schedule TO) relates to the tender offer by Hanks Acquisition Sub, Inc., a Delaware corporation (which we refer to as Purchaser) and a wholly owned direct subsidiary of Verizon Communications Inc., a Delaware corporation (which we refer to as Parent), to purchase all of the outstanding shares of common stock, par value \$0.01 per share, including any associated rights to purchase Series A Junior Participating Preferred Stock, par value \$0.01 per share (together, the Shares), of AOL Inc., a Delaware corporation (which we refer to as AOL), at a purchase price of \$50.00 per Share, net to the seller in cash, without interest thereon and less any applicable withholding taxes, upon the terms and subject to the conditions set forth in the Offer to Purchase dated May 26, 2015 (the Offer to Purchase), a copy of which is attached as Exhibit (a)(1)(A), and in the related letter of transmittal (the Letter of Transmittal), a copy of which is attached as Exhibit (a)(1)(B), which together with other related materials, as each may be amended or supplemented from time to time, collectively constitute the Offer.

All the information set forth in the Offer to Purchase is incorporated by reference herein in response to Items 1 through 9 and Item 11 of this Schedule TO, and is supplemented by the information specifically provided in this Schedule TO.

Item 1. Summary Term Sheet.
Regulation M-A Item 1001

The information set forth in the Offer to Purchase under the caption SUMMARY TERM SHEET is incorporated herein by reference.

Item 2. Subject Company Information.
Regulation M-A Item 1002

(a) *Name and Address.* The name, address, and telephone number of the subject company's principal executive offices are as follows:

AOL Inc.

770 Broadway

New York, New York, 10003

Telephone: (212) 652-6400

(b)-(c) *Securities; Trading Market and Price.* The information set forth in the Offer to Purchase under the following captions is incorporated herein by reference.

INTRODUCTION

THE TENDER OFFER Section 6 (Price Range of Shares; Dividends)

Item 3. Identity and Background of Filing Person.
Regulation M-A Item 1003

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(a)-(c) *Name and Address; Business and Background of Entities; and Business and Background of Natural Persons.*
The information set forth in the Offer to Purchase under the following captions is incorporated herein by reference:

SUMMARY TERM SHEET

THE TENDER OFFER Section 8 (Certain Information Concerning Parent and Purchaser)

SCHEDULE I Information Relating to Parent and Purchaser

Item 4. Terms of the Transaction.
Regulation M-A Item 1004

(a) *Material Terms.* The information set forth in the Offer to Purchase is incorporated herein by reference.

Item 5. Past Contacts, Transactions, Negotiations and Agreements.
Regulation M-A Item 1005

(a) *Transactions.* The information set forth in the Offer to Purchase under the following captions is incorporated herein by reference:

SUMMARY TERM SHEET

THE TENDER OFFER Section 10 (Background of the Offer; Past Contacts or Negotiations with AOL)

(b) *Significant Corporate Events.* The information set forth in the Offer to Purchase under the following captions is incorporated herein by reference:

SUMMARY TERM SHEET

THE TENDER OFFER Section 8 (Certain Information Concerning Parent and Purchaser)

THE TENDER OFFER Section 10 (Background of the Offer; Past Contacts or Negotiations with AOL)

THE TENDER OFFER Section 11 (The Merger Agreement)

THE TENDER OFFER Section 12 (Purpose of the Offer; Plans for AOL)

Item 6. Purposes of the Transaction and Plans or Proposals.
Regulation M-A Item 1006

(a) *Purposes.* The information set forth in the Offer to Purchase under the following captions is incorporated herein by reference:

THE TENDER OFFER Section 12 (Purpose of the Offer; Plans for AOL)

(c) (1)-(7) *Plans.* The information set forth in the Offer to Purchase under the following captions is incorporated herein by reference:

SUMMARY TERM SHEET

THE TENDER OFFER Section 9 (Source and Amount of Funds)

THE TENDER OFFER Section 10 (Background of the Offer; Past Contacts or Negotiations with AOL)

THE TENDER OFFER Section 11 (The Merger Agreement)

THE TENDER OFFER Section 12 (Purpose of the Offer; Plans for AOL)

THE TENDER OFFER Section 13 (Certain Effects of the Offer)

THE TENDER OFFER Section 14 (Dividends and Distributions)

Item 7. *Source and Amount of Funds or Other Consideration.*
Regulation M-A Item 1007

(a) *Source of Funds.* The information set forth in the Offer to Purchase under the following captions is incorporated herein by reference:

SUMMARY TERM SHEET

THE TENDER OFFER Section 9 (Source and Amount of Funds)

(b) *Conditions*. The information set forth in the Offer to Purchase under the following captions is incorporated herein by reference:

SUMMARY TERM SHEET

THE TENDER OFFER Section 9 (Source and Amount of Funds)

(d) *Borrowed Funds*. The information set forth in the Offer to Purchase under the following captions is incorporated herein by reference:

SUMMARY TERM SHEET

THE TENDER OFFER Section 9 (Source and Amount of Funds)

Item 8. *Interest in Securities of the Subject Company.*
Regulation M-A Item 1008

(a) *Securities Ownership*. The information set forth in the Offer to Purchase under the following captions is incorporated herein by reference:

THE TENDER OFFER Section 8 (Certain Information Concerning Parent and Purchaser)

THE TENDER OFFER Section 12 (Purpose of the Offer; Plans for AOL)

SCHEDULE I Information Relating to Parent and Purchaser

(b) *Securities Transactions*. None.

Item 9. *Persons/Assets Retained, Employed, Compensated or Used.*
Regulation M-A Item 1009

(a) *Solicitations or Recommendations*. The information set forth in the Offer to Purchase under the following captions is incorporated herein by reference:

SUMMARY TERM SHEET

THE TENDER OFFER Section 3 (Procedures for Accepting the Offer and Tendering Shares)

THE TENDER OFFER Section 10 (Background of the Offer; Past Contacts or Negotiations with AOL)

THE TENDER OFFER Section 18 (Fees and Expenses)

Item 10. *Financial Statements.*
Regulation M-A Item 1010

(a) *Financial Information*. Not Applicable.

(b) *Pro Forma Information*. Not Applicable.

Item 11. *Additional Information*.

Regulation M-A Item 1011

(a) *Agreements, Regulatory Requirements and Legal Proceedings*. The information set forth in the Offer to Purchase under the following captions is incorporated herein by reference:

SUMMARY TERM SHEET

THE TENDER OFFER Section 10 (Background of the Offer; Past Contacts or Negotiations with AOL)

THE TENDER OFFER Section 11 (The Merger Agreement)

THE TENDER OFFER Section 12 (Purpose of the Offer; Plans for AOL)

THE TENDER OFFER Section 13 (Certain Effects of the Offer)

THE TENDER OFFER Section 16 (Certain Legal Matters; Regulatory Approvals)

(b) *Other Material Information.* The information set forth in the Offer to Purchase and the Letter of Transmittal is incorporated herein by reference.

Item 12. Exhibits.
Regulation M-A Item 1016

| Exhibit | |
|-----------|--|
| No. | Description |
| (a)(1)(A) | Offer to Purchase, dated 26, 2015. |
| (a)(1)(B) | Form of Letter of Transmittal (including Guidelines for Certification of Taxpayer Identification Number on Form W-9). |
| (a)(1)(C) | Form of Notice of Guaranteed Delivery. |
| (a)(1)(D) | Form of Letter from the Information Agent to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees. |
| (a)(1)(E) | Form of Letter to Clients for Use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees. |
| (a)(1)(F) | Press Release issued by Verizon Communications Inc. on May 12, 2015 (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed Verizon Communications Inc. with the Securities and Exchange Commission on May 12, 2015). |
| (a)(1)(G) | Summary Advertisement as published in the <i>Wall Street Journal</i> on May 26, 2015. |
| (a)(5)(A) | Complaint filed by Richard Williams in the Delaware Court of Chancery, dated May 20, 2015. |
| (d)(1) | Agreement and Plan of Merger, dated as of May 12, 2015, by and among Verizon Communications Inc., Hanks Acquisition Sub, Inc. and AOL Inc. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by AOL Inc. with the Securities and Exchange Commission on May 12, 2015). |
| (d)(2) | Confidentiality Agreement, dated November 25, 2014, between Verizon Corporate Services Group Inc. and AOL Inc. |
| (d)(3) | Letter Agreement, dated May 12, 2015, between Verizon Communications Inc. and Tim Armstrong |
| (g) | None. |
| (h) | None. |

Item 13. *Information Required by Schedule 13E-3.*

Not applicable.

SIGNATURES

After due inquiry and to the best of their knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: May 26, 2015

HANKS ACQUISITION SUB, INC.

By: /s/ William L. Horton, Jr.
Name: William L. Horton, Jr.
Title: Vice President and General Counsel

VERIZON COMMUNICATIONS INC.

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

EXHIBIT INDEX

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