Vodafone Group Plc is in talks to sell its 45 percent stake in Verizon Wireless to U.S. partner Verizon Communications Inc., in what would be the biggest deal in more than a decade.

The carriers are in advanced discussions about a sale of the holding for about $130 billion, according to people with knowledge of the matter. Verizon is working with several banks to raise $10 billion from each, or enough to finance about $60 billion of the buyout, said two of the people, asking not to be identified because the talks are private.

Vodafone jumped as much as 9.6 percent to the highest price since 2002, adding more than $13 billion to the market value of the world's second-largest wireless company. The acquisition would end a partnership of over a decade that has paid billions in dividends to Vodafone while constraining Verizon from full ownership of the most profitable U.S. mobile-phone company.

At $130 billion, the deal would be the biggest since Vodafone's acquisition of Mannesmann AG in 2000 and would give the U.K. carrier's finances a boost as Chief Executive Officer Vittorio Colao, 51, tries to revive its European businesses hurt by the region's debt crisis.

“This deal is extremely important for Vodafone for their convergence strategy toward more cable assets because pure mobile operators will certainly experience capacity bottlenecks in the future,” said Leopold Salcher, an analyst at Raiffeisen Capital Management, calling $130 billion “a very good price.”

‘No Certainty’

In a statement, Newbury, England-based Vodafone said there's “no certainty that an agreement will be reached” as it holds discussions with New York-based Verizon. Bob Varettoni, a spokesman for Verizon, declined to comment.

An announcement could come as early as Sept. 2, said the people. As part of the transaction, Verizon will probably sell back to Vodafone its 23 percent stake in Vodafone Italia, which could be worth about 4 billion euros ($5.3 billion), said two of the people.

Vodafone rose as much as 18.1 pence to 207.40 pence and traded 8.5 percent higher at 205.30 pence as of 10:33 a.m. in London. The company has a market value of 99.5 billion pounds ($154 billion). Verizon, led by 59-year-old Lowell McAdam, dropped 0.8 percent to $46.56 in New York yesterday, for a market capitalization of $133 billion.

13-Year High

Verizon and Vodafone have for years tried to resolve their relationship. In March, Bloomberg News reported the companies have discussed options ranging from a buyout of the venture by Verizon to a full merger of the two carriers. Verizon, which owns 55 percent of Verizon Wireless, has control over whether and when the unit pays its owners dividends.

Verizon’s stock reached a 13-year high in April, giving the company greater financial flexibility to make a bid. Since that peak, it has fallen about 14 percent. Vodafone, whose revenue trails China Mobile Ltd., has lost about half of its market value since 2000, the year Verizon Wireless began service.

A buyout of Verizon Wireless would be the latest of a string of mergers and acquisitions in the U.S. mobile-phone market, which has surpassed Europe in technologies that enable faster Internet browsing and video streaming for computers and smartphones.

Deutsche Telekom AG merged its T-Mobile USA unit with MetroPCS Communications Inc. in May. Japan’s SoftBank Corp. in July completed its $21.6 billion acquisition of a controlling stake in Sprint Nextel Corp.
Landline Shrinks

Verizon’s fate is closely linked to the wireless venture it controls as the carrier invests in fiber-optic network for high-speed Internet service to help offset declining landline customers. Wireless accounted for 66 percent of Verizon’s 2012 revenue and almost all of its operating income. The carrier also relies on the mobile business to help fund its dividend, which amounted to about $5.2 billion last year.

The partnership originated in 1999 after Vodafone outbid Verizon’s predecessor, Bell Atlantic, for Airtouch Communications Inc., then the world’s largest wireless company. After acquiring Airtouch, Vodafone agreed to combine its mobile assets with Bell Atlantic to create a nationwide U.S. network. Shortly after, Bell Atlantic merged with GTE Corp., creating Verizon Communications Inc.

As Verizon Wireless went on an acquisition spree, buying spectrum and companies to become the biggest U.S. mobile operator, Vodafone went without a dividend payment from the business for years. When Vodafone finally received a payout last year, it was the first since 2005.

Asset Sales

For Vodafone, a deal would cap Colao’s efforts to exit joint ventures where the carrier doesn’t have full control. In the past three years, Vodafone has divested stakes in French carrier SFR as well as holdings in Asia and Poland.

Vodafone keeps one of the earlier deal records. Its previous incarnation, Vodafone Airtouch Plc, spent more than 150 billion euros in 2000 to acquire Germany’s Mannesmann. Time Warner’s combination with AOL brought in $124 billion in cash and stock when the two combined near the end of the technology bubble in 2001.

The cash from the U.S. stake sale would give Vodafone the wherewithal to make acquisitions and expand into faster-growing regions and businesses. In June, Vodafone agreed to buy Germany’s largest cable company, Kabel Deutschland Holding AG, for $10 billion, part of a shift in strategy to sell combined wireless, fixed-line Internet and television services.

Italy, Africa

Vodafone was also considering an acquisition of Italy’s Fastweb SpA, people familiar with the matter told Bloomberg News in June.

Nick Read, head of Africa, Asia and the Middle East, has said Vodafone is looking for opportunities to get bigger in Africa, where profit is predicted to overtake southern Europe in a few years.

The potential cash injection helped push Vodafone’s five-year credit-default swaps to the lowest in almost three months. The contracts fell as much as 6.5 basis points to 69.1 basis points, the best performers among companies on the Markit iTraxx Europe Index today, signaling an improvement in creditworthiness. Vodafone reported net debt of 24.9 billion pounds as of June 30, including its joint ventures.

Resolving Vodafone’s stake has been a topic of contention for years. In 2004, the two companies got close to a deal. Vodafone agreed to sell its stake in Verizon Wireless if it won a bid for AT&T Wireless. The AT&T deal fell through, and so did the agreement with Verizon.

Vodafone also had an option to sell its stake in Verizon Wireless in 2006 and 2007. It let that option expire.

It came up again in 2009, when Colao, on the job for just over a year, told a conference in Barcelona that he intended to “solve” Vodafone’s lack of control over Verizon Wireless and that he would consider selling the stake or merging with Verizon.

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