VODAFONE GROUP PUBLIC LTD CO
Form 20-F
June 10, 2016
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

o **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: March 31, 2016

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

o **SHELL COMPANY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report: ________

For the transition period from: _________ to _________

Commission file number: 001-10086

VODAFONE GROUP PUBLIC LIMITED COMPANY

(Exact name of Registrant as specified in its charter)

England

(Jurisdiction of incorporation or organization)

Vodafone House, The Connection, Newbury, Berkshire RG14 2FN, England

(Address of principal executive offices)

Rosemary Martin (Group General Counsel and Company Secretary)

tel +44 (0) 1635 33251, fax +44 (0) 1635 580 857

Vodafone House, The Connection, Newbury, Berkshire RG14 2FN, England

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
See Schedule A	See Schedule A

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary Shares of 20 20/21 US cents each	26,558,570,312
7% Cumulative Fixed Rate Shares of £1 each	50,000

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes þ No o

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP o	International Financial Reporting þ Standards as issued by the International Accounting Standards Board	Other o

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow

Item 17 o Item 18 o

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No þ

SCHEDULE A

Title of each class	**Name of each exchange on which registered**
Ordinary shares of 20 20/21 US cents each	NASDAQ Global Select Market*
American Depositary Shares (evidenced by American Depositary Receipts) each representing ten ordinary shares	NASDAQ Global Select Market
5.625% Notes due February 2017	New York Stock Exchange
1.625% Notes due March 2017	New York Stock Exchange
1.25% Notes due September 2017	New York Stock Exchange
1.5% Notes due February 2018	New York Stock Exchange
4.625% Notes due July 2018	New York Stock Exchange
5.450% Notes due June 2019	New York Stock Exchange
4.375% Notes due March 2021	New York Stock Exchange
2.5% Notes due September 2022	New York Stock Exchange
2.95% Notes due February 2023	New York Stock Exchange
6.25% Notes due November 2032	New York Stock Exchange
6.15% Notes due February 2037	New York Stock Exchange
4.375% Notes due February 2043	New York Stock Exchange

* Listed, not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Table of Contents

Table of Contents

Contents

Welcome to our

2016 Annual Report

The Overview, Strategy Review and Performance sections constitute the Strategic Report.

These are based on an assessment of our performance using the key strategic areas as set out on page 10.

Overview

An introduction to the report covering who we are, the Chairman s reflections on the year, notable events, and a snapshot of where and how we do business.

02 Performance highlights

03 Chairman s statement

04 At a glance

06 Our business model

08 Market overview

Strategy

A summary of the changing landscape we operate in, and how that has shaped our strategy and financial position. Plus a review of performance against our goals and our approach to running a sustainable business.

10 Chief Executive s strategic review

14 Chief Financial Officer s review

16 Key performance indicators

18 Our people

20 Sustainable business

22 Principal risk factors and uncertainties

Performance

Commentary on the Group s operating performance.

30 Operating results

36 Financial position and resources

Governance

An explanation of how we are organised, what the Board has focused on and how it has performed, our diversity practices, how we communicate with our

Financials

The statutory financial statements of the Group and the Company and associated audit reports.

75 Contents

76

Additional Information

Find out about our shares, information on our history and development, regulatory matters impacting our business and other statutory financial information.

175 Shareholder information

shareholders and how our Directors are rewarded.

38 Chairman s introduction
39 Our governance framework
40 Board of Directors
42 Executive Committee
44 Board activities
45 Board evaluation, induction and training
46 Shareholder engagement
47 Board committees
54 Compliance with the 2014 UK Corporate Governance Code
56 Our US listing requirements
57 Directors remuneration
74 Directors report

Directors statement of responsibility
78 Risk mitigation
82 Report of independent registered public accounting firm
87 Consolidated financial statements and financial commentary
168 This page is intentionally left blank

182 History and development
183 Regulation
190 Non-GAAP information
195 Form 20-F cross reference guide
198 Forward-looking statements
200 Definition of terms
202 Selected financial data

Exhibit 2.3	Exhibit 4.8	
Exhibit 2.4	Exhibit 4.9	Exhibit 12
Exhibit 2.5	Exhibit 4.10	Exhibit 13
Exhibit 4.2	Exhibit 4.32	Exhibit 15.1
Exhibit 4.6	Exhibit 4.35	Exhibit 15.2
Exhibit 4.7	Exhibit 7	Exhibit 15.3

Unless otherwise stated references to year or 2016 mean the financial year ended 31 March 2016, to 2015 or previous year mean the financial year ended 31 March 2015, and to the fourth quarter or Q4 are to the quarter ended 31 March 2016. For other references please refer to page 35.

All amounts marked with an * represent organic growth , which presents performance on a comparable basis, both in terms of merger and acquisition activity as well as in terms of movements in foreign exchange rates. See definition on page 191 for more information. Definitions of terms used throughout the report can be found on pages 200 and 201.

The terms Vodafone , the Group , we , our and us refer to the Company and, as applicable, its subsidiaries and/or interests in joint ventures and associates.

Website references are for informational purposes only and are not incorporated by reference into our Annual Report on Form 20-F.

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

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Table of Contents

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Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Subsequent events

Events occurring subsequent to the approval of the Company s Annual Report on 17 May 2016

On 9 June 2016 Vodafone announced the merger of Sky Network Television Limited (SKY) and Vodafone New Zealand Limited (Vodafone New Zealand) to create a leading integrated telecommunications and media group in New Zealand. SKY will acquire all of the shares in Vodafone New Zealand for a total purchase price of NZ$3,437 million (cash and debt free) through the issue of new SKY shares giving Vodafone Europe B.V. a 51% interest in the combined group and cash consideration of NZ$1,250 million.

The proposed transaction is subject to SKY shareholder approval and is conditional on the consent of the New Zealand Overseas Investment Office and a clearance from the New Zealand Commerce Commission. SKY and Vodafone expect the proposed transaction to complete by the end of calendar 2016.

Cellco Partnership

(d/b/a Verizon Wireless)

Report of Independent Registered Public Accounting Firm

Consolidated Financial Statements

For the years ended

December 31, 2013, 2012 and 2011

Table of Contents

Cellco Partnership (d/b/a Verizon Wireless)

Report of Independent Registered Public Accounting Firm **B-3**

Consolidated Statements of Income
For the years ended December 31, 2013, 2012 and 2011 **B-4**

Consolidated Statements of Comprehensive Income
For the years ended December 31, 2013, 2012 and 2011 **B-5**

Consolidated Balance Sheets
As of December 31, 2013 and 2012 **B-6**

Consolidated Statements of Cash Flows
For the years ended December 31, 2013, 2012 and 2011 **B-7**

Consolidated Statements of Changes in Partners   Capital
For the years ended December 31, 2013, 2012 and 2011 **B-8**

Notes to Consolidated Financial Statements **B-9 to B-28**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Representatives of

Cellco Partnership d/b/a Verizon Wireless:

We have audited the accompanying consolidated balance sheets of Cellco Partnership and subsidiaries d/b/a Verizon Wireless (the Partnership) as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, cash flows and changes in partners capital for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Partnership s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

New York, New York

February 27, 2014

Table of Contents

Consolidated Statements of Income

Cellco Partnership (d/b/a Verizon Wireless)

		Years Ended December 31,				
(dollars in millions)		**2013**		**2012**		**2011**
Operating Revenue (including $102, $83 and $87 from affiliates)						
Service revenue	**$**	**69,033**	$	63,733	$	59,157
Equipment and other		**11,990**		12,135		10,997
Total operating revenue		**81,023**		75,868		70,154
Operating Costs and Expenses (including $2,295, $1,949 and $1,708 from affiliates)						
Cost of service (exclusive of items shown below)		**7,295**		7,711		7,994
Cost of equipment		**16,353**		16,779		16,092
Selling, general and administrative		**22,663**		21,696		19,655
Depreciation and amortization		**8,202**		7,960		7,962
Total operating costs and expenses		**54,513**		54,146		51,703
Operating Income		**26,510**		21,722		18,451
Other Income (Expenses)						
Interest expense, net		**(65)**		(442)		(610)
Other income, net		**40**		96		56
Income Before Provision for Income Taxes		**26,485**		21,376		17,897
Provision for income taxes		**(150)**		(201)		(947)
Net Income	**$**	**26,335**	$	21,175	$	16,950
Net income attributable to noncontrolling interests	**$**	**422**	$	304	$	280
Net income attributable to Cellco Partnership		**25,913**		20,871		16,670
Net Income	**$**	**26,335**	$	21,175	$	16,950

See Notes to Consolidated Financial Statements.

Table of Contents

Consolidated Statements of Comprehensive Income

Cellco Partnership (d/b/a/ Verizon Wireless)

		Years Ended December 31,				
(dollars in millions)		**2013**		**2012**		**2011**
Net Income	**$**	**26,335**	$	21,175	$	16,950
Other comprehensive income (loss), net of taxes						
Unrealized gain (loss) on cash flow hedges		**(32)**		21		3
Defined benefit pension and postretirement plans						(1)
Other comprehensive income (loss) attributable to Cellco Partnership		**(32)**		21		2
Total Comprehensive Income	**$**	**26,303**	$	21,196	$	16,952
Comprehensive income attributable to noncontrolling interests	**$**	**422**	$	304	$	280
Comprehensive income attributable to Cellco Partnership		**25,881**		20,892		16,672
Total Comprehensive Income	**$**	**26,303**	$	21,196	$	16,952

See Notes to Consolidated Financial Statements.

Table of Contents

Consolidated Balance Sheets

Cellco Partnership (d/b/a Verizon Wireless)

	As of December 31,	
(dollars in millions)	**2013**	**2012**
Assets		
Current assets		
Cash and cash equivalents	**$ 4,005**	$ 1,354
Receivables, net of allowances of $399 and $350	**7,204**	6,657
Due from affiliates, net	**245**	106
Inventories, net	**990**	1,044
Prepaid expenses and other current assets	**1,459**	525
Total current assets	**13,903**	9,686
Plant, property and equipment, net	**35,932**	34,546
Wireless licenses	**75,796**	77,642
Goodwill	**17,941**	17,737
Other intangibles and other assets, net	**2,249**	2,102
Total assets	**$ 145,821**	$ 141,713
Liabilities and Partners Capital		
Current liabilities		
Short-term debt, including current maturities	**$ 41**	$ 1,448
Accounts payable and accrued liabilities	**7,012**	7,534
Advance billings	**2,750**	2,550
Other current liabilities	**337**	274
Total current liabilities	**10,140**	11,806
Long-term debt	**5,231**	8,665
Deferred tax liabilities, net	**11,001**	10,939
Other non-current liabilities	**2,139**	2,056
Partners capital		
Capital	**114,979**	106,119
Accumulated other comprehensive income	**52**	84
Noncontrolling interests	**2,279**	2,044
Total Partners capital	**117,310**	108,247
Total liabilities and Partners capital	**$ 145,821**	$ 141,713

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Cellco Partnership (d/b/a Verizon Wireless)

	Years Ended December 31,		
(dollars in millions)	**2013**	**2012**	**2011**
Cash Flows from Operating Activities			
Net income	**$ 26,335**	$ 21,175	$ 16,950
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**8,202**	7,960	7,962
Provision for uncollectible receivables	**703**	634	689
Provision for deferred income taxes	**72**	123	368
Changes in current assets and liabilities, net of the effects of acquisition/disposition of businesses:			
Receivables	**(1,371)**	(1,238)	(624)
Inventories, net	**54**	(137)	166
Prepaid expenses and other current assets	**(35)**	(107)	124
Accounts payable and accrued liabilities	**(120)**	674	(728)
Other operating activities, net	**(487)**	(419)	371
Net cash provided by operating activities	**33,353**	28,665	25,278
Cash Flows from Investing Activities			
Capital expenditures (including capitalized software)	**(9,425)**	(8,857)	(8,973)
Acquisitions of investments and businesses, net of cash acquired	**(52)**	(188)	(144)
Acquisitions of wireless licenses	**(14)**	(4,287)	(26)
Proceeds from dispositions of wireless licenses	**2,111**		
Other investing activities, net	**(873)**	843	(490)
Net cash used in investing activities	**(8,253)**	(12,489)	(9,633)
Cash Flows from Financing Activities			
Repayments of long-term debt and capital lease obligations	**(4,960)**	(1,569)	(4,862)
Distributions to partners	**(17,046)**	(25,681)	(3,082)
Other financing activities, net	**(443)**	(328)	(276)
Net cash used in financing activities	**(22,449)**	(27,578)	(8,220)
Increase (decrease) in cash and cash equivalents	**2,651**	(11,402)	7,425
Cash and cash equivalents, beginning of year	**1,354**	12,756	5,331
Cash and cash equivalents, end of year	**$ 4,005**	$ 1,354	$ 12,756

See Notes to Consolidated Financial Statements.

Table of Contents

Consolidated Statements of Changes in Partners Capital

Cellco Partnership (d/b/a/ Verizon Wireless)

	Years Ended December 31,		
(dollars in millions)	**2013**	**2012**	**2011**
Partners Capital			
Balance at beginning of year	**$ 106,119**	$ 100,961	$ 97,399
Net income attributable to Cellco Partnership	**25,913**	20,871	16,670
Contributed capital	**(7)**	(32)	(26)
Distributions declared to partners	**(17,046)**	(15,681)	(13,082)
Balance at end of year	**114,979**	106,119	100,961
Accumulated Other Comprehensive Income			
Balance at beginning of year	**84**	63	61
Unrealized gain (loss) on cash flow hedges	**(32)**	21	3
Defined benefit pension and postretirement plans			(1)
Other comprehensive income (loss)	**(32)**	21	2
Balance at end of year	**52**	84	63
Total Partners Capital Attributable to Cellco Partnership	**115,031**	106,203	101,024
Noncontrolling Interests			
Balance at beginning of year	**2,044**	1,952	1,962
Net income attributable to noncontrolling interests	**422**	304	280
Distributions	**(403)**	(342)	(280)
Other	**216**	130	(10)
Balance at end of year	**2,279**	2,044	1,952
Total Partners Capital	**$ 117,310**	$ 108,247	$ 102,976

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Cellco Partnership (d/b/a Verizon Wireless)

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Cellco Partnership (the Partnership), a Delaware general partnership doing business as Verizon Wireless, provides wireless communication services across one of the most extensive wireless networks in the United States (U.S.) and has the largest fourth-generation (4G) Long-Term Evolution (LTE) technology and third-generation (3G) Evolution-Data Optimized (EV-DO) networks of any U.S. wireless service provider. The Partnership has one segment and operates domestically only. References to the Partners refers to Verizon Communications, and its subsidiaries (Verizon) and Vodafone Group Plc, and its subsidiaries (Vodafone). At December 31, 2013 Verizon owned 55% of the Partnership and Vodafone owned 45% of the Partnership. On February 21, 2014, Verizon acquired Vodafone s interest in the Partnership and now owns 100% of the Partnership.

These consolidated financial statements include transactions between the Partnership and Verizon and Vodafone (Affiliates) for the provision of services and financing pursuant to various agreements (see Notes 5 and 11).

Consolidated Financial Statements and Basis of Presentation

The consolidated financial statements of the Partnership include the accounts of its majority-owned subsidiaries and the partnerships in which the Partnership exercises control. Investments in businesses and partnerships which the Partnership does not control, but has the ability to exercise significant influence over operating and financial policies, are accounted for under the equity method of accounting. Investments and partnerships which the Partnership does not have the ability to exercise significant influence over operating and financial policies are accounted for under the cost method of accounting. Equity and cost method investments are included in Other intangibles and other assets, net in the Partnership s consolidated balance sheets. All significant intercompany accounts and transactions have been eliminated.

The Partnership has reclassified prior year amounts to conform to current year presentation.

The Partnership has evaluated subsequent events through February 27, 2014, the date these consolidated financial statements were available to be issued.

Use of Estimates

The Partnership prepares its consolidated financial statements in accordance with U.S. generally accepted accounting principles (GAAP), which requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Examples of significant estimates include: the allowances for doubtful accounts, the recoverability of plant, property and equipment, the recoverability of intangible assets and other long-lived assets, unbilled revenues, fair values of financial instruments, unrecognized tax benefits, valuation allowances on tax assets, accrued expenses, contingencies and allocation of purchase prices in connection with business combinations.

Revenue Recognition

The Partnership offers products and services to its customers through bundled arrangements. These arrangements involve multiple deliverables which may include products, services, or a combination of products and services.

The Partnership earns revenue primarily by providing access to and usage of its network. In general, access revenue is billed one month in advance and recognized when earned; the unearned portion is classified in Advance billings in the consolidated balance sheets. Usage revenue is generally billed in arrears and recognized when service is rendered and included in unbilled revenue, within Receivables, net in the consolidated balance sheets. Equipment sales revenue associated with the sale of wireless handsets and accessories is recognized when the products are

Table of Contents

delivered to and accepted by the customer, as this is considered to be a separate earnings process from providing wireless services. For agreements involving the resale of third-party services in which the Partnership is considered the primary obligor in the arrangements, the Partnership records revenue gross at the time of sale. For equipment sales, the Partnership generally subsidizes the cost of wireless devices. The amount of this subsidy is generally contingent on the arrangement and terms selected by the customer. In multiple deliverable arrangements which involve the sale of equipment and a service contract, the equipment revenue is recognized up to the amount collected when the wireless device is sold.

The Partnership reports taxes imposed by governmental authorities on revenue-producing transactions between the Partnership and its customers on a net basis.

Advertising Costs

Costs for advertising products and services as well as other promotional and sponsorship costs are charged to Selling, general and administrative expense in the periods in which they are incurred (see Note 9).

Vendor Rebates and Discounts

The Partnership recognizes vendor rebates or discounts for purchases of wireless devices from a vendor as a reduction of Cost of equipment when the related wireless devices are sold. Vendor rebates or discounts that have been earned as a result of completing the required performance under the terms of the underlying agreements but for which the wireless devices have not yet been sold are recognized as a reduction of inventory cost. Advertising credits are granted by a vendor to the Partnership as reimbursement of specific, incremental, identifiable advertising costs incurred by the Partnership in selling the vendor s wireless devices. These advertising credits are restricted based upon a marketing plan agreed to by the vendor and the Partnership, and accordingly, advertising credits received are recorded as a reduction of those advertising costs when recognized in the Partnership s consolidated statements of income.

Cash and Cash Equivalents

The Partnership considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates quoted market value, and includes approximately $3.5 billion and $0.7 billion at December 31, 2013 and 2012, respectively, held in money market funds that are considered cash equivalents.

Inventory

Inventory consists primarily of wireless equipment held for sale, which is carried at the lower of cost (determined using a first-in, first-out method) or market. The Partnership maintained inventory valuation reserves which were not significant as of December 31, 2013 and 2012.

Capitalized Software

Capitalized software consists primarily of direct costs incurred for professional services provided by third parties and compensation costs of employees which relate to software developed for internal use either during the application stage or for upgrades and enhancements that increase functionality. Costs are capitalized and amortized on a straight-line basis over their estimated useful lives. Costs incurred in the preliminary project stage of development and maintenance are expensed as incurred. For a discussion of the Partnership s impairment policy for capitalized software costs, see Valuation of Assets below. Also see Note 3 for additional detail of internal-use non-network software reflected in the Partnership s consolidated balance sheets.

Plant, Property and Equipment

Plant, property and equipment primarily represents costs incurred to construct and expand capacity and network coverage on Mobile Telephone Switching Offices and cell sites. The cost of plant, property and equipment is depreciated on a straight-line basis over its estimated useful life. Periodic reviews are performed to identify any category or group of assets within plant, property and equipment where events or circumstances may change the remaining estimated economic life. This principally includes changes in the Partnership s plans regarding technology upgrades, enhancements, and planned retirements. Changes in these estimates resulted in an increase of $0.4 billion for the year ended December 31, 2011. Major improvements to existing plant and equipment are capitalized. Routine maintenance and repairs that do not extend the life of the plant and equipment are charged to expense as incurred. Leasehold improvements are amortized over the shorter of their estimated useful lives or the term of the related lease.

Upon the sale or retirement of plant, property and equipment, the cost and related accumulated depreciation or amortization is deducted from the plant accounts and any gains or losses on disposition are recognized in income.

Interest expense and network engineering costs incurred during the construction phase of the Partnership s network and real estate properties under development are capitalized as part of plant, property and equipment and recorded as construction in progress until the projects are completed and placed into service.

Valuation of Assets

Long-lived assets, including plant, property and equipment and intangible assets with finite lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Wireless Licenses

The Partnership s principal intangible assets are licenses, which provide the Partnership with the exclusive right to utilize designated radio frequency spectrum to provide wireless communication services. While licenses are issued for only a fixed time, generally ten years, such licenses are subject to renewal by the Federal Communications Commission (FCC). License renewals have occurred routinely and at nominal costs, which are expensed as incurred. Moreover, the Partnership has determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of the Partnership s wireless licenses. As a result, the wireless licenses are treated as an indefinite lived intangible asset, and are not amortized. The Partnership reevaluates the useful life determination for wireless licenses at least annually to determine whether events and circumstances continue to support an indefinite useful life.

The Partnership tests its wireless licenses for potential impairment annually. In 2013, the Partnership performed a qualitative assessment to determine whether it is more likely than not that the fair value of its wireless licenses was less than the carrying amount. As part of the assessment, the Partnership considered several qualitative factors including the business enterprise value of the Partnership, macroeconomic conditions (including changes in interest rates and discount rates), industry and market considerations (including industry revenue and EBITDA (Earnings before interest, taxes, depreciation and amortization) margin projections), the projected financial performance of the Partnership, as well as other factors. Based on our assessment in 2013, we qualitatively concluded that it was more likely than not that the fair value of our wireless licenses significantly exceeded their carrying value and therefore, did not result in an impairment. In 2012, the Partnership s quantitative assessment consisted of comparing the estimated fair value of the Partnership s wireless licenses to the aggregated carrying amount as of the test date. Using the quantitative assessment, the Partnership evaluated its licenses on an aggregate basis using a direct value approach. The direct value approach estimates fair value using a discounted cash flow analysis to estimate what a marketplace participant would be willing to pay to purchase the aggregated wireless licenses as of the valuation date. If the fair value of the aggregated wireless licenses is less than the aggregated carrying amount of the licenses, an impairment is recognized. The Partnership s annual quantitative impairment test for 2012 indicated that the fair value significantly exceeded the carrying value and, therefore, did not result in an impairment. The Partnership evaluated its wireless licenses for potential impairment as of December 15, 2013 and 2012.

Interest expense incurred while qualifying activities are performed to ready wireless licenses for their intended use is capitalized as part of wireless licenses. The capitalization period ends when a license is substantially complete and the license is ready for its intended use.

Table of Contents

Goodwill

Goodwill is the excess of the acquisition cost of businesses over the fair value of the identifiable net assets acquired. Impairment testing for goodwill is performed annually in the fourth fiscal quarter or more frequently if impairment indicators are present. The Partnership has the option to perform a qualitative assessment to determine if the fair value of the entity is less than its carrying value. However, the Partnership may elect to perform an impairment test even if no indications of a potential impairment exist. The impairment test for goodwill uses a two-step approach, which is performed for the Partnership s one reporting unit. Step one compares the fair value of the reporting unit (calculated using a market approach and/or a discounted cash flow method) to its carrying value. If the carrying value exceeds the fair value, there is a potential impairment and step two must be performed. Step two compares the carrying value of the reporting unit s goodwill to its implied fair value (i.e., fair value of reporting unit less the fair value of the unit s assets and liabilities, including identifiable intangible assets). If the implied fair value of goodwill is less than the carrying amount of goodwill, an impairment is recognized. The Partnership completed its goodwill impairment test as of December 15, 2013 and 2012. The Partnership s annual impairment tests for 2013 and 2012 indicated that the fair value significantly exceeded the carrying value and, therefore, did not result in an impairment.

Fair Value Measurements

Fair value of financial and non-financial assets and liabilities is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs used in the methodologies of measuring fair value for assets and liabilities, is as follows:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs other than quoted prices in active markets for identical assets and liabilities
Level 3	No observable pricing inputs in the market

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The Partnership s assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

See Note 4 for further details on the Partnership s fair value measurements.

Foreign Currency Translation

The functional currency for all of the Partnership s operations is the U.S. dollar. However, the Partnership has transactions denominated in a currency other than the local currency, principally debt denominated in Euros and British Pounds Sterling. Gains and losses resulting from exchange-rate changes in transactions denominated in a foreign currency are included in earnings.

Derivative Instruments

The Partnership uses derivatives from time to time to manage the Partnership s exposure to fluctuations in the cash flows of certain transactions. The Partnership measures all derivatives at fair value and recognizes them as either assets or liabilities on its consolidated balance sheets. The Partnership s derivative instruments are valued primarily using models based on readily observable market parameters for all substantial terms of the Partnership s derivative contracts and thus are classified as Level 2. Changes in the fair values of derivative instruments not qualifying as hedges or any ineffective portion of hedges are recognized in earnings in the current period. Changes in the fair values of derivative instruments used effectively as fair value hedges are recognized in earnings, along with changes in the fair value of the hedged item. Changes in the fair value of the effective portions of cash flow hedges are reported in Other comprehensive income (loss) and recognized in earnings when the hedged item is recognized in earnings.

Table of Contents

Employee Benefit Plans

The Partnership maintains a defined contribution plan, the Verizon Wireless Savings and Retirement Plan (the Savings and Retirement Plan), for the benefit of its employees. The Savings and Retirement Plan includes both an employee savings and profit sharing component. Under the employee savings component, employees may contribute a percentage of eligible compensation to the Savings and Retirement Plan. Up to the first 6% of an employee s eligible compensation contributed to the Savings and Retirement Plan is matched 100% by the Partnership. Under the profit sharing component, the Partnership may elect, at the sole discretion of the Human Resources Committee of the Board of Representatives, to contribute an additional amount in the form of a profit sharing contribution to the accounts of eligible employees (see Note 9).

Long-Term Incentive Compensation

The Partnership measures compensation expense for all stock-based compensation awards made to employees and directors based on estimated fair values (see Note 6).

Income Taxes

The Partnership is not a taxable entity for federal income tax purposes. Any federal taxable income or loss is included in the respective partners consolidated federal return. Certain states, however, impose taxes at the partnership level and such taxes are the responsibility of the Partnership and are included in the Partnership s tax provision. The consolidated financial statements also include provisions for federal and state income taxes, prepared on a stand-alone basis, for all corporate entities within the Partnership. Deferred income taxes are recorded using enacted tax law and rates for the years in which the taxes are expected to be paid or refunds received. Deferred income taxes are provided for items when there is a temporary difference in recording such items for financial reporting and income tax reporting.

The Partnership uses a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return. The first step is recognition: the Partnership determines whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, the Partnership presumes that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. The second step is measurement: a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in one or more of the following: an increase in a liability for income taxes payable, a reduction of an income tax refund receivable, a reduction in a deferred tax asset, or an increase in a deferred tax liability.

The Partnership recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense.

Concentrations

The Partnership relies on local and long-distance telephone companies, some of whom are related parties (see Note 11), and other companies to provide certain communication services. Although management believes alternative telecommunications facilities could be found in a timely manner, any disruption of these services could potentially have an adverse impact on the Partnership s business, results of operations and financial condition.

No single customer receivable is large enough to present a significant financial risk to the Partnership.

Recently Adopted Accounting Standards

During the first quarter of 2013, the Partnership adopted the accounting standard update regarding testing of intangible assets for impairment. This standard update allows companies the option to perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. An entity is not required to calculate the fair value of an indefinite-lived intangible asset and perform the quantitative impairment test unless the entity determines that it is more likely than not the asset is impaired. The adoption of this standard update did not have an impact on the Partnership s consolidated financial statements.

During the first quarter of 2013, the Partnership adopted the accounting standard update regarding reclassifications out of Accumulated other comprehensive income. This standard update requires companies to report the effect of significant reclassifications out of Accumulated other comprehensive income on the respective line items in the Partnership s consolidated statements of income if the amount being reclassified is required to be reclassified in its entirety to net income. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference to other required disclosures that provide additional detail about those amounts. See Note 12 for additional details.

During the third quarter of 2013, the Partnership adopted the accounting standard update regarding the ability to use the Federal Funds Effective Swap Rate as a U.S. benchmark interest rate for hedge accounting purposes. Previously the interest rates on direct Treasury obligations of the U.S. government and the London Interbank Offered Rate (LIBOR) were considered to be the only benchmark interest rates. The adoption of this standard update did not have a significant impact on the Partnership s consolidated financial statements.

Recent Accounting Standards

In July 2013, the accounting standard update relating to the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists was issued. The standard update provides that a liability related to an unrecognized tax benefit should be offset against same jurisdiction deferred tax assets for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. The Partnership will adopt this standard update during the first quarter of 2014. The Partnership is currently evaluating the consolidated balance sheet impact related to this standard update.

2. Acquisitions and Divestitures

Wireless Transaction

On September 2, 2013, Verizon entered into a stock purchase agreement (the Stock Purchase Agreement) with Vodafone and Vodafone 4 Limited (Seller), pursuant to which Verizon agreed to acquire Vodafone s indirect 45% interest in the Partnership, (and such interest, the Vodafone Interest) for aggregate consideration of approximately $130 billion.

On February 21, 2014, pursuant to the terms and subject to the conditions set forth in the Stock Purchase Agreement, Verizon acquired (the Wireless Transaction) from Seller all of the issued and outstanding capital stock (the Transferred Shares) of Vodafone Americas Finance 1 Inc., a subsidiary of Seller (VF1 Inc.), which indirectly through certain subsidiaries (together with VF1 Inc., the Purchased Entities) owned the Vodafone Interest. In consideration for the Transferred Shares, upon completion of the Wireless Transaction, Verizon (i) paid approximately

$58.89 billion in cash, (ii) issued approximately $60.15 billion of Verizon s common stock, par value $0.10 per share (the Stock Consideration), (iii) issued senior unsecured Verizon notes in an aggregate principal amount of $5.0 billion (the Verizon Notes), (iv) sold Verizon s indirectly owned 23.1% interest in Vodafone Omnitel N.V. (Omnitel, and such interest, the Omnitel Interest), valued at $3.5 billion and (v) provided other consideration of approximately $2.5 billion. As a result of the Wireless Transaction, Verizon issued approximately 1.27 billion shares. The total cash paid to Vodafone and the other costs of the Wireless Transaction, including financing, legal and bank fees, were financed through the incurrence of third-party indebtedness.

Table of Contents

Spectrum License Transactions

Since 2012, the Partnership has entered into several strategic spectrum transactions including:

- During the third quarter of 2012, after receiving the required regulatory approvals, the Partnership completed the following previously announced transactions in which the Partnership acquired wireless spectrum that will be used to deploy additional 4G LTE capacity:

- The Partnership acquired Advanced Wireless Services (AWS) spectrum in separate transactions with SpectrumCo, LLC (SpectrumCo) and Cox TMI Wireless, LLC for which it paid an aggregate of $3.9 billion at the time of the closings. The Partnership has also recorded a liability of $0.4 billion related to a three-year service obligation to SpectrumCo s members pursuant to commercial agreements executed concurrently with the SpectrumCo transaction.

- The Partnership completed license purchase and exchange transactions with Leap Wireless, Savary Island Wireless, which is majority owned by Leap Wireless, and a subsidiary of T-Mobile USA, Inc. (T-Mobile USA). As a result of these transactions, the Partnership received an aggregate $2.6 billion of AWS and Personal Communication Services (PCS) licenses at fair value and net cash proceeds of $0.2 billion, transferred certain AWS licenses to T-Mobile USA and a 700 megahertz (MHz) lower A block license to Leap Wireless, and recorded an immaterial gain.

- During the first quarter of 2013, the Partnership completed license exchange transactions with T-Mobile License LLC and Cricket License Company, LLC, a subsidiary of Leap Wireless, to exchange certain AWS licenses. These non-cash exchanges include a number of intra-market swaps that the Partnership expects will enable it to make more efficient use of the AWS band. As a result of these exchanges, the Partnership received an aggregate $0.5 billion of AWS licenses at fair value and recorded an immaterial gain.

- During the third quarter of 2013, after receiving the required regulatory approvals, the Partnership sold 39 lower 700 MHz B block spectrum licenses to AT&T Inc. (AT&T) in exchange for a payment of $1.9 billion and the transfer by AT&T to the Partnership of AWS (10 MHz) licenses in certain markets in the western United States. The Partnership also sold certain lower 700 MHz B block spectrum licenses to an investment firm for a payment of $0.2 billion. As a result, the Partnership received $0.5 billion of AWS licenses at fair value and the Partnership recorded a pre-tax gain of approximately $0.4 billion in Selling, general and administrative expense on its consolidated statement of income for the year ended December 31, 2013.

- During the fourth quarter of 2013, the Partnership entered into license exchange agreements with T-Mobile USA to exchange certain AWS and PCS licenses. These non-cash exchanges, which are subject to approval by the FCC and other customary closing conditions, are expected to close in the first half of 2014. The exchange includes a number of swaps that the Partnership expects will result in more efficient use of the AWS and PCS bands. As a result of these agreements, $0.9 billion of Wireless licenses are classified as held for sale and included in Prepaid expenses and other current assets on the Partnership s consolidated balance sheet at December 31, 2013. Upon completion of the transaction, the Partnership expects to record an immaterial gain.

- Subsequent to the transaction with T-Mobile USA in the fourth quarter of 2013, on January 6, 2014, the Partnership announced two agreements with T-Mobile USA with respect to its remaining 700 MHz A block spectrum licenses. Under one agreement, the Partnership will sell certain of these licenses to T-Mobile USA in exchange for cash consideration of approximately $2.4 billion, and under the second agreement the Partnership will exchange the remainder of these licenses for AWS and PCS spectrum licenses. These transactions are subject to the approval of the FCC as well as other customary closing conditions. These transactions are expected to close in the middle of 2014.

Table of Contents

Other

During 2013, the Partnership acquired various other wireless licenses and markets for cash consideration that was not significant. Additionally, the Partnership obtained control of previously unconsolidated wireless partnerships, which were previously accounted for under the equity method and are now consolidated, which resulted in an immaterial gain. The Partnership recorded $0.2 billion of goodwill as a result of these transactions.

During 2012, the Partnership acquired various other wireless licenses and markets for cash consideration that was not significant and recorded $0.2 billion of goodwill as a result of these transactions.

3. Wireless Licenses, Goodwill and Other Intangibles, Net Wireless Licenses

Changes in the carrying amount of Wireless licenses are as follows:

(dollars in millions)		
Balance as of January 1, 2012	$	73,097
Acquisitions (Note 2)		4,544
Capitalized interest on wireless licenses		205
Reclassifications, adjustments and other		(204)
Balance as of December 31, 2012		77,642
Acquisitions (Note 2)		**579**
Dispositions (Note 2)		**(2,195)**
Capitalized interest on wireless licenses		**540**
Reclassifications, adjustments and other		**(770)**
Balance as of December 31, 2013	**$**	**75,796**

Reclassifications, adjustments and other includes $0.9 billion of Wireless licenses that are classified as held for sale and included in Prepaid expenses and other current assets on the Partnership s consolidated balance sheet at December 31, 2013 as well as the exchanges of wireless licenses in 2013 and 2012. See Note 2 for additional details.

At December 31, 2013 and 2012, approximately $7.7 billion and $7.3 billion, respectively, of wireless licenses were under development for commercial service for which the Partnership was capitalizing interest costs.

The average remaining renewal period of the Partnership s wireless license portfolio was 5.1 years as of December 31, 2013. See Note 1 for additional details.

Goodwill

Changes in the carrying amount of Goodwill are as follows:

(dollars in millions)		
Balance at January 1, 2012	$	17,528
Acquisitions (Note 2)		209
Balance at December 31, 2012		17,737
Acquisitions (Note 2)		**204**
Balance at December 31, 2013	**$**	**17,941**

Other Intangibles, net

Other intangibles, net are included in Other intangibles and other assets, net and consist of the following:

	At December 31, 2013						At December 31, 2012					
(dollars in millions)		**Gross Amount**		**Accumulated Amortization**		**Net Amount**		**Gross Amount**		**Accumulated Amortization**		**Net Amount**
Customer lists (6 to 8 years)	**$**	**2,232**	**$**	**(1,803)**	**$**	**429**	$	2,187	$	(1,550)	$	637
Non-network internal-use software (5 to 7 years)		**1,897**		**(802)**		**1,095**		1,462		(589)		873
Other (2 to 3 years)		**7**		**(1)**		**6**		26		(21)		5
Total	**$**	**4,136**	**$**	**(2,606)**	**$**	**1,530**	$	3,675	$	(2,160)	$	1,515

The amortization expense for other intangible assets was as follows:

Years		**(dollars in millions)**
2013	**$**	**476**
2012		465
2011		513

Estimated annual amortization expense for other intangible assets is as follows:

Years		**(dollars in millions)**
2014	$	434
2015		360
2016		279
2017		192
2018		146

4. Fair Value Measurements and Financial Instruments

The following table presents the balances of assets measured at fair value on a recurring basis as of December 31, 2013:

(dollars in millions)		**Level 1**		**Level 2**		**Level 3**		**Total**
Assets:								
Other intangibles and other assets, net:								
Derivative contracts Cross currency swaps (Non-current)	$		$	166	$		$	166

Derivative contracts are valued using models based on readily observable market parameters for all substantial terms of the Partnership s derivative contracts and thus are classified within Level 2. The Partnership uses mid-market pricing for fair value measurements of its derivative instruments. The Partnership s derivative instruments are recorded on a gross basis.

The Partnership recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period. There were no transfers within the fair value hierarchy during 2013.

Fair Value of Short-term and Long-term Debt

The fair value of the Partnership s debt is determined using various methods, including quoted market prices for identical terms and maturities, which is a Level 1 measurement, as well as quoted prices for similar terms and maturities in inactive markets and future cash flows discounted at current rates, which are Level 2 measurements. The fair value of the Partnership s short-term and long-term debt, excluding capital leases, was as follows:

	At December 31, 2013		At December 31, 2012	
(dollars in millions)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Short- and long-term debt, excluding capital leases	**$ 5,211**	**$ 6,386**	$ 10,105	$ 12,235

Derivative Instruments

The Partnership has entered into derivative transactions to manage its exposure to fluctuations in foreign currency exchange rates and interest rates. The Partnership employs risk management strategies which may include the use of a variety of derivatives including cross currency swaps agreements. The Partnership does not hold derivatives for trading purposes.

Cross Currency Swaps

The Partnership previously entered into cross currency swaps designated as cash flow hedges to exchange approximately $1.6 billion of British Pound Sterling and Euro-denominated debt into U.S. dollars and to fix its future interest and principal payments in U.S. dollars, as well as to mitigate the impact of foreign currency transaction gains or losses. A portion of the gains and losses recognized in Other comprehensive income (loss) was reclassified to Other income, net to offset the related pretax foreign currency transaction gain or loss on the underlying debt obligations. The fair value of the outstanding swaps was not material at December 31, 2013 or December 31, 2012. During 2013 and 2012, the gains with respect to these swaps were not material.

Concentrations of Credit Risk

Financial instruments that subject us to concentrations of credit risk consist primarily of temporary cash investments, trade receivables and derivative contracts. The Partnership s policy is to deposit its temporary cash investments with major financial institutions. Counterparties to the Partnership s derivative contracts are also major financial institutions. The financial institutions have all been accorded high ratings by primary rating agencies. The Partnership limits the dollar amount of contracts entered into with any one financial institution and monitors its counterparties credit ratings. The Partnership generally does not give or receive collateral on swap agreements due to its credit rating and those of its counterparties. While the Partnership may be exposed to credit losses due to the nonperformance of its counterparties, the Partnership considers the risk remote and does not expect the settlement of these transactions to have a material effect on its results of operations or financial condition.

Table of Contents

5. Debt

Changes to debt during 2013 are as follows:

(dollars in millions)	Debt Maturing within One Year	Long-term Debt	Total
Balance at January 1, 2013	**$ 1,448**	**$ 8,665**	**$ 10,113**
Repayments of long-term borrowings and capital lease obligations	**(1,460)**	**(3,500)**	**(4,960)**
Other	**53**	**66**	**119**
Balance at December 31, 2013	**$ 41**	**$ 5,231**	**$ 5,272**

Outstanding long-term debt obligations are as follows:

			(dollars in millions)	
At December 31,	**Interest Rates %**	**Maturities**	**2013**	**2012**
Notes payable	**8.5 - 8.88**	**2015 - 2018**	**$ 3,931**	$ 8,635
Alltel assumed notes	**6.80 - 7.88**	**2016 - 2032**	**1,300**	1,500
Capital lease obligations (average rate of 4.4% and 1.2% in 2013 and 2012, respectively)			**61**	8
Unamortized discount, net of premium			**(20)**	(30)
Total long-term debt, including current maturities			**5,272**	10,113
Less long-term debt maturing within one year			**41**	1,448
Total long-term debt			**$ 5,231**	$ 8,665

Verizon Wireless Capital LLC, a wholly-owned subsidiary of the Partnership, is a limited liability company formed under the laws of Delaware on December 7, 2001 as a special purpose finance subsidiary to facilitate the offering of debt securities of the Partnership by acting as co-issuer. Other than the financing activities as a co-issuer of the Partnership s indebtedness, Verizon Wireless Capital LLC has no material assets, operations or revenues. The Partnership is jointly and severally liable with Verizon Wireless Capital LLC for co-issued notes.

Discounts, premiums, and capitalized debt issuance costs are amortized using the effective interest method.

2013

During November 2013, $1.25 billion of 7.375% Notes and $0.2 billion of 6.50% Notes matured and were repaid. Also during November 2013, the Partnership redeemed $3.5 billion of 5.55% Notes, due February 1, 2014 at a redemption price of 101% of the principal amount of the notes. Any accrued and unpaid interest was paid to the date of redemption.

2012

During February 2012, $0.8 billion of 5.25% Notes matured and were repaid. During July 2012, $0.8 billion of 7.0% Notes matured and were repaid.

Term Notes Payable to Affiliate

Under the terms of a fixed rate promissory note with Verizon Financial Services LLC (VFSL), a wholly-owned subsidiary of Verizon, the Partnership may borrow, repay and re-borrow up to a maximum principal amount of $0.8 billion. During July 2013, the maturity date of this note was extended to August 1, 2016 and the interest rate decreased from 5.8% to 4.5% per annum. As of December 31, 2013, outstanding borrowings under this note, included within Other current liabilities on the consolidated balance sheet, were immaterial.

Table of Contents

Debt Covenants

As of December 31, 2013, the Partnership is in compliance with all of its debt covenants.

Maturities of Long-Term Debt

Maturities of long-term debt outstanding at December 31, 2013 are as follows:

Years		**(dollars in millions)**
2014	$	41
2015		699
2016		299
2017		7
2018		3,226
Thereafter		1,000

6. Long-Term Incentive Plan

Verizon Wireless Long-Term Incentive Plan (Wireless Plan)

The Wireless Plan provides compensation opportunities to eligible employees and other participating affiliates of the Partnership. The plan provides rewards that are tied to the long-term performance of the Partnership. Under the Wireless Plan, Value Appreciation Rights (VARs) were granted to eligible employees. As of December 31, 2013, all VARs were fully vested. The Partnership has not granted new VARs since 2004.

VARs reflect the change in the value of the Partnership, as defined in the Wireless Plan. Similar to stock options, the valuation is determined using a Black-Scholes model. Once VARs become vested, employees can exercise their VARs and receive a payment that is equal to the difference between the VAR price on the date of grant and the VAR price on the date of exercise, less applicable taxes. All outstanding VARs are fully exercisable and have a maximum term of 10 years. All VARs were granted at a price equal to the estimated fair value of the Partnership, as defined in the Wireless Plan, at the date of the grant.

The Partnership employs the income approach, a standard valuation technique, to arrive at the fair value of the Partnership on a quarterly basis using publicly available information. The income approach uses future net cash flows discounted at market rates of return to arrive at an estimate of fair value, as defined in the plan.

The following table summarizes the assumptions used in the Black-Scholes model for the year ended December 31, 2013:

	2013 **End of Period**
Risk-free rate	**0.11%**
Expected term (in years)	**0.12**
Expected volatility	**43.27%**

The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the measurement date. Expected volatility was based on a blend of the historical and implied volatility of publicly traded peer companies for a period equal to the VARs expected life ending on the measurement date.

Table of Contents

For the years ended December 31, 2013, 2012 and 2011, the intrinsic value of VARs exercised during the period was $0.1 billion, respectively.

Cash paid to settle VARs for the years ended December 31, 2013, 2012 and 2011 was $0.1 billion, respectively.

Awards outstanding at December 31, 2013, 2012 and 2011 under the Wireless Plan are summarized as follows:

(shares in thousands)	**VARs (a)**		**Weighted-Average Exercise Price of VARs (a)**	**Vested VARs (a)**
Outstanding, January 1, 2011	11,569	$	13.11	11,569
Exercised	(3,303)		14.87	
Cancelled/Forfeited	(52)		14.74	
Outstanding, December 31, 2011	8,214		12.39	8,214
Exercised	(3,427)		10.30	
Cancelled/Forfeited	(21)		11.10	
Outstanding, December 31, 2012	4,766		13.89	4,766
Exercised	**(1,916)**		**13.89**	
Cancelled/Forfeited	**(3)**		**13.89**	
Outstanding, December 31, 2013	**2,847**	**$**	**13.89**	**2,847**

(a) The weighted average exercise price is presented in dollars; VARs are presented in units. At December 31, 2013 all outstanding VARs had an exercise price of $13.89 and substantially all of the VARs expire in March 2014.

As of December 31, 2013, the aggregate intrinsic value of VARs outstanding and vested was $0.1 billion.

Verizon Communications Inc. Long-Term Incentive Plan

The Verizon Communications Inc. Long-Term Incentive Plan (the Verizon Plan) permits the granting of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance stock units and other awards to Partnership employees. The maximum number of shares available for awards from the Verizon Plan is 119.6 million shares.

Restricted Stock Units

The Verizon Plan provides for grants of Restricted Stock Units (RSUs) that generally vest at the end of the third year after the grant. The RSUs are classified as equity awards because the RSUs will be paid in Verizon common stock upon vesting. The RSU equity awards are measured using the grant date fair value of Verizon common stock and are not remeasured at the end of each reporting period. Dividend equivalent units are also paid to participants at the time the RSU award is paid, and in the same proportion as the RSU award.

The Partnership had approximately 4.1 million and 4.7 million RSUs outstanding under the Verizon Plan as of December 31, 2013 and 2012, respectively.

Performance Stock Units

The Verizon Plan also provides for grants of Performance Stock Units (PSUs) that generally vest at the end of the third year after the grant. As defined by the Verizon Plan, the Human Resources Committee of the Board of Directors of Verizon determines the number of PSUs a participant earns based on the extent to which the corresponding performance goals have been achieved over the three-year performance cycle. The PSUs are classified as liability awards because the PSU awards are paid in cash upon vesting. The PSU award liability is measured at its fair value at the end of each reporting period and, therefore, will fluctuate based on the price of

Table of Contents

Verizon common stock as well as performance relative to the targets. Dividend equivalent units are also paid to participants at the time that the PSU award is determined and paid, and in the same proportion as the PSU award.

The Partnership had approximately 6.0 million and 7.0 million PSUs outstanding under the Verizon Plans as of December 31, 2013 and 2012, respectively.

As of December 31, 2013, unrecognized compensation expense related to the unvested portion of the Partnership s RSUs and PSUs was approximately $0.1 billion and is expected to be recognized over a weighted-average period of approximately two years.

Stock-Based Compensation Expense

For each of the years ended December 31, 2013, 2012 and 2011, the Partnership recognized compensation expense for stock based compensation related to VARs, RSUs and PSUs of $0.2 billion, $0.3 billion and $0.2 billion, respectively.

7. Income Taxes

Provision for Income Taxes

The provision for income taxes consists of the following:

		(dollars in millions)	
Years Ended December 31,	**2013**	**2012**	**2011**
Current tax provision:			
Federal	**$ 47**	$ 106	$ 476
State and local	**31**	(28)	103
	78	78	579
Deferred tax provision:			
Federal	**60**	35	369
State and local	**12**	88	(1)
	72	123	368
Provision for income taxes	**$ 150**	$ 201	$ 947

A reconciliation of the income tax provision computed at the statutory tax rate to the Partnership s effective tax rate is as follows:

Years Ended December 31,		2013		(dollars in millions) 2012		2011
Income tax provision at the statutory rate	**$**	**9,270**	$	7,481	$	6,264
State and local income taxes, net of U.S. federal benefit		**45**		47		57
Other		**(28)**		3		(7)
Partnership income not subject to federal or state income taxes		**(9,137)**		(7,330)		(5,367)
Provision for income tax	**$**	**150**	$	201	$	947

Deferred taxes arise because of differences in the book and tax bases of certain assets and liabilities. Significant components of the Partnership s deferred taxes are shown in the following table:

	(dollars in millions)	
At December 31,	**2013**	**2012**
Deferred tax assets:		
Net operating loss carryforward	**$ 165**	$ 122
Valuation allowance	**(89)**	(55)
Other Total deferred tax assets	**207**	134
	283	201
Deferred tax liabilities:		
Intangible assets	**9,457**	9,355
Plant, property and equipment	**1,407**	1,445
Other	**354**	264
Total deferred tax liabilities		
	11,218	11,064
Net deferred tax asset-current(a)	**66**	76
Net deferred tax liability-non-current	**$ 11,001**	$ 10,939

(a) Included in prepaid expenses and other current assets in the accompanying consolidated balance sheets.

At December 31, 2013, the Partnership had state net operating loss carryforwards of $3.6 billion. These net operating loss carryforwards expire at various dates principally from December 31, 2018 through December 31, 2033.

Unrecognized Tax Benefits

A reconciliation of the beginning and ending balance of unrecognized tax benefits is as follows:

		(dollars in millions)	
	2013	**2012**	**2011**
Balance as of January 1	**$ 306**	$ 267	$ 393
Additions based on tax positions related to the current year	**16**	13	10
Additions for tax positions of prior years	**9**	72	53
Reductions for tax positions of prior years	**(48)**	(49)	(187)
Reductions due to lapse of applicable statute of limitations	**(73)**		(2)
Settlements		3	
Balance as of December 31	**$ 210**	$ 306	$ 267

Included in the total unrecognized tax benefits balance is $0.1 billion, $0.2 billion and $0.2 billion as of December 31, 2013, 2012 and 2011, respectively, that, if recognized, would favorably affect the effective tax rate. The remaining unrecognized tax benefits relate to temporary items that would not affect the effective tax rate.

The after-tax accrual for the payment of interest and penalties in the balance sheet relating to the unrecognized tax benefits reflected above was not significant for the years ended December 31, 2013, 2012 and 2011.

The net after-tax benefits (expenses) related to interest in the provision for income taxes were not significant for the years ended December 31, 2013, 2012 and 2011.

The Partnership or its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various state and local jurisdictions. The Partnership is generally no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2003. The Internal Revenue Service (IRS) is currently examining some of the Partnership s subsidiaries. As a result of the anticipated resolution of various income tax matters within the next twelve months, the Partnership believes that it is reasonably possible that the unrecognized tax benefits may be adjusted. An estimate of the amount of the change attributable to any such settlement cannot be made until issues are further developed or examinations close.

8. Leases

As Lessee

The Partnership has entered into operating leases for facilities and equipment used in its operations. Lease contracts contain renewal options that include rent expense adjustments based on the Consumer Price Index as well as annual and end-of-lease term adjustments. Rent expense is recorded on a straight-line basis over the noncancelable lease term which is generally determined to be the initial lease term. Total rent expense under operating leases amounted to $2.0 billion in 2013, $1.8 billion in 2012 and $1.7 billion in 2011.

The aggregate future minimum rental commitments under noncancelable operating leases, excluding renewal options that are not reasonably assured for the periods shown at December 31, 2013, are as follows:

(dollars in millions)		**Operating**
Years		**Leases**
2014	$	1,689
2015		1,518
2016		1,290
2017		1,043
2018		822
Thereafter		2,974
Total minimum rental commitments	$	9,336

9. Supplementary Financial Information

Supplementary Balance Sheet Information

(dollars in millions)	**At December 31,** **2013**	**2012**
Receivables, Net:		
Accounts receivable	**$ 6,228**	$ 5,848
Other receivables	**1,067**	864
Unbilled revenue	**308**	295
	7,603	7,007
Less: allowance for doubtful accounts	**(399)**	(350)
Receivables, net	**$ 7,204**	$ 6,657

		(dollars in millions)	
At December 31,	**Lives (years)**	**2013**	**2012**
Plant, Property and Equipment, Net:			
Land		**$ 244**	$ 244
Buildings	20-45	**11,742**	10,855
Wireless plant and equipment	3-15	**60,550**	54,867
Furniture, fixtures and equipment	3-10	**3,700**	3,603
Leasehold improvements	5	**4,728**	4,310
Construction-in-progress(b)		**2,283**	2,572
		83,247	76,451
Less: accumulated depreciation(c)		**(47,315)**	(41,905)
Plant, property and equipment, net(a)		**$ 35,932**	$ 34,546

(a) Interest costs of $0.1 billion and network engineering costs of $0.5 billion and $0.4 billion were capitalized during the years ended December 31, 2013 and 2012, respectively.

(b) Construction-in-progress includes $0.9 billion and $1.2 billion of accrued but unpaid capital expenditures as of December 31, 2013 and 2012, respectively.

(c) Depreciation of plant, property and equipment was $7.7 billion, $7.5 billion and $7.4 billion, for the years ended December 31, 2013, 2012 and 2011, respectively.

	(dollars in millions)	
At December 31,	**2013**	**2012**
Accounts Payable and Accrued Liabilities:		
Accounts payable, accrued interest and accrued expenses	**$ 4,176**	$ 4,538
Accrued payroll and related employee benefits	**1,347**	1,385
Taxes payable	**651**	687
Accrued commissions	**838**	924
Accounts payable and accrued liabilities	**$ 7,012**	$ 7,534

Supplementary Statements of Income Information

		(dollars in millions)	
For the Years Ended December 31,	**2013**	**2012**	**2011**
Advertising and Promotional Cost:	**$ 1,856**	$ 1,826	$ 1,925
Employee Benefit Plans:			
Matching contribution expense	$ 251	$ 247	$ 231
Profit sharing expense	152	60	82
Interest Expense, Net:			
Interest expense	$ (720)	$ (776)	$ (954)
Capitalized interest	655	334	344
Interest expense, net	$ (65)	$ (442)	$ (610)

Table of Contents

Supplementary Cash Flows Information

	(dollars in millions)		
For the Years Ended December 31,	**2013**	**2012**	**2011**
Net cash paid for income taxes	**$ 179**	$ 245	$ 505
Interest paid, net of amounts capitalized	**130**	464	610

10. Noncontrolling Interests

Noncontrolling interests in equity of subsidiaries were as follows:

	(dollars in millions)	
At December 31,	**2013**	**2012**
Verizon Wireless of the East LP	**$ 1,179**	$ 1,179
Cellular partnerships - various	**1,100**	865
Noncontrolling interests	**$ 2,279**	$ 2,044

Verizon Wireless of the East LP

Verizon Wireless of the East LP is a limited partnership formed in 2002 and is controlled and managed by the Partnership. Verizon held the noncontrolling interest of Verizon Wireless of the East LP at December 31, 2013 and 2012. As per the agreement between the Partnership and Verizon, Verizon has not been allocated any of the profits of Verizon Wireless of the East LP.

11. Other Transactions with Affiliates

In addition to transactions with Affiliates in Note 5, other significant transactions with Affiliates are summarized as follows:

	(dollars in millions)		
For the Years Ended December 31,	**2013**	**2012**	**2011**
Revenue related to transactions with affiliated companies	**$ 102**	$ 83	$ 87
Cost of service (a)	**1,378**	1,365	1,396
Selling, general and administrative expenses (b)	**917**	584	312

(a) Affiliate cost of service primarily represents charges for long distance, direct telecommunication and roaming services provided by affiliates.

(b) Affiliate selling, general and administrative expenses include charges from affiliates for services provided, including insurance, leases, office telecommunications, and billing and lockbox services, as well as services billed from Verizon Corporate Services, Verizon Sourcing LLC, Verizon Corporate Resources Group and Verizon Data Solutions for functions performed under service level agreements.

Other Transactions with Affiliates

Accounts payable and accrued liabilities as of December 31, 2013 and 2012 include $68 million and $92 million, respectively, due to affiliates primarily comprised of costs associated with services provided in the normal course of business and roaming services.

Distributions to Partners

In May 2013, the Board of Representatives of the Partnership declared a distribution to its owners, which was paid in the second quarter of 2013 in proportion to their partnership interests on the payment date, in the aggregate amount of $7.0 billion. As a result, Vodafone received a cash payment of $3.15 billion and the remainder of the distribution was received by Verizon.

In November 2012, the Board of Representatives of the Partnership declared a distribution to its owners, which was paid in the fourth quarter of 2012 in proportion to their partnership interests on the payment date, in the aggregate amount of $8.5 billion. As a result, Vodafone received a cash payment of $3.8 billion and the remainder of the distribution was received by Verizon.

In July 2011, the Board of Representatives of the Partnership declared a distribution to its owners, which was paid in the first quarter of 2012 in proportion to their partnership interests on the payment date, in the aggregate amount of $10 billion. As a result, Vodafone received a cash payment of $4.5 billion and the remainder of the distribution was received by Verizon.

As required under the Partnership Agreement, the Partnership paid aggregate tax distributions of $10.0 billion, $7.2 billion and $3.1 billion to its Partners during the years ended December 31, 2013, 2012 and 2011, respectively. In addition to quarterly tax distributions to its Partners, its Partners have directed the Partnership to make supplemental tax distributions to them, subject to the Partnership s board of representatives right to reconsider these distributions based on significant changes in overall business and financial conditions. During the year ended December 31, 2013, the Partnership made supplemental tax distributions in the aggregate amount of $0.9 billion, which is included in the total distribution paid above.

During February 2014, the Partnership paid aggregate tax distributions of $1.8 billion to its Partners.

12. Accumulated Other Comprehensive Income

Comprehensive income consists of net income and other gains and losses affecting Partners capital that, under U.S. GAAP, are excluded from net income.

Accumulated Other Comprehensive Income

The changes in the balances of Accumulated other comprehensive income by component are as follows:

(dollars in millions)	**Unrealized loss on cash flow hedges**	**Defined benefit pension and postretirement plans**	**Total**
Balance at January 1, 2013	$ 80	$ 4	84
Other comprehensive income	**13**		**13**
Amounts reclassified to net income	**(45)**		**(45)**
Net other comprehensive loss	**(32)**		**(32)**
Balance at December 31, 2013	**$ 48**	**$ 4**	**52**

Table of Contents

The amounts presented above in net other comprehensive loss are net of taxes and noncontrolling interests, which are not significant. For the year ended December 31, 2013, all other amounts reclassified to net income in the table above are included in Other income, net on the Partnership s consolidated statements of income.

13. Commitments and Contingencies

Bell Atlantic, now known as Verizon Communications, and Vodafone entered into an alliance agreement to create a wireless business composed of both companies U.S. wireless assets, as amended, which the Partnership refers to as the Alliance Agreement . The Alliance Agreement contains a provision, subject to specified limitations, that requires Verizon and Vodafone to indemnify the Partnership for certain contingencies, excluding PrimeCo Personal Communications L.P. contingencies, arising prior to the formation of the Partnership.

Where it is determined, in consultation with counsel based on litigation and settlement risks, that a loss is probable and estimable in a given matter, the Partnership establishes an accrual. In none of the currently pending matters is the amount of accrual material. An estimate of the reasonably possible loss or range of loss in excess of the amounts already accrued cannot be made at this time due to various factors typical in contested proceedings, including (1) uncertain damage theories and demands; (2) a less than complete factual record; (3) uncertainty concerning legal theories and their resolution by courts or regulators; and (4) the unpredictable nature of the opposing party and its demands. The Partnership continuously monitors these proceedings as they develop and adjusts any accrual or disclosure as needed. The Partnership does not expect that the ultimate resolution of any pending regulatory or legal matter in future periods will have a material effect on the Partnership s financial condition, but it could have a material effect on the Partnership s results of operations for a given reporting period.

Verizon has entered into reimbursement agreements with third-party lenders that permit these lenders to issue letters of credit to third parties on behalf of the Partnership and the Partnership s subsidiaries.

The Partnership has several commitments primarily to purchase handsets and peripherals, equipment, software, programming and network services, and marketing activities, which will be used or sold in the ordinary course of business, from a variety of suppliers totaling $15.6 billion. Of this total amount, $13.6 billion is attributable to 2014, $1.0 billion is attributable to 2015 through 2016, $0.5 billion is attributable to 2017 through 2018 and $0.5 billion is attributable to years thereafter. These amounts do not represent the Partnership s entire anticipated purchases in the future, but represent only those items that are the subject of contractual obligations. The Partnership s commitments are generally determined based on the noncancelable quantities or termination amounts. Purchases against the Partnership s commitments for 2013 totaled approximately $9.8 billion. The Partnership also purchases products and services as needed with no firm commitment.

Table of Contents

20-F Disclosure Description of American Depositary Shares (Item 12D)

Fees payable by ADR Holders

The Bank of New York Mellon, as depositary, collects its fees for delivery and surrender of ADRs directly from investors depositing shares or surrendering ADRs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors, including in connection with the payment of dividends, by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Persons depositing or withdrawing shares must pay:	**For:**
$5.00 (or less) per 100 ADRs (or portion of 100 ADRs)	• Issuance of ADRs, including issuances resulting from a distribution of shares or rights or other property
	• Cancellation of ADRs for the purpose of withdrawal, including if the deposit agreement terminates
$.02 (or less) per ADR (or portion thereof). The current per ADR fee to be charged for an interim dividend is $0.015 per ADR and for a final dividend is $0.02 per ADR.	• Any cash distribution to ADR registered holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADRs	• Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADR registered holders
Registration or transfer fees	• Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	• Cable, telex, facsimile transmissions and delivery expenses (when expressly provided in the deposit agreement)
	• Converting foreign currency to US dollars
Taxes and other governmental charges that the depositary or the custodian must pay on any ADR or share underlying an ADR, for example, stock transfer taxes, stamp duty or withholding taxes	• As necessary
	• As necessary

Any charges incurred by the depositary or its agents for servicing the deposited securities

Fees Payable by the Depositary to the Issuer

As set out above, pursuant to the deposit agreement, the depositary may charge up to $0.02 per ADR in respect of dividends paid by us. We have agreed with the depositary that any dividend fee collected by it is paid to us, net of any dividend collection fee charged by it. For the year ended 31 March 2016, we agreed with the depositary that it will charge $0.015 per ADR in respect of any interim dividend and $0.02 per ADR in respect of any final dividend paid during that year.

As at 31 March 2016, (April 1, 2015 through March 31, 2016) we have received approximately $13.1 million arising out of fees charged in respect of dividends paid during the year. We also have an agreement with the depositary that it will absorb any of its out-of-pocket maintenance costs for servicing the holders of the ADRs up to $1,000,000 per calendar year. However, any of the depositary s out-of-pocket maintenance costs which exceed the $1,000,000 annual aggregate limits will be reimbursed by us.

Index of Exhibits to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2016

1.1 Articles of Association, as adopted on June 30, 1999 and including all amendments made on July 25, 2001, July 26, 2005, July 25, 2006, July 24, 2007, July 29, 2008, July 28, 2009, July 27, 2010 and January 28, 2014, of the Company (incorporated by reference to Exhibit 1.1 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2014 (File No. 001-10086)).

2.1 Indenture, dated as of February 10, 2000, between the Company and Citibank, N.A., as Trustee, including forms of debt securities (incorporated by reference to Exhibit 4(a) of Post Effective Amendment No. 1 to the Company s Registration Statement on Form F-3 (File No. 333-10762), dated November 24, 2000).

2.2 Agreement of Resignation, Appointment and Acceptance dated as of July 24, 2007, among the Company, Citibank N.A. and The Bank of New York Mellon (incorporated by reference to Exhibit 2.2 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2008 (File No. 001-10086)).

2.3 Fourteenth Supplemental Trust Deed dated June 1, 2016 between the Company and The Law Debenture Trust Corporation p.l.c. further modifying and restating the provisions of the Trust Deed dated July 16, 1999 relating to a Euro 30,000,000,000 Euro Medium Term Note Programme.

2.4 Trust Deed dated February 25, 2016 between the Company and The Law Debenture Trust Corporation p.l.c. in relation to the Group s £1,440,000,000 1.50 per cent Subordinated Mandatory Convertible Bonds due 2017.

2.5 Trust Deed dated February 25, 2016 between the Company and The Law Debenture Trust Corporation p.l.c. in relation to the Group s £1,440,000,000 2.00 per cent Subordinated Mandatory Convertible Bonds due 2019.

4.1 Agreement in relation to the Group s 3,860,000,000 five year Revolving Credit Facility dated March 28, 2014 among the Company and various lenders (incorporated by reference to Exhibit 4.6 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2014 (File No. 001-10086)).

4.2 Revolving Credit Agreement with Royal Bank of Canada, effective as of December 15, 2015 in relation to the Group s 3,860,000,000 five year Revolving Credit Facility.

4.3 Vodafone Group 1999 Long Term Stock Incentive Plan (incorporated by reference to Exhibit 4.7 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2001(File No. 001-10086)).

4.4 Vodafone Group 2005 Global Incentive Plan (incorporated by reference to Exhibit 4.8 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2006 (File No. 001-10086)).

4.5 Facility Agreement in relation to the Group s US$3,935,000,000 revolving credit facility dated February 27, 2015 among the Company and various lenders (incorporated by reference to Exhibit

4.9 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2015 (File No. 001-10086)).

4.6 Revolving Credit Agreement with Royal Bank of Canada, effective as of December 15, 2015 and dated February 27, 2015 in relation to the Group s US$3,935,000,000 Revolving Credit Facility.

4.7 $1,000,000,000 Facility Agreement dated September 9, 2015 between the Company and The Bank of Tokyo-Mitsubishi UFJ, LTD.

4.8 $1,000,000,000 Facility Agreement dated November 9, 2015 between the Company and Mizuho Bank LTD.

4.9 Subscription Agreement dated February 19, 2016 among the Company, J.P. Morgan Securities Plc and Morgan Stanley & Co. International Plc in relation to the Group s £1,440,000,000 1.50 per cent Subordinated Mandatory Convertible Bonds due 2017.

4.10 Subscription Agreement dated February 19, 2016 among the Company, J.P. Morgan Securities Plc and Morgan Stanley & Co. International Plc in relation to the Group s £1,440,000,000 2.00 per cent Subordinated Mandatory Convertible Bonds due 2019.

4.11 Letter of Appointment of Anne Lauvergeon (incorporated by reference to Exhibit 4.22 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2006 (File No. 001-10086)).

4.12 Letter of Appointment of Luc Vandevelde (incorporated by reference to Exhibit 4.22 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2004 (File No. 001-10086)).

4.13 Letter of Appointment of Anthony Watson (incorporated by reference to Exhibit 4.26 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2006 (File No. 001-10086)).

4.14 Letter of Appointment of Philip Yea (incorporated by reference to Exhibit 4.27 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2006 (File No. 001-10086)).

4.15 Service Agreement of Vittorio Colao (incorporated by reference to Exhibit 4.22 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2009 (File No. 001-10086)).

4.16 Letter of Appointment of Alan Jebson (incorporated by reference to Exhibit 4.23 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2007 (File No. 001-10086)).

4.17 Letter of Appointment of Nick Land (incorporated by reference to Exhibit 4.24 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2007 (File No. 001-10086)).

4.18 Letter of Appointment of Samuel Jonah (incorporated by reference to Exhibit 4.26 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2009 (File No. 001-10086)).

4.19 Service Agreement of Stephen Pusey (incorporated by reference to Exhibit 4.28 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2009 (File No. 001-10086)).

4.20 Letter of Indemnification for Steve Pusey (incorporated by reference to Exhibit 4.27 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2010 (File No. 001-10086)).

4.21 Letter of Indemnification for Philip Yea (incorporated by reference to Exhibit 4.29 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2010 (File No. 001-10086)).

4.22 Letter of Indemnification for Luc Vandevelde (incorporated by reference to Exhibit 4.30 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2010 (File No. 001-10086)).

4.23 Letter of Appointment of Renee James (incorporated by reference to Exhibit 4.35 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2011 (File No. 001-10086)).

4.24 Letter of Appointment of Gerard Kleisterlee (incorporated by reference to Exhibit 4.36 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2011 (File No. 001-10086)).

4.25 Letter of Appointment of Omid Kordestani (incorporated by reference to Exhibit 4.28 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2013 (File No. 001-10086)).

4.26 Letter of Appointment of Valerie Gooding (incorporated by reference to Exhibit 4.30 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2014 (File No. 001-10086)).

4.27 Service Agreement of Nicholas Read (incorporated by reference to Exhibit 4.31 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2014 (File No. 001-10086)).

4.28 Letter of Appointment of Sir Crispin Davis (incorporated by reference to Exhibit 4.32 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2014 (File No. 001-10086)).

4.29 Letter of Appointment of Dame Clara Furse (incorporated by reference to Exhibit 4.33 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2014 (File No. 001-10086)).

4.30 Letter of indemnification for Nicholas Read (incorporated by reference to Exhibit 4.29 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2015 (File No. 001-10086)).

4.31 Letter of appointment for Dr Matthias Döpfner (incorporated by reference to Exhibit 4.30 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2015 (File No. 001-10086)).

4.32 Letter of appointment for David Nish.

4.33 Stock Purchase Agreement dated September 2, 2013, by and among Verizon Communications Inc., Vodafone Group Plc and Vodafone 4 Limited (incorporated by reference to Exhibit 4.34 to the

Company s Annual Report on Form 20-F for the financial year ended March 31, 2014 (File No. 001-10086)).

4.34 First Amendment to Stock Purchase Agreement dated December 5, 2013 by and among Vodafone Group Plc, Vodafone 4 Limited and Verizon Communications Inc, amending the terms of the Stock Purchase Agreement dated September 2, 2013 (incorporated by reference to Exhibit 4.35 to the Company s Annual Report on Form 20-F for the financial year ended March 31, 2014 (File No. 001-10086)).

4.35 Agreed form of a Contribution and Transfer Agreement by and among the Company, Liberty Global Europe Holding B.V., Liberty Global Plc, Vodafone International Holdings B.V. and Lynx Global Europe II B.V. relating to the contribution and/or transfer of shares in Ziggio Group Holding B.V. and Vodafone Libertel B.V. to Lynx Global Europe II B.V. and the formation of the Netherlands joint venture.

7. Unaudited Computation of Ratio of Earnings to Fixed Charges for the financial years ended March 31, 2016, 2015, 2014, 2013 and 2012.

8. List of the Company s related undertakings (incorporated by reference to Note 33 to the Consolidated Financial Statements included in this Annual Report on Form 20-F for the financial year ended March 31, 2016).

12. Rule 13a 14(a) Certifications.

13. Rule 13a 14(b) Certifications. These certifications are furnished only and are not filed as part of the Annual Report on Form 20-F for the financial year ended March 31, 2016.

15.1 Consent letter of PricewaterhouseCoopers LLP.

15.2 Consent letter of Deloitte LLP, London.

15.3 Consent letter of Deloitte & Touche LLP, New York.

Table of Contents

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

VODAFONE GROUP PUBLIC LIMITED COMPANY
(Registrant)

/s/ R E S Martin
Rosemary E S Martin
Group General Counsel and Company Secretary

Date: June, 10 2016