

Business Overview

This section explains how Vodafone operates, from the key assets it holds to the activities it carries out to enable the delivery of products and services to the Group's customers.

Technology & Resources page 16

People page 20

Brand & Distribution page 22

Licences

Vodafone has mobile licences in all the countries in which it operates as they are fundamental to the provision of mobile telecommunications services



Network infrastructure

Connects all customers together and enables the Group to provide mobile and fixed voice, messaging and data services



Supply chain management

Handsets, network equipment, marketing and IT services account for the majority of Vodafone's purchases, with the bulk being sourced from global suppliers



Research and development

The emphasis of the Group R&D work programme is providing technology analysis and a vision that can contribute directly to business decisions



People

Vodafone employed approximately 72,000 people worldwide during the 2008 financial year, with a goal to recruit, develop and retain the most talented and motivated people that are well aligned with the Vodafone brand essence



Customer strategy and management

Vodafone endeavours to ensure that customer needs are at the centre of all of the Group's actions



Marketing and brand

Vodafone has continued to focus on delivering a superior, consistent and differentiated customer experience through its brand and communication activities



Direct Distribution

- Retail (owned and franchised)
- Tele-sales and internet



Indirect Distribution

- Third party service providers
- Independent dealers, distributors and retailers
- MVNOs
- IT resellers

Products & Services page 24



Voice

Voice services continue to make up the largest portion of the Group's revenue



Messaging

Allows customers to send and receive messages using mobile devices



Data

The Group offers a number of products and services to enhance customers' access to data services



Fixed line

Provides customers with data and fixed voice solutions to meet their total communications needs



Other

Includes mobile advertising and business managed services



Handsets

The Group has a wide ranging handset portfolio covering different customer segments, price points and an increasing variety of designs



Vodafone Mobile Connect

Provides simple and secure access to the internet and to business customers' systems such as email, corporate applications and company intranets

Technology and Resources

Vodafone's key technologies and resources include the telecommunications licences it holds and the related network infrastructure, which enable the Group to operate telecommunications networks in 22 controlled and jointly controlled markets around the world.

Licences

The Group is dependent on the licences it holds to operate mobile communication services. Further detail on the issue and regulation of licences can be found in "Regulation" on page 147. The table below summarises the significant mobile licences held by the Group's mobile operating subsidiaries and the Group's joint venture in Italy at 31 March 2008. In addition, the Group also has a number of licences to provide fixed line services in many countries in which it operates.

The Group holds sufficient spectrum in the majority of the Group's mobile operating subsidiaries and joint ventures, which meet the medium term requirements for forecast voice and data growth. There is also the possibility of enhancing the medium term needs for voice and data capacity through the refarming of the Group's existing holdings to more efficient technologies. In areas where the Group needs to increase capacity, it will participate on an opportunity basis in future auctions.

Country by region	2G licence expiry date	3G licence expiry date
Europe		
Germany	December 2016	December 2020
Italy	February 2015	December 2021
Spain	July 2023 ⁽¹⁾	April 2020
UK	See note 2	December 2021
Albania	June 2016	N/A – No licences issued
Greece	August 2016 ⁽³⁾	August 2021
Ireland	May 2011 ⁽⁴⁾	October 2022
Malta ⁽⁵⁾	September 2010	August 2020
Netherlands	March 2013	December 2016
Portugal	October 2021	January 2016
EMAPA⁽⁶⁾		
Australia	See note 7	October 2017
Czech Republic	January 2021	February 2025
Egypt	January 2022	January 2022
Hungary	July 2014 ⁽⁸⁾	December 2019 ⁽⁹⁾
India ⁽¹⁰⁾	November 2014 – December 2026	N/A – No licences issued
New Zealand	See note 11	March 2021 ⁽¹¹⁾
Romania	December 2011	March 2020
Turkey	April 2023	N/A – No licences issued

Notes:

- (1) Date relates to 1800 MHz spectrum licence. Spain also has a separate 900 MHz spectrum licence which expires in February 2020.
- (2) Indefinite licence with a one year notice of revocation.
- (3) The licence granted in 1992 (900 MHz spectrum) will expire in September 2012. The licence granted in 2001 (900 and 1800 MHz spectrum) will expire in August 2016.
- (4) Date refers to 900 MHz licence. Ireland also has a separate 1800 MHz spectrum licence which expires in December 2015.
- (5) Malta also holds a WiMAX licence, granted in October 2005 and which expires in October 2020.
- (6) In December 2007, a consortium including Vodafone was named as the successful applicant in the auction for a mobile licence in Qatar. Subject to regulatory approvals, the licence is expected to be awarded in June 2008. Services are expected to be launched under the Vodafone brand by the end of the 2009 financial year.
- (7) Australia holds a 900 MHz spectrum licence. This is a rolling five year licence which expires in June 2012. Vodafone Australia also holds two 1800 MHz spectrum licences. One of these licences expires in June 2013 and the other in March 2015.
- (8) There is an option to extend this licence for seven years.
- (9) There is an option to extend this licence.
- (10) India is comprised of 23 service areas with a variety of expiry dates. There is an option to extend these licences by ten years.
- (11) By the end of March 2008, New Zealand owned two 900 MHz licences (each 2x7.5 MHz), which expire in November 2011 and in June 2012. These licences are expected to be renewed until November 2031. Additionally, Vodafone New Zealand owns a 1800 MHz spectrum licence (2x15 MHz) and a 2100 MHz licence (2x15 MHz), which expire in March 2021. All licences can be used for 2G and 3G at Vodafone's discretion.

Network infrastructure

How Vodafone's network infrastructure works

Vodafone's network infrastructure is fundamental to the Group being able to provide mobile and fixed voice, messaging and data services. The Group's customers are linked to the access part of the network, which links to the core network that manages the set-up of calls, transfer of messages and data connections and allows the Group to provide a wide variety of other services.

2G/3G mobile access network

When a voice call or data transmission is made on a mobile device, voice or data is sent from the device and transmitted by low powered radio signals to the nearest base station, which in turn is connected to the Group's core network via the access transmission infrastructure. Each base station provides coverage over a given geographic area, often referred to as a cell. Cells can be as small as an individual building or as large as 20 miles across and each is equipped with its own radio transmitter and receiver antenna. This network of cells provides, within certain limitations, coverage over the service area. When a customer using a mobile device approaches the boundary of one cell, the mobile network senses that the signal is becoming weak and automatically hands over the call to the transmission unit in the next cell into which the device is moving.

Fixed broadband access network

When communication takes place over fixed line networks, the traffic flows over a traditional wired infrastructure until the point it reaches the Vodafone access device (a "DSLAM"), where it connects to the access transmission infrastructure. Additionally, corporate customers can connect their local network to Vodafone's access transmission infrastructure directly using a dedicated link.

In the UK market, Vodafone delivers fixed broadband services through a reseller agreement with the local incumbent.

Access transmission infrastructure

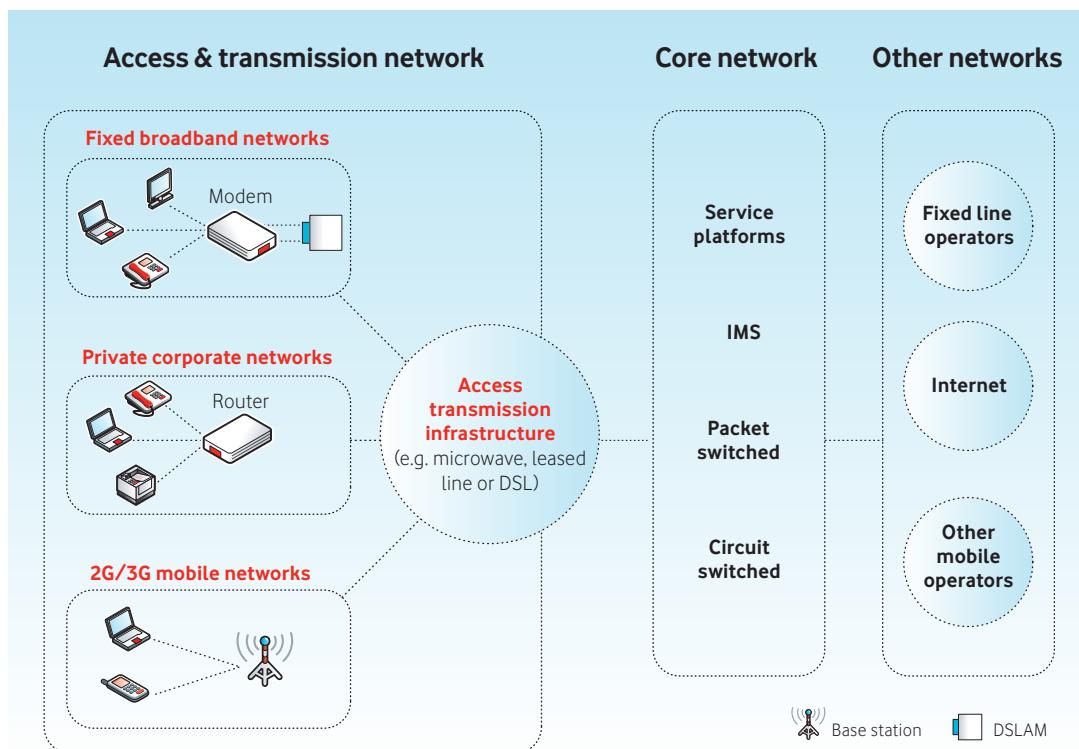
The access transmission network is the connection between a base station, a DSLAM, or a corporate customer's dedicated line, and the core network. This consists of mainly leased lines or Vodafone's own transmission lines, such as microwave links.

Core network

The core network is responsible for setting up and controlling connections between mobile or fixed line customers attached to access networks by locating the called party and routing voice calls towards it. Additionally, the core network handles data traffic by allowing customers to access service platforms offering services such as Vodafone live!, web browsing, email, mobile TV and other data related services.

The core network comprises three domains, with each domain containing nodes with specific functionality interconnected by transmission links:

- The Circuit Switched domain enables voice and video calls. Its key nodes are switches (which manage the set-up of connections) and user databases, storing the information needed to provide services to each customer, such as location in the network, list of subscribed services and home/visited network.



- The Packet Switched domain allows customers to use data services. Its key nodes are responsible for a variety of functions, such as the delivery of data packets to and from mobile devices within a geographical service area, setting up data connections and providing the gateway between the Vodafone network and external data networks, including the internet and customers' corporate networks.
- The IP Multimedia Subsystem ("IMS") domain is the first step of a wider evolutionary path from the current core network to an all internet protocol ("IP") next generation network. It enables delivery of advanced multimedia services, both mobile and fixed, leveraging the flexibility and effectiveness of internet technologies. IMS is expected to be a key element in the future infrastructure to support Vodafone's total communications strategy, exploiting the technology of convergence between the mobile telecommunications and the internet world.

If the voice call or data transmission is intended for delivery to another device which is not on the Vodafone network in the same country, the information is transferred through a public or private fixed line telephone network or the internet.

Mobile network technology

2G

Vodafone operates 2G networks in all its mobile operating subsidiaries, through Global System for Mobile ("GSM") networks, offering customers services such as voice, text messaging and basic data services. In addition, all of the Group's controlled networks operate General Packet Radio Services ("GPRS"), often referred to as 2.5G. GPRS allows mobile devices to be used for sending and receiving data over an IP based network, enabling wireless access to data networks like the internet.

The GPRS data service offering includes internet and email access, allowing the customer to always be connected at download speeds slightly below a dial-up modem. In some markets, Vodafone continues to further evolve data speeds with 2G evolutions beyond GPRS capability.

3G

Vodafone's 3G networks, operating the Wideband Code Division Multiple Access ("W-CDMA") standard, provide customers with faster data access. Vodafone has expanded its service offering on 3G networks with high speed internet and email access, video telephony, full track music downloads, mobile TV and other data services in addition to existing voice and data services.

High speed packet access ("HSPA")

HSPA is a 3G wireless technology enhancement enabling significant increases in data transmission speeds. It allows increased mobile data traffic and improves the customer experience through the availability of 3G broadband services and significantly shorter data transfer times.

High Speed Downlink Packet Access ("HSDPA") has been widely deployed on Vodafone 3G networks at up to 3.6 Mbps ("Mega bits per second") peak speed. In addition, starting in hotspots, the first upgrades to up to 7.2 Mbps peak speed have already started to be deployed in several operating subsidiaries. The figures are theoretical peak rates deliverable by the technology in ideal radio conditions with no customer contention for resources. This is providing customers with faster access speeds than historically experienced on 3G networks.

Technology and Resources continued

While HSDPA focuses on the downlink (network to mobile), Vodafone is also improving the data speeds on the uplink (mobile to network) with HSUPA ("High Speed Uplink Packet Access"). Operating subsidiaries have already started deployments to achieve peak speeds of up to 1.4 Mbps on the uplink.

Vodafone is actively driving additional 3G data technology enhancements to further improve the customer's experience, including evolutions of HSPA technology to upgrade both the downlink and uplink speeds.

Current developments in the infrastructure

As growth in data traffic accelerates with the proliferation in, and adoption of, web services, Vodafone is evolving its infrastructure through a range of initiatives.

Access transmission infrastructure evolution

Vodafone is upgrading its access transmission infrastructure from the base stations to the core switching network as part of a transition to a scalable and cost effective solution able to deal with the increasing bandwidth demands and data dominated traffic mix driven by HSDPA and fixed broadband.

Core network evolution

Vodafone has transformed its national transport networks in all subsidiaries, converging the infrastructure to support all services using IP as the strategic technology. During the 2009 financial year, the Group expects that the transformation to IP services will start to be extended to a European level, consolidating Vodafone's ten national IP networks into a single IP backbone, centralising IP operations, avoiding duplication and achieving simplicity and flexibility to deploy new services to serve multiple markets.

Cost reduction

While evolving the Group's infrastructure, it is also important that the Group continues to have a tight control over its cost base. This has been achieved through various measures.

Infrastructure sharing

Significant effort has been placed in reducing the costs to deploy mobile network infrastructure. Important developments during the 2008 financial year included the extension of a tower sharing agreement in Italy as well as the formation of a company for the purposes of network sharing with other operators in India. Agreements have also been made on network sharing in Spain and the UK. Vodafone continues to investigate opportunities to share network infrastructure where it makes commercial sense based on local market conditions.

Innovation

In 3G network deployments, Vodafone is driving the use of new technology enhancements such as "Remote Radio Heads" that are a new type of lower cost base station equipment, which improve coverage and enable improvements to the customer experience. In addition, all aspects of wireless access point site design are being targeted to reduce energy consumption.

Another type of innovation being considered by Vodafone is the potential for 3G femtocells to address capacity and coverage needs in certain network deployments. Femtocells are a new way to deliver 3G wireless coverage to a small area at low cost compared to traditional macro network technologies. Effectively, a femtocell would give a customer a small 3G base station connected to the Vodafone network via a fixed broadband line.

IT

The scope of the Group's outsourcing of IT application development and maintenance operations is expanding. Service commencement is now complete in all 12 selected markets of the first phase. The second phase of the project, principally outsourcing to India, is now in progress.

Vodafone has successfully completed outsourcing of its Indian IT estate to a specialist organisation with capability to match the Group's scale and growth requirements.

In addition to the above initiatives, there are a number of IT cost saving initiatives that have been accelerated, which include the consolidation of European data centres and the outsourcing of internal help desks.

Supply chain management

Handsets, network equipment, marketing and IT services account for the majority of Vodafone's purchases, with the bulk of these purchases from global suppliers. The Group's Supply Chain Management ("SCM") team is responsible for managing the Group's relationships with all suppliers, except for handsets.

The transformation of the supply chain organisation into a single community under one leadership and the application of global material category strategies, in conjunction with local market expertise, have enabled savings across all operating companies. This is supported by a uniform savings methodology applied across all operating companies and the alignment of objectives across all material categories, operations and enabling functions. Innovative sourcing methods such as eAuctions and seamless business to business applications form a vital part in utilising the Group's scale. The Vodafone Procurement Company S.a.r.l. was founded in Luxembourg in the 2008 financial year and is expected to enable additional leverage of scale and scope through a leaner procurement model.

SCM is a major contributor to the European cost reduction programme. The publicly announced goal to save 8% of the external networks spend over two years has been overachieved.

SCM won two major industry awards in 2007: the European Leaders in Procurement Award for Corporate Responsibility and the European Supply Chain Excellence Award in Sourcing and Procurement.

The major suppliers to Vodafone are required to comply with the Group's Code of Ethical Purchasing. Further detail on this can be found in "Corporate Responsibility" on page 61.

The China Sourcing Centre based in Beijing, founded in March 2007, has enabled Vodafone to introduce new suppliers from emerging markets to further enhance competitive advantage.

It is the Group's policy to agree terms of transactions, including payment terms, with suppliers and it is the Group's normal practice that payment is made accordingly. The number of days outstanding between receipt of invoices and date of payment, calculated by reference to the amount owed to suppliers at the year end as a proportion of the amounts invoiced by suppliers during the year, was 37 days (2007: 34 days) in aggregate for the Group.

Research and development (“R&D”)

The Group R&D function comprises an international team for applied research in mobile and internet communications and their related applications. Group R&D teams are located in Newbury, Maastricht, Munich, California and Madrid, and there is an affiliated team in Paris belonging to Vodafone’s associated undertaking in France, SFR. A small team was set up at the end of 2007 in the Vodafone Beijing office to work in close collaboration with China Mobile and a number of Chinese vendors.

Function of Group R&D

Group R&D works beyond the traditional established markets of Vodafone in search of technology based business opportunities by:

- delivering a systematic programme of demand inspired research and development in wireless and internet communications that is positioned between basic research and commercial product development;
- leading Vodafone’s work with technical standards bodies and its intellectual property activities; and
- providing a route for start-up companies to engage with Vodafone. Group R&D is also in the process of establishing a laboratory in Newbury to evaluate start-up technologies.

Typically, Group R&D starts working on developments that are expected to be introduced into the business in three to five years, and leads them until a year or so before full commercialisation. Currently the horizon covers some significant business developments that can already be anticipated. For example, Group R&D leads the introduction of wireless technology beyond 3G and is researching the next phase of the emergence of the internet as a personal communications platform— including radio technologies for accessing the internet in emerging markets.

Governance is provided by the Group R&D Board, which is chaired by the Group R&D Director and consists of the chief technology officers from six of the operating subsidiaries in Europe, the heads of Business Strategy and Global Terminals and a representative from EMAPA.

Group R&D work programme

The emphasis of the Group R&D work programme is on providing technology analysis and a vision that contributes directly to business decisions, enabling new applications of mobile communications, technology for new services and research for improving operational efficiency and quality of the Group’s networks. This is done by:

- pioneering the adoption of new technologies, business opportunities and innovations through technology analysis, trials, invention and prototypes;
- making the Group aware of market opportunities or threats posed by new technologies and business models and helping the Company to exploit or resist them;
- providing technology leadership by working with the industry to define and standardise the technology Vodafone uses; and
- securing intellectual property and technology ownership for the Group.

The work of Group R&D is delivered through a portfolio of programmes and cross industry activities with a substantial number of trials, demonstrations and prototypes. All work is set in a business and social context, and must lead to intellectual property rights or to Vodafone having significant influence on the technology it will deploy in the future. Group R&D also provides leadership for funding research into health and safety aspects of mobile communications and technical leadership for the Group’s spectrum strategy.

The main themes currently being researched are as follows:

- the next generation of mobile technologies;
- consumable software for mobile phones;
- electronic newsmedia; and
- new GSM based services.

There have been several significant advances during the 2008 financial year including:

- next generation technology field trials have been announced with Verizon Wireless and China Mobile and are expected to begin in summer 2008;
- a system has been designed and standardised to enable the SIM in GSM phones to control nearfield communications for transport ticketing and other applications, with commercial trials planned for late 2008;
- demonstration of mobile software, social networks and the open source innovation platform called Vodafone Betavine at the Mobile World Congress and at Cebit; and
- research into the application of mobile communications to health and well being and to energy use.

The R&D programme provides the Group with long term technical policy, strategy and leadership, as well as providing technical underpinning for the Group’s public policies and government relations. It is shared with all Group functions and Vodafone operating companies. Commercialisation of Group R&D results is through submissions to international standards bodies, intellectual property filings and directly with Vodafone operating companies.

Collaborative work

Much of the work of Group R&D is done in collaboration with others, both within the Group and externally, with the Group’s traditional suppliers and increasingly with other companies in the communications, media and internet industries. During the 2008 financial year the following has been achieved:

- a research collaboration was started with IBM which has led to the development of a mobile private social network called BuddyCom;
- a research agreement was also established with Huawei;
- a continuing programme of work with academic institutions, which includes student placements in Vodafone laboratories during summer vacations;
- the continued development of Vodafone Betavine, a web based research and innovation platform;
- the hosting of an academic conference where academic partners were brought together to launch a new programme – 3D internet; and
- academic collaborations in India have started.

People

Vodafone employed approximately 72,000 people worldwide during the 2008 financial year, with a goal to recruit, develop and retain the most talented, motivated people that are well aligned with the Vodafone brand essence. The Group aims to do this by providing a productive and safe working environment, treating people with respect and offering attractive performance based incentives and opportunities.

Red

Being passionate and energetic

Rock Solid

Being reliable and following through on promises

Restless

Continually striving for improvement and challenging the status quo

Vodafone's global people strategy was embedded during the 2008 financial year and aims to increase employee engagement by setting out a framework that enables Vodafone to be clear about the employee experience the Group wants to create. This enables Vodafone to engage employees to deliver to customers and to increase business performance.

Additionally, during the 2008 financial year, the Group further embedded the Vodafone brand essence, "Red, Rock Solid, Restless", which communicates a common way of behaving that is designed to enhance business performance and customer orientation. This has been reinforced at the local level through workshops that encourage teams to apply the Vodafone values to their specific work concentrating on improving the experience of their customers. In addition, human resources ("HR") processes such as induction and training have been developed to explicitly provide people with a deeper understanding of how to demonstrate the behaviours in their daily work.

Training and development

Training and development programmes help employees to develop their skills and experience and to reach their full potential, benefiting themselves and the Company.

During the 2008 financial year, the Group delivered a training programme to build total communications awareness and capabilities within the Group's employees. The training was designed to equip employees to understand the Group's new total communications strategy, the competitive landscape, key technologies and resources and Vodafone's products and services. Over 4,500 managers across the Group (more than 99% of the managerial population) completed 36,000 hours of dedicated total communications training. Feedback on the programme has been overwhelmingly positive. During the coming financial year, the Group will ensure all employees receive the same training via an online learning tool and that awareness is maintained through monthly webinars (web seminars), a daily blog and a wiki site (a collaborative website where content can be edited by anyone who has access to it).

99%+ of managers globally received training in the total communications strategy, products and marketplace

Vodafone operates a global Performance Dialogue process for every employee. The process ensures that employees can make a clear connection between their goals and the business objectives. Each individual's performance is discussed with their manager and career development goals are set. 93% of managers completed the Performance Dialogue process in the 2007 calendar year and 83% of employees approved development goals with their manager.

People Survey

In October 2007, Vodafone carried out its third global People Survey and had an 83% response rate globally, with 50,548 people giving their views on 68 questions. Vodafone India was not included in the survey as it had only been acquired in May 2007. For the first time, the Manager Index was also introduced to the People Survey, a subset of questions focused on the experience a manager creates for their team. A strong set of results were achieved with a number of key strengths and improvements:

- Employee engagement was high at a steady 71 out of 100 in the 2007 People Survey, compared to 73 out of 100 in the 2005 People Survey and 70 out of 100 in the April 2007 Pulse Survey (Pulse surveys are smaller surveys carried out in between People Surveys).
- The first Manager Index scored 69 out of 100 globally, with individual questions showing that managers are growing stronger in coaching, (which scored 8 points higher when compared to the 2005 People Survey), feedback, (which scored 10 points higher when compared to the 2005 People Survey) and recognition, (which scored 7 points higher when compared to the April 2007 Pulse Survey).
- Leadership continued its strong trend upwards, with confidence in the strategy strengthening further. Confidence in operating company senior management increased by 8 points, and trust and confidence in the function/business/department increased by 8 points in the six months since the April 2007 Pulse Survey.
- Employees are feeling more cared for, with wellbeing questions showing considerable improvement. 57% of employees rated their operating company favourably on taking a genuine interest in the wellbeing of its people (+15 points on 2005 People Survey and +5 points on April 2007 Pulse Survey). 70% of employees rated their manager favourably on supporting them to achieve a work-life balance, which is +13 points on the high performing norm (externally benchmarked best in class companies who have excellent engagement coupled with strong financial performance).

Vodafone is focused on continual improvement and values the feedback that the People Survey provides. Specifically in response to employee feedback from last year, the Global Change Framework was developed, a practical set of guidelines with training to help employees effectively manage change within the business.

The Group plans to carry out another full global survey in November 2008. Targets have been set by each operating company and Group functions to ensure that Vodafone continues to drive engagement across the business.

Communications and involvement

Employee engagement remains a key driver for Vodafone. Effective employee communication and the need to create dialogue with its people is championed at Board level. Vodafone continues to use its own products and services to reach out to staff – the use of mobile technologies such as SMS, video clips and mobile intranet sites is commonplace, all assisting in sharing knowledge amongst employees, creating a sense of global community and demonstrating the flexibility of Vodafone's products, allowing employees to become advocates of the brand.

Visibility and access to the Executive Committee helps create Vodafone's open and honest communication culture. The Chief Executive and other members of the Executive Committee continue to host the Talkabout programme, which puts executives on tour to visit the Group's operating companies. The Executive Committee use these sessions to discuss the Group's strategic goals, listen to employee views and provide an opportunity to discuss the issues that most matter to employees.

It also allows an open exchange of views and suggestions on how Vodafone can best continue to serve its customers. Monthly messages from the Chief Executive, using a wiki platform and video-cast, provides another opportunity for the Vodafone employees to understand how the Group is progressing against its goals and to provide feedback direct to the Chief Executive.

Face to face communication, particularly with employees' line managers, is a fundamental principle of good employee engagement and is critical for communicating change effectively. Performance and transnational change issues are also discussed with employee representatives from the European subsidiaries, who meet annually with members of the Executive Committee in the Vodafone European Employee Consultative Council.

Equal opportunities and diversity

Vodafone does not condone unfair treatment of any kind and operates an equal opportunities policy for all aspects of employment and advancement, regardless of race, nationality, sex, age, marital status, disability or religious or political belief. In practice, this means that the Group is able to select the best people available for positions on the basis of merit and capability, making the most effective use of the talents and experience of people in the business and providing them with the opportunity to develop and realise their potential.

In April 2008, Vodafone implemented a new strategy to improve gender diversity across the Group. This includes carrying out senior leadership training on diversity, and plans to build a more inclusive culture.

Vodafone is conscious of the difficulties experienced by people with disabilities. Every effort is made to ensure ready access to the Group's facilities and services and a range of products have been developed for people with special needs. In addition, disabled people are assured of full and fair consideration for all vacancies for which they offer themselves as suitable candidates and efforts are made to meet their special needs, particularly in relation to access and mobility. Where possible, modifications to workplaces are made to provide access and, therefore, job opportunities for the disabled. Every effort is made to continue the employment of people who become disabled via the provision of additional facilities, job design and the provision of appropriate training.

Reward and recognition

To support the goal of building the best global team by attracting and retaining the best people, the Group's aim is to provide competitive and fair rates of pay and benefits in each local market where we operate.

Within Vodafone, there are initiatives that reward our employees based on their contribution to the success of the business. In the 2009 financial year, the Group expects to continue to extend reward differentiation based on individual contribution, through the global reward programmes, including the Global Long Term Incentive Plan.

A variety of share plans are offered to incentivise and retain our employees and, in July 2007, all eligible employees across the Group were granted 320 shares under the All Shares plan.

Retirement benefits are provided to employees and vary depending on the conditions and practices in the countries concerned. These are provided through a variety of arrangements including defined benefit and defined contribution schemes.

Measurement of employees' views of their reward, recognition and benefits is undertaken through the global People Survey. In the 2007 People Survey, the overall Vodafone Group employee response relating to reward and recognition had increased favourably.

Health, safety and wellbeing

The health, safety and wellbeing ("HS&W") of the Group's customers, employees and others who could be affected by its activities are of paramount importance to Vodafone and the Group applies rigorous standards to all its operations.

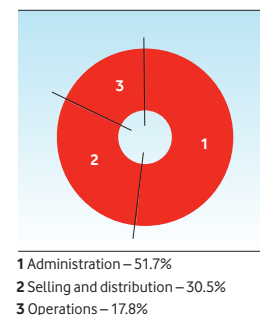
This year has seen a clear focus on execution of the global HS&W initiatives across the business. Work progressed on three key focus areas agreed with the Global HS&W Board and Group HR for the 2008 financial year. These included continued delivery of employee wellbeing initiatives as part of the Global People Strategy implementation, integration of HS&W into Group Supply Chain activities, particularly the Supplier Performance Management processes, and updating, communicating and implementing Vodafone's policy on mobile phones and driving.

Improvement of Group wide governance continued with integration of serious incident reporting systems for network service providers and improved policy and processes for managing supplier terminals compliance.

Employment policies

The Group's employment policies are consistent with the principles of the United Nations Universal Declaration of Human Rights and the International Labour Organisation Core Conventions and are developed to reflect local legal, cultural and employment requirements. High standards are maintained wherever the Group operates, as Vodafone aims to ensure that the Group is recognised as an employer of choice. Employees at all levels and in all companies are encouraged to make the greatest possible contribution to the Group's success. The Group considers its employee relations to be good.

Allocation of Group's 72,000 employees by activity (%)



Brand and Distribution

Vodafone's products and services are available directly, via Vodafone stores and country specific Vodafone websites, and indirectly via third party service providers, independent dealers, distributors and retailers, to both consumer and business customers in the majority of markets under the Vodafone brand.

BrandZ UK ranking

1st

In the BrandZ most powerful brands ranking. Ranked 11th globally.

Customer strategy and management

Vodafone endeavours to ensure that customer needs are at the centre of all of the Group's actions. The Group seeks to use its understanding to deliver relevance and value to each customer and communicate to them on an individual, household, community or business level, with the ultimate aim of encouraging customers to stay with Vodafone for longer and use and promote the Group's services more.

For this reason, the Group has created a Global Customer Value Management team to support operating companies with their aim to engage with customers directly through a data driven approach, linking all the elements of customer interactions to deliver exceptional service and consistency in the Group's approach while financially optimising decisions made via a branded customer experience across all touchpoints. Recent examples of this include: rollout of a consistent and innovative store design to eight countries, successful trial of an innovative handset based self service solution and creation of a global training academy for customer facing staff.

Vodafone's customer knowledge driven organisation aims to make the most of its deep customer understanding by approaching customers with the most appropriate product through a channel they enjoy at a time that is best for them. This approach firmly places Vodafone as an organisation that listens to customers, delivers value and enhances their experience.

Vodafone continues to use a customer measurement system called "customer delight" to monitor and drive customer satisfaction in the Group's controlled markets at a local and global level. This is a proprietary diagnostic system, which tracks customer satisfaction across all points of interaction with Vodafone and identifies the drivers of customer delight and their relative impact. This information is used to identify any areas for improvement and focus.

Customer Delight Index

73.1

(2007: 70.6, 2006: 69.9)

During the 2008 financial year, further econometric tools were developed and employed to better quantify the commercial impact of improved customer experience by linking customer feedback directly to business performance. Results from the study are used to generate the Customer Delight Index ("CDI"), which is one element of Vodafone's short term incentive plan ("GSTIP"), thereby directly linking employee remuneration with customer satisfaction performance. The CDI result for the 2008 financial year was 73.1 points on a 100 point scale, which was 2.0 percentage points ahead of the average competitor.

Marketing and brand

Brand and customer communications

Vodafone has continued to focus on delivering a superior, consistent and differentiated customer experience through its brand and communications activities. A new Marketing Framework has been developed and implemented across the business, which includes a new vision of expanding the Group's category from mobile only to total communications "to be the communications leader in an increasingly connected world". Brand and customer experience continues to implement Vodafone's promise of "helping customers make the most of their time". The brand function has also developed a methodology to develop competitive local market brand positioning, with local brand positioning projects now implemented in 12 markets.

To enable the consistent use of the Vodafone brand, a set of guidelines has been developed in areas such as advertising, retail, online and merchandising, all including detail on how to make the brand work across every touchpoint. Since June 2006, eight markets have implemented the global retail design.

In September 2007, Vodafone welcomed India with the "Hutch is now Vodafone" campaign. The migration from Hutch to Vodafone was one of the fastest and most comprehensive brand transitions in the history of the Group, with 400,000 multi brand outlets, over 350 Vodafone stores, over 1,000 mini stores, over 35 mobile stores and over 3,000 touchpoints rebranded in two months, with 60% completed within 48 hours of the launch.

Vodafone regularly conducts Brand Health Tracking, which is designed to measure the brand performance against a number of key metrics and generate insights to assist the management of the Vodafone brand across all Vodafone branded operating companies. This tracking has been in place since 2002 and provides continuous historical data against key metrics in all 19 Vodafone branded operating markets. Each operating company manages a study that complies with the standards and methodology set by Vodafone Group Insights. An external accredited and independent market research organisation provides global coordination of the methodology, reporting and analysis. As a result of these activities the Vodafone brand is now ranked number 11 in the BrandZ Top 100 global brands list, recently published in *The Financial Times*, with an estimated value attributable to the brand of £18.7 billion.

For the 2008 financial year, Vodafone brand preference among its own users reached 81.9%, up 2.0 percentage points on the previous financial year, and a performance level that is 1.0 percentage point higher than its closest competitors. In addition, the brand consideration among non-users of the brand has increased in the 2008 financial year to 33.5%, 1.8 percentage points above its market share.

Sponsorships

Vodafone's global sponsorship strategy has delivered a strong set of results across all Vodafone markets. Central sponsorship agreements, including the UEFA Champions League and the title sponsorship of the Vodafone McLaren Mercedes F1 team, have supported multiple business objectives and enabled Vodafone to provide customers with differentiating brand and product experiences.

The strong performance of the Vodafone McLaren Mercedes F1 team during the 2007 season enabled Vodafone to maintain a dominant presence in one of the world's most popular annual sporting events. Vodafone successfully integrated the sponsorship into a wide variety of business activities including communications, events, content and the launch of three bespoke handsets.

In Vodafone's first year as a sponsor of the UEFA Champions League, Vodafone became recognised as a leading sponsor of the competition (Source: TNS Soccerscope, May 2007) and used this association to showcase a variety of products and services in a manner designed to build greater affinity with football fans across all relevant territories.

In January 2008, Vodafone became a global partner of the Laureus Foundation, which tackles various social challenges worldwide through a programme of sports related community development initiatives. This agreement complements Vodafone's long standing relationship with sport and aims to help Laureus to use sport as a catalyst for inspiring positive social change.

To maintain a relevant and strategic role for global sponsorship investments, Vodafone is continually reviewing the portfolio to maintain pace with business and customer needs. On this basis, Vodafone has decided to discontinue the UEFA Champions League sponsorship at the end of the 2008/9 competition and increase emphasis in global music opportunities. Music's broad appeal and product relevance provides a host of new and exciting opportunities for the business and the Group's customers.

Distribution

Direct distribution

Vodafone directly owns and manages over 1,150 stores. These stores sell services to new customers, renew or upgrade services for existing customers, and in many cases also provide customer support. A standard store format, which was tested in 2006, was rolled out in 11 markets during the 2008 financial year. The store footprint is constantly reviewed in response to market conditions which resulted in, for example, Vodafone opening a further 90 stores in Spain and 21 stores in Romania during the year. Additionally, all stores in India were rebranded as Vodafone and over 40 stores were refurbished to the Group's standard format.

The Group also has 6,500 Vodafone branded stores, which sell Vodafone products and services exclusively, by way of franchise and exclusive dealer arrangements.

The internet is a key channel to promote and sell Vodafone's products and services and to provide customers with an easy, user friendly and accessible way to manage their Vodafone services and access support. As a result, a specific Group wide programme is currently being rolled out across all controlled markets, in order to ensure Vodafone websites have state of the art online capabilities and provide the customer with an excellent and consistent online experience.

Additionally, in most operating companies, sales forces are in place to sell directly to business customers and some consumer segments.

Indirect distribution

The extent of indirect distribution varies between markets but may include using third party service providers, independent dealers, distributors and retailers.

The Group hosts MVNOs in a number of markets. These are operators who buy access to existing networks and resell that access to customers under a different brand name and proposition. Where appropriate, Vodafone seeks to enter mutually profitable relationships with MVNO partners as an additional route to market. During the past year new relationships established include Asda in the UK, Euskaltel in Spain and Carrefour in Italy.

Number of directly owned stores

1,150

Number of branded stores

6,500

Products and Services

Vodafone offers voice, messaging, data and fixed broadband services through multiple solutions and supporting technologies to deliver on its total communications strategy. The advancements in 3G networks and download speeds, handset capabilities and the mobilisation of internet services, have contributed to an acceleration of data services usage growth.

Group service revenue is still predominantly generated by voice services, though these services as a percentage of revenue are slowly declining as price competition and regulatory pressures increase in many markets and the contribution of data grows. At the forefront of the Group's total communications strategy are initiatives targeted at providing propositions to customers that replace traditional fixed line providers, as well as developing new and innovative ways for customers to enjoy the benefits of mobility, with the aim to increase the proportion of Group service revenue that is generated by data and fixed line services.

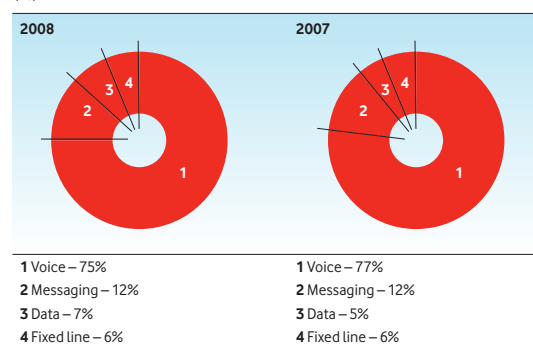
So that customers can utilise the services that Vodafone offers, many different tariffs and propositions are available, targeted at different customer segments and adapted for any localised customer preferences and needs. These propositions often bundle together voice, data, messaging and, increasingly, fixed services so that customers can experience all the different services that Vodafone has to offer. Typically, customers are classified either as prepay or contract customers. Prepay customers pay in advance and are generally not bound to minimum contractual commitments, while contract customers usually sign up for a predetermined length of time and are invoiced for their services, typically on a monthly basis.

As different tariffs and propositions are launched, the Group is increasingly leveraging the positive experiences in one market to provide initiatives across the Group. Offers with strong customer appeal and commercial benefit are being quickly adapted and rolled out to other markets. An example includes a range of "Out of Credit" solutions for prepay customers, through which Vodafone provides temporary credit to a customer which is then repaid when the customer next tops-up. Reverse charging capabilities have also been introduced across most markets. These facilities are very popular with prepay customers and have been launched in most European markets.

The experience gained in the Group's more mature markets is also being used to develop more sophisticated offers across the emerging markets, many of which have a very high percentage of prepay customers, and Vodafone is leveraging established bonus and reward prepay pricing mechanisms, which incentivise higher usage and spend at an individual customer level.

The Group is also growing usage and account penetration in the business segment. Vodafone Global Enterprise ("VGE") provides

Analysis of Group service revenue
(%)



over 140 of Vodafone's largest multinational customers with consistent levels of service, support and commercial terms worldwide, by taking specific responsibility for managing these multinational customers.

Over the last year, VGE launched a number of new products and services, including, in July 2007, the launch of Vodafone Applications Service, a service hosted by Vodafone and available in ten countries, enabling companies to mobilise applications such as SAP®, Siebel and Salesforce.com to a choice of mobile devices. VGE has also developed a globally consistent pricing structure for global business customers and has launched a new voice roaming tariff that can be used for both domestic and international voice usage that is available across five European markets. A data roaming package has also been developed that is simple, predictable, capped and available across ten European markets.

Having traditionally been a key player in the provision of corporate and small and medium enterprises ("SME") voice solutions in many markets, Vodafone is increasingly offering tailored and innovative solutions for small business and professional business customers. Many of these offers use the capabilities already developed for larger companies and provide benefits such as virtual private network services and Vodafone Wireless Office solutions to much smaller entities.

Summary of Group products and services at 31 March 2008

	Europe	EMAPA	Number of markets available	
			Partner markets	Number of customers ⁽¹⁾
Vodafone at Home	8	3	–	4.4 million
Vodafone Wireless Office	9	5	–	3.0 million
Vodafone Passport	11	3	3	17.5 million
Vodafone live! – Internet on your mobile	9	–	–	2.0 million
Vodafone Mobile Connect data card or Vodafone Mobile Connect USB modem	11	8	25	2.7 million

Note:

(1) Customers are presented on a controlled (fully consolidated) and jointly controlled (proportionately consolidated) basis in accordance with the Group's current segments.

Voice services continue to make up the largest portion of the Group's revenue. The Group has undertaken a wide range of activities to stimulate growth in voice usage in the past year.



Voice

Fixed Location

Innovative tariffs

Many different tariffs and propositions are available, targeted at different customer segments and adapted for any localised customer preferences and needs.

Voice roaming

Roaming allows users to make and receive calls using a mobile network in the country they are visiting. A roaming tariff, Vodafone Passport, enables customers to "take their home tariff abroad".

Vodafone At Home

A range of offers designed to introduce Vodafone into the household as a total communications provider.

Vodafone Office

A series of products and services designed to meet all business customers' communications needs.

Voice revenue

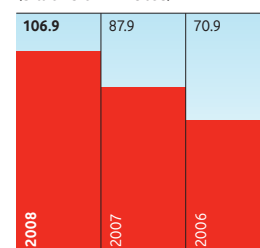
£24,879m

(2007: £22,268m, 2006: £21,304m)

Voice minutes usage growth for the Group's principal mobile markets⁽¹⁾

Outgoing

(billions of minutes)



Voice services

Revenue from voice services, earned when customers make and receive calls, is classified primarily as outgoing voice, incoming voice and voice roaming. In addition, the Group is delivering on customers' total communications needs and driving greater voice usage through offering integrated fixed location based communications services.

Outgoing voice

The fees charged to a Vodafone mobile customer who initiates a call are classified in outgoing voice revenue. Despite price pressures in many markets due to the competitive environment, increased outgoing voice usage generated from the success of the wide range of tariffs and propositions on offer and the overall increase in the customer base in the Group has led to outgoing voice revenue staying relatively stable as a proportion of Group service revenue.

Propositions relating to voice services feature heavily in the tariffs and promotions that the Group offers its customers. In particular, the development of a range of unlimited value offers has been particularly appealing to customers and has stimulated voice usage growth. An example includes free weekend calling, which had strong customer acceptance in markets such as the UK, Germany and Ireland. These offers increase customer engagement with their mobile phone and Vodafone services in general, driving a broader increase in usage.

Incoming voice

Incoming voice revenue is generated when a Vodafone mobile customer receives a call from a user on another fixed or mobile network. Fees classified as incoming voice revenue are generally not charged to the Vodafone customer receiving the call but, rather, the telecommunications company that routed the call to the Vodafone network.

These fees are generally based on termination rates determined by local regulators. Due to regulation in many markets it has been the trend for these rates to fall in recent years, and for the year ended 31 March 2008 incoming voice revenue generated 14% of the Group's total service revenue. This has declined from 15% and 17% in the previous two financial years respectively. For further details see "Additional Information – Regulation" on page 147.

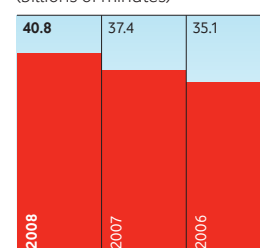
Voice roaming

When travelling abroad, roaming allows Vodafone's customers to use the Group's services on a mobile network in a country they are visiting. The Group continued to expand its roaming coverage and services during the 2008 financial year. The focus was to drive customer satisfaction through greater value, transparency and simplicity across Vodafone's roaming propositions.

Vodafone's flagship roaming tariff, Vodafone Passport, enables customers to "take their home tariff abroad", offering greater price transparency and certainty to customers when they are roaming. While abroad, customers can make calls using their domestic tariff, in some cases including free minute bundles, and receive calls at no charge for a one-off connection fee per call.

Incoming

(billions of minutes)



Note:
(1) Germany, Italy, Spain and the UK

Products and Services continued

Customer usage patterns continue to show that, on average, Vodafone Passport customers both talk more and pay less per call when abroad. Customer research also indicates that Vodafone's customers have a greater preference for Vodafone Passport over the regulated roaming rates, which has been substantiated by the relative uptake of the two propositions since the summer of 2007.

Vodafone Passport was not directly affected by regulation relating to roaming prices introduced by the European Union in June 2007. However, by 31 August 2007, all of Vodafone's 12 European markets had reduced the price of their Vodafone World tariff in order to comply with the regulation.

Fixed location based services

The Group is delivering on customers' total communications needs and driving greater voice usage through offering integrated communications services.

Vodafone At Home

Vodafone At Home comprises a range of offers designed to introduce Vodafone into the household as a total communications provider. Vodafone At Home voice propositions offer customers the opportunity to satisfy their communications needs through one operator and with a single device.

Continued progress has been made to drive customer uptake of Vodafone At Home voice services with an option for at home calling now available in most of the Group's European markets. These take the form of either zonal tariffs, through which customers can call for a reduced rate when in their home area,

or alternatively in several markets unlimited calling to fixed line numbers for a fixed subscription has been introduced, providing a strong incentive for customers to use their mobile rather than their fixed line in the home environment.

The development of Vodafone's total communications capability, including the increasing availability of fixed broadband in many markets, will widen the range of services which can now be offered as part of the Vodafone At Home portfolio.

Vodafone Office

Vodafone Office is the umbrella name for a series of products and services designed to meet all business customers' communications needs.

Vodafone Wireless Office provides companies the opportunity to embrace the benefits of mobilising their workforce and reduce their number of fixed desk phones, facilitating the transfer of voice minutes from the fixed to the mobile network. The solution includes a closed user group tariff, allowing employees to call each other for a flat monthly fee. In Germany, Spain, Greece, Italy and Portugal, the offer has been expanded to include location based office zone charging, giving preferential rates when calling from an office location. Additionally, in some markets, geographic numbers have been introduced, enabling further fixed to mobile substitution.

Additionally, the Group is actively promoting fixed line telephony to business customers in six controlled markets, in line with its total communications strategy.

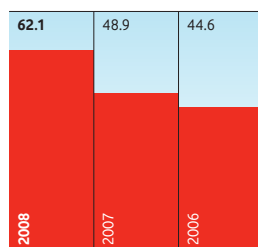
Messaging revenue

£4,079m

(2007: £3,587m, 2006: £3,289m)

SMS usage for the Group's principal mobile markets⁽¹⁾

Billions of messages



Note:

(1) Germany, Italy, Spain and the UK

All of the Group's mobile operations offer messaging services, which allow customers to send and receive messages using mobile handsets and various other devices.



Messaging

SMS

Allows customers to send and receive simple text messages.

MMS

Allows customers to send and receive multiple media, such as pictures, music, sound, video and text.

Messaging services

All of the Group's mobile operations offer messaging services, allowing customers to send and receive messages using mobile handsets and various other devices.

SMS messaging

SMS messaging allows customers to send and receive simple text messages and experienced usage growth of 38.9% in the year ended 31 March 2008, driven by improved marketing analytics to support best practice sharing and value focused pricing.

MMS messaging

MMS messaging, offering customers the ability to send and receive multiple media, such as pictures, music, sound, video and text, to and from other compatible devices, is also available in all Group mobile operations. MMS usage experienced a 15.8% growth in the 2008 financial year across the Group through improved service quality, value focused pricing and a broader portfolio of devices.

The Group offers a number of products and services to enhance customers' access to data services, including Vodafone live! for consumers, as well as a suite of products for business users consisting of Vodafone Mobile Connect data cards, internet based email solutions and Vodafone Office.



Vodafone live!

Offers a combination of browsing, Google search, full track music downloads, games and television services.

Data roaming

Provides access to the Group's services in the country a customer is visiting. The Group continued to improve the simplicity and value for money offered to data customers.

Mobile applications

Vodafone Email Plus, Windows Mobile® Email from Vodafone and BlackBerry® from Vodafone provide customers with wireless access to business and internet based email solutions.

Vodafone Mobile Connect

Provides simple and secure access to existing business systems such as email, corporate applications, company intranets and the internet for customers on the move.

Data revenue

£2,180m

(2007: £1,428m, 2006: £1,098m)

Data services

The Group offers a number of products and services to enhance customers' access to data services. These include services supporting access to the internet via laptops and PCs and access to the internet, music, games and television services through the Vodafone live! portal on customer handsets.

Vodafone live! – Internet on Your Mobile

During the 2008 financial year, Vodafone introduced "Internet on Your Mobile", which offers a combination of easy to use and secure customer browsing, Google search, a tariff for unlimited browsing and integrated services from leading internet brand partners. Customers can now use their mobile to access and update their profile on the social networks of their choice, view or upload YouTube videos from their mobile, buy or sell items on eBay and check locations on Google Maps™. To date, this service has been fully launched in Germany, Italy, Spain, the UK, Greece, the Netherlands, Portugal, Ireland and France. Two million customers were benefiting from this service at 31 March 2008.

The Group has been developing its presence in the converging communications and PC space by signing instant messaging partnerships with Yahoo! and MSN. Instant messaging enables users to communicate to one or more friends through interactive sessions using a dedicated and easy interface. These services are primarily available in the more mature markets, such as Germany Italy, Spain, the UK, the Netherlands, Portugal and France. Vodafone also partnered with Microsoft to develop a communications service for the PC, presented at the Cebit exhibition in March 2008.

Vodafone live! – music, games, television services

Throughout the 2008 financial year, the Group continued to improve the customer experience for music, games and television offerings available through Vodafone live!.

The full track music downloads service was significantly improved by the launch of a new mobile and PC music player. The service allows Vodafone's customers to search for music, artists' pages and previews from a catalogue of more than 750,000 songs, including some of the world's greatest artists through agreements with Universal Music, Sony BMG Music Entertainment, EMI, Warner Music and independent record labels. Additionally, Vodafone has exclusively distributed and promoted Madonna's single "4 minutes" in a number of markets, including the UK, Spain, Italy, Greece, France, Turkey, India and Australia.

Vodafone strengthened its global games portfolio by offering popular titles such as Pro Evolution Soccer 2008 from Konami. The game was launched simultaneously across markets with extensive marketing and advertising through different mediums, including in-console game Vodafone brand advertising. The user access and user experience continues to be improved by embedding a selection of the latest games onto handsets.

Mobile TV is available in 21 controlled and jointly controlled markets with an average of 20 channels offered. Video content is sourced both locally and internationally in order to provide value for money to customers and ensure that the offering reflects the unique culture and attitudes of specific countries. Vodafone has local agreements with broadcasters, such as the BBC, ZDF, RAI, Pro-Sieben, Channel 4 and RTL. Internationally, content is sourced from HBO, Fox, NBC Universal, Warner Brothers, UEFA Champions League, Vodafone McLaren Mercedes and MTV. Vodafone now has a monthly average of 850,000 customers subscribing to Mobile TV.

Data roaming

When travelling abroad, roaming allows Vodafone's customers to use the Group's services on a mobile network in the country they are visiting. Vodafone continued to improve the simplicity, price predictability and value for money offered to customers for data roaming services. For Vodafone Mobile Connect users, Vodafone complemented the monthly roaming bundle launched in 2005 with a daily roaming tariff, appealing to both the regular and less frequent international travellers alike. At 31 March 2008, the monthly and daily tariff was available in nine of Vodafone's European markets. Vodafone will continue to support the growth of data roaming services through simple, easy to understand pricing.

Mobile applications

There has been an increasing demand for handheld solutions that allow real time access to email, calendar, address book and other applications. Vodafone Email Plus, Windows Mobile® Email from Vodafone and BlackBerry® from Vodafone provide business customers, ranging from small start up companies to multinational corporates, with wireless access to their business and internet based email solutions.

Vodafone Mobile Connect

The Vodafone Mobile Connect offering allows laptop and PC users access to the internet and to business customers' systems such as email, corporate applications and company intranets via Vodafone Mobile Connect data cards, or Vodafone Mobile Connect USB modems. These are discussed in more detail on page 29.

Two million
"Internet on
Your Mobile"
customers

at 31 March 2008

Products and Services continued

Fixed line revenue

£1,874m

(2007: £1,580m, 2006: £1,391m)

To assist customers in meeting their total communications needs and to provide additional revenue streams to the Group, Vodafone has diversified and expanded the services it provides.



Fixed and other

Fixed services

An increased number of fixed broadband offerings allow the Group to assist customers in meeting their total communications needs.

Mobile advertising

Vodafone has been extending its business model to generate revenue from advertising by partnering with advertising specialists in individual markets.

Business managed services

Vodafone is developing new ways of enabling business customers to mobilise and increase the efficiency of their workforce.

Over one billion advert impressions

in the year to 31 March 2008

Fixed services

During the 2008 financial year, Vodafone pursued the development of fixed broadband services in many of the Group's markets, in order to provide customers with data and fixed voice solutions to meet their total communications needs, mainly through Digital Subscriber Line ("DSL") technology. As a result, fixed broadband active lines have increased to 3.6 million at 31 March 2008, up from 2.1 million active lines one year earlier.

In December 2007, Vodafone completed the acquisition of Tele2 in Italy and Spain ("Tele2"), which had almost 800,000 fixed broadband customers. Vodafone branded consumer fixed broadband offers were also launched in Greece, the Netherlands, Portugal, New Zealand and Egypt during the 2008 financial year.

Business fixed broadband offers have been recently launched in the Czech Republic and in Italy, while a fixed broadband WiMax offer was launched in Malta.

Other services

Mobile advertising

The Group has been extending its business model to generate revenue from mobile advertising by partnering with advertising specialists in individual markets. Vodafone introduced mobile advertising in nine markets and the core capabilities continue to be developed, such as WAP banners and messaging formats, as well as more sophisticated targeting offers.

A critical area of activity required to grow the market is the development of common standards that can be adopted by all market participants. Vodafone is taking a leading role in this activity, which has achieved its first results:

- Banners for WAP display formats have been defined by the Mobile Marketing Association (MMA);
- Messaging format definition activity has recently commenced; and
- Agreement was reached in the UK between Vodafone, O2, Orange, T-mobile and Hutchison to progress an inter-operator standard for mobile advertising in the 2008 calendar year.

Business managed services

As part of the total communications strategy, Vodafone is offering our business customers solutions which meet a wider variety of their communications needs, and also developing new ways of enabling them to mobilise and increase the efficiency of their workforce. Vodafone is at the forefront of the market in a number of these solutions, including:

- secure remote access – a service enabling customer employees to access their network through their laptop, on the move, both while in their home country and when roaming; and
- applications – many software programs have been developed for use on mobile devices and Vodafone can integrate these into the customer's mobile portfolio. These applications can satisfy many needs, such as:
 - enabling a workforce to have up to date sales information fully aligned across the business and available at any time, anywhere; and
 - providing workforce scheduling to mobile employees which can be updated centrally and in real time, ensuring the customer can satisfy all their own customer needs quickly and efficiently.

These solutions open up a new revenue stream for Vodafone by providing an end to end solution, integrating these into the customer's infrastructure and subsequently managing the service.

Enables customers to utilise the services that Vodafone offers.



Devices



Handsets

A wide ranging handset portfolio covering different customer segments, price points and a variety of designs.

Vodafone Mobile Connect

Provides simple and secure access to the internet and to business customers' systems such as email, corporate applications and company intranets.

Devices

To enable customers to utilise the services that Vodafone offers, the Group also offers a wide range of devices to access those services, such as handsets, the Vodafone Mobile Connect card with 3G broadband and the Vodafone Mobile Connect USB modem.

Handsets

The Group's operating companies and partner markets benefit from a wide ranging handset portfolio, covering different customer segments, price points and an increasing variety of designs. During the 2008 financial year, Vodafone launched 75 new models, ranging from handsets for core voice services up to premium multimedia devices. The handset portfolio was also expanded into the entry segment to better address emerging markets and the prepaid market in Europe. In May 2008, Vodafone signed an agreement with Apple to sell the iPhone in ten markets – Australia, Czech Republic, Egypt, Greece, Italy, India, Portugal, New Zealand, South Africa and Turkey. Vodafone and Apple are working together to introduce the product in each market during the 2009 financial year.

Vodafone live! portfolio

Vodafone continues to drive 3G penetration and increased the sales share of 3G handsets as a percentage of total phones sold up to 53% for the year ended 31 March 2008. With the launch of the exclusive Sony Ericsson V640i and an exclusive Mobile Internet variant of the Nokia 6120c, Vodafone also pushed HSDPA into the mid-tier price segments to provide 3G broadband experience for the mass market. Sales of handsets that support HSDPA represented 26% of total 3G handset sales for the year ended 31 March 2008.

The introduction of the new "Internet on Your Mobile" services was supported with a selection of 15 consumer handsets. These have been customised for the internet experience on mobile handsets, including the three high-end devices Nokia N95 8GB, Sony Ericsson W910i and Samsung SGH-F700V QBowl.

Open Operating System ("OS") devices are now playing a strong role in supporting an application-centric service delivery model. In September 2007, Vodafone and its partners announced the first two devices launching under the Microsoft Windows Mobile collaboration, the Palm® Treo™ 500V and the Samsung SGH-i640V, as well as a range of S60 devices from Nokia and Samsung. Sales of Open OS devices represented 23% of 3G devices sales for the year ended 31 March 2008.

Vodafone branded device portfolio

In the 2008 financial year, Vodafone offered nine consumer handsets under its own brand and shipped over 10 million devices in over 30 markets. On 21 May 2007, Vodafone announced the Vodafone 125 and Vodafone 225, the first ultra low cost handsets under the Vodafone brand, providing operating companies and partner markets with the lowest cost mobile phone ever launched by the Group. The Vodafone 125 and Vodafone 225 played an important role in supporting the Vodafone brand launch in India. In December 2007, the Vodafone 720 and the Vodafone Mobile Connect USB Modem were introduced. The Vodafone Mobile Connect USB Modem and the Vodafone 720 have won the iF design award, which recognises the best product design in the world and is run by the International Design forum in Hanover, Germany.

Business portfolio

Vodafone continues to expand the business portfolio. Two exclusive devices were introduced for the business customer: the Palm Treo 500v and the BlackBerry® Curve™ 8310 Smartphone. Both of these devices are designed to offer a blend of business grade email combined with Vodafone live! consumer services, such as Google Maps, internet browsing and instant messaging. In addition, the BlackBerry 8100 series and the BlackBerry 8110 series continue to create strong market demand. The broadening of the Nokia E series range increasingly drives sales in the business segment, and has capability to leverage the consumer relevant services deployed in the Nokia N series.

Vodafone Mobile Connect

The Vodafone Mobile Connect card with 3G broadband offers enhanced speeds which can be up to 7.2 Mbps downlink and up to 2.0 Mbps uplink by utilising HSPA technology.

Built-in 3G broadband from Vodafone is now available across a portfolio of 44 laptop models. Vodafone's partners Acer, Dell, HP and Lenovo fit a Vodafone SIM at point of manufacture into laptops which include a built-in modem and collaborate with Vodafone in sales and marketing activities.

The Group has a range of Vodafone Mobile Connect USB modems with exclusive designs, including USB sticks, all benefiting from "plug and go" software. Their ease of use and attractive designs support their deployment through consumer channels.

10 million branded handsets shipped

in the year to 31 March 2008