

Highlights

Group highlights

£35.5 billion

Revenue

14.1% increase

£10.1 billion

Adjusted operating profit

5.7% increase

7.51 pence

Total dividends per share

11.1% increase

260.5 million

Proportionate mobile customers

26.2% increase

Progress towards strategic objectives

- Europe: 2.0% revenue growth with outgoing usage up 20.1% and data revenue up 35.7%, all on an organic basis
- 9.9% mobile capital intensity for Europe and common functions
- EMAPA: revenue growth of 45.1%, reflecting acquisitions in India and Turkey. Organic growth of 14.5%
- Group data revenue up 52.7% to £2.2 billion, with organic growth of 40.6%

Key financials

- Adjusted earnings per share up 11.0% to 12.50 pence. Basic earnings per share of 12.56 pence
- Free cash flow of £5.5 billion. Net cash flow from operating activities of £10.5 billion

Other highlights

- Final dividend per share of 5.02 pence, giving total dividends per share of 7.51 pence
- Dividend pay out ratio of 60%, in line with policy, and a total payout of £4.0 billion for the financial year
- 1st in UK and 11th globally in the BrandZ most powerful brands ranking

Chairman's Statement

We took a major step forward in building our developing market presence with the acquisition of Vodafone Essar in India last year.



Dividends per share +11.1%

7.51p

(2007: 6.76p)

I am pleased to report that your Company made further progress during the year, with continuing execution of our strategy and delivery of our financial targets. This is reflected in our results, with total dividends for the year of 7.51 pence, up 11.1%. The share price increased 21% since the beginning of the year, while the FTSE 100 index was down 4% during the same period.

Vodafone is a truly international company, with more than 260 million proportionate customers across 25 markets and partner networks in 42 more countries.

With more than two thirds of the world's population now able to benefit from mobile phone coverage, there are approximately 3.5 billion mobile customers globally, a figure that industry analysts expect to rise by around 10% per year in the near future.

Approximately half of the world's GNP now comes from emerging markets and this year we reported that, for the first time, over half our customers are in our EMAPA region. Independent research shows clear evidence of an inextricable link between the rate of mobile penetration in developing markets and the rate of economic growth, where we can also see the social benefits of mobile as it frees people to leave home in their search for jobs and can become a method for remitting payments to their families in some countries.

We took a major step forward in building our developing market presence with the acquisition of Vodafone Essar in India last year. The business, which now operates under the Vodafone brand, is already our largest controlled business in terms of customer numbers at over 44 million. The Vodafone Group Board visited India earlier this year; we gained a very positive impression of the business and our prospects in this huge, dynamic market. We are adding around 1.5 million customers each month in India, which operates a very different cost model, especially when revenue

is on average equivalent to only 2 US cents per minute. We have much to learn from this successful business and much to contribute.

Your Board will continue to be alert to other developing market acquisition opportunities. At present, our EMAPA region represents more than 25% of our revenue; we see this increasing in the years ahead.

In Europe, our challenges are very different given the relative maturity of the markets, most of which have over 100% penetration. Here we are countering pressure on our traditional revenue by becoming more productive and we are establishing new sources of revenue.

We are seeing benefits from the major efficiency programmes we established several years ago and this year we undertook further initiatives to expand our network sharing with other operators, thus reducing both capital and recurrent expenditure.

Data services (including email, music and the internet) in Europe are an important source of growth, producing significant increases in revenue. Additionally, revenue from our business customers is growing much faster than the consumer sector, which plays to our strong franchise in Europe and in an increasingly mobile business world.

In the US, our investment in Verizon Wireless continues to do well and in our judgement is an appreciating asset, which generates very strong levels of cash flow. We are cooperating closely with Verizon Wireless in a number of important areas, including 4G technology and servicing international companies.

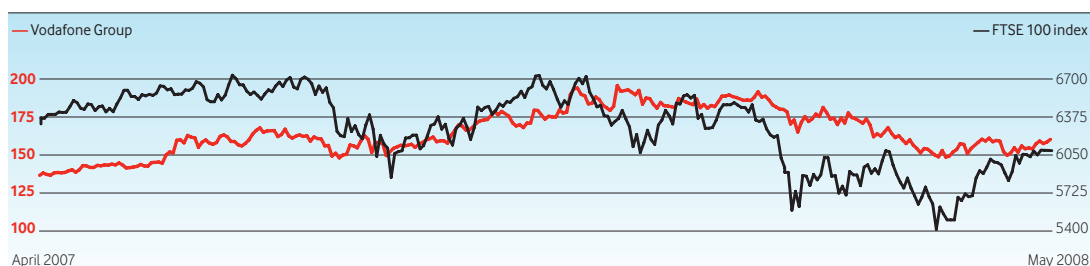
Our industry remains very much in the regulatory spotlight and your Board monitors the regulatory environment carefully as it has significant economic consequences for shareholders.

Total shareholder return April 2007 to May 2008

Vodafone +26%

FTSE 100 +2%

Vodafone share price +25% vs FTSE 100



Whether it relates to pricing, taxation or spectrum, what we would like is a public policy framework which provides clarity, accountability and which facilitates growth, investment and fair competition. This is important in all areas of policy, including the allocation of spectrum which today remains in the hands of governments around the world.

Spectrum is our licence to do business. If we buy too much, we do not use our shareholders' capital optimally. If we buy too little, we drop our customers' calls – and, of course, we can only buy it when it is available. The upfront costs of spectrum are ultimately borne by our customers and shareholders, the effect on the government finances is to receive cash in advance but to reduce tax payments later, as the capital cost is amortised against profits over the life of the spectrum.

This is a period of unprecedented change in our business. The industry is changing shape as mobile phones, new technology and the internet converge, enabling us to expand the services that we can offer. This is also bringing new competitors both from within the industry and from outside.

We are very proud of the work of our 22 Foundations around the world, which represents a charitable network investing £41 million each year in projects and programmes supporting the communities where we operate.

During the year, we established the Vodafone India Foundation, which will focus on helping to improve the skills set of young people in India as they compete for jobs in the global market.

After five years in the role our Chief Executive, Arun Sarin, has decided to retire and will be stepping down at the conclusion of our AGM. He has done a tremendous job, having led the Company with distinction and navigated Vodafone through

a period of rapid change. He developed a new strategy for the business and significantly expanded our footprint in emerging markets. The Board has a great deal to thank him for and I would like personally to thank him for all he has done for the business and wish him and his family all the best for the future. In Vittorio Colao we have a fine successor and I am looking forward to working with him in his new role.

Non-executive directors Michael Boskin, who joined the Board in 1999 on the Company's merger with AirTouch Communications Inc., and Jürgen Schrempp, who became a Director in 2000 when Vodafone completed its acquisition of Mannesmann, will not be seeking re-election at the AGM on 29 July 2008. I would like to thank Michael and Jürgen for their contributions and for the different and important perspectives each has brought to our Board. They have served with distinction and I am particularly grateful to them for their tireless work on our committees.

We conducted our annual Board evaluation internally this year and this generated good ideas for improving our performance.

Your Company operates in a challenging environment where rapid change is impacting our customers and therefore our business. Wherever I go, I am enormously impressed by the talented Vodafone people I meet and on behalf of the Board, I would like to thank all of them for what they have achieved during the year.

Your Board is confident that we are well positioned to build on our success in the coming years.

Sir John Bond
Chairman

Chief Executive's Review

Our strategy is delivering results and continuing to position us as a leader in the communications industry.



Review of the year

We have made strong progress over the past year with our strategy and met or exceeded our stated financial expectations in all areas.

Our cash flow generation remains strong, supporting our robust financial position and shareholder returns, with free cash flow of £5.5 billion. Adjusted earnings per share increased by 11.0% to 12.50 pence, enabling dividends per share to increase by 11.1% to 7.51 pence.

Group revenue increased by 14.1% to £35.5 billion, or 4.2% on an organic basis. In Europe, organic revenue growth was 2.0% with competitive and regulatory pressures continuing to impact on solid underlying growth. EMAPA delivered further strong growth with revenue increasing by 45.1%, or 14.5% on an organic basis, with double digit growth across many markets. Group adjusted operating profit increased by 5.7% to £10.1 billion, with a continued strong contribution from Verizon Wireless in the US, which continues to be an important and attractive market. We remain committed to our investment in Verizon Wireless, which continues to perform very well on all key metrics, with constant currency growth of 14.5% in revenue and 24.8% in adjusted operating profit and market leadership in contract customers, churn and profitability.

We invested £5.1 billion in capitalised fixed asset additions, including £1.0 billion in our operations in India, in line with our plans, to support the rapid growth.

Vodafone now has over 260 million proportionate mobile customers worldwide with strong growth during the year in our EMAPA region, in particular in our new business in India which has been successfully integrated into the Group and now has over 44 million customers, with over 50% pro forma revenue growth.

In a challenging operating environment, we are stimulating greater usage and introducing new services to offset falling

Strategic objectives

Revenue stimulation and cost reduction in Europe

Innovate and deliver on our customers' total communications needs

Deliver strong growth in emerging markets

Actively manage our portfolio to maximise returns

Align capital structure and shareholder returns policy to strategy

prices and continue to drive cost efficiency across the Group. Importantly, we have positioned ourselves to deliver total communications to our customers by investing significantly in our mobile broadband networks, establishing fixed broadband capability across our European markets and developing services specifically for the mobile internet.

There have been a number of key achievements against our five strategic objectives in the last 12 months which are discussed below, together with an overview of how the communications environment is evolving and why we believe Vodafone is uniquely positioned to succeed.

Revenue stimulation and cost reduction in Europe

Our core revenue initiatives continue to focus on offering innovative tariffs, larger minute bundles and targeted promotions to stimulate additional usage as well as improving customer lifetime value. Overall, voice usage increased by 16.7% in the year, with good growth across our major markets. We are particularly strong in the business segment where our unique footprint and innovative services have enabled us to create a market leading position, which we strengthened earlier in the year by establishing Vodafone Global Enterprise to service our largest multinational customers.

Pricing pressure from competition and regulation remains strong, with a 15.8% fall in the effective voice price per minute for our Europe region, offsetting the benefits from growth in usage.

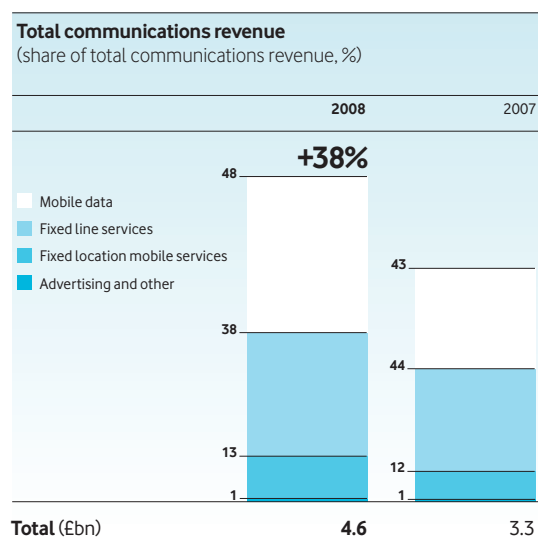
Messaging revenue increased by 8.1% on an organic basis, with a 28.1% increase in the total number of text and picture messages sent. This reflects strong performances in the year in Italy and the UK, primarily through targeted promotions and tariffs.

In 2006, we set out a number of core cost reduction programmes that are now delivering results and have contributed to the key cost targets we met this year, with savings of around £300 million during the year, bringing the cumulative savings to date to around £550 million. We have achieved mobile capital expenditure at 10% of mobile revenue for 2008, with important contributions from centralising key purchasing activities and consolidating our data centres, while having enhanced the speed and data capability of our mobile networks. These programmes, together with the outsourcing of certain IT operations, have also contributed to maintaining broadly stable operating expenses for 2008 compared to 2006. This has been achieved in a period when customers have increased on an organic basis by 19%, voice minutes by 36% and data volumes by over tenfold.

Innovate and deliver on our customers' total communications needs

Our strategy is to expand beyond our core mobile services to offer a choice of communications, entertainment and internet services, with a focus on four key areas. These areas generated around 13% of Group revenue this year and we expect this to increase to around 20% in 2010.

Over the year, data revenue increased by 40.6% on an organic basis to £2.2 billion, principally driven by continued strong growth in business email and PC connectivity devices, which in total nearly doubled to 5.8 million. We have seen strong take up this year of USB modems, which provide easy to use mobile broadband access for PCs and laptops to consumers and business customers. For consumers, we also took the opportunity to refresh our mobile internet offerings during the year in eight markets, resulting in 2 million customers signing up to flat rate mobile internet access.



Our data revenue growth is being enabled by the investment in our 3G networks which now offer up to 3.6 Mbps and by the end of the year will begin to offer 14.4 Mbps, which will provide a compelling alternative to fixed broadband for many customers. We have a clear technology path which will ultimately lead to 4G technology but not before 2010. Unlike the transition from 2G to 3G, we are shaping 4G today together with Verizon Wireless and China Mobile to ensure a smoother transition for the industry, with no step change in cost.

In addition, some customers need the data speeds of fixed broadband and during the year we established fixed broadband capability in our European markets as part of our strategy to deliver total communications. We are leveraging our brand, distribution and customer relationships to provide an attractive, integrated proposition. At the end of the year we had 3.6 million fixed broadband customers in 13 markets, principally in Germany and in our newly acquired businesses in Italy and Spain.

We are substituting fixed line voice services for mobile in the home or the office by offering fixed location pricing plans giving customers fixed line prices when they call from within or around their home or office. We have made good progress over the year and now have 4.4 million Vodafone At Home customers and over 3 million Vodafone Office customers, up from 3.3 million and 2.3 million, respectively, a year ago.

Mobile advertising is another focus area for us and we have been trialling various business models, including targeted demographic advertising through display and search advertising, and now have agreements with over 40 leading brands. We believe mobile advertising represents a significant opportunity for us and, throughout the year, have put in place the right foundations to grow this business in the future.

Deliver strong growth in emerging markets

Our emerging market assets continue to perform well. Vodafone Essar in India is delivering very strong growth and performing in line with our acquisition plan. Revenue increased by over 50% during the year on a pro forma basis, driven by rapid expansion of the customer base, with an average of 1.5 million net customer additions per month since acquisition. We have also established an independent tower company with two other operators to drive further strong, cost efficient growth.

Vodacom recorded constant currency revenue growth of 16.9% from its market leading position in South Africa and strong growth in its southern Africa operations. We also saw revenue growth of 29.9% in Egypt, 20.3% in Romania and pro forma growth of 24% in Turkey, all on a constant currency basis. The value of our investment in China Mobile has increased by over 60% since the beginning of the year to £4.8 billion currently, with its customer base increasing 24% to 392.1 million and market penetration at 41%.

In addition to strong customer growth, we are differentiating ourselves through a number of initiatives. Most significantly, we are leveraging the Group's scale to provide low cost handsets, which retail for as little as \$20 and enable us to address developing economies without the need for subsidies. We shipped 7 million handsets in the year, mostly to India, making us the second largest supplier of handsets in that market.

Chief Executive's Review continued

Actively manage our portfolio to maximise returns

We completed the acquisition of Vodafone Essar in India in May 2007. We also strengthened our total communications offerings in Italy and Spain through the purchase of Tele2's assets in those countries in December 2007 and in May 2008 acquired the minority interests in Arcor. In December 2007, we won the auction for the second mobile licence in Qatar through a consortium with the Qatar Foundation, in which we are the controlling partner. All our transactions are subject to strict financial criteria so as to deliver superior returns to our shareholders.

We now have 42 partner market agreements. These arrangements enable us to increase the presence of our brand and services without the need for direct equity investment, either because the investment opportunity does not exist or the returns are unattractive.

Align capital structure and shareholder returns policy to strategy

The Board remains committed to its policy of distributing 60% of adjusted earnings per share by way of dividend. Our robust financial and operating performance, together with a positive impact from foreign currency exchange rates, offset the dilution arising from the India acquisition and delivered 11% growth in adjusted earnings per share and therefore in dividends per share. Notwithstanding the increase in net debt to £25.1 billion, our long term credit ratings currently remain at low single A on average, in line with our Group policy.

Evolving environment

Two years ago we updated our strategy to reflect developments in our industry and have made strong progress executing against our objectives since then. The communications industry continues to evolve and our five strategic objectives continue to position us well in this environment.

Firstly, customer needs and preferences in particular continue to evolve. We are transitioning from being a provider of core mobile voice and messaging services to offering a wide range of communications and one of the key advancements in the past year has been the mobile internet. Customers are taking content and applications from their PC to their mobile and this needs a compelling mobile internet experience.

We are, therefore, developing a range of internet services and content specifically for mobile by enhancing our successful Vodafone live! offering to include email, instant messaging and social networking while leveraging the power of mobile through location based services. We are also ensuring that devices are developed with innovative functionality and intuitive user interfaces that are suitable for the mobile internet, with features such as touch screen technology. Our investment in high speed data networks provides the platform to deliver these services to customers, as does the ongoing development

of our customer information and support systems. However, these developments in our industry also challenge our traditional business model as partners such as software providers, internet companies and handset manufacturers also become competitors.

The industry is changing and, although the majority of our revenue will continue to be from our core mobile business, we are positioning ourselves for this change through our total communications strategy to deliver broadband and internet offerings.

Secondly, competitive and regulatory pressures continue to reduce prices in the industry and therefore we continue to stimulate additional revenue and reduce costs. On revenue, there is still significant opportunity for growth in mobile usage. Average mobile usage levels per customer in Europe remain well below markets such as the US and India and significant volumes of minutes continue to be carried by fixed networks.

Our established major cost reduction programmes are now delivering results and we are continuing to look at ways of managing our costs to maintain our market competitiveness. During the year, we have recently centralised our handset design and procurement to not only drive cost savings but also to facilitate the development of devices for the mobile internet. We also continue to standardise our network design and deployment, particularly in the core network to take advantage of an all IP infrastructure. One of the more important developments during the year has been the extension of network sharing across our markets, with agreements reached in Italy and the UK, resulting in site sharing in nine out of our ten Europe region markets. This is a key area of focus for us and we aim to build on the current level of around one third of sites shared and explore opportunities to extend the scope of network sharing. We have made good progress on our cost saving initiatives over the past year.

Finally, while penetration is very high in Europe, across emerging markets it is on average still much lower which, together with higher GDP growth prospects, provides a significant revenue growth opportunity. Over time, we expect these markets will also show the same demand for entertainment and internet based services that we are seeing in more developed markets and we are well placed to meet such demand.

Our money transfer solution, Vodafone M-Pesa/Vodafone Money Transfer, was launched earlier in the year and is proving to be a significant point of differentiation in Kenya as we provide some banking capability through mobile phones to a largely cash based country. This is an evolving area which we expect to bring to more countries and also has the potential to expand beyond the current focus on money transfers and micro payments.

As well as driving growth in our existing emerging market assets, we will continue to explore further opportunities to expand our emerging market footprint through selective investments, with a particular focus on Africa and Asia.

Uniquely positioned to deliver growth

We believe that Vodafone is uniquely positioned to capitalise on the evolving communications environment. Our portfolio of assets provides the advantages of scale and exposure to attractive growth, and leverages our strong customer franchise in both consumer and business segments supported by a leading global brand.

We have a market leading position in mature, high cash flow generating markets in Europe combined with an increasing exposure to higher growth emerging markets in Eastern Europe, Middle East, Africa and Asia, in particular in India. We also have a material position in the attractive US market through our stake in Verizon Wireless.

By expanding beyond our historic core mobile offerings to deliver data and fixed broadband services through our total communications strategy, this enables us to continue to be a leader in the increasingly integrated communications industry and therefore supports continued strong cash generation and returns to shareholders.

Prospects for the year ahead

Operating conditions are expected to continue to be challenging in Europe given the current economic environment and ongoing pricing and regulatory pressures but with continued positive trends in messaging and data revenue and voice usage growth. We expect increasing market penetration to continue to result in overall strong growth for the EMAPA region. Our geographically diverse portfolio should provide some resilience in the current economic environment. We also anticipate significant benefit from recent changes in foreign exchange rates compared to 2008, particularly in respect of the euro, which we have assumed to be on average at 1.30 to sterling for the year.

Our revenue expectations for the year ahead reflect our drive for growth, particularly in respect of our total communications strategy for data and fixed broadband services and in emerging markets. Adjusted operating profit is therefore anticipated to reflect a greater proportion of lower margin fixed broadband services together with continued strong performance from Verizon Wireless in the US.

Capital expenditure on fixed assets includes an increase in investment in India to drive further strong growth. Capital intensity is expected to be maintained at around 10% of revenue for the total of our Europe region and common functions, with continued investment in growth. Free cash flow excludes spectrum and licence payments and is after taking into account £0.3 billion from payments for capital expenditure deferred from 2008.

Personal reflections

I have decided to retire as the Chief Executive of the Company following the AGM on 29 July. It has been a privilege to lead Vodafone over the last five years. We have made significant progress, changing our strategy from mobile to total communications, including broadband and the internet. We have secured some important assets in markets including Turkey and India, and we have integrated these acquired businesses to build a global company. Our Board and employees are aligned behind the strategic direction of the business and the Company is well positioned to succeed in the future. We have issued a strong set of 2008 annual results in line with, or ahead of, guidance and the Company has built strong momentum in executing its strategy. I have accomplished what I set out to achieve on taking the role as Chief Executive and therefore felt the time was right to hand over responsibilities to a successor. I am delighted that Vittorio Colao will be taking over as Chief Executive. He has the knowledge and vision to drive the business towards future success.

I believe Vodafone is well positioned to continue delivering value to both customers and shareholders. I would like to thank the Board for its support, insight and counsel in recent years. I would also like to thank our 72,000 employees for their ongoing customer focus and wish them every success in the future.



Arun Sarin
Chief Executive

Outlook for 2009

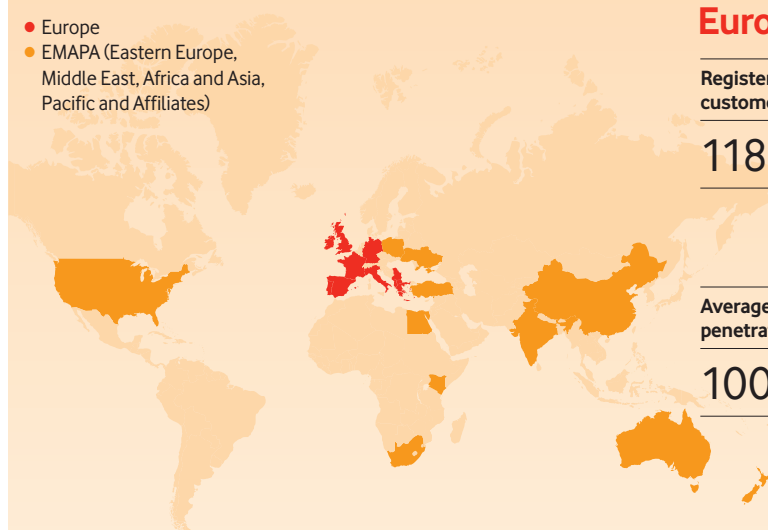
(£bn)	2009 outlook	2008 actual
Revenue	39.8 to 40.7	35.5
Adjusted operating profit	11.0 to 11.5	10.1
Capitalised fixed asset additions	5.3 to 5.8	5.1
Free cash flow	5.1 to 5.6	5.5

Performance at a Glance

Vodafone is the world's leading international mobile communications group, providing a wide range of communications services.

Regions

- Europe
- EMAPA (Eastern Europe, Middle East, Africa and Asia, Pacific and Affiliates)



Europe

Registered proportionate mobile customers (millions)

118.8

Average mobile customer penetration (%)

100+

EMAPA

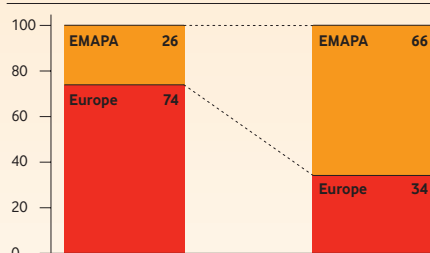
Registered proportionate mobile customers (millions)

141.7

Average mobile customer penetration (%)

36

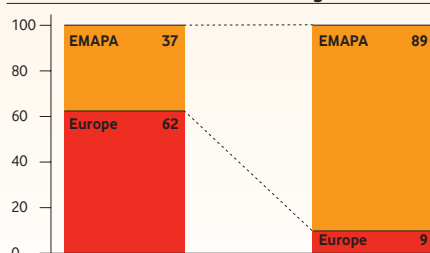
Analysis of Group revenue 2008 (%)



Contribution to Group revenue growth 2008 (%)



Analysis of Group adjusted operating profit 2008 (%)



Contribution to Group adjusted operating profit growth 2008 (%)



2008 revenue

Europe

£bn

26.1

Growth %

6.1

2008 adjusted operating profit

£bn

6.2

Growth %

0.8

EMAPA

£bn

9.3

Growth %

45.1

£bn

3.7

Growth %

15.0

Group

£bn

35.5

Growth %

14.1

£bn

10.1

Growth %

5.7

Where relevant, growth rates include the impact of acquisitions and disposals, in particular in India.

Services

Voice



Vodafone's core service to customers is to provide mobile voice communications

Outgoing minutes usage
(billions of minutes)

282.9

Messaging



Text, picture and video messaging on mobile devices

SMS usage
(billions of messages)

131.4

Data



Provides email, mobile connectivity and internet on your mobile

PC connectivity devices
(millions)

2.7

Fixed line & other



Fixed broadband offerings to meet customers' total communications needs

Fixed broadband customers
(millions)

3.6

2008 revenue by service

Voice

£bn	Growth %
24.9	11.7

Messaging

£bn	Growth %
4.1	13.7

Data

£bn	Growth %
2.2	52.7

Fixed line & other

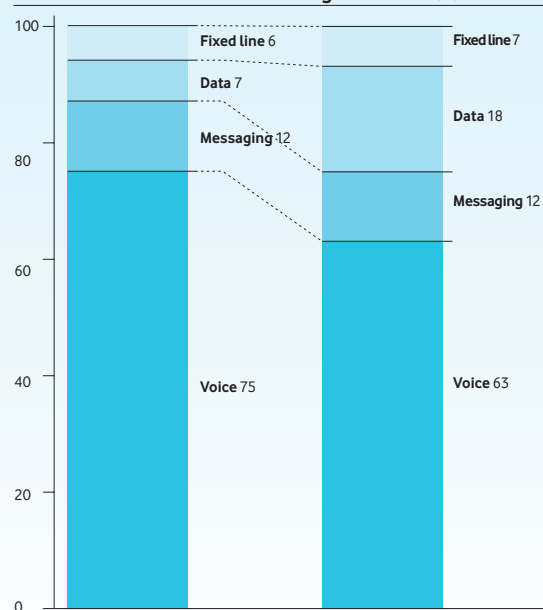
£bn	Growth %
1.9	19.9

Group service revenue

£bn	Growth %
33.0	14.4

Analysis of Group service revenue 2008 (%)

Contribution to Group service revenue growth 2008 (%)



Operating Environment and Strategy

Vodafone is seeing significant change in its operating environment. Traditional market boundaries are shifting as customers benefit from a growing choice in communications services.

“Our strategy, as set out in May 2006, continues to address the changing operating environment”

Arun Sarin
Chief Executive

Operating environment

The industry landscape continues to evolve

Vodafone is seeing significant change in its operating environment. Traditional market boundaries are shifting as customers benefit from a growing choice in communications services, devices and providers that span mobile, broadband and the internet. This change is being driven by evolving customer needs, the emergence of new technologies, intensifying price competition from both new and established competitors and regulatory pressures.

Customers

Customers' needs are changing, including the desire for faster access to services, simple and value driven tariffs and easy to use devices. Customers increasingly want mobile data services, such as email and internet access, so that they can use the internet on their mobile devices in much the same way as they use it on their PC. In order to meet customers' evolving needs, the Group is building upon its traditional services of voice and messaging to include newer offerings such as mobile and fixed broadband.

Technology

Technology within the mobile industry is evolving rapidly. Vodafone has been upgrading its networks to enable the provision of high speed mobile internet and broadband in addition to core voice and messaging services. Ongoing network enhancements are expected to provide even faster access and a better user experience. In addition, the range and capability of mobile devices continues to evolve in terms of speed, data capacity and multi-function capability. Against this background, the Group continues to carefully assess, select and deploy the appropriate technology and devices in order to improve both operational efficiency and customer service.

Competition

The communications market is very competitive, with a number of providers in most countries. The Group's principal competitors are existing mobile network operators ("MNOs") in each of its geographic markets. In addition, the Group competes with mobile virtual network operators ("MVNOs") that lease network capacity from MNOs and fixed line operators offering combined fixed and mobile services. New competitors are also beginning to enter the communications market, including internet based companies, handset manufacturers and software providers. These companies are being encouraged by the relative attractiveness of the industry and the opportunity to extend their services to mobile.

Vodafone's core European market has high mobile penetration of over 100% due to some customers owning more than one subscriber identity module ("SIM"), which limits customer growth. The combination of high penetration and competitive intensity is expected to continue to place significant downward pressure on prices.

Regulation

Regulatory activities by both national and EU authorities continue to have a significant impact on the telecommunications sector. Around 20% of the Group's revenue is directly subject to regulation – mainly related to termination rates and international voice roaming. The competitive environment is also impacted by regulation in a number of areas, including the allocation of radio spectrum, the provision of network access to third parties and network sharing. Regulation is anticipated to continue to have a major influence on both the Group and the telecommunications industry.

Vodafone's strategy addresses the changing environment

The external environment

Ongoing regulatory and competitive pressures in Europe

Growing choice of communication services and providers

Growing demand for mobile data and broadband

Growth potential in emerging markets

Appropriate return to shareholders

Strategic objectives

- 1 Revenue stimulation and cost reduction in Europe
- 2 Innovate and deliver on our customers' total communications needs
- 3 Deliver strong growth in emerging markets
- 4 Actively manage our portfolio to maximise returns
- 5 Align capital structure and shareholder returns policy to strategy

Strategy

Vodafone's five key strategic objectives were set out in May 2006 to address the mobile industry's changing environment and to draw upon the Group's strengths.

Revenue stimulation and cost reduction in Europe

Competition and regulation in Europe are placing significant pressure on pricing. In order to offset these pressures, the Group's strategy is to drive additional revenue and reduce costs.

Revenue stimulation is focused on ways to encourage additional usage and revenue from core voice and messaging services in Europe, where only around 40% of voice traffic is carried over mobile networks and customers use their mobiles for around 170 minutes per month, around a quarter of comparable US levels. The strategy is based on a market by market approach of targeted propositions for key customer segments. Consumer offers include a range of attractive tariffs, which are designed to offer both simplicity and value. Business propositions are focused on leveraging Vodafone's market leading presence among European business customers. For roaming customers, Vodafone's wide European footprint enables it to offer competitive and transparent price tariffs.

Cost reduction is being driven by leveraging the Group's local and regional scale. Key initiatives are focused on centralising, sharing and outsourcing certain activities.

The Group has centralised bulk purchasing of networks, IT and services to drive cost efficiencies. Parts of the networks have been shared with other operators to reduce the costs, as well as the environmental impact, of network expansion and maintenance. In addition, certain functions have been outsourced in markets where industry leading partners are able to realise greater scale and cost efficiencies.

Innovate and deliver on our customers' total communications needs

The communications environment is constantly evolving and customers increasingly want solutions to meet all their communications needs from one provider. In this environment, Vodafone has broadened its offerings beyond core voice and messaging to include total communications solutions, which is comprised of data, fixed location services, fixed broadband and advertising.

Vodafone continues to benefit from strong data revenue growth, particularly due to mobile devices and services that connect business and consumer users to their email and the internet. In addition, through partnerships with leading internet companies, the Group provides products and services that integrate the mobile and PC environments. This enables consumers to use their mobiles to replicate fixed line internet activities.

Fixed location services have been developed to encourage customers to substitute fixed line usage for mobile within their home and office environments. This includes services that allow customers to make mobile calls from designated locations at prices similar to fixed line providers.

Vodafone offers fixed broadband services as a complement to its mobile broadband products. This combination enables customers to have alternative means to access their internet applications either at home, in the office or on the move. Fixed broadband is provided through a mixture of owned assets and wholesale relationships with leading partners.

Mobile advertising is still in its infancy, but offers a potentially significant future revenue stream. By using mobile devices, both advertisers and consumers have the opportunity to create and receive adverts that are more targeted to users' interests and preferences than traditional media. The Group's current focus is on building the appropriate distribution channels and content.

Total communications services contributed 13% of Group revenue during the year and are expected to represent around 20% by the 2010 financial year.

Deliver strong growth in emerging markets

Emerging markets are expected to represent an increasing proportion of the Group in the next few years due to organic growth and new investments.

Existing markets continue to benefit from strong customer growth due to low mobile penetration rates of 36% on average. Additional value is being driven by measures to reduce costs and stimulate revenue by leveraging the Group's global scale and best practice from within its more established European operations.

The Group continues to pursue selective opportunities to invest in new markets as well as taking opportunities to increase its stakes in existing markets. The focus is on attractive growth regions such as the Middle East, Africa and Asia.

Actively managing our portfolio to maximise returns

The Group seeks to optimise its portfolio of assets by either disposing of assets when a superior return cannot be earned or acquiring assets when substantial additional value for shareholders can be achieved. Potential acquisitions are subject to strict criteria including appropriate financial returns, a strong local position and an identifiable path to control.

Align capital structure and shareholder policy to strategy

The Group's capital structure and returns policy has been aligned to its operational strategy. The key targets are low single A long term credit ratings and 60% of adjusted earnings per share distributed as dividends.

Estimated mobile penetration Europe (%)

At 31 December 2007

Germany 117

Italy 153

Spain 122

UK 122

Estimated mobile penetration EMAPA (%)

At 31 December 2007

Egypt 42

India 21

Romania 103

Turkey 80

US 86

Business units aligned to strategy

Europe

Key focus

Revenue stimulation and cost reduction

EMAPA

Key focus

Deliver strong growth in emerging markets

Group at a Glance

The Group has a significant global presence in 25 countries through equity interests and a further 42 countries through partner market arrangements. The Group is organised in two geographic regions – Europe and EMAPA – with the objective of aligning operations with the Group's strategy and focusing the Group's businesses according to different market and customer requirements.

Europe

Revenue stimulation and cost reduction in Europe

The Group's strategy is to drive additional usage and revenue from core mobile voice and messaging services, which represent around 80% of revenue in Europe today, and to reduce its cost base.

The Europe region includes the Group's principal mobile subsidiaries located in Germany, Spain and the UK, its principal joint venture in Italy, as well as the Group's principal fixed line telecommunications subsidiary in Germany. Other businesses in the European region comprise Albania, Greece, Ireland, Malta, the Netherlands and Portugal, as well as its associated undertaking in France.

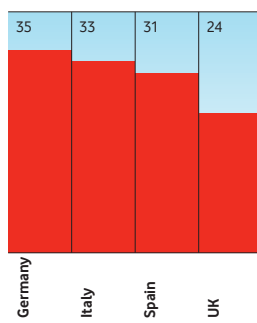
Size of circle

Number of proportionate mobile customers ('000)

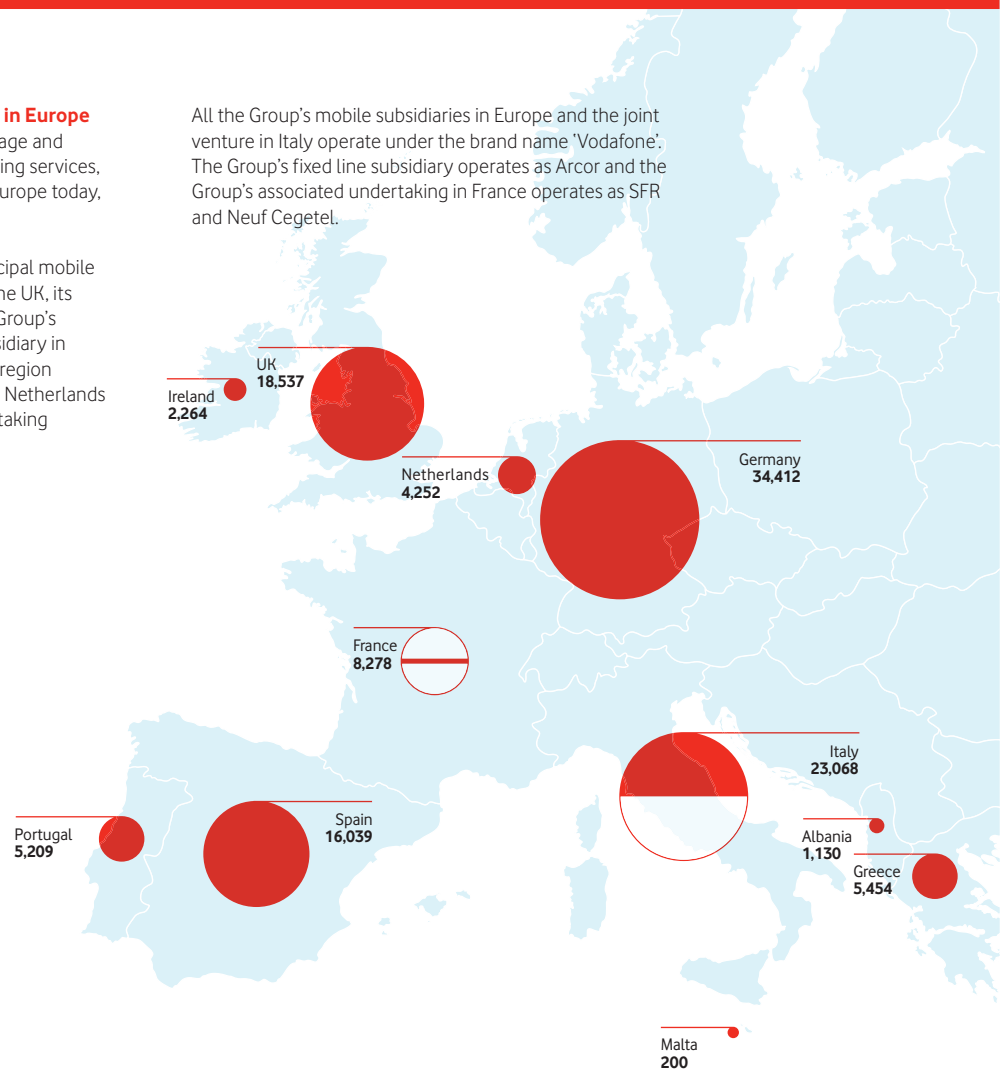
- Subsidiary
- Joint venture
- ◐ Associate

Customer market share (%)

At 31 December 2007



All the Group's mobile subsidiaries in Europe and the joint venture in Italy operate under the brand name 'Vodafone'. The Group's fixed line subsidiary operates as Arcor and the Group's associated undertaking in France operates as SFR and Neuf Cegetel.



Partner markets

Partner markets are operations in which the Group has entered into a partnership agreement with a local mobile operator, enabling a range of Vodafone's global products and services to be marketed in that operator's territory. Under the terms of these partner market agreements, the Group and its partners cooperate in the development and marketing of certain services, often under dual brand logos. The Group's partner market strategy enables the Group to implement its global services in new territories, extend its brand reach into new markets and create additional revenue without the need for equity investment.

Similar arrangements also exist with a number of the Group's joint ventures, associated undertakings and investments.

The results of partner markets are included within common functions, together with the net result of unallocated central costs and recharges to the Group's operations, including royalty fees for the use of the Vodafone brand. Partnership agreements in place at 31 March 2008, excluding those with the Group's joint ventures, associated undertakings and investments, are shown in the table. Since 31 March 2008, the Group has entered into four further partner market agreements.

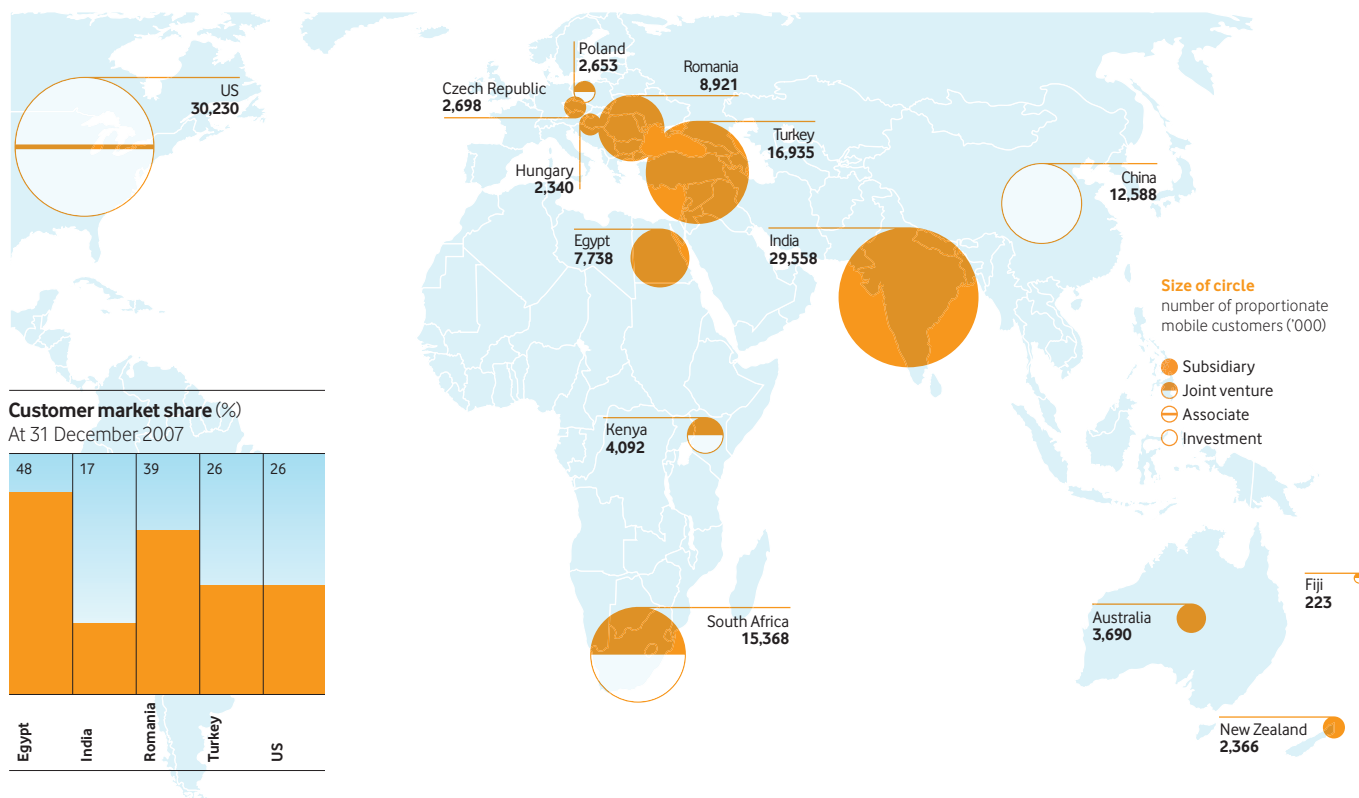
EMAPA

Deliver strong growth in emerging markets

The Group's focus is to build on its strong record of creating value in emerging markets where average market penetration is relatively low, offering significant customer and revenue growth potential.

The EMAPA region covers Eastern Europe, Middle East, Africa and Asia, Pacific and Affiliates, and includes the Group's subsidiary operations in the Czech Republic, Hungary, Romania, Turkey, Egypt, India, Australia and New Zealand, joint ventures in Poland, Kenya, South Africa and Fiji, an associated undertaking in the US and the Group's investments in China and India.

The Group's subsidiaries in EMAPA operate under the 'Vodafone' brand. The joint ventures, associated undertakings and investments operate under the following brands: China – China Mobile; Fiji – Vodafone; India – Airtel; Kenya – Safaricom; Poland – Plus; South Africa – Vodacom; US – Verizon Wireless.



Country	Operator
Argentina	CTI Móvil ⁽¹⁾
Austria	A1
Bahrain	Zain
Belgium	Proximus
Brazil	Claro ⁽¹⁾
Bulgaria	Mobiltel
Caribbean ⁽²⁾	Digicel
Chile	Claro ⁽¹⁾
Colombia	Comcel ⁽¹⁾
Croatia	VI Pnet
Cyprus	Cytamobile-Vodafone
Denmark	TDC
Ecuador	Porta ⁽¹⁾

Notes:

(1) Partnership through America Móvil.

(2) Partnership includes Bermuda and the following countries within the Caribbean: Anguilla, Antigua and Barbuda, Aruba, Barbados, Bonaire, Curaçao, the Cayman Islands, Dominica, French West Indies, Grenada, Jamaica, Haiti, St Lucia, St Kitts and Nevis, St Vincent, Trinidad and Tobago, Turks and Caicos Islands and British Guyana.

Country	Operator
El Salvador	Claro ⁽¹⁾
Estonia	Elisa
Finland	Elisa
Guatemala	Claro ⁽¹⁾
Guernsey	Airtel-Vodafone
Honduras	Claro ⁽¹⁾
Hong Kong	SmarTone-Vodafone
Iceland	Vodafone
Indonesia	XL
Japan	SoftBank
Jersey	Airtel-Vodafone
Latvia	Bité
Lithuania	Bité

Country	Operator
Luxembourg	LUXGSM
Malaysia	Celcom
Mexico	Telcel ⁽¹⁾
Nicaragua	Claro ⁽¹⁾
Norway	TDC
Paraguay	Claro ⁽¹⁾
Peru	Claro ⁽¹⁾
Singapore	M1
Slovenia	Si.mobile-Vodafone
Sri Lanka	Dialog
Switzerland	Swisscom
Uruguay	Claro ⁽¹⁾