Chairman's statement

Your company is driven by strong cash generation, a sound liquidity position and a diverse and geographically spread customer base.

This year your Company has delivered adjusted operating profit of £11.8 billion and generated £5.7 billion of free cash flow before licence and spectrum payments, helped by foreign exchange movements and despite pressure on revenue in challenging economic circumstances. This has allowed us to buy back £1 billion of shares and pursue a progressive dividend policy. The Board is recommending a final dividend of 5.20 pence, making a total for the year of 7.77 pence. Regrettably, the share price has declined by 17% since the beginning of the year, from 154.3 pence to 127.5 pence, but has nonetheless outperformed the FTSE100 which has declined by 24% over the same period. We have seen continuing growth in proportionate customer numbers to 303 million at year end, as well as growth in mobile voice minutes of use and particularly data services.

There is considerable evidence that the economic crisis has had a significant effect on the environment in which we operate, across our various markets. Inevitably, during rapid economic decline and rising unemployment, our customers – enterprise and consumer – are looking carefully for ways to reduce their expenditure. We have responded to the pressure on household and business expenses with pricing plans designed to address customers' needs.

So the telecommunications sector is not immune from the impact of the global recession but it has demonstrated a greater degree of resilience than certain other parts of the economy. The services we provide have assumed increasing importance in the day to day lives of our customers. We see this particularly in the way in which our services, particularly data services such as email and internet access, offer new flexibility in the way people lead their business and personal lives. When more stable economic conditions return, this new flexibility should also support more sustainable growth, unlocking important potential social and ecological benefits.

In addition to the impact of the economic downturn, we continued to see pricing pressure lead to reductions of around 15% year on year in Europe. The period of rapid growth in new mobile customers in much of Europe is now over and we need to adjust our resources accordingly. We are well on our way to delivering the £1 billion reduction in operating costs to which we are committed. We will maintain this focus over the coming year and expect to deliver on our commitment by the following financial year. Sadly, this involves reducing our workforce but we nevertheless remain intent that Vodafone should continue to be a good place to work.

With prudent control of capital expenditure and reductions to operating expenditure, your Company is positioning itself to benefit from the re-invigoration of the economy when it comes, driven by strong cash generation, a sound liquidity position, and the diversity and geographic distribution of our customer base.

Your Company will continue to promote innovation in products and services across the range of our markets. For example, over 6 million people are now using the Vodafone Money Transfer system (branded M-PESA in Kenya) in Kenya, Tanzania and Afghanistan. In total, they are sending approximately US$200 million a month, mostly as small transactions of less than US$20. With over 4 billion people owning mobile handsets, we believe that for the majority of the world's population, mobile is likely to be the primary means of access to the internet. Higher speed networks in markets such as South Africa and Egypt increase the speed and range of internet access. Using economies of scale to work with handset manufacturers has allowed approximately eight million customers to gain access to communications through our ultra low cost handsets during the year, at the same time helping to make Vodafone the second largest handset brand in India.

In our developed markets, we will continue to enhance our customers' communication capability, with innovative products such as netbooks and laptops with embedded SIM cards to connect directly to higher speed mobile data networks. We continue to see very strong growth in mobile data usage, over 100% in our European markets. Our industry is undergoing an important change away from the predominance of voice traffic; within a few years most of the traffic on our European network will be data. We will promote services, particularly for small and medium enterprises, which increase workforce flexibility and enable greater efficiency and cost control.

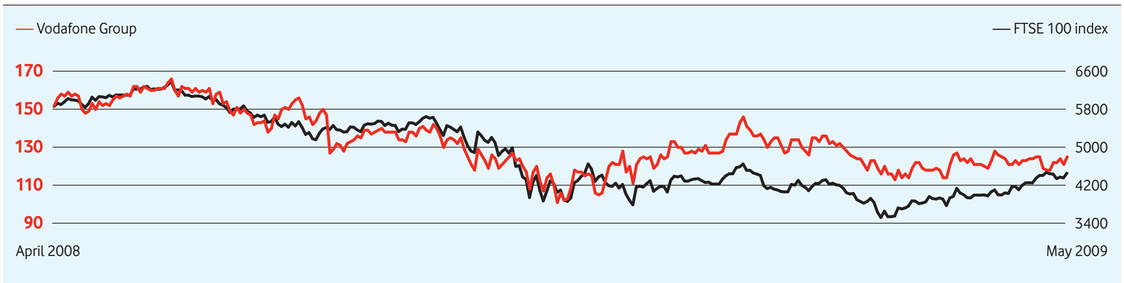
The rapid economic decline has inevitably led to calls for greater regulation and some have questioned whether an open competition based economic model is sustainable. We continue to believe that it is.

Total shareholder return April 2008 to May 2009

Vodafone –13%

FTSE 100 –20%

Vodafone share price +7 % vs FTSE 100



We have engaged with governments and policy-makers to urge them not to lose sight of the benefits in terms of investment, innovation and customer service which competition brings, of which the mobile industry is a leading example. We believe that a descent into protectionism and national preference would damage the prospects for the industry and for our ability to serve our customers' needs. Regulation and taxation of the telecommunications sector continues to have a significant impact on our business, our customers and our shareholders. We have worked to ensure that legislators and regulators appreciate the need to maintain a balance between the short term benefit to the consumer and the long term interest of the consumer in investment and innovation.

Your Board refreshed the Company's strategy in November 2008 and set strategic priorities which it believes will help your Company come through the economic crisis. The review did not lead to any radical change of direction but put renewed emphasis on operational performance, tight control of costs, free cash flow generation and a cautious approach to further footprint expansion. The past year has seen us expand into two new markets (Ghana and Qatar), slightly increase our shareholding in Polkomtel in Poland and attain majority control of our long-standing joint venture Vodacom in South Africa. An important step towards in-market consolidation came with the agreement to merge our operation in Australia with the fourth largest operator, Hutchison 3G Australia, underlining the value creation which such consolidation can bring.

The past year has seen our new Chief Executive, Vittorio Colao, who succeeded Arun Sarin at last year's AGM, put his deep knowledge of the mobile industry to good effect in steering your Company through economic recession. I am delighted that your Board has also been joined by a leading African businessman, Samuel Jonah. As we increase our interest in Africa, with the integration of Ghana Telecommunications into Vodafone, and our increased shareholding in Vodacom, Sam will bring invaluable insights to our work. Since the end of the financial year, Michel Combes, the Chief Executive of the Group's Europe Region, and Steve Pusey, the Group Chief Technology Officer, have been appointed to the Board with effect from 1 June. Their appointments will help ensure that there is a good balance on the Board of both executive and non-executive directors and I am confident that they will be major contributors to the future of your Company.

Finally, your Board has continued to fund the work of The Vodafone Foundation, which is an important way of supporting the communities and societies where we make our profits. We invested £48 million in The Vodafone Foundation programmes during the 2009 financial year. The Vodafone Foundation and the network of national affiliates in our markets continue to achieve high recognition for the contribution they make. Highlights from The Vodafone Foundation programme over the past year include World of Difference, which helped individuals from 12 of our markets to take a year to work for the charity of their choice; a public health mobile data gathering system ("episurveyor") helping to prevent the spread of disease in 22 African countries; and the mHealth Alliance, announced in February 2009 with the Rockefeller Foundation, which will promote the use of mobile technology in finding solutions to healthcare challenges.

On behalf of the Board, I would like to thank all Vodafone staff around the world for their tremendous work and commitment against a difficult economic background.

Your Board is pleased with the resilience of the Company and confident that the Company will be well positioned for economic recovery when it comes.

Sir John Bond
Chairman

Performance at a glance

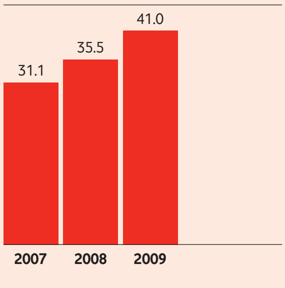
Vodafone is the world's leading international mobile communications group by revenue, providing a wide range of communications services.

Group

Revenue (£bn)

£41.0bn

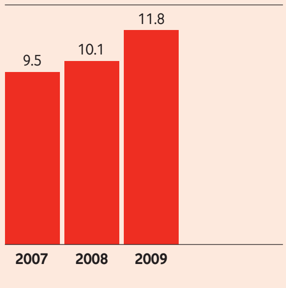
15.6% growth



Adjusted operating profit (£bn)

£11.8bn

16.7% growth



Free cash flow(1) (£bn)

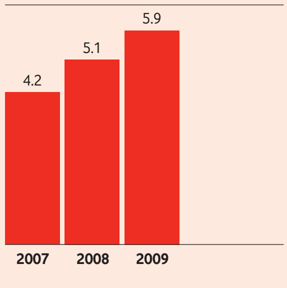
£5.7bn

2.5% growth

Capital expenditure (£bn)

£5.9bn

16.4% growth



(1) Before licence and spectrum payments.

Financial highlights

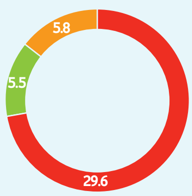
- Total dividends per share up 3.5% to 7.77 pence; final dividend per share of 5.20 pence
- Free cash flow generation remains strong despite economic environment
- Increased data revenue driven by higher penetration of Vodafone Mobile Broadband cards and handheld business devices for internet and email services
- Group adjusted operating profit of £11.8 billion before impairment charges of £5.9 billion
- Verizon Wireless' Alltel acquisition creates largest US wireless operator, with 87 million customers
- £1 billion cost reduction programme accelerated; over 65% expected to be achieved in the 2010 financial year

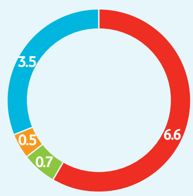
Operational highlights

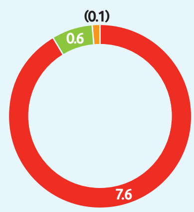
- Over 302 million proportionate mobile customers
- Closing fixed broadband customer base of 4.6 million, up 1 million during the year
- Touch screen BlackBerry® Storm™ available exclusively to Vodafone's customers in 11 markets
- 7.2 Mbps high speed mobile broadband network available in key areas
- Vodafone Mobile Broadband USB modem won iF design recognising best product design in the world
- Invested £48 million in The Vodafone Foundation programmes during the year

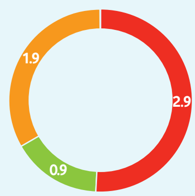
Regions

	Revenue[1] (£bn)	Adjusted operating profit[1] (£bn)	Operating free cash flow[1][2] (£bn)	Capital expenditure[1] (£bn)









	% growth	% growth	% growth	% growth
Europe	13.6	6.8	3.0	14.8
Africa and Central Europe	11.2	(13.3)	(28.5)	(4.9)
Asia Pacific and Middle East	32.3	(0.9)	(100+)	25.6
Verizon Wireless (US)	38.9[3]	44.7		

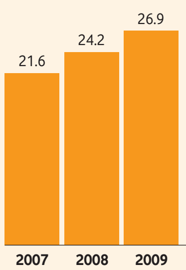
(1) The sum of these amounts do not equal Group totals due to Common Functions and intercompany eliminations.

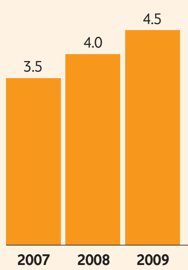
(2) Before licence and spectrum payments.

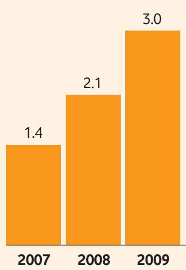
(3) This amount is not included in related Group total as Verizon Wireless is an associated undertaking.

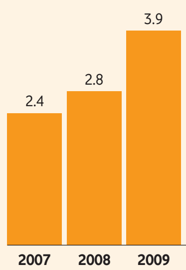
Service revenue

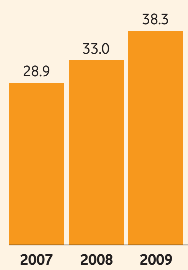
Voice (£bn)	Messaging (£bn)	Data (£bn)	Fixed and other services (£bn)	Service revenue (£bn)
26.9	4.5	3.0	3.9	**38.3**
% growth	% growth	% growth	% growth	% growth
11.4	12.8	43.7	37.9	**15.9**











Chief Executive's review

These results demonstrate the benefit of the rapid action we took to address the current economic conditions and highlight the benefits of our geographic diversity.

Financial review of the year

These financial results reflect the benefits of the actions we took to adjust to the deteriorating economic environment, in particular with respect to costs. We achieved results in line with all of the guidance ranges we issued in November 2008 and also generated free cash flow in line with the initial guidance range we established in May 2008, before the extent of the downturn became apparent.

During the year, Group revenue increased by 15.6% to £41.0 billion and by 1.3% on a pro forma basis, including India, which was acquired in May 2007. The Group's EBITDA margin declined by 1.8 percentage points, in line with the first half and our expectations, one third of which was due to the impact of acquisitions and disposals, foreign exchange and business mix. Group adjusted operating profit increased by 16.7% to £11.8 billion, with a growing contribution from Verizon Wireless and foreign currency benefits offsetting weaker performance in Europe. At year end, Vodafone had 303 million proportionate mobile customers worldwide.

Cash generation remained robust, with free cash flow of £5.7 billion before licence and spectrum payments, up around 3%, with foreign currency benefits being offset by the deferral of a £0.2 billion dividend from Verizon Wireless, which was received in April 2009.

The economic downturn is affecting Vodafone in several ways. In our more mature European and Central European operations, voice and messaging revenue has declined, primarily driven by lower growth in usage and continued double digit price declines. Roaming revenue fell due to lower business and leisure travel. Enterprise revenue growth slowed as our business customers reduced activity and headcount. Double digit data revenue growth continued, as we actively market increasingly attractive network speeds, handsets and services into an under penetrated market. In contrast to Europe, results in Africa and India remained robust driven by continued but lower GDP growth and increasing penetration.

In Europe, organic service revenue declined by 1.7% reflecting the economy and a strongly competitive environment. Ongoing price pressures and lower volume growth in our core voice products are still being substantially offset by good growth in data. Europe EBITDA margins, including Common Functions, which substantially support our European operations, declined by 1.1 percentage points, driven by an increasing contribution from lower margin fixed broadband. Mobile contribution margins remained stable. Operating free cash flow before licence and spectrum payments was strong at £7.6 billion.

In Africa and Central Europe, organic revenue grew by 3.9%, with double digit revenue growth at Vodacom being offset by weakness in Turkey. After the year end, we completed our transaction with Telkom in South Africa and increased our ownership of Vodacom to 65%. EBITDA margins declined by around three percentage points, driven substantially by lower profitability in Turkey where, having appointed new management in early 2009, we will continue to implement our turnaround plan with a primary focus on network quality, distribution and competitive offers.

In Asia Pacific and Middle East, revenue increased by 19% on a pro forma basis, reflecting a strong contribution from India where revenue grew by 33% on a pro forma basis. During the 2009 financial year we added 24.6 million customers in India and ended the year with the highest rate of net additions in the market. In Egypt, revenue increased by 11.9% at constant exchange rates and EBITDA margins remained broadly flat. The EBITDA margin in the region declined by 3.7 percentage points, reflecting lower margins in India caused by the pricing environment, the impact of our IT outsourcing agreement and investment in new circles.

Verizon Wireless posted another set of strong results. Organic service revenue growth was 10.5%, driven by increased customer penetration and data. In January 2009, Verizon Wireless completed its acquisition of Alltel which is expected to generate cost synergies with a net present value of over US$9 billion and makes Verizon Wireless the largest US mobile company with 87 million customers. During the year, we have deepened our commercial relationship with Verizon Wireless, which now contributes 30% of our adjusted operating profit, with joint initiatives around LTE technology, enterprise customers and BlackBerry devices.

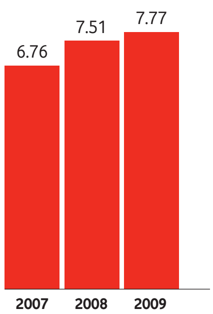
The Group invested £5.9 billion in capital expenditure, including £1.4 billion in India to drive growth. Capital intensity in Europe was slightly above our 10% target as we took advantage of our strong cash generation to accelerate investment in broadband and higher speed capability on our networks in order to continue to support our strategy and improve our customers' experience.

The Group incurred impairment charges of £5.9 billion in the financial year, the majority of which related to Spain.

Adjusted earnings per share increased by 37.4% to 17.17 pence, benefiting from a favourable foreign exchange environment and a one off tax benefit. Excluding these factors, adjusted earnings per share rose by around 3%.

In line with the Group's progressive dividend policy, dividends per share have increased by 3.5% to 7.77 pence, reflecting the underlying earnings and cash performance of the Group.

Dividends per share
(pence)



Strategy

We have made good progress in implementing the strategy announced in November 2008.

Drive operational performance

To enhance commercial value, we are developing and launching services which deliver more value in return for a wider commitment from customers. In Germany, we have extended our SuperFlat tariff family to

87% of free cash flow before licence and spectrum payments returned to shareholders

include bundled mobile data and fixed broadband options. SuperFlat net additions have remained strong at 404,000 in the last quarter. Similar concepts of value enhancement products have been launched in most European markets, including Italy, Spain, the UK and Ireland.

We have accelerated our £1 billion cost reduction programme, which will help us to offset the pressures of cost inflation and the competitive environment and invest in revenue growth opportunities. In the 2009 financial year, we achieved approximately £200 million of cost savings, which were partially offset by restructuring charges. We now intend to deliver at least 65% of the total programme in the 2010 financial year, ahead of plan. The benefits of the programme are visible in our results. In the 2009 financial year, despite significant increases in mobile voice minutes and data usage, Europe's operating expenses remained broadly flat and mobile contribution margins were stable.

Since November 2008: we have established the Vodafone Roaming Services business unit, which will manage international wholesale roaming activities across the Group; we have outsourced our field network maintenance operations in the UK; and we have executed network sharing arrangements across Germany, Ireland, Spain and the UK.

We are reviewing our programme to identify further ways in which the Group can benefit from its regional scale and further reduce costs in order to offset external pressures and competitor action and invest in growth.

Pursue growth opportunities in total communications

Data revenue grew by 25.9% on an organic basis and is now over £3 billion. We continue to push penetration of handheld business and PC connectivity devices. In April, Verizon Wireless joined the Joint Innovation Lab ('JIL') established by Vodafone, China Mobile and SoftBank. The JIL is creating a single platform for developers to create mobile widgets and applications on multiple operating systems and access the partners' combined 1.1 billion customer base. Vodafone will also provide access to third parties to billing, location and other platforms, to enhance user experience and create a favourable environment for all.

In fixed broadband, we have continued to grow our customer base in Italy and Spain, and in Germany, returned to revenue growth in the fourth quarter. We now have 4.6 million customers, an increase of around 1 million during the year, of which 0.6 million arose in the second half. The addition of appropriate quality fixed broadband capability is increasing the range of products we can offer to customers, in particular in enterprise, and providing us with the ability to compete with integrated competitors.

Europe's enterprise revenue grew by 1.2% during the year, ahead of overall business trends, demonstrating the progress we are making to address the enterprise opportunity. Vodafone Global Enterprise, which serves our larger enterprise customers on a Group-wide basis, delivered revenue growth of around 9%, demonstrating the appeal of Vodafone to multinational corporations.

Execute in emerging markets

We have continued to drive penetration in India, generating strong revenue growth from our brand and commercial offers and a substantial investment in network coverage. Indus Towers, our infrastructure joint venture with Bharti and Idea, began operating during the financial year. We expect Indus Towers will enable Vodafone to increase its capital efficiency in India and also to benefit from revenue generated from selling capacity to other operators. Growth at Vodacom, which has strengthened its total communications offering through the acquisition of Gateway, has been strong. Our performance in Turkey, where we remain focused on our turnaround plan, has been disappointing. We will continue to invest throughout the 2010 financial year to relaunch the company. In Qatar, the Group commenced operations after the end of the financial year, having been awarded the second licence with its partner, the Qatar Foundation, during the year. In August 2008, the Group acquired 70.0% of Ghana Telecommunications, an integrated mobile and fixed line telecommunications operator, which has since been rebranded to Vodafone.

Whilst emerging markets are of interest to us, we remain cautious and selective on future expansion. Our primary focus will remain on driving results from our existing assets.

Strengthen capital discipline

During the year we returned approximately 87% of free cash flow before licence and spectrum payments to shareholders in the form of dividends and share buy backs. Net debt has increased to £34 billion, primarily as a result of foreign currency movements. The Group has retained a low single A credit rating in line with its target.

In February 2009, consistent with our active stance on in-market consolidation, we agreed to merge Vodafone Australia with Hutchison 3G Australia to create a new jointly owned company which will operate under the Vodafone brand. This transaction, which is subject to regulatory approval, is expected to generate cost synergies with a present value of AUS$2 billion and will release capital to Vodafone through a AUS$0.5 billion deferred payment. Customers in Australia will benefit from the enlarged entity's scale.

Prospects for the year ahead

In Europe and Central Europe, operating conditions will be challenging in the 2010 financial year. IMF forecasts indicate a GDP decline of 4% in 2009 across the Vodafone footprint within Europe and Central Europe and that unemployment could increase significantly. In these markets, we expect that voice and messaging revenue trends will continue as a result of ongoing pricing pressures and slowing usage. However, we expect further growth in data revenue. In Turkey, where we will focus on our turnaround plan, we expect that the 2010 financial year will be challenging. Revenue growth in other emerging markets, in particular India and Africa, is expected to continue as we drive penetration in these markets. We expect another year of good performance at Verizon Wireless.

Adjusted operating profit is expected to be in the range of £11.0 billion to £11.8 billion. We have widened our outlook for adjusted operating profit this year to reflect current economic uncertainty. Performance will be determined by actual economic trends, our success in closing the performance gaps we have identified in certain markets and the extent to which we decide to reinvest cost savings into total communications growth opportunities. Underlying EBITDA margins, before the impact of acquisitions and disposals, foreign exchange and business mix, are expected to decline by a similar amount to the 2009 financial year. This trend reflects the benefit of the acceleration of the Group's cost savings programme in a weaker revenue environment. Overall Group EBITDA margin is expected to decline at a slightly slower rate.

Free cash flow before licence and spectrum payments is expected to be in the range of £6.0 billion to £6.5 billion, ahead of our medium term target to deliver between £5.0 and £6.0 billion annual free cash flow. We intend to maintain European capital intensity at around 10% of revenue and to continue to invest significantly in India. Capital expenditure is expected to be similar to last year after adjusting for foreign currency.

Summary

Overall, these results reflect the benefits of Vodafone's exposure to a diverse range of economies, our successful exploitation of data services and the opportunities derived from our regional approach, as well as the initial impact of our accelerated £1 billion cost savings programme.

We are confident that our strategy is appropriate for the current operating environment.

Vittorio Colao
Chief Executive

Operating environment and strategy

Vodafone's strategy is focused on improving operational execution and pursuing growth opportunities in total telecommunications services, while delivering strong free cash flow.

The telecommunications industry remains attractive

Notwithstanding a challenging economic background and rising unemployment, the fundamentals of the telecommunications industry continue to be attractive. The sector remains relatively resilient, but not immune, as it provides essential services that serve a fundamental human need to communicate for work and social purposes. In this environment, the sector leaders, such as Vodafone, continue to be able to innovate and deliver new products and services as well as generate strong cash flow.

Although revenue from traditional services of voice and messaging in mature markets is growing more slowly due to competitive and regulatory pressures, there remains a significant growth opportunity in mobile data. There are also growth opportunities in enterprise and broadband markets due to increasing demand for integrated solutions, international services and converged offerings.

Within the Vodafone footprint, emerging markets, such as India, continue to exhibit the potential for strong growth due to low mobile penetration rates of around 38% on average, compared to over 120% in Europe, which together with higher GDP growth prospects, provide a significant customer growth opportunity.

Vodafone is well positioned in the telecommunications industry

The Group believes its leading market position is demonstrated by a strong level of free cash flow, with some £18 billion generated over the last three years, a resilient structure based on a diverse portfolio of assets in both mature and emerging markets and a number one or two ranking in most countries in which it operates. The Group has also been a pioneer in data products and services, developing high speed mobile broadband networks and providing simple to use and attractive devices with features such as touch screen technology. The Group has a recognised brand in consumer markets and a strong position in the enterprise segment. In addition, Vodafone is already well placed to benefit from growth in emerging markets, with a presence in a number of the countries where significant growth is expected. In a difficult market environment, the ability to control and reduce costs is ever more important. Against this background, the Group continues to drive network and IT savings through both consolidation and centralisation of core activities, as well as local operating company initiatives. Vodafone also benefits from a variable cost base as only around one third of cash operating costs are fixed.

May 2006 strategy

In May 2006, Vodafone formulated a five point strategy and strong progress has been made against the key objectives. Mobile phone usage has grown significantly, partly offsetting price declines, key operating costs and capital expenditure targets have been met and exposure to emerging markets has increased. The share of revenue from non-core mobile or total communication services has grown through both significant data revenue growth and an increased fixed broadband presence. In addition, the Group has refined its portfolio of businesses and disposed of several non-core assets. Lastly, Vodafone has maintained a disciplined approach to its capital structure, which has proved right for the business, particularly in the current environment, and also returned a significant level of cash to shareholders.

Evolving telecommunications environment

A number of challenges have evolved since 2006. In particular, the macro economic environment has become more challenging. Competitive pressures continue to be strong, contributing to price declines of around 15% per annum. Consumers have an ever growing choice of converged communication offers from established mobile and fixed line operators and newer entrants including handset manufacturers, internet based companies and software providers. In addition, mobile virtual network operators, that lease network capacity from mobile companies, are becoming increasingly prevalent. Finally, regulators continue to press for substantially lower mobile termination rates and roaming prices, and these areas together account for around 17% of Group revenue.

November 2008 revised strategy

In light of the changing environment the Group revised its May 2006 strategy. The new key target is to focus on driving free cash flow generation. This target is supported by four main objectives: drive operational performance, pursue growth opportunities in total communications, execute in emerging markets and strengthen capital discipline.

May 2006 strategy

May 2006	Progress to November 2008
Revenue stimulation and cost reduction in Europe	– Driving usage growth to offset price declines – Delivered on cost and capital expenditure targets
Emerging market growth	– Increased presence: Ghana, India, Poland, Qatar and Vodacom
Total communications	– Annualised data revenue £2.8 billion – Broadband capabilities in 12 markets
Manage portfolio for maximum returns	– Disposal of non-core assets: Switzerland and Belgium
Capital structure and shareholder returns	– Higher dividends: 7.51p in 2008 (6.07p in 2006) – £20 billion cash returned to shareholders

Environment: economic, competitive and regulatory pressures

Economy	– Weaker global economic growth and rising unemployment – Lower roaming revenue as enterprise and consumer customers travel less
Competition	– Ongoing price reductions due to competitive pressures – New entrants: Growing range of providers of converged fixed and mobile services – Expanding presence of mobile virtual network operators
Regulation	– Industry regulators continue to press for lower mobile termination rates and roaming prices, which impacts around 17% of Group revenue

"We are confident that our strategy is appropriate for the current operating environment"

Vittorio Colao
Chief Executive

Drive operational performance
Vodafone aims to improve execution in existing businesses through customer value enhancement and cost reduction.

Value enhancement involves maximising the value of existing customer relationships, not just the revenue. This approach shifts away from unit based tariffs to propositions that deliver much more value to customers in return for greater commitment, incremental penetration of the account or more balanced commercial costs. This requires a more disciplined approach to commercial costs to ensure investment is focused on those customers with higher lifetime value. Customer value enhancement replaces the previous focus on revenue stimulation.

The Group has established a significant number of initiatives which are expected to reduce current operating costs by approximately £1 billion per annum by the 2011 financial year, to help offset the pressures from cost inflation and the competitive environment and to enable investment in growth opportunities. As a result, on a like for like basis, Vodafone is targeting broadly stable operating costs in Europe and for operating costs to grow at a lower rate than revenue in emerging markets between the 2008 and 2011 financial years. Capital intensity is expected to be around 10% over this period in Europe and to trend to European levels in emerging markets over the longer term.

Pursue growth opportunities in total communications
Regarding growth opportunities, the three target areas are mobile data, enterprise and broadband. Vodafone has already made significant progress on mobile data, with annual revenue of £3 billion, 26% higher on an organic basis than that of a year ago, but the opportunity remains significant as the proportion of the customer base that regularly uses data services is only around 10% in Europe. In the enterprise segment, Vodafone has a strong position in core mobile services, mainly amongst larger corporations. The aim is to build upon this position and expand into the broader communications market, serving small and medium sized businesses with converged fixed and mobile products and services and to continue to increase the Group's penetration of multinational accounts. In fixed broadband, the Group has a presence in all of its European markets and 4.6 million customers globally.

Vodafone continues to adopt a market by market approach focused on the service, rather than the technology, and targeted at enterprise and high value consumers as a priority.

Execute in emerging markets
Vodafone is already represented in a number of attractive emerging markets. The Group's principal focus is now on execution in these markets, particularly in India, Turkey and the existing African footprint, following the acquisition of a controlling interest in Vodacom based in South Africa. Where possible, Vodafone will also seek to maximise the mobile data opportunity. While new markets are of interest, Vodafone will be cautious and selective on future expansion. The primary focus will remain on driving results from the existing footprint.

Strengthen capital discipline
The Group is focused on generating £5 billion to £6 billion of free cash flow per annum, excluding licence and spectrum and any potential CFC tax settlement. In terms of cash deployment, the priority is to invest in existing businesses, expand in the growth areas of mobile data, enterprise and broadband and acquire, where appropriate, new spectrum to support voice and data traffic growth.

Beyond this, the Group will aim to enhance returns to shareholders, primarily by increasing dividends. In November 2008, the Board adopted a progressive dividend policy where dividend growth reflects the underlying trading and cash performance of the Group. The Group remains committed to the current low single A long term average credit rating.

After investing in existing business and returns to shareholders, the Group will consider opportunities to reshape the portfolio. In emerging markets, the focus is on execution rather than expansion. In addition, the Group's current capital structure implies that any significant acquisition would likely need to be funded through portfolio disposals. Vodafone supports in-market consolidation, such as the recent agreement to merge the Australian assets of Vodafone and Hutchison 3G Australia to form a 50:50 joint venture.

November 2008 revised strategy

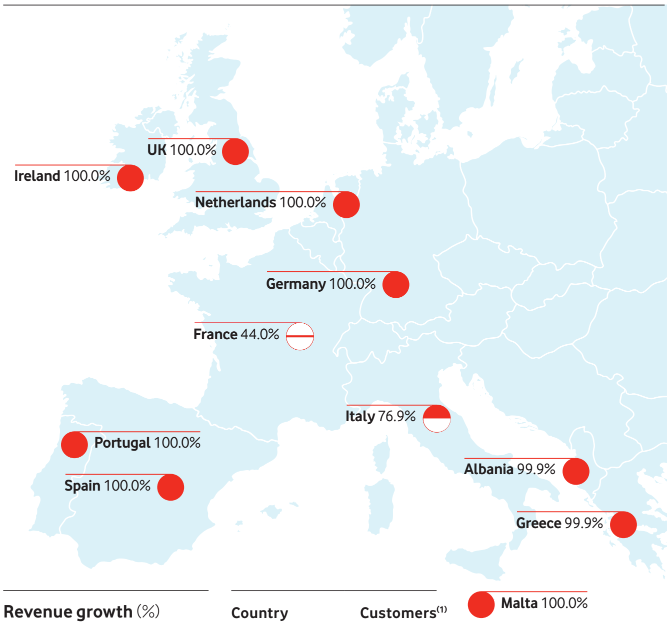
Focus on free cash flow generation and execution		Progress
Drive operational performance	– Value enhancement – Cost reduction	– Launched new products in a number of markets, which offer customers more value in return for increased commitment – Accelerated £1 billion cost reduction programme; expect to achieve 65% in 2010
Pursue growth opportunities in total communications	– Mobile data – Enterprise – Broadband	– Expanded range of data devices with the BlackBerry Storm, iPhone and netbooks with built-in broadband – Revenue growth of 9% in Vodafone Global Enterprise – 1 million new fixed broadband customers; closing base of 4.6 million
Execute in emerging markets	– Delivery in existing markets – Selective expansion/ cautious approach	– Nationwide footprint in India – Commenced operations in Qatar since year end – Acquired Gateway in Africa to strengthen total communications portfolio
Strengthen capital discipline	– Shareholder returns – Clear priorities for surplus capital	– Returned over 87% of free cash flow before licence and spectrum payments to shareholders in the 2009 financial year – In-market consolidation through merger of Vodafone Australia with Hutchison 3G Australia

Group at a glance

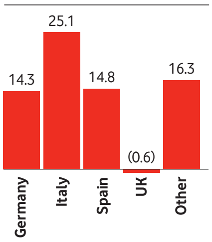
The Group has a significant global presence, with equity interests in over 30 countries and over 40 partner networks worldwide. The Group is organised in three geographic regions – Europe, Africa and Central Europe, Asia Pacific and Middle East – and Verizon Wireless in the US.

Europe

The Group's mobile subsidiaries and joint venture operate under the brand name 'Vodafone'. The Group's associated undertaking in France operates as SFR and Neuf Cegetel, and the Group's fixed line communication businesses operate as 'Arcor' in Germany and 'Tele2' in Italy and Spain.



Revenue growth (%)

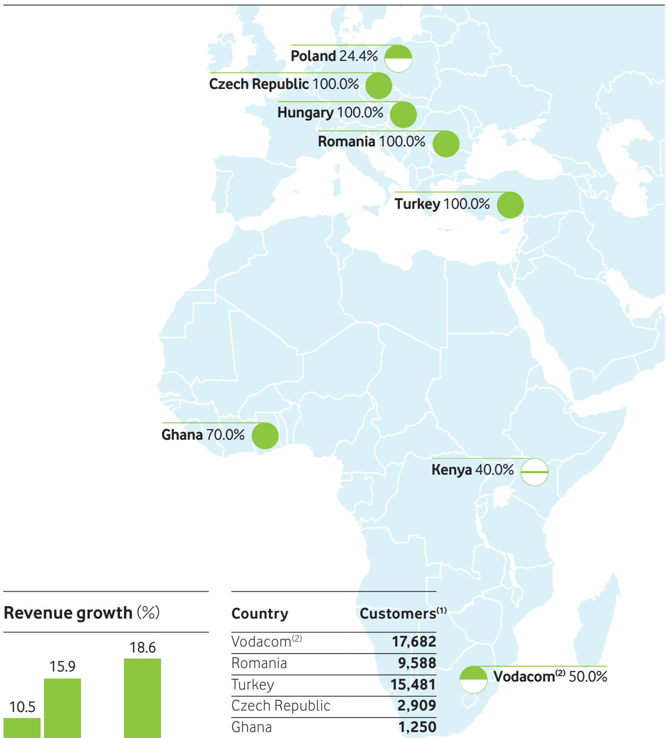


Country	Customers[1]
Germany	35,471
Italy	22,914
Spain	16,910
UK	18,716
Albania	1,395
France	8,620
Greece	5,899
Ireland	2,175
Malta	201
Netherlands	4,618
Portugal	5,639

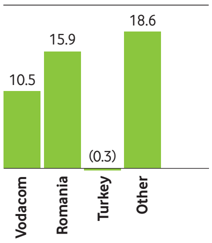
(1) In thousands. Proportionate mobile customer numbers at 31 March 2009. See "Definition of terms" on page 143.

Africa and Central Europe

The Group's subsidiaries operate under the 'Vodafone' brand. The Group's joint ventures and associated undertaking operate as 'Plus' in Poland, 'Vodacom' in South Africa and 'Safaricom' in Kenya.



Revenue growth (%)



Country	Customers[1]
Vodacom[2]	17,682
Romania	9,588
Turkey	15,481
Czech Republic	2,909
Ghana	1,250
Hungary	2,562
Kenya	5,345
Poland	3,555

(2) Vodacom refers to the Group's interest in Vodacom Group (Pty) Limited in South Africa and its subsidiaries, including its operations in Lesotho, Tanzania, Mozambique and the Democratic Republic of Congo. It also includes its Gateway services and business network solutions subsidiaries, which have customers in more than 40 countries in Africa.

Partner markets

Partner markets extend the Vodafone brand exposure outside the controlled operating companies through entering 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. These partnerships create additional revenue through royalty and franchising fees 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.

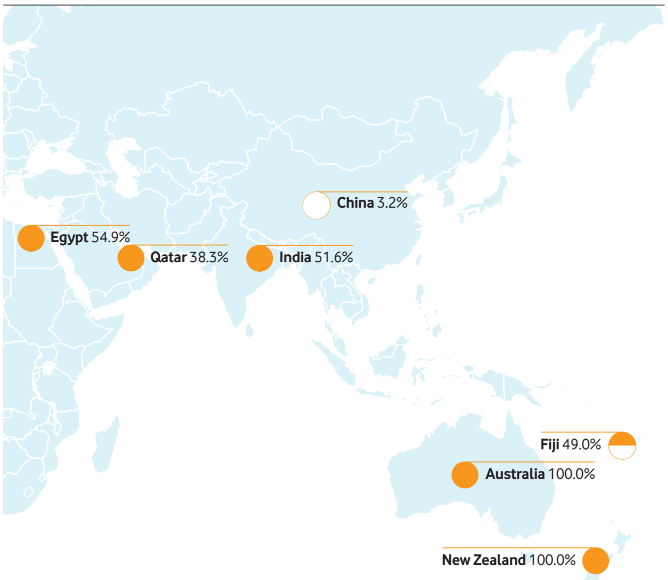
Partnership agreements in place at 31 March 2009, excluding those with the Group's joint ventures, associated undertakings and investments, are shown in the table to the right.

- Subsidiary
- Joint venture
- Associate
- Investment

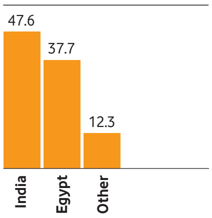
Percentages on the maps reflect share of ownership at 31 March 2009

Asia Pacific and Middle East

The Group's subsidiaries and joint venture operate under the 'Vodafone' brand, with the Group's investment in China operating as 'China Mobile'.



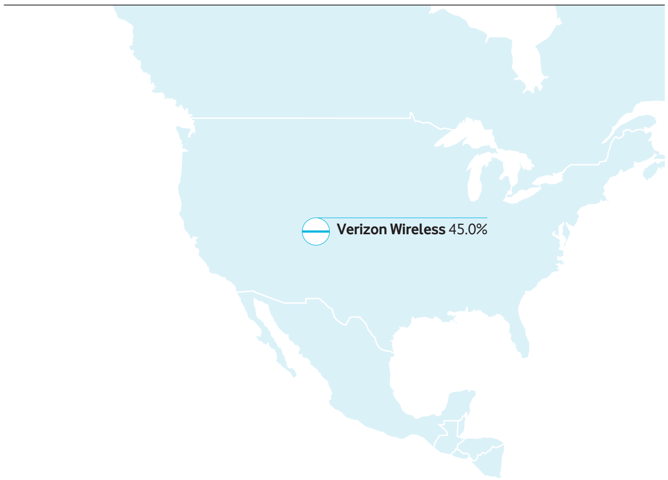
Revenue growth (%)



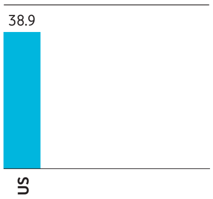
Country	Customers[1]
India	46,065
Egypt	10,405
Australia	3,970
China	15,324
Fiji	339
New Zealand	2,502
Qatar	–

Verizon Wireless (US)

The Group's associated undertaking in the US operates under the brand 'Verizon Wireless'.



Revenue growth[3] (%)



Country	Customers[1][3]
US	38,948

(3) These amounts are not included in related Group totals as Verizon Wireless is an associated undertaking.

Country	Operator
Afghanistan	Roshan
Armenia	MTS
Austria	A1
Bahrain	Zain
Belgium	Proximus
Bulgaria	Mobiltel
Caribbean[1]	Digicel
Chile	Entel
Croatia	VIPnet
Cyprus	Cytamobile-Vodafone
Denmark	TDC
Estonia	Elisa
Faroe Islands	Vodafone Iceland
Finland	Elisa
Guernsey	Airtel-Vodafone
Honduras	Digicel
Hong Kong	SmarTone-Vodafone
Iceland	Vodafone Iceland
Japan	SoftBank
Jersey	Airtel-Vodafone
Latvia	Bité
Lithuania	Bité
Luxembourg	Tango
Macedonia	VIP operator
Malaysia	Celcom
Norway	TDC
Panama	Digicel
Russia	MTS
Serbia	VIP mobile
Singapore	M1
Slovenia	Si.mobile-Vodafone
Sri Lanka	Dialog
Sweden	TDC
Switzerland	Swisscom
Thailand	DTAC
Turkmenistan	MTS
Ukraine	MTS
United Arab Emirates	Du
Uzbekistan	MTS

Note:
(1) 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, Haiti, Jamaica, Samoa, St Lucia, St Kitts and Nevis, St Vincent, Trinidad and Tobago, Turks and Caicos Islands and British Guyana.