

Directors' remuneration

Letter from the Remuneration Committee

Dear shareholder

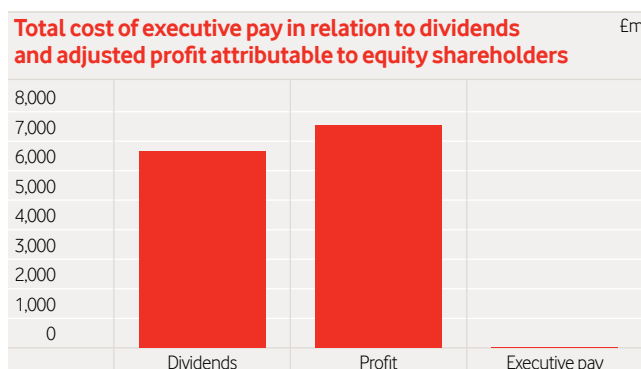
The subject of executive reward has been, and continues to be, an issue of concern both to shareholders and the wider public. In September the department of Business Skills and Innovation ('BIS') issued two consultative papers on the subject and although Vodafone shareholders seem satisfied with the present remuneration report, we have incorporated a number of amendments to it to respond to some legitimate concerns. Specifically we have divided the report into the following discrete sections to make it clearer and easier to understand:

- Page 75. The composition and activities of the Remuneration Committee.
- Pages 76 to 77. A summary of remuneration for the 2012 financial year including a table that shows a single figure for total remuneration paid during the year along with a detailed justification of any incentive payments.
- Pages 77 to 81. A forward-looking statement setting out our reward philosophy, details of our current reward packages and a table that sets out the value of these packages under different performance scenarios.
- Pages 82 to 87. All other disclosures currently required by statute or best practice guidelines.

Summary of key decisions on remuneration

Our remuneration policies and executive pay packages are designed to be competitive and drive behaviour in order to achieve long-term strategic goals such as the £20.9 billion in adjusted free cash flow produced over the last three year period and rewarded under our long-term plan. When making decisions we are mindful of the wider economic conditions and shareholder feedback as well as the need to adapt to our market and competitive environment. The Remuneration Committee receives regular updates on corporate governance as well as pay increase budgets and incentive plan payouts in our local markets.

We also consider the total amount spent on executive pay (as detailed on page 76) in relation to the dividends and profit for the financial year. As can be seen from the enclosed chart for 2012, in both cases executive pay at Vodafone was very small in comparison.



The key decisions and rationale made during the year are described in more detail on the following pages but in summary were:

- Awarding no pay increases for the executive directors in the coming year;
- Continuing our practice of setting stretching performance targets thus ensuring pay is firmly linked to performance;
- Approving an annual bonus payment for the year of 93.4% of target;
- Approving the vesting of the 2008 share award (that vested in July 2011) at 30.6% of maximum;
- Reducing the value of the maximum possible payments on future long-term incentive awards from four times the target value to three times the target value; and
- Further strengthening the share ownership culture. As at 31 March the Executive Committee collectively owned shares with a value of £22 million. Vittorio Colao personally held shares with a value of just under six times his salary and, by committing to hold the shares that vest in July 2012, this will be further increased to over ten times.

Consultation with shareholders

As in previous years the Remuneration Committee has had dialogue with its shareholders – the largest shareholders are invited to meet with me in person or by video conference and all letters or emails from other shareholders are always replied to. The Remuneration Committee continues to take an active interest in investors' views and were delighted that last year the remuneration report received a 96.12% vote in favour. We sincerely hope to receive your continued support at the AGM on 24 July 2012.

Luc Vandeveld

Chairman of the Remuneration Committee

22 May 2012

Remuneration Committee

In this section we give details of the composition and activities of the Remuneration Committee.

The Remuneration Committee is comprised to exercise independent judgement and consists only of the following independent non-executive directors:

Chairman	Luc Vandeveldde
Committee members	Renee James (from 24 July 2012)
	Samuel Jonah
	Anthony Watson (until 24 July 2012)
	Philip Yea

The Remuneration Committee regularly consults with the Chief Executive and the Group HR Director on various matters relating to the appropriateness of awards for executive directors and senior executives, though they are not present when their own compensation is discussed. In addition, the Group Reward and Policy Director provides a perspective on information provided to the Committee, and requests information and analyses from external advisors as required. The Deputy Group Company Secretary advises the Committee on corporate governance guidelines and acts as secretary to the Committee.

External advisors

PricewaterhouseCoopers LLP ('pwc')

pwc were appointed by the Remuneration Committee in 2007. During the year they provided advice on market practice, governance, performance analysis and plan design. pwc also provide a range of services to Vodafone globally including international mobility, tax, technology, finance, operations and compliance.

As noted in his biographical details on page 62 of this annual report, Philip Yea sits on an advisory board for pwc. In light of their role as advisor to the Remuneration Committee on remuneration matters, the Committee continue to consider this position and have determined that there is no conflict or potential conflict arising.

Towers Watson

Towers Watson were appointed by the Remuneration Committee in 2007. During the year they provided the Committee with market data on executive rewards. They also provide pensions and benefit administration, and reward consultancy services to the company.

Meetings

The Remuneration Committee had five meetings during the year. The principal agenda items were as follows:

- a review of the total compensation packages of the executive directors and the most senior management of the company;
- approval of the 2012 Global Short-Term Incentive bonus ('GSTIP') framework and targets;
- approval of the GSTIP payout for the 2011 performance period;
- a review of the design of the Global Long-Term Incentive plan ('GLTI') as well as setting the framework and target levels for the 2012 grant;
- approval of the July 2008 GLTI vesting levels;
- approval of the granting of share awards to other levels of management;
- a review of the directors' remuneration report;
- a review of the share ownership targets within the company;
- a review of the UK corporate governance environment, the implications for Vodafone and our response to Government consultations on executive remuneration;
- a risk assessment of the design of incentive plans; and
- a review of the Chairman's fees.

On an annual basis, the Committee's effectiveness is reviewed as part of the evaluation of the Board.

Directors' remuneration (continued)

Summary of remuneration for the 2012 financial year

In this section we summarise the pay packages awarded to our executive directors for performance in the 2012 financial year versus 2011. Specifically we have provided a table that shows all remuneration that was received by the individual during the year. In response to the debate on simplifying remuneration disclosure we have included a single total remuneration value for the year. Although there are some technical difficulties in arriving at a single value, particularly concerning the timing and valuation of awards which may not be aligned with the financial year end, we have attempted to provide the data in a logical format along with accompanying explanatory notes. Specifically we have included the value of the short-term incentive ('GSTIP') that was earned during the year but paid out in the following year and the value of long-term incentive ('GLTI') that vested and paid out during the year. For completeness the GLTI that vests in the following year has also been included in a separate table below although in the case of the award vesting in June 2012, the value can only be estimated at this stage.

Total remuneration for the 2012 financial year

	2012 £'000	Vittorio Colao 2011 £'000	2012 £'000	Andy Halford 2011 £'000	2012 £'000	Michel Combes 2011 £'000	2012 £'000	Stephen Pusey 2011 £'000
Salary/fees	1,099	1,043	700	694	785	763	569	538
GSTIP	1,037	1,323	654	869	728	745	537	683
GLTI vesting during the year ¹	3,745	590	2,289	451	1,776	–	758	186
Cash in lieu of GLTI dividends ²	545	92	333	70	326	–	110	29
Cash in lieu of pension	330	313	210	208	236	229	171	161
Benefits /other ³	24	55	30	27	25	22	21	31
Total	6,780	3,416	4,216	2,319	3,876	1,759	2,166	1,628

Notes:

- The value shown in the 2012 column is for the award which vested on 29 July 2011 and is valued using the closing share price on that day of 171.7 pence; the value shown in the 2011 column is for the award which vested on 24 July 2010 using the closing share price on the first trading day after the award vested (26 July 2010) of 151.5 pence. Michel Combes' award did not vest until 12 February 2012 and is valued using the closing share price on that day of 174.5 pence.
- Under the GLTI rules, participants receive a cash award equivalent to any dividends that would have been paid on the matching shares during the performance period.
- Includes amounts in respect of cost of living allowance, private healthcare and car allowance.

GLTI awards with a performance period ending on the 31 March of the year under review but that do not vest until the following financial year¹:

	2012	Vittorio Colao 2011	2012	Andy Halford 2011	2012	Michel Combes 2011	2012	Stephen Pusey 2011
GLTI base shares	4,564,995	1,262,735	2,524,934	698,428	2,771,771	792,473	1,872,818	288,292
GLTI matching shares	1,817,866	918,353	1,676,756	634,935	533,854	225,497	510,879	153,258
Total value of GLTI awards £'000	10,991	3,745	7,235	2,289	5,692	1,776	4,105	758

- Note:
- The awards summarised in this table represent those that vested after the close of the financial year, but are based on the three-year performance period ended at 31 March 2012 for the awards shown in the 2012 column, and 31 March 2011 for the awards shown in the 2011 column. The awards listed under 2012 will not vest until 30 June 2012. We valued the award using a closing share price on 31 March 2012 of 172.2 pence, however, the final award value will not be certain until the award vests.

In light of the high value of the award that will vest in June, Vittorio Colao has committed to hold 100% of the shares that vest (net of those sold to cover tax) for an additional two years. Similarly the other executive directors have all agreed to hold 50% (net of those sold to cover tax) for the same period.

Below we summarise our performance over the financial year, and three-year performance period ended 31 March 2012, which resulted in the remuneration disclosed in the above tables.

Details of the GSTIP payout

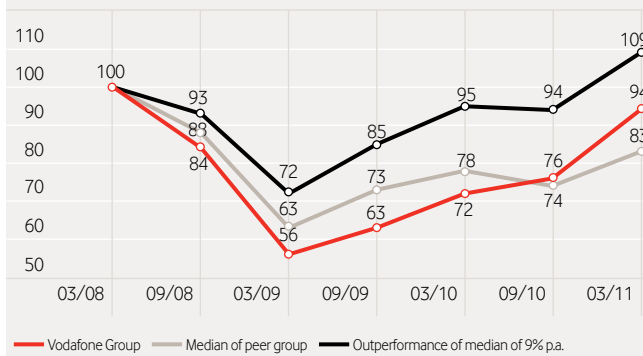
In the table below we describe our achievement against each of the performance measures in our annual bonus plan ('GSTIP') and the resulting total incentive payout level for the year ended 31 March 2012 of 93.4%. Vittorio Colao, Andy Halford and Stephen Pusey were measured purely on Group performance whilst Michel Combes was measured on a combination of Group and Europe region performance. The corresponding total incentive payout for Michel Combes was 92.1%. Details of how this works can be found on page 79.

Performance measure	Payout at target performance 100%	Payout at maximum performance 200%	Actual payout	Commentary
Service revenue	25%	50%	25.8%	Organic service revenue up 1.5% in the year.
EBITDA	25%	50%	24.8%	In-line with market guidance for the year.
Adjusted free cash flow	20%	40%	8.5%	Within the range of market guidance.
Competitive performance assessment	30%	60%	34.3%	Outperformance of key competitors in most markets. Ranked first or second for net promoter score in over 70% of our markets.
Total incentive payout level	100%	200%	93.4%	

Details of the GLTI vesting in July 2011

Adjusted free cash flow for the three-year period ended on 31 March 2011 was £16.9 billion which compares with a target of £17.5 billion and a maximum of £19.5 billion. The graph below shows that our TSR performance against our peer group for the same period resulted in an outperformance of the median by 3.9% a year. Using our combined payout matrix, this performance resulted in a payout of 30.6% of the maximum. These shares vested on 29 July 2011.

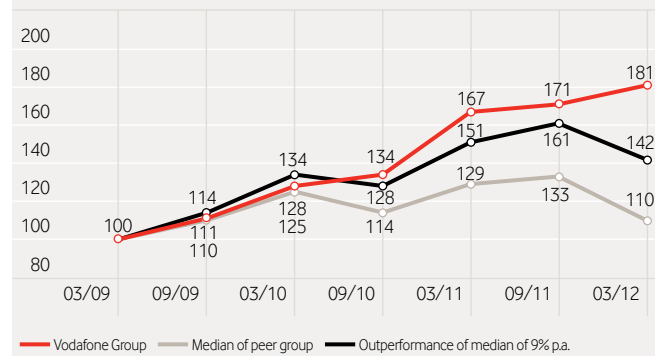
2008 GLTI award: TSR performance (growth in the value of a hypothetical \$100 holding over the performance period)



Details of the GLTI vesting in June 2012

Adjusted free cash flow for the three-year period ended on 31 March 2012 was £20.9 billion which compares with a target of £18.0 billion and a maximum of £20.5 billion. The graph below shows that our TSR performance against our peer group for the same period resulted in an outperformance of the median by 18.5% a year. Using our combined payout matrix, this performance will result in a payout of 100% of the maximum. These shares will vest on 30 June 2012.

2009 GLTI award: TSR performance (growth in the value of a hypothetical \$100 holding over the performance period)



In both cases the adjusted free cash flow performance is approved by the Remuneration Committee. The performance assessment in respect of the TSR outperformance of a peer group median is undertaken by pwc. Details of how the plan works can be found on page 79.

Summary of remuneration and performance for the 2013 financial year

In this forward-looking section we describe our reward principles along with a description of the elements of the reward package and an indication of the potential future value of this package for each of the executive directors.

Principles of reward

The principles of reward, as well as the individual elements of the reward package, are reviewed each year to ensure that they continue to support our Company strategy. These principles are set out below.

Competitive reward assessed on a total compensation basis

Vodafone wishes to provide a level of remuneration which attracts, retains and motivates executive directors of the highest calibre. Within the package there needs to be the opportunity for executive directors to achieve significant upside for truly exceptional performance. The package provided to the executive directors is reviewed annually on a total compensation basis i.e. single elements of the package are not reviewed in isolation. When the package is reviewed it is done so in the context of individual and Company performance, internal relativities, criticality of the individual to the business, experience, and the scarcity or otherwise of talent with the relevant skill set.

The principal external comparator group (which is used for reference purposes only) is made up of companies of similar size and complexity to Vodafone, and is principally representative of the European top 25 companies and a few other select companies relevant to the sector. The comparator group excludes any financial services companies. When undertaking the benchmarking process the Remuneration Committee makes assumptions that individuals will invest their own money into the long-term incentive plan. This means that individuals will need to make a significant investment in order to achieve the maximum payout.

Pay for performance

A high proportion of total reward will be awarded through short-term and long-term performance related remuneration. This is demonstrated in the charts below where we see that at target payout over 70% of the package is delivered in the form of variable pay, which rises to over 86% if maximum payout is achieved. Fixed pay comprises base salary and pension contributions, while variable pay comprises the annual bonus and the long-term incentive opportunity assuming maximum co-investment and no movement in current share price.

				■ Fixed (Base salary + Pension) ■ Variable (Bonus + LTI)	
		Fixed	Variable	Fixed	Variable
Chief Executive	Target	27.8%	72.2%	<div style="width: 27.8%; background-color: red;"></div>	<div style="width: 72.2%; background-color: grey;"></div>
	Maximum	12.5%	87.5%	<div style="width: 12.5%; background-color: red;"></div>	<div style="width: 87.5%; background-color: grey;"></div>
Other Executive Directors	Target	29.5%	70.5%	<div style="width: 29.5%; background-color: red;"></div>	<div style="width: 70.5%; background-color: grey;"></div>
	Maximum	13.5%	86.5%	<div style="width: 13.5%; background-color: red;"></div>	<div style="width: 86.5%; background-color: grey;"></div>

Directors' remuneration (continued)

Equally important as the package design is the setting of the performance targets. The Remuneration Committee consistently set stretching targets which can be seen from the following table of historic payments under both the short- and long-term plans, and ensures that maximum or near maximum payouts are only delivered for exceptional performance.

Year	GSTIP % of max	GLTI % of max
2009	49%	0%
2010	64%	25%
2011	62%	31%
2012	47%	100%

Alignment to shareholder interests

Share ownership is a key cornerstone of our reward policy and is designed to help maintain commitment over the long-term, and to ensure that the interests of our senior management team are aligned with those of shareholders. Executives are expected to build and maintain a significant shareholding in Vodafone shares as follows:

- Chief Executive – four times base salary;
- other executive directors – three times base salary;
- other Executive Committee members – two times base salary; and
- senior leadership team members (227 members) – one times base salary.

In all cases executives have been given five years to achieve these goals.

Current levels of ownership, and the date by which the goal should be achieved, are as shown below. These values do not include the value of the shares that will vest in June but which the directors have committed to hold for the next two years.

	Goal as a % of salary	Current % of salary held ¹	% of goal achieved	Value of shareholding (£m) ¹	Date for goal to be achieved
Vittorio Colao	400%	581%	145%	6.5	July 2012
Andy Halford	300%	653%	218%	4.6	July 2010
Michel Combes	300%	301%	100%	2.4	June 2014
Stephen Pusey	300%	263%	88%	1.5	June 2014

Note:

¹ Based on a share price at 31 March 2012 of 172.2 pence and includes the post tax value of any unexercised options.

Collectively the Executive Committee including the executive directors own 13 million Vodafone shares, with a value of £22 million at 31 March 2012.

Incentive targets linked to business strategy

When designing our incentives, performance measures are chosen that support our strategic objectives as shown below:

Strategic objectives	Supported by
Aiming to deliver organic service revenue growth of 1 – 4% a year until the year ended 31 March 2014, focusing on key areas of growth potential: mobile data, emerging markets, enterprise, total communications and new services.	Revenue and relative performance targets in the GSTIP.
Delivering value and efficiency from scale – continuing to drive benefit from the Group's scale advantage and maintain our focus on cost.	EBITDA, adjusted free cash flow and relative performance targets in the GSTIP.
Generate liquidity or free cash flow from non-controlled interests – aim to seek to maximise the value of non-controlled interests through generating liquidity or increasing free cash flow in order to fund profitable investments and enhance shareholders returns.	The use of TSR as a performance measure in GLTI as well as the value of the underlying shares.
Apply rigorous capital discipline to investment decisions – continuing to apply capital discipline to our investment decisions through rigorous commercial analysis and demanding investment criteria to ensure any investment in existing businesses or acquisitions will enhance value for shareholders.	Adjusted free cash flow targets in both the GSTIP and GLTI as well as the TSR target in the GLTI.

Assessment of risk

Vodafone seeks to provide a structure of rewards that encourages acceptable risk taking and high performance through optimal pay mix, performance metrics and calibration, and timing. With that said, it is prudent practice to ensure that our reward programmes achieve this and do not encourage excessive or inappropriate risk taking. On a regular basis, the Remuneration Committee has considered the risk involved in the incentive schemes and is satisfied that the following design elements and governance procedures mitigate the principal risks:

- the heavy weighting on long-term incentives with overlapping performance periods which reward sustained performance;
- the proportionately higher incentive opportunity paid in shares rather than in cash;
- the need for a significant annual investment in company shares in order to fully participate in the long-term arrangements;
- the considerable weighting on non-financial measures in the short-term plan which provides an external perspective on our performance by focusing on customer satisfaction and performance relative to our competitors;
- the fact that executives do not participate in sales commission or uncapped incentive schemes; and
- the fact that the Committee has the ability to exercise discretion in determining the outcome of awards paid out or vesting.

The Remuneration Committee will continue to consider the risks involved in the incentive plans on an ongoing basis.

The remuneration package

The table below summarises the main components of the reward package for executive directors.

	Objective and practice	Performance period	Award size and performance conditions
Base salary	<ul style="list-style-type: none"> → To attract and retain the best talent. → Base salaries are reviewed annually and set on 1 July. 	n/a	<ul style="list-style-type: none"> → Salaries are reviewed against: <ul style="list-style-type: none"> → level of skill, experience and scope of responsibilities of individual and business performance, economic climate and market conditions; and → European peer group of comparably sized companies and other telecom businesses.
Benefits	<ul style="list-style-type: none"> → To aid retention and remain competitive within the market place. 	n/a	<ul style="list-style-type: none"> → Executive directors may choose to participate in the defined contribution pension scheme or to receive a cash allowance in lieu of pension. The cash payment or pension contribution is equal to 30% of annual gross salary. From 6 April 2011 contributions into the defined contribution pension scheme were restricted to £50,000 per annum. Any residual of the 30% pension benefit is delivered as a cash allowance. → Company car or cash allowance worth £19,200 per annum. → Private medical insurance. → Chauffeur services, where appropriate, to assist with their role.
Global Short-Term Incentive Plan ('GSTIP')	<ul style="list-style-type: none"> → To motivate employees and incentivise delivery of performance over the one-year operating cycle. → Bonus levels and the appropriateness of measures and weightings are reviewed annually to ensure they continue to support our strategy. → The annual bonus is paid in cash in June each year for performance over the previous financial year. 	1 year	<ul style="list-style-type: none"> → Performance over the financial year is measured against stretching financial and non-financial performance targets set at the start of the financial year. → Summary of the plan: <ul style="list-style-type: none"> → service revenue (25%); → EBITDA (25%); → adjusted free cash flow (20%); and → competitive performance assessment (30%). → Bonuses can range from 0 – 200% of base salary, with 100% paid for on-target performance. Maximum is only paid out for exceptional performance.
Global Long-Term Incentive Plan ('GLTI') base awards	<ul style="list-style-type: none"> → To motivate and incentivise delivery of sustained performance over the long-term. → Award levels and the framework for determining vesting are reviewed annually to ensure they continue to support our strategy. → Long-term incentive base awards consist of performance shares which are granted each year in June/July and vest three years later based on Group operational and external performance. 	3 years	<ul style="list-style-type: none"> → Performance over three financial years is measured against stretching targets set at the beginning of the performance period. → Vesting is determined based on a matrix of two measures: <ul style="list-style-type: none"> → adjusted free cash flow as our operational performance measure; and → relative TSR as our external performance measure. → Awards vest to the extent performance conditions are satisfied, three years from grant. An additional cash payment in lieu of dividends is also paid at vesting. → The Chief Executive's base award will have a target face value of 137.5% of base salary. The base award for the other executive directors will have a target face value of 110% of base salary. → Minimum vesting is zero times and maximum vesting is three times the base award level.
Global Long-Term Incentive Plan ('GLTI') co-investment matching awards	<ul style="list-style-type: none"> → To support and encourage greater shareholder alignment through a high level of personal financial commitment. → Individuals may purchase Vodafone shares and hold them in trust for three years in order to receive additional performance shares in the form of a GLTI matching award. → GLTI matching awards are granted each year in June/July in line with the investment made and vest three years later based on Group operational and external performance. 	3 years	<ul style="list-style-type: none"> → GLTI matching awards are subject to the same performance conditions as the main GLTI award and also receive an additional cash payment in lieu of dividends. → Executive directors can co-invest up to their annual gross salary. → Matching awards will be granted on a one-for-one basis at target performance. → Minimum vesting is zero times and maximum vesting is three times the target award level.

Directors' remuneration (continued)

Base pay

The Remuneration Committee considers the remuneration increases for the different groups of employees across all of our local markets and other relevant factors when assessing the pay of the executive directors. During its regular review of total compensation in March 2012, the Remuneration Committee decided not to award salary increases to the executive directors. Base salary levels will therefore remain unchanged from 1 July 2011.

	Base pay £'000
Vittorio Colao	1,110
Andy Halford	700
Michel Combes	790
Stephen Pusey	575

It should be noted that the average increase for Group employees based in the UK was 2.5% to 3.0%.

GSTIP

The Remuneration Committee has reviewed the GSTIP and decided that no design changes were necessary for the coming year.

GLTI

As mentioned earlier, given concerns about the public acceptability of highly leveraged pay packages and their influence on risk taking behaviour, the Committee reduced the maximum leverage on the share awards to Executive Committee members from four times target to a maximum of three times target. Otherwise, the structure of both the base award and matching award, which will be granted in the 2013 financial year, will remain broadly unchanged from the awards granted in the 2012 financial year. The extent to which awards vest will continue to depend on two performance conditions:

- underlying operational performance as measured by adjusted free cash flow; and
- relative TSR against a peer group median.

Adjusted free cash flow

The free cash flow performance is based on a three year cumulative adjusted free cash flow figure. The definition of adjusted free cash flow is free cash flow excluding:

- Verizon Wireless income dividends;
- the impact of any mergers, acquisitions and disposals;
- certain material one-off tax settlements; and
- foreign exchange rate movements over the performance period.

The cumulative adjusted free cash flow target and range for awards in the 2013, 2012, 2011 and 2010 financial years are shown in the table below:

Performance	Vesting percentage 2013	2013 £bn	Vesting percentage 2010-2012	2012	2011	2010
				£bn	£bn	£bn
Threshold	50%	15.4	50%	16.70	18.00	15.50
Target	100%	17.9	100%	19.20	20.50	18.00
Maximum	150%	20.4	200%	21.70	23.00	20.50

The target adjusted free cash flow level is set by reference to the Company's three year plan and market expectations. The Remuneration Committee considers the targets to be critical to the Company's long-term success and its ability to maximise shareholder value, and to be in line with the strategic goals of the Company. The Remuneration Committee also considers these targets to be sufficiently demanding with significant stretch where only outstanding performance will be rewarded with a maximum payout. It is worth noting that the targets for the award granted in the 2013 year are lower than those set for the 2012 financial year to reflect differing exchange rates, and the loss of dividend streams from the sale of SFR and China Mobile Limited.

TSR outperformance of a peer group median

We have a limited number of appropriate peers and this makes the measurement of a relative ranking system volatile. As such, the outperformance of the median of a peer group is felt to be the most appropriate TSR measure. The peer group for the performance condition for the 2013, 2012, 2011 and 2010 financial years is:

- BT Group;
- Deutsche Telekom;
- France Telecom;
- Telecom Italia;
- Telefonica; and
- Emerging market composite (consists of the average TSR performance of Bharti, MTN and Turkcell).

For awards made in the 2013, 2012, 2011 and 2010 financial years the relative TSR position will determine the performance multiplier. This will be applied to the adjusted free cash flow vesting percentage. There will be no multiplier until TSR performance exceeds median. Above median, the following table will apply (with linear interpolation between points):

	Outperformance of peer group median	Multiplier
Median	0.0% p.a.	No increase
65th percentile	4.5% p.a.	1.5 times
80th percentile (upper quintile)	9.0% p.a.	2.0 times

Combined vesting matrix

The combination of the two performance measures for the award granted in the 2013 financial year gives a combined vesting matrix as follows:

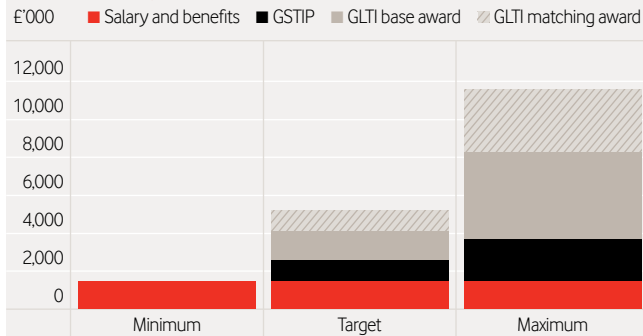
Adjusted free cash flow measure	TSR performance		
	Up to median	65th	80th
Threshold	50%	75%	100%
Target	100%	150%	200%
Maximum	150%	225%	300%

The combined vesting percentages are applied to the target number of shares granted.

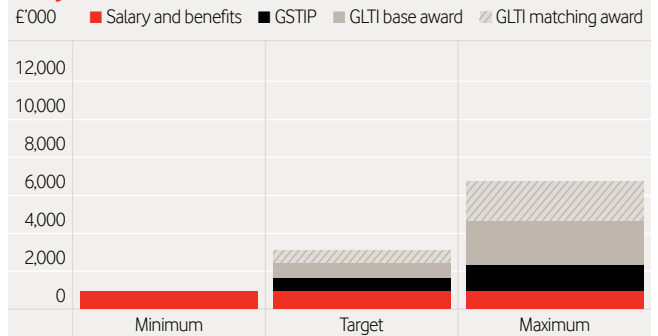
Estimates of total future potential remuneration from 2013 pay packages

The tables below provide estimates of the potential future remuneration for each of the executive directors based on the remuneration opportunity granted in the 2013 financial year. Potential outcomes based on different performance scenarios are provided for each executive director.

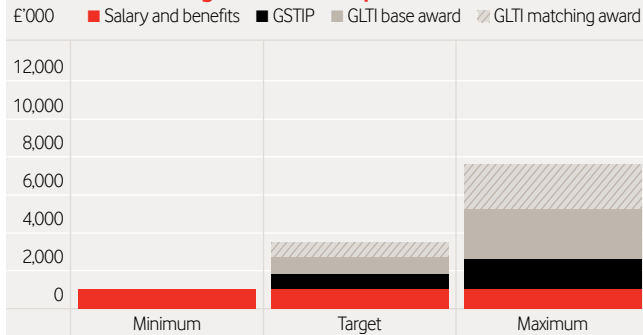
Vittorio Colao, Chief Executive



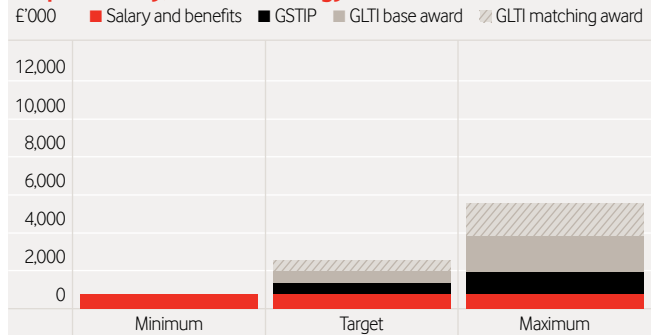
Andy Halford, Chief Financial Officer



Michel Combes, Regional CEO Europe



Stephen Pusey, Chief Technology Officer



The assumptions underlying each scenario are described below.

All scenarios

- Other benefits reflect those which were paid in the year to 31 March 2012, plus pension.
- Each executive is assumed to co-invest the maximum allowed under the GLTI, 100% of salary, and the GLTI matching award reflects this.
- The amounts shown for the GSTIP and GLTI are based on the salary disclosed on page 80. The actual amounts for the GLTI will be based on the share price on the date the award vests in 2015. They do not include an estimate of dividend equivalents which accumulate on the vested shares and are paid in cash to the executive after the award vests.

Below threshold

- No pay for performance is payable.

Target

- The target award opportunity for the GSTIP is 100% of base salary.
- The target levels of performance for the GLTI are discussed in detail on page 80. We assumed that TSR performance was at median.

Maximum

- Two times the target award opportunity is payable under the GSTIP.
- The maximum levels of performance for the GLTI are discussed in detail on page 80. We assumed that TSR performance was at or above the 80th percentile.

Directors' remuneration (continued)

Other considerations

In this section we include all other disclosures that are currently required by statute or good practice guidelines.

Cascade to senior management

The principles of the reward policy for executive directors are cascaded, where appropriate, to the other members of the Executive Committee as set out below.

Cascade of policy to Executive Committee – 2012 financial year

Total remuneration and base salary

Methodology consistent with the executive directors.

Annual bonus

The annual bonus is based on the same measures. For some individuals these are measured within a region rather than across the whole Group.

Long-term incentive

The long-term incentive is consistent with the executive directors including the opportunity to invest in the GLTI to receive matching awards. In addition, Executive Committee members have a share ownership requirement of two times base salary.

Service contracts of executive directors

The Remuneration Committee has determined that after an initial term of up to two years' duration executive directors' contracts should thereafter have rolling terms and be terminable on no more than 12 months notice.

The table below summarises the key elements of their service contract:

Provision	Detailed items
Notice period	12 months
Retirement date	Normal retirement date
Termination payment	Up to 12 months salary Bonus paid up to termination day
Remuneration	Entitlements under incentive plans and benefits that are consistent with the terms of such plans Salary, pension and benefits Company car or cash allowance Participation in the GSTIP, GLTI and the employee share schemes
Non-competition	During employment and for 12 months thereafter

	Date of service agreement
Vittorio Colao	27 May 2008
Andy Halford	20 May 2005
Michel Combes	1 June 2009
Stephen Pusey	1 June 2009

Additionally, all of the Company's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control to the extent that any performance condition has been satisfied. The Remuneration Committee may also decide that the extent to which an award will vest will be further reduced pro-rata to reflect the acceleration of vesting.

Fees retained for external non-executive directorships

Executive directors may hold positions in other companies as non-executive directors. Michel Combes was the only executive director with such positions held at Assystem SA and ISS Group, and in accordance with Group policy he retained fees for the year of €24,545 from Assystem SA and DKK 407,292 from ISS Group (€66,112 in total).

All-employee share plans

The executive directors are also eligible to participate in the all-employee plans.

Summary of plans

Sharesave

The Vodafone Group 2008 Sharesave Plan is an HM Revenue & Customs ('HMRC') approved scheme open to all staff permanently employed by a Vodafone Company in the UK as of the eligibility date. Options under the plan are granted at up to a 20% discount to market value. Executive directors' participation is included in the option table on page 85.

Share Incentive Plan

The Vodafone Share Incentive Plan is an HMRC approved plan open to all staff permanently employed by a Vodafone Company in the UK. Participants may contribute up to a maximum of £125 per month (or 5% of salary if less) which the trustee of the plan uses to buy shares on their behalf. An equivalent number of shares are purchased with contributions from the employing company. UK-based executive directors are eligible to participate.

Dilution

All awards are made under plans that incorporate dilution limits as set out in the guidelines for share incentive schemes published by the Association of British Insurers. The current estimated dilution from subsisting executive awards is approximately 3.1% of the Company's share capital at 31 March 2012 (3.1% at 31 March 2011), whilst from all employee share awards it is approximately 0.3% (0.3% at 31 March 2011). This gives a total dilution of 3.4% (3.4% at 31 March 2011).

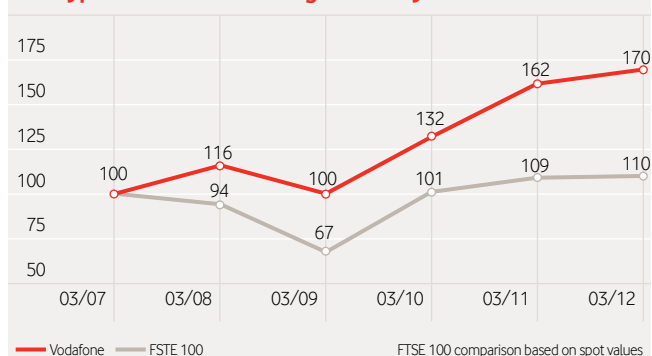
Funding

A mixture of newly issued shares, treasury shares and shares purchased in the market by the employee benefit trust are used to satisfy share-based awards. This policy is kept under review.

TSR performance

The following chart is included in order to be compliant with the requirements of the large and medium sized companies and Groups (Accounts and Reports) Regulations 2008. Data was provided by FTSE and DataStream and shows performance of the Company relative to the FTSE 100 index over a five year period, of which we were a constituent throughout the year. It should be noted that the payout from the long-term incentive plan is based on the TSR performance shown in the graph on page 77 and not on the graph below.

Five year historical TSR performance growth in the value of a hypothetical £100 holding over five years



Audited information for executive directors

Remuneration for the year ended 31 March 2012

This table¹ shows the remuneration of the executive directors during the year in the currently prescribed format. The table on page 76 includes a value for GLTI payments. All other numbers are identical.

	Vittorio Colao		Andy Halford		Michel Combes		Stephen Pusey	
	2012	2011	2012	2011	2012	2011	2012	2011
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salary/fees	1,099	1,043	700	694	785	763	569	538
GSTIP ²	1,037	1,323	654	869	728	745	537	683
Cash in lieu of GLTI dividends	545	92	333	70	326	–	110	29
Cash in lieu of pension	330	313	210	208	236	229	171	161
Benefits /other ³	24	55	30	27	25	22	21	31
Total	3,035	2,826	1,927	1,868	2,100	1,759	1,408	1,442

Notes:

- The information in this table is audited.
- Payments are made in June following the end of the financial year.
- Includes amounts in respect of cost of living allowance, private healthcare and car allowance.

The aggregate remuneration we paid to our Executive Committee (other than our executive directors) for services for the year ended 31 March 2012 is set out below.

	2012	2011
	£'000	£'000
Salaries/fees	2,822	3,151
GSTIP ¹	2,758	4,081
Cash in lieu of GLTI dividends	490	89
Cash in lieu of pension	747	456
Benefits/other	169	799
Total	6,986	8,576

Note:

- Comprises the incentive scheme information for the Executive Committee members on an equivalent basis to that disclosed for executive directors at the beginning of the report. Details of share incentives awarded to directors and other members of the Executive Committee are included in footnotes to "Directors' interests in the shares of the Company – Long-term incentives" on page 84.

Pensions

Vittorio Colao, Andy Halford, Michel Combes and Stephen Pusey take a cash allowance of 30% of base salary in lieu of pension contributions.

The Executive Committee, including the executive directors, are provided benefits in the event of death in service. They also have an entitlement under a long-term disability plan from which two-thirds of base salary, up to a maximum benefit determined by the insurer, would be provided until normal retirement date.

Pension benefits earned by the director in the year ended 31 March 2012 were:

	Total accrued benefit at 31 March 2012 ¹	Change in accrued benefit over the year ¹	Transfer value at 31 March 2011 ²	Transfer value at 31 March 2012 ²	Change in transfer value over year less member contributions	Change in accrued benefit in excess of inflation ³	Transfer value of change in accrued benefit net of member contributions	Employer allocation/contribution to defined contribution plans
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Andy Halford	18.7	0.9	701.2	846.9	145.7	(0.1)	(4.8)	–

Notes:

- Andy Halford took the opportunity to take early retirement from the pension scheme due to the closure of the scheme on 31 March 2010 (aged 51 years). In accordance with the scheme rules, his accrued pension at this date was reduced with an early retirement factor for four years to reflect the fact that his pension is being paid before age 55 and is therefore expected to be paid out for a longer period of time. In addition, Andy Halford exchanged part of his early retirement pension at 31 March 2010 for a tax-free cash lump sum of £118,660. The pension in payment at 31 March 2010 was £17,800 per year, and this increased on 1 April 2011 by 5%, in line with the scheme rules, to £18,700 per year and remained so at 31 March 2012, as shown above. No member contributions are payable as Andy Halford is in receipt of his pension.
- The transfer value at 31 March 2012 has been calculated on the basis and methodology set by the trustees after taking actuarial advice, as set out in the papers entitled "Calculation of cash equivalent transfer values" dated January 2011 and "Sex-specific actuarial factor" dated March 2011. No director elected to pay additional voluntary contributions. The transfer value disclosed above does not represent a sum paid or payable to the individual director. Instead it represents a potential liability of the pension scheme.
- Inflation has been taken as the increase in the retail price index over the year to 30 September 2011.

In respect of the Executive Committee, the Group has made aggregate contributions of £100,000 (2011: £508,600) into defined contribution pension schemes.

Directors' remuneration (continued)

Directors' interests in the shares of the Company – long-term incentives

Performance shares

GLTI conditional share awards granted to executive directors for the relevant financial years are shown below. It is important to note that the figures shown in the first two columns represent the maximum amount which could vest at the end of the relevant three year performance period. In order to participate in these plans, executives have had to invest personal shares with a combined value of: £3,342,473 (Vittorio Colao); £2,035,516 (Andy Halford); £1,118,582 (Michel Combes); and £762,856 (Stephen Pusey). The total value is calculated using the closing mid-market share price on 31 March 2012 of 172.2 pence.

	Total interest in performance shares at 1 April 2011 or date of appointment	Shares conditionally awarded during the 2012 financial year ¹	Shares forfeited during the 2012 financial year ²	Shares vested during the 2012 financial year ²	Total interest in performance shares at 31 March 2012	Total value	Market price at date awards granted	Vesting date
	Number of shares	Number of shares	Number of shares	Number of shares	Number of shares	£'000	Pence	
Vittorio Colao								
2008 – Base award	4,126,587	–	(2,863,852)	(1,262,735)	–	–	129.95	Jul 2011
2008 – Match award	3,001,154	–	(2,082,801)	(918,353)	–	–	129.95	Jul 2011
2009 – Base award	4,564,995	–	–	–	4,564,995	7,861	117.47	Jun 2012
2009 – Match award	1,817,866	–	–	–	1,817,866	3,130	117.47	Jun 2012
2010 – Base award	4,097,873	–	–	–	4,097,873	7,057	142.94	Jun 2013
2010 – Match award	2,980,271	–	–	–	2,980,271	5,132	142.94	Jun 2013
2011 – Base award	–	3,740,808	–	–	3,740,808	6,442	163.20	Jun 2014
2011 – Match award	–	2,720,588	–	–	2,720,588	4,685	163.20	Jun 2014
Total	20,588,746	6,461,396	(4,946,653)	(2,181,088)	19,922,401	34,307		
Andy Halford								
2008 – Base award	2,282,447	–	(1,584,019)	(698,428)	–	–	129.95	Jul 2011
2008 – Match award	2,074,952	–	(1,440,017)	(634,935)	–	–	129.95	Jul 2011
2009 – Base award	2,524,934	–	–	–	2,524,934	4,348	117.47	Jun 2012
2009 – Match award	1,676,756	–	–	–	1,676,756	2,887	117.47	Jun 2012
2010 – Base award	2,154,750	–	–	–	2,154,750	3,710	142.94	Jun 2013
2010 – Match award	1,958,863	–	–	–	1,958,863	3,373	142.94	Jun 2013
2011 – Base award	–	1,887,254	–	–	1,887,254	3,250	163.20	Jun 2014
2011 – Match award	–	756,036	–	–	756,036	1,302	163.20	Jun 2014
Total	12,672,702	2,643,290	(3,024,036)	(1,333,363)	10,958,593	18,870		
Michel Combes								
2008 – Base award	2,589,782	–	(1,797,309)	(792,473)	–	–	129.95	Feb 2012
2008 – Match award	736,919	–	(511,422)	(225,497)	–	–	129.95	Feb 2012
2009 – Base award	2,771,771	–	–	–	2,771,771	4,773	117.47	Jun 2012
2009 – Match award	533,854	–	–	–	533,854	919	117.47	Jun 2012
2010 – Base award	2,370,225	–	–	–	2,370,225	4,082	142.94	Jun 2013
2010 – Match award	1,144,116	–	–	–	1,144,116	1,970	142.94	Jun 2013
2011 – Base award	–	2,129,901	–	–	2,129,901	3,668	163.20	Jun 2014
2011 – Match award	–	876,531	–	–	876,531	1,509	163.20	Jun 2014
Total	10,146,667	3,006,432	(2,308,731)	(1,017,970)	9,826,398	16,921		
Stephen Pusey								
2008 – Base award	942,132	–	(653,840)	(288,292)	–	–	129.95	Jul 2011
2008 – Match award	500,844	–	(347,586)	(153,258)	–	–	129.95	Jul 2011
2009 – Base award	1,872,818	–	–	–	1,872,818	3,225	117.47	Jun 2012
2009 – Match award	510,879	–	–	–	510,879	880	117.47	Jun 2012
2010 – Base award	1,693,018	–	–	–	1,693,018	2,915	142.94	Jun 2013
2010 – Match award	571,097	–	–	–	571,097	983	142.94	Jun 2013
2011 – Base award	–	1,550,245	–	–	1,550,245	2,670	163.20	Jun 2014
2011 – Match award	–	612,745	–	–	612,745	1,055	163.20	Jun 2014
Total	6,090,788	2,162,990	(1,001,426)	(441,550)	6,810,802	11,728		

Notes:

1 The awards were granted during the year under the Vodafone GIP using the closing share price on the day before the grant which was 163.2 pence. These awards have a performance period running from 1 April 2011 to 31 March 2014. The performance conditions are a matrix of adjusted free cash flow performance and relative TSR. The vesting date will be in June 2014.

2 Shares granted on 29 July 2008 vested on 29 July 2011. The performance conditions on these awards were a matrix of adjusted free cash flow performance and relative TSR, and the resulting vesting was 30.6% of maximum. The share price on the vesting date was 171.7 pence.

The aggregate number of shares conditionally awarded during the year to the Executive Committee, other than the executive directors, was 10,865,023 shares. The performance and vesting conditions on the shares awarded in the year are based on a matrix of adjusted free cash flow performance and relative TSR.

Share options

No share options have been granted to directors during the year. The following information summarises the executive directors' options under the Vodafone Group 2008 Sharesave Plan ('SAYE'), the Vodafone Group Plc 1999 Long-Term Stock Incentive Plan ('LTSIP') and the Vodafone Global Incentive Plan ('GIP'). HMRC approved awards may be made under all of the schemes mentioned. No other directors have options under any of these schemes.

Options under the Vodafone Group 2008 Sharesave Plan were granted at a discount of 20% to the market value of the shares at the time of the grant. No other options may be granted at a discount.

	Grant date	At 1 April 2011 or date of appointment Number of shares	Options granted during the 2012 financial year Number of shares	Options exercised during the 2012 financial year Number of shares	Options lapsed during the 2012 financial year Number of shares	Options held at 31 March 2012 Number of shares	Option price Pence ¹	Date from which exercisable	Expiry date	Market price on exercise Pence
Vittorio Colao										
GIP	Nov 2006	3,472,975	–	–	–	3,472,975	135.50	Nov 2009	Nov 2016	–
GIP ²	Jul 2007	3,003,575	–	–	–	3,003,575	167.80	Jul 2010	Jul 2017	–
SAYE	Jul 2009	16,568	–	–	–	16,568	93.85	Sep 2014	Feb 2015	–
Total		6,493,118	–	–	–	6,493,118				
Andy Halford										
LTSIP	Jul 2001	152,400	–	(152,400)	–	–	151.56	Jul 2004	Jul 2011	163.3
LTSIP	Jul 2005	1,291,326	–	–	–	1,291,326	145.25	Jul 2008	Jul 2015	–
GIP ²	Jul 2007	2,295,589	–	–	–	2,295,589	167.80	Jul 2010	Jul 2017	–
SAYE	Jul 2009	9,669	–	–	–	9,669	93.85	Sep 2012	Feb 2013	–
Total		3,748,984	–	(152,400)	–	3,596,584				
Michel Combes										
SAYE	Jul 2009	9,669	–	–	–	9,669	93.85	Sep 2012	Feb 2013	–
Total		9,669	–	–	–	9,669				
Stephen Pusey										
GIP	Sep 2006	1,034,259	–	–	–	1,034,259	113.75	Sep 2009	Aug 2016	–
GIP ²	Jul 2007	947,556	–	–	–	947,556	167.80	Jul 2010	Jul 2017	–
SAYE	Jul 2009	9,669	–	–	–	9,669	93.85	Sep 2012	Feb 2013	–
Total		1,991,484	–	–	–	1,991,484				

Notes:

1 The closing mid-market share price on 31 March 2012 was 172.2 pence. The highest mid-market share price during the year was 183.9 pence and the lowest price was 154.0 pence.

2 The performance condition on these options is a three year cumulative growth in adjusted earnings per share. The options vested at 100% on 24 July 2010.

Non-executive directors' remuneration

The remuneration of non-executive directors is reviewed annually by the Chairman following consultation with the Remuneration Committee Chairman. Our policy is to pay competitively for the role including consideration of the time commitment required. In this regard, the fees are benchmarked against a comparator group of the FTSE 15 companies. Following the 2012 review there will be no increases to the fees of non-executive directors.

Position/role	Fee payable (€'000) From 1 April 2012
Chairman ¹	600
Deputy Chairman	175
Non-executive director	115
Chairmanship of Audit and Risk Committee	25
Chairmanship of Remuneration Committee	25

Note:

1 The Chairman's fee also includes the fee for the Chairmanship of the Nominations and Governance Committee.

In addition, an allowance of €6,000 is payable each time a non-Europe based non-executive director is required to travel to attend Board and committee meetings to reflect the additional time commitment involved.

Details of each non-executive director's remuneration for the 2012 financial year are included in the table on page 86.

Non-executive directors do not participate in any incentive or benefit plans. The Company does not provide any contribution to their pension arrangements. The Chairman is entitled to use of a car and a driver whenever and wherever he is providing his services to or representing the Company.

Directors' remuneration (continued)

Chairman and non-executive director service contracts

Gerard Kleisterlee became Chairman on the 26 July 2011, succeeding Sir John Bond who stepped down following the AGM.

Non-executive directors, including the Deputy Chairman, are engaged on letters of appointment that set out their duties and responsibilities. The appointment of non-executive directors may be terminated without compensation. Non-executive directors are generally not expected to serve for a period exceeding nine years. For further information refer to "Nomination and Governance Committee" on page 68.

The terms and conditions of appointment of non-executive directors are available for inspection at the Company's registered office during normal business hours and at the AGM (for 15 minutes prior to the meeting and during the meeting).

	Date of letter of appointment	Date of election/re-election
John Buchanan	28 April 2003	AGM 2012
Renee James	1 January 2011	AGM 2012
Alan Jebson	7 November 2006	AGM 2012
Samuel Jonah	9 March 2009	AGM 2012
Gerard Kleisterlee	1 April 2011	AGM 2012
Nick Land	7 November 2006	AGM 2012
Anne Lauvergeon	20 September 2005	AGM 2012
Luc Vandavelde	24 June 2003	AGM 2012
Anthony Watson	6 February 2006	AGM 2012
Philip Yea	14 July 2005	AGM 2012

Audited information for non-executive directors serving during the year ended 31 March 2012

	Salary/fees		Benefits		Total	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Chairman						
Sir John Bond (retired 26 July 2011)	200	600	1	3	201	603
Gerard Kleisterlee	438	–	–	–	438	–
Deputy Chairman						
John Buchanan	175	162	–	–	175	162
Non-executive directors						
Renee James ¹	139	35	–	–	139	35
Alan Jebson ¹	145	151	–	–	145	151
Samuel Jonah ¹	139	151	–	–	139	151
Nick Land	140	140	–	–	140	140
Anne Lauvergeon	115	115	–	–	115	115
Luc Vandavelde	140	135	–	–	140	135
Anthony Watson	115	115	–	–	115	115
Philip Yea	115	115	–	–	115	115
Former non-executive directors						
Simon Murray (retired 26 July 2010)	–	38	–	–	–	38
Total	1,861	1,757	1	3	1,862	1,760

Note:

¹ Salary/fees include travel allowances.

Beneficial interests

The beneficial interests of directors and their connected persons in the ordinary shares of the Company, which includes interests in the Vodafone Share Incentive Plan, but which excludes interests in the Vodafone Group share option schemes, and the Vodafone Group short-term or long-term incentives, are shown below:

	21 May 2012	31 March 2012	1 April 2011 or date of appointment
John Buchanan	239,361	239,361	222,223
Vittorio Colao	3,354,896	3,354,896	2,307,663
Andy Halford	2,527,943	2,527,649	2,335,622
Michel Combes	1,379,398	1,379,104	670,297
Stephen Pusey	698,264	698,264	544,733
Renee James	50,000	50,000	50,000
Alan Jebson	82,340	82,340	82,340
Samuel Jonah	55,350	55,350	55,350
Gerard Kleisterlee ¹	100,000	100,000	–
Nick Land	35,000	35,000	35,000
Anne Lauvergeon	28,936	28,936	28,936
Luc Vandeveld	90,478	90,478	89,030
Anthony Watson	115,000	115,000	115,000
Philip Yea	61,249	61,249	61,249

Note:

¹ Non-executive directors appointed to the Board during the financial year are as follows: Gerard Kleisterlee 1 April 2011.

At 31 March 2012 and during the period from 1 April 2012 to 21 May 2012, no director had any interest in the shares of any subsidiary company. Other than those individuals included in the table above who were Board members at 31 March 2012, members of the Group's Executive Committee at 31 March 2012 had an aggregate beneficial interest in 4,274,128 ordinary shares of the Company. At 21 May 2012 the directors had an aggregate beneficial interest in 8,818,215 ordinary shares of the Company and the Executive Committee members had an aggregate beneficial interest in 4,274,716 ordinary shares of the Company. None of the directors or the Executive Committee members had an individual beneficial interest amounting to greater than 1% of the Company's ordinary shares.

Interests in share options of the Company

At 21 May 2012 there had been no change to the directors' interests in share options from 31 March 2012 (see page 85).

Other than those individuals included in the table above, at 21 May 2012 members of the Group's Executive Committee held options for 2,592,271 ordinary shares at prices ranging from 115.3 pence to 167.8 pence per ordinary share, with a weighted average exercise price of 162.2 pence per ordinary share exercisable at dates ranging from July 2008 to July 2017.

John Buchanan, Renee James, Alan Jebson, Samuel Jonah, Gerard Kleisterlee, Nick Land, Anne Lauvergeon, Luc Vandeveld, Anthony Watson and Philip Yea held no options at 21 May 2012.

Directors' interests in contracts

None of the current directors had a material interest in any contract of significance to which the Company or any of its subsidiaries was a party during the financial year.

Luc Vandeveld

On behalf of the Board

22 May 2012