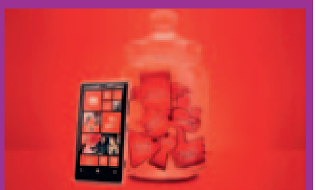
Ready to seize future growth opportunities

Even in the context of tough economic and regulatory conditions, I remain very excited about the longer term prospects for the industry, as customer appetite for high speed data grows rapidly, and companies look to embed mobility into their corporate strategies.

Summary of where we are now.

→ **Further good progress on data: organic revenue growth 13.8%*, European smartphone penetration 36%, up 9 percentage points year-on-year.**

→ **Vodafone Red now in 14 markets; 4.1 million customers as at 12 May 2013; 67% of consumer contract revenue in our European markets from integrated plans.**



→ **Unified communications strategy accelerated: acquisitions of CWW and TelstraClear; fibre deployment planned in Spain and Portugal.**

→ **£2.4 billion dividend received from VZW of which £1.5 billion is committed to share buybacks.**

Consumer 2015

Enterprise 2015

Network 2015

Operations 2015

Financial review of the year

Performance was strong in our emerging markets operations, with continued good growth in revenue and improving margins. However, the macroeconomic environment in Southern Europe has been very challenging, and European regulation continues to depress returns in the industry, rather than incentivise investment. VZW, our 45% owned associate in the US, continued to achieve strong growth in revenue, EBITDA, cash flow and market share.

Overall, I am satisfied with the progress we have made with our strategic priorities:

- → We have launched Vodafone Red, our new strategic approach to pricing and our customer proposition, in 14 markets, with very positive initial results;
- → We remain competitive in all markets, gaining or at least holding market share in most of our operations;
- → We have bought new low frequency spectrum in a number of markets, and have laid the technology platform for the rapid deployment of HSPA+ and 4G/LTE services;
- → We have accelerated the integration of CWW and TelstraClear, two fixed line businesses acquired during the year, advancing our enterprise and unified communications strategies; and
- → We have increased the ordinary dividend per share by 7% for the third year in a row, as well as buying back £1.6 billion of shares[1].

Group revenue for the year was down -1.4%* to £44.4 billion, with Group organic service revenue down -1.9%*. Data revenue (+13.8%*) and major emerging markets (India +10.7%*, Vodacom +3.0%*, Turkey +17.3%*) continued to perform strongly. Group EBITDA margin fell -0.5* percentage points, or -0.1* percentage points excluding restructuring costs, as the impact of steep revenue declines in Southern Europe offset improving margins in India and Vodacom. Group EBITDA fell -3.1%* to £13.3 billion, after restructuring costs of £310 million.

£7.9bn

invested in spectrum in the last four years, to provide 4G services and improve the quality of our networks.

10.19 pence

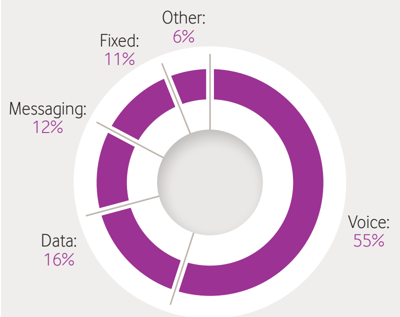
total ordinary dividends for the year, up 7% year-on-year in line with our target.

Service revenue growth 2013

It has been a difficult year in our controlled and jointly controlled operations due to tough economic and regulatory conditions particularly impacting our European business. However we continue to see good growth in key areas of data and emerging markets.

Group	-1.9%*
Data	+13.8%*
Emerging markets	+8.4%*

Service revenue by type 2013



Adjusted operating profit from controlled and jointly controlled operations, before our share of associates' profits, was £5.5 billion, down -7.0%* year-on-year, reflecting the decline in EBITDA and relatively consistent depreciation and amortisation year-on-year. Group adjusted operating profit was up 9.3%* year-on-year at £12.0 billion, above our guidance range of £11.1 billion to £11.9 billion, as a result of the strong VZW contribution, which increased 30.5%* year-on-year. Excluding M&A and restructuring costs, adjusted operating profit was £12.3 billion[2].

We recorded an accounting gain of £0.5 billion on the acquisition of CWW and impairment charges of £7.7 billion relating to our businesses in Italy and Spain. These were driven primarily by lower projected cash flows within business plans, resulting from the tougher macroeconomic environment, and partly by an increase in discount rates.

Free cash flow was £5.6 billion, or £5.8 billion[2] excluding M&A and restructuring costs, at the top of our guidance range of £5.3 billion to £5.8 billion for the year. The year-on-year decline reflected the relative strength of sterling against the euro, South African rand and Indian rupee over the course of the year, as well as tough trading conditions. In addition to the free cash flow reported above, we received an income dividend of US$3.8 billion (£2.4 billion) from VZW, and will shortly receive a further £2.1 billion which will be retained for general business purposes, including spectrum costs.

Capital additions were stable at £6.3 billion, as we continued to maintain a significant level of investment to extend our high speed mobile data coverage across our existing voice footprint. In addition, we spent £2.5 billion during the year on acquiring and renewing spectrum in a number of markets including the UK, India and the Netherlands.

Adjusted earnings per share was up 5.0% at 15.65 pence, driven by growth in adjusted operating profit and a lower share count. The Board is recommending a final dividend per share of 6.92 pence, to give total ordinary dividends per share for the year of 10.19 pence, up 7.0% year-on-year.

Northern and Central Europe

Organic service revenue in Northern and Central Europe was down -0.2%* year-on-year. Excluding the impact of regulated mobile termination rate ('MTR') cuts, service revenue was up 1.6%*. Underlying performance in the major markets of Germany, the UK and the Netherlands, while robust compared with our competitors, weakened in the second half of the year, reflecting increased competition and some macroeconomic pressure. Turkey continued to grow very well through strong execution.

Enterprise revenue grew 0.8%*, with continued growth in Germany (+3.0%*) and Turkey offsetting declines in other markets. The accelerated integration of CWW is proceeding successfully, and we expect it to deliver significant network synergies in the UK and internationally, while also boosting our enterprise business.

Data revenue was up 14.4%*, reflecting increased smartphone penetration – now 35.4% in the region, up 9.1 percentage points year-on-year – and further take-up of integrated voice, SMS and data plans. By the fourth quarter, 69.7% of consumer contract revenue in the major markets came from customers on these integrated plans. During the year we launched 4G/LTE services in Romania.

Organic EBITDA was down -2.4%* and the EBITDA margin fell -0.7* percentage points. Margin improvement in Turkey, the Netherlands and Ireland only partly offset small declines in Germany and the UK, driven by a lower top line, rising commercial costs and higher restructuring costs in Germany.

Southern Europe

Organic service revenue in Southern Europe fell -11.6%* year-on-year, as the effects of severe macroeconomic weakness were intensified by strong competition, and steep cuts to MTRs in Italy and Greece. Combined mobile and fixed offers in Spain and Portugal, from incumbents and fixed operators, made increasing inroads into the market in the second half of the year. Excluding MTR cuts, service revenue fell -8.4%*.

Data revenue was up 9.7%*, as demand for data continued to grow despite the economic and competitive pressures. Smartphone penetration increased 7.5 percentage points to 35.5%. During the year we launched 4G/LTE services in Italy, Greece and Portugal, announced a partnership with Orange in Spain to deploy fibre to six million homes over the next four years, and committed to extending our fibre network in Portugal to pass over one million homes.

Organic EBITDA fell -16.4%* and the EBITDA margin fell -2.2* percentage points, mainly as a result of the steep revenue declines across the region and restructuring costs, offset by operating cost savings. Towards the end of the year, we undertook significant redundancy programmes in Spain and Greece to reduce operating expenses.

AMAP

Organic service revenue growth in AMAP was 3.9%*, with continued growth in all of our markets apart from Australia and New Zealand. Growth in India slowed through the year, mainly as a result of increased consumer protection regulation and a more stringent customer verification process, but the competitive environment improved and we continued to gain market share. In Vodacom, continued strong underlying revenue growth in our other sub-Saharan markets offset a weaker performance in South Africa. Despite competitive pressure and the uncertain political environment, service revenue in Egypt grew 3.7%*. Australia continued to experience steep revenue declines on the back of ongoing service perception issues. During the year we launched 4G/LTE services in South Africa and New Zealand.

Organic EBITDA rose 10.3%* and the EBITDA margin increased 1.7* percentage points, with strong margin improvements in India and Vodacom offsetting a sharp decline in Australia. Ghana and Qatar also made good margin progress on strong revenue growth and market share gains. Egypt's margin improved 1.4* percentage points.

Chief Executive's review (continued)

4.1m

of our customers are on our new strategic Vodafone Red plans[3], which we first launched in the UK in September 2012.

£6.4bn

our share of VZW profits for the year, which represented 30.5%* year-on-year growth.

Verizon Wireless

VZW continued to trade very well, launching successful new price plans and making further market share gains. Organic service revenue was up 8.1%* and EBITDA was up 13.6%*. Free cash flow amounted to US$13.2 billion (£8.4 billion), and net debt at 31 March 2013 was US$6.2 billion (£4.1 billion). Our share of VZW's profits for the year amounted to £6.4 billion, up 30.5%* year-on-year.

Vodafone 2015

While the macroeconomic and regulatory environment in Europe presents significant short-term challenges, we see a number of positive developments. We expect smartphone adoption to continue to grow in all markets over the next three years, with mobile applications and low cost smartphone availability increasing in mature and emerging markets alike.

With the broad deployment of high speed data networks, both mobile and fixed, we expect customers' appetite for data to increase significantly. At the same time, the evolution of network and IT platforms should enable lower cost and more standardised approaches as we further integrate commercial and technology planning.

As a result, we believe that the long-term prospects for the mobile market are highly attractive for those that make scale, standardisation and the customer data experience fundamental to how they operate. Vodafone 2015 is our strategy to maximise this opportunity.

Consumer 2015

We are adopting a new strategic approach to consumer pricing and bundling in Europe, in order to offer customers greater freedom of usage and, at the same time, stabilise ARPU. We have launched new plans across much of our footprint, branded Vodafone Red in most markets, which incorporate unlimited voice and SMS, and generous data allowances.

As a result, we have radically simplified pricing, giving clear visibility of the cost of ownership and, enabling simplification of IT and billing. We are progressively enhancing the value proposition through the introduction of a number of additional features, including improved access to technical support, attractive roaming packages, shared data plans, early handset upgrades, storage and back-up in the cloud, and device security, to increase the breadth of service and support ARPU over time.

Already, we have 4.1 million customers on Vodafone Red plans[3] across 14 markets. The customer response has been very positive, with strong net promoter scores. Data usage on Vodafone Red plans is much higher, as is the average return on our commercial investment. As expected, we have seen some ARPU dilution, but at a lower level than planned. We aim to have ten million customers on Vodafone Red plans by March 2014.

We also see an increasing move towards residential unified communications services in some of our European markets. We expect this trend to grow, with cable operators offering MVNO services, and incumbent fixed line providers combining their domestic broadband services with mobile and TV plans. Our goal is to offer unified communications services in our major European markets, accessing next generation fixed line infrastructure through a combination of negotiated wholesale terms, deployment of our own fibre and, potentially, acquisitions. A clear regulatory framework with regard to accessing incumbent fibre infrastructure will be key.

In emerging markets, we aim to build on our success to date to become a clear leader, increasing the value of these markets to the Group through market growth, improving margins, share gains and stronger cash generation. These markets offer very attractive long-term opportunities from sustained GDP growth, the scope for widespread mobile data adoption and the fulfilment of unmet needs such as basic financial services. We aim to maximise these opportunities through superior marketing and distribution, smart data pricing, the development of low-cost smartphones and selective innovation in areas in which we can truly differentiate.

Enterprise 2015

We are strengthening our leading position in enterprise, enhancing our product offering to large and medium-sized businesses and creating a dedicated enterprise operational structure, following the market success of Vodafone Global Enterprise ('VGE') and the CWW and TelstraClear acquisitions. Enterprise now represents 27.3% of Group service revenue and we have over 32 million mobile enterprise customers accounting for around 8% of our total customer base.

VGE, serving our biggest multi-national accounts, will continue to expand its remit, driven by an increasing appetite among customers to consolidate telecoms procurement cross-border and bring mobility into the heart of their business strategies. In unified communications, we continue to develop Vodafone One Net for small- and medium-sized companies, and increasingly provide total communications services to our larger customers through the purchase of CWW. This acquisition will also allow us to develop our product offering in high growth segments, such as cloud and hosting.

In machine-to-machine ('M2M'), we intend to leverage our new business unit organisation, global technical platform and vertical sector competences to exploit the current wave of adoption of M2M solutions across many industry and service sectors.

Network 2015

Our network strategy continues to focus on supporting higher speed data in both mature and emerging markets, and delivering a consistently excellent data experience to our customers through the widespread deployment of HSPA+, LTE and high capacity backhaul. We expect to continue our consistent level of investment so that Vodafone customers can be assured of a video-standard data service across our footprint in Europe and we can successfully manage the high growth in data volumes anticipated. We aim to extend our 3G footprint at 43.2 Mbps and LTE coverage across our five major European markets to 80% and 40% respectively by March 2015.

To complement our physical infrastructure investment, we are committed to securing the best portfolio of low frequency spectrum to maintain and improve our strong market positions through the improved customer experience this will offer. During the year, we acquired spectrum in the important 800 MHz band in the UK, the Netherlands, Ireland, Romania and in the 1800 MHz band in India, taking our total spectrum investment to £7.9 billion in the last four years.

Operations 2015

Over the next three years we plan to simplify further our business model both across and within countries, eliminating legacy structures, reducing non-customer-facing costs and moving towards more standardised offerings.

This will enable us to maximise the benefits of our scale and share commercial, technical and support functions across geographies in Europe, and to speed up and co-ordinate our time to market for new propositions and services. We see a significant opportunity in unifying network and IT management across multiple markets, in further centralising and standardising procurement, and in offshoring more business functions to shared service centres of expertise. We are targeting an absolute reduction in European[4] operating expenses from these and other programmes of £0.3 billion in the 2014 financial year.

Prospects for the 2014 financial year[5]

Entering the new financial year, we continue to face stiff headwinds from regulation, competition and a tough economic environment, particularly in Europe. However, we are well positioned, with broad geographic exposure which includes attractive growth markets in India, Africa and the US, and a differentiated enterprise franchise. We benefit from a strong balance sheet and will continue our major focus on shareholder remuneration, while consistently reinvesting in our network to enhance the customer experience.

Regulation remains a key concern for us and the industry. Again we face the significant hurdle of MTR cuts, which we expect to create a drag of over two percentage points on service revenue. However, this effect should reduce substantially in the 2015 financial year based on current regulatory glide paths. We also await clarity on EU fibre regulation, where we are supportive of the pro-investment stance, subject to equality of access and margin squeeze provisions which are enforceable at the country level.

We expect adjusted operating profit for the 2014 financial year to be in the range of £12.0 billion to £12.8 billion.

We expect free cash flow to be around £7.0 billion, including the £2.1 billion VZW dividend due in June 2013. We expect capital expenditure, to remain broadly steady on a constant currency basis.

We expect the Group EBITDA margin, excluding M&A and restructuring costs, to decline slightly year-on-year, reflecting the ongoing weak macroeconomic environment in Europe.

Vittorio Colao
Chief Executive

Notes:
1 £442 million from current programme and £1,126 million from previous programme.
2 Based on 2013 guidance foreign exchange rates.
3 At 12 May 2013.
4 Northern and Central Europe, Southern Europe and Common Functions, excluding restructuring costs.
5 See guidance on page 45.

10m

customers are expected to be using Vodafone Red plans by March 2014.

Our Vodafone 2015 strategy

Consumer 2015

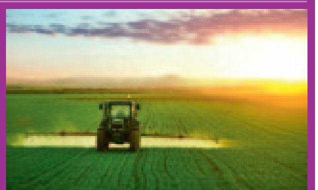
A new strategic approach to consumer pricing and bundling in Europe, in order to offer customers greater freedom of usage and, at the same time stabilise ARPU.

We are aiming to increase the number of Vodafone Red customers to ten million by March 2014.

Enterprise 2015

We are strengthening our position in enterprise, enhancing our product offering to large and medium-sized businesses and creating a dedicated enterprise operational structure.

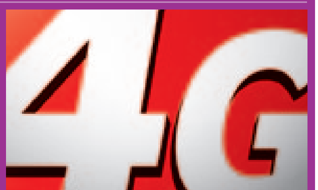
Our 2015 enterprise strategy is based on six pillars: accelerating our converged offers; consolidating our lead in M2M; growing Vodafone Global Enterprise and our Carrier Services business; leveraging our hosting capability; and offering cloud-based software as a service.



Network 2015

We are focused on supporting high speed data services and delivering a consistently excellent data experience.

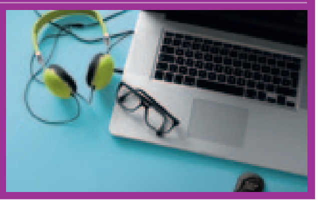
We aim to extend our 3G footprint at 43.2 Mbps and LTE coverage across five major European markets to 80% and 40% respectively by 2015.



Operations 2015

We aim to further simplify our business model both across and within countries.

We are targeting a £0.3 billion reduction in European operating expenses in the 2014 financial year.



Key performance indicators

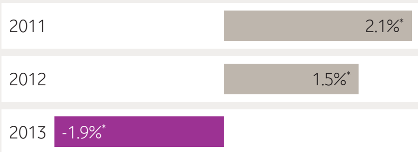
Our performance over the year

We track our performance against 12 key financial, operational and commercial metrics which we judge to be the best indicators of how we are doing.

Organic service revenue growth

More work to do

Target:
To maximise service revenue growth.



Growth in the top line demonstrates our ability to grow our customer base and stabilise or increase ARPU. It also helps to maintain margins. As we anticipated at the start of the year, we missed our service revenue target because of ongoing macroeconomic and regulatory pressures in Europe.

EBITDA margin

On-track

Target:
EBITDA margin to stabilise by March 2014.

Trends in our EBITDA margin demonstrate whether our revenue growth is generating a good return and whether we can offset underlying cost pressures in our business with cost efficiencies. This year excluding M&A and restructuring costs, margins fell only 0.1* percentage point year-on-year.

Adjusted operating profit ('AOP')

Achieved

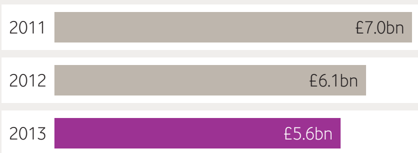
Target:
£11.1–£11.9 billion in 2013 financial year.

Due to the significant contribution made to our overall profitability by our US associate, VZW, AOP is a better indicator of overall profitability than EBITDA. We exceeded our target for the year due to a strong performance from VZW.

Free cash flow

Achieved

Target:
£5.3–£5.8 billion in 2013 financial year.

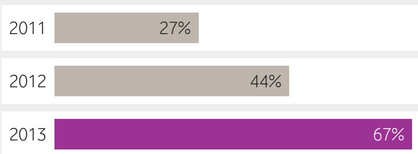


Our regular dividend is paid out of free cash flow, so maintaining a high level of cash generation (even after significant continued investment in capital expenditure) is key to delivering strong shareholder returns. Free cash flow of £5.6 billion was within our guidance range for the year.

% of consumer contract revenue from integrated plans (Europe)

Achieved

Target:
To increase significantly each year.

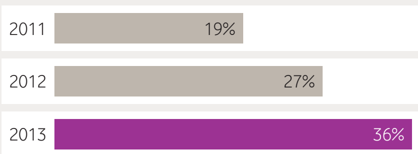


Our strategic push towards integrated plans allows us both to defend our revenue base from voice and SMS substitution, and to monetise future data demand growth.

Smartphone penetration (Europe)

On-track

Target:
To increase to over 50% by 2015.



Smartphones are the key to giving our customers access to the mobile internet; the more our customers have them, the bigger our data opportunity becomes. In 2010, we set a target of at least 35% smartphone penetration by March 2013, which we achieved. We now have a new ambition of over 50% by March 2015.

Mobile network performance floor (Europe)

On-track

Target:
75% of smartphone data sessions at least 3 Mbps in 2015.

2011	70% at least 200kbps
2012	75% at least 400kbps
2013	75% at least 1Mbps

We continuously improve the speed of our European network to create the best data experience for our customers. This year we took our performance floor up to 1 Mbps or better for 75% of our European data footprint.

Relative market share performance

On-track

Target:
Gain or hold revenue market share in most of our markets.

2011	9 out of 17 markets
2012	11 out of 17 markets
2013	9 out of 17 markets

We track our relative performance by measuring the change in our revenue market share against our key competitors. This year we remained competitive, gaining or holding market share in most of our markets.

Returns to shareholders

Achieved

Target:
Dividend per share growth of at least 7% per year to March 2013 (excluding special dividends).

2011	+7.1%
2012	+7.0%
2013	+7.0%

Consistent and balanced returns to shareholders demonstrate our commitment to capital discipline. This year we raised our dividend per share by 7% for the third year in a row, in line with our target.

Consumer net promoter score ('NPS')

More work to do

Target:
To increase or maintain the number of markets where we are ranked number one by NPS.

2011	8 out of 20 markets
2012	11 out of 21 markets
2013	8 out of 21 markets

To better understand how well we deliver quality service to our customers, we use NPS to measure the extent to which they recommend us to their friends and family. We also capture this for our competitors which provides us with a ranking of operators within any given market.

Employee engagement

Achieved

Target:
Maintain top quartile.

2011	75
2012	77
2013	78

The employee engagement score measures employees' level of engagement, a combination of pride, loyalty and motivation. We improved our employee engagement score again this year, remaining top quartile.

% of women in the senior leadership team

Achieved

Target:
To improve each year.

2011	17%
2012	19%
2013	20%

This is one measure of the diversity in our business which brings us a more balanced range of skills and management styles. We increased the proportion during the year.

Industry trends

Where the industry is now

The mobile industry is a large and important sector with around six and a half billion connections across the globe – in other words, most of the world's population use mobile phones. The number of mobile phone users has doubled in the last five years, driven by an increasing range of smartphones for using mobile data, increasing demand for mobile services in emerging markets and lower prices.

Scale

The mobile industry is a large and important sector with around six and a half billion connections, generating over US$960 billion of annual service revenue every year. The majority of revenue, some 75%, comes from traditional services such as calls and texts (on average, around 17 billion mobile phone calls are made each day). However, over the last few years the demand for data services, such as mobile internet browsing and email on a smartphone, has accelerated, and today 25% of industry revenue is from data.

Growth

The demand for mobile services continues to grow. In the last five years the number of users has increased by an average of 14% each year driven by rising living standards, population growth and cheaper mobile services and handsets. In 2012 93% of the world's population had a mobile phone, whereas ten years ago this was only 18%. Most of the growth in users has been from emerging markets, such as China, India and Africa. As a result around 73% of mobile phone users now come from emerging markets compared to 60% in 2007.

Emerging vs. mature markets

Around 70% of mobile users are in emerging markets, reflecting the combination of large populations and less fixed line infrastructure. The remaining users are from wealthier mature markets, such as Europe and the US. In mature markets, most people have a mobile device, reflected in mobile penetration rates of around 125%, compared to around 90% in emerging markets.

Competition

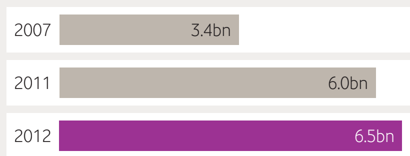
The industry is highly competitive, with many alternative providers, giving customers a wide choice of supplier. In each country there are typically at least four main mobile network operators, such as Vodafone, and one national fixed line operator. In addition, there can be numerous mobile virtual network operators ('MVNOs') – suppliers that rent capacity from mobile operators to on-sell to their customers. In some countries there can also be several independent mobile retailers that may compete with mobile network operators' own stores. Advances in technology have also led to internet based companies and software providers offering alternative communication services such as voice over internet protocol ('VoIP').

Regulation

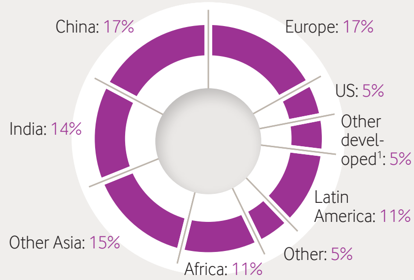
The mobile industry is very heavily regulated by national, regional and international authorities. Regulators continue to lower the cost for consumers of using mobile services by setting lower mobile termination rates (the fees mobile companies charge for calls received from other companies' networks) and to limit the amount that operators can charge for mobile roaming services. These two areas represent 13% of service revenue for Vodafone.

In an environment of intense competition and significant regulatory pressures, industry voice prices have tended to reduce over time – and in 2012[1] fell 12%. However, with more mobile phone users and some customers using their devices ever more frequently, global industry revenue remains on a positive trend and expanded 4% in 2012[1].

Mobile phone users

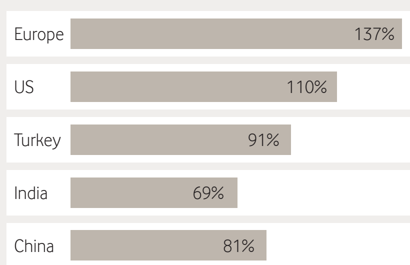


Mobile phone users by market 2012



1 Japan, Canada, Australia, New Zealand, Hong Kong, Singapore, South Korea, Taiwan
Note: Figures are not comparable with prior year disclosure due to new data source

Mobile penetration December 2012



Notes:
The industry data on pages 20 and 21 is sourced from Strategy Analytics.
1 Refers to calendar year.

Where the industry is heading

The pace of change in the mobile industry over the last few years has been significant and is expected to continue. We anticipate growing sources of revenue from data services such as mobile internet usage; higher penetration of smartphones and tablets; new users from emerging markets; and major advancements in mobile network technology to deliver faster and better customer services. The demand for seamless converged fixed and mobile solutions using high speed networks is expected to accelerate.

According to industry analysts, data is expected to continue to be the fastest growing segment of the mobile industry. It is estimated that between 2012 and 2015[1] worldwide mobile data revenue is set to grow by US$104 billion, compared to a US$20 billion decline in voice revenue over the same period. The demand for data is being driven by a widening range of powerful and attractive smartphones and tablets, significant improvements in mobile network capability, and an increased choice of content and applications ('apps').

Most of the new demand for mobile services will be from emerging markets

Emerging markets, such as China, India and Africa, have the most potential for future revenue growth driven by rising populations, strong economic growth, lower mobile penetration and a lack of alternative fixed line infrastructure. According to industry analysts, by 2015[1] there will be 1.5 billion new mobile users across the globe, of which over 90% will be from emerging markets. In contrast the more mature markets in Europe are likely to exhibit modest growth, due to weaker GDP growth prospects, high mobile penetration and intense regulatory pressures.

Convergence of fixed and mobile into unified communication services

Converged fixed and mobile solutions (such as combined mobile, fixed line, fixed broadband and TV) provide a range of benefits for the user, including simplicity, flexibility and cost savings. The demand for these services is already established among enterprise customers and it is now becoming more visible in the consumer market, in part due to consumers' needs to save money in a recessionary European environment. We believe that this demand, combined with technological advances delivering easier connection of multiple data devices, will support strong growth in data-intensive applications over the next three to five years, and that this will need to be managed by access to next generation networks to support increased speed and capacity demands.

Faster mobile networks

Today's mobile networks are typically a combination of 2G networks for traditional voice, text and basic data services, and 3G networks for fast mobile internet access and application downloads. The latest stage of mobile network development is superfast 4G which is already in place in some countries – providing maximum theoretical user speeds of up to 150 Mbps today (with typical user speeds up to 12 Mbps, compared with up to 6 Mbps on 3G).

Technological innovation

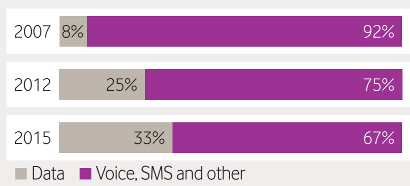
Alternative communication technologies, such as instant messaging services, are increasingly used by mobile consumers, particularly in mature markets, such as Europe. These services use data, rather than traditional voice and text. This trend will continue and in response operators, such as Vodafone, have begun to replace per unit charges for voice and text services with unlimited bundles and combine this with a fixed fee for data usage.

New applications for mobile services are being developed by the industry to extend the use of mobile beyond everyday communication, such as mobile payments via a handset or M2M services, including the location monitoring of vehicles, through a SIM card embedded in the vehicle.

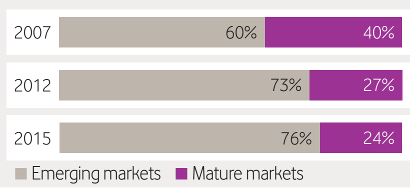
Regulatory pressures

The industry is expecting to see continued downward revenue pressure from regulated cuts to termination rates, and voice and data roaming prices. European regulators are also seeking to encourage investment in high speed data services. However, the policies to achieve this have not been confirmed by either European or national regulators and therefore the impact on the mobile sector is difficult to judge.

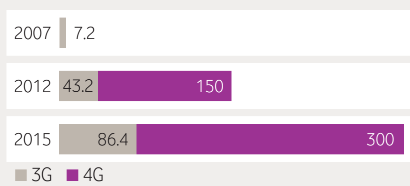
Mobile service revenue by type



Mobile phone users by market



Maximum mobile data downlink speeds Mbps



Note:
1 Refers to calendar year.

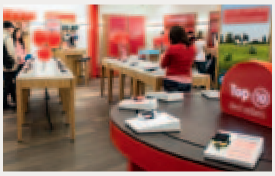
How we do business

A simple business model

We pursue a virtuous circle of investment, revenue, strong cash conversion and reinvestment – while rewarding shareholders along the way.

Networks

We aim to have a great mobile network in each of our markets. This means giving our customers far-reaching coverage, a very reliable connection, and increasing speeds and data capacity. We combine our ongoing high level of network investment with a commitment to securing the best possible portfolio of spectrum. For more information on our network build-out, see page 30.

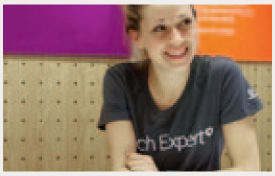


Distribution

We reach our customers through around 15,000 of our own stores, a broad network of exclusive distribution partners and third-party retailers. The internet, whether accessed through a mobile device or PC, is becoming an increasingly important channel.

Supplier relationships

Given our scale and global reach, we tend to be a key strategic partner for many of our suppliers. We work closely with them to build great networks, develop innovative services and offer the widest range of the latest devices.



People

We have a highly skilled, motivated and diverse workforce, and we believe each individual should be a key advocate of Vodafone's products and services. For more information on our people, see page 34.

Brand

Vodafone is ranked as one of the most valuable telecoms brands in the world, with an attributed worth of US$27 billion (source: Brand Finance). This brand strength is a major driver of purchasing decisions for consumers and enterprise customers alike.

Assets

Supplier relationships
Networks
Distribution
People
Brand

Reinvestment in the business

Our track record demonstrates a successful balance between the capital requirements of the business – in networks, spectrum and IT platforms – and our desire to sustain an attractive annual cash return to shareholders.

Capital expenditure

Customers

404 million

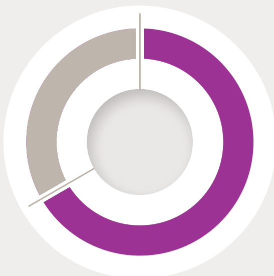
With 404 million customers, Vodafone is one of the biggest mobile operators in the world. We provide services to everyone, from many of the biggest multinational companies, to individuals in some of the poorest countries in the world.

Consumer customers: **92%**

Enterprise customers: **8%**

Revenue

We generate service revenue, through the supply of communications services over our networks. Around two-thirds is under contracts with the remainder from customers buying our services on a 'pay as you go' (or prepaid) basis.



Cash flow

£5.6bn 2013 free cash flow

The conversion of revenue to cash flow is key both to ongoing reinvestment in the business and rewarding shareholders. We have strong market share positions in most of our markets, which, combined with highly efficient networks, deliver healthy cash flow.

Shareholder remuneration

Our ordinary dividend, funded from our annual cash flow, is the primary form of shareholder remuneration. We have increased the ordinary dividend per share by over 22% over the last three years. Going forward the Board aims at least to maintain the ordinary dividend per share at current levels.

Strategy

Consumer2015

1 2 3 4

Data

We are reconfiguring our company to meet the growing demand for data services. We will differentiate our data services from our competitors through ongoing investment in technology, distribution and customer services, providing both a great customer experience and competitive value.

Market context:
Data is the fastest growing segment of our business as more and more people use data in their everyday lives, whether for work or home. Our data revenue grew by 13.8%* during the year mainly due to increasing demand for mobile internet and email services via smartphones.

Looking forward, both smartphone penetration and data usage are expected to continue to grow. In Europe, our smartphone user penetration is already at 36% and by 2015 we expect it to be above 50%.

Towards 2015:
We are adopting a new strategic approach to consumer pricing and bundling in Europe, in order to offer customers worry-free usage and, at the same time, stabilise average revenue per user ('ARPU'). We believe that this will both support and encourage greater data usage, particularly in Europe, which is at much lower levels than the US. Pricing is being radically simplified, giving clear visibility of the cost of ownership for the customer and simplifying our IT and billing.

As technology continues to evolve at a rapid rate we want to support our customers by providing the best retail stores, the easiest online experience and most accessible expert advice when needed.

Strengths:
We are among the world's largest retailers with around 15,000 Vodafone branded retail stores, helping customers choose the best device and price plan for their needs in an increasingly complex data-centric environment.

Actions:
We are launching new Vodafone Red plans which include a generous mobile data allowance and unlimited voice and SMS across European markets and selected non-European markets.

Progress:
We have 4.1 million customers on Vodafone Red plans within eight months of launch[1].

Mobile commerce

As more and more retailers roll out 'contactless' payment terminals at the checkout, Vodafone is developing services which will allow our customers to use their smartphones to pay for goods and services. We have launched Vodafone branded payment solutions in Italy and Turkey and are about to launch Vodafone SmartPass in four other countries. We are also developing the Vodafone Mobile Wallet to allow customers to use their existing credit and debit cards via their smartphones. Customers can use both services at thousands of retailers by simply waving their smartphone in front of a contactless terminal.

34%
of our customers use data.

48%
of our consumer contract customers in Europe are on integrated voice, text and data plans up from 27% last year.

Leading in retail

We are updating our retail footprint to a new Vodafone Retail concept delivering a differentiated customer experience. A core part of our promise to customers is to ensure that our technical experts in store transfer all their personal data to their new phone allowing them to walk out of the store with their phone fully functional. Extensive trials of our new concept store across ten markets have shown significant increases in both sales and customer satisfaction. The new concept will be rolled out globally over the next three years.

36%

of customers in Europe have a smartphone, up from 27% a year ago.

>70%

of smartphones users are expected to use video services by 2015 (compared to around a third today)[2].

US$27bn

At US$27 billion our brand is rated as one of the most valuable telecoms brands in the world.

Vodafone Red

Our Vodafone Red proposition offers consumers and businesses a simple and worry-free package, with generous mobile data allowances, unlimited calls and text messages, plus cloud and online services to secure and back-up personal data, all included as standard. Vodafone Red packages also incorporate a number of innovative services including:

- **multi device plans**, enabling customers to connect a smartphone and tablet under one Vodafone Red plan, making it simple and cost effective to own and manage multiple devices under a single bill;
- **family plans**, allowing individual family members to sign up to Vodafone Red at a discounted price;
- a much **wider range of device choices**, giving customers the freedom to have a new device included in the cost of their contract, receive a discount by choosing a 'nearly new' smartphone or choose to receive a new device every year for a small extra fee;
- the option to connect to new, **ultra-fast 4G services** where available;
- **safe and secure solutions**, including world-class cloud and back-up services plus device insurance, giving customers peace of mind in the event of theft or damage; and
- industry **leading roaming** plans for customers travelling in Europe, so that they can use their phone abroad as they do at home, for an additional daily price similar to the cost of a cup of coffee.

Vodafone Red

Vodafone Red offers consumers and businesses a simple and worry-free package with generous mobile data allowances, unlimited calls and texts, plus cloud and back-up services to secure personal data (see Vodafone Red story above).

Vodafone Red has been launched in 14 markets including Germany, Italy, the UK and Spain. Early take-up has been positive with 4.1 million customers within eight months of launch[2]. We intend to extend it to all European markets within the next few months.

Future proofing revenues

Our Vodafone Red plans are designed to protect our revenues by providing unlimited voice and text services, rather than limited bundles or pay per event. Vodafone Red is the latest step in our journey over the last few years to migrate our customers onto integrated price plans that combine voice, SMS and data together in one single plan rather than buying these services separately. Including Vodafone Red customers, we now have 48% of our consumer contract customers in Europe on integrated price plans. These plans deliver value to our customers, reduce the need for customers to use IP-based substitutes and provide more stable revenue streams.

Driving data usage

Although our data revenue is growing strongly in Europe the amount of data consumed by each smartphone customer is on average around 250 megabytes per month, only around a quarter of the level seen in the US. We see a significant opportunity to drive more revenue from data services and see the Vodafone Red proposition delivering this by offering generous data allowances to encourage customers to use more data and over time purchase larger allowances.

Providing customers with devices in a cost-effective way

At Vodafone we are a major source of our customers' smartphones, having subsidised for many years the initial cost to access our network. During the year we spent some £5 billion or about 16% of our revenue in Europe on acquiring new, and retaining existing customers. In addition smartphone penetration in Europe increased to 36%, up from 27% in the prior year, and the mix of smartphones continued to move towards more expensive high-tier devices. Against this background and to protect our profitability we need to maintain discipline on the handset subsidies we pay.

Our Vodafone Red proposition is designed to control handset subsidy costs by helping customers more clearly identify the difference between the price to access our services and the price of the handset. We achieve this by setting a base price for Vodafone Red plans that does not include a handset (SIM-only), charging a slightly higher service fee for a basic smartphone and more above that for a high-tier smartphone.

Vodafone Cloud

Vodafone Cloud allows customers to safely store their personal digital content such as contacts, photos and videos in the Vodafone network and to access it on the move from any connected device. Vodafone Cloud was launched last year in multiple markets and works across the most popular smartphones, tablets and PCs, forming part of the Vodafone Red proposition.

Notes:
1 At 12 May 2013.
2 Vodafone internal estimates.

Consumer 2015

Emerging markets[1]

Emerging markets are important to us – they account for 68% of our customers and 75% of the total call minutes across our networks. These markets are likely to become even more relevant due to a combination of strong population and economic growth, and the increase in mobile penetration.

Market context:
Emerging markets such as India and Africa are already a significant part of Vodafone. They account for 30% of the Group's service revenue, and our business in India alone accounts for around half of our base station sites and voice calls across the Group.

Emerging markets represent a significant opportunity for future growth. Almost all of the 1.5 billion new mobile phone users by 2015[2] are expected to come from emerging markets. Smartphones are also proving popular in emerging markets, and this is expected to continue. For example, In India, the number of smartphone users has grown already from 11 million in 2010 to 33 million in 2012[2].

Towards 2015:
These markets offer very attractive long-term opportunities from sustained GDP growth, the scope for widespread mobile data adoption and the fulfilment of unmet needs such as basic financial services. We aim to maximise these opportunities through smart data pricing, the development of low-cost smartphones and selective innovation in areas in which we can truly differentiate.

Strengths:
We are a leading operator in our emerging markets with either a number one or two revenue market share position in most countries.

Actions:
Through our ongoing investment we have built a strong platform of high quality networks, a broad distribution reach and attractive add-on services, such as mobile payments.

Progress:
Emerging markets represent our fastest growing geographies. During the year service revenue increased by 8.4%*, including: India 10.7%*, Turkey 17.3%* and Ghana 24.2%*.

Access to energy
Extending access to energy in remote regions without grid electricity enables more people to use our mobile services and brings wider social and environmental benefits. Our new solar-powered solution, ReadySet, is able to charge up to eight mobile phones per day and provide electric lighting, offering a greener and cheaper alternative to kerosene lamps. Entrepreneurs in Tanzania use ReadySet to earn around US$44 a month, while families in Kenya use M-Pesa to pay towards a similar system, M-Kopa, designed for home use.

Notes:
1 Vodafone's emerging markets comprise Vodacom, India, Egypt, Turkey, Ghana, Qatar and Fiji.
2 Refers to calendar year.

Mobile penetration opportunity in emerging markets

Emerging markets represent the regions with the most potential for future mobile revenue growth driven in part by lower mobile penetration. For example 1.2 billion people live in India (the second most populated country in the world, after China) but only around two-thirds have a mobile phone, implying good potential future market growth.

The data opportunity in emerging markets

For many people in emerging markets their first internet experience has been on a mobile device due to the lack of alternative fixed line infrastructure, and we expect this to be the case going forward. In South Africa mobile broadband accounts for around 80% of all broadband revenue including fixed. The demand for data is expected to grow strongly as only around 28% of our customers in emerging markets currently use data services, compared to around 48% in Europe. In India we have 37 million data customers, most of which are 2G data users mainly consuming services such as messaging, email and internet browsing. Within this some three million customers are 3G data users, stream videos and downloading more heavy content. During the year we launched 4G services in South Africa.

Extending our global presence with partner market agreements

We enter into partner market agreements with local mobile network operators in order to extend our global reach and better serve our global customers without the need for capital investment. Our partner markets community has grown rapidly to cover around 50 countries. During the year we established a partner agreement with Polkomtel in Poland and Zain Group, which extended our reach to Saudi Arabia, Bahrain, Kuwait, Jordan and Iraq.

Financial services in emerging markets

Our Vodafone money transfer service, M-Pesa, enables people in emerging markets, who have a mobile phone, but with limited or no access to a bank account, to send and receive money, top-up airtime and make bill payments. We now have just over 18.1 million active M-Pesa customers, up from 14.4 million a year ago, who transfer around £656 million per month. The service is now available in Kenya, Tanzania, South Africa, Afghanistan, Qatar, Fiji, the Democratic Republic of Congo and India.

M-Pesa is already a major contributor to our businesses in Kenya and Tanzania, accounting for about 18% and 14% of revenue respectively.

Looking forward we intend to extend the M-Pesa service to other emerging markets within the Vodafone footprint, and to expand the products and services available. For example in April 2013, India became the latest addition to our M-Pesa footprint. Following a successful trial, the service will be offered in a limited number of areas of the country and will be progressively rolled out nationwide. The opportunity in India is particularly attractive as some 700 million people do not have a bank account. Other new products, such as international money transfer, savings and loans, salary disbursements and access to insurance products have also been introduced in different markets.

30%
of our service revenue is from emerging markets.

28%
of our customers in emerging markets use data; compared to around 48% in Europe.

£656m
transferred person-to-person each month over our M-Pesa money transfer service.

M-Shwari, Mobile banking

M-Shwari is a revolutionary new paperless banking product for M-Pesa customers, delivered by our associate Safaricom, in partnership with the Commercial Bank of Africa. This was launched in Kenya in November 2012. M-Shwari enables customers to save and borrow directly via their phone, while earning interest on the money saved. At 31 March 2013, 1.2 million people were actively using the service in Kenya.

M-Shwari builds on our successful M-Pesa money transfer service, which has 18.1 million active customers across the globe.

Enterprise2015

As enterprise customers embrace flexible and remote working to improve business efficiency, our fixed and mobile converged solutions and global footprint enable our customers to become more effective in their business operations. Our services enable our customers to make mobility a central part of the services they offer their own customers.

Market context:
The core criteria our enterprise customers use when choosing a communications service provider are speed, simplicity, flexibility, cost and security. We are well placed to offer enterprise customers all of these through our mobile and fixed converged services, applications and secure solutions. Enterprises are expected to spend €78 billion in 2014 in areas where Vodafone provides its services: mobile voice, messaging, data and fixed line.[1]

Towards 2015:
Our 2015 enterprise strategy is based on six pillars: accelerating our converged offers; consolidating our lead in M2M; growing Vodafone Global Enterprise and our Carrier Services businesses; leveraging our hosting capability; and offering cloud-based software as a service.

Our enterprise customers range from small-office-home-office ('SoHo') businesses and small to medium-sized enterprises ('SME'), through to large domestic and multi-national corporates ('MNC').

Strengths:
Our broad geographic footprint allows us to offer customers cross border fixed and mobile converged solutions while realising scale benefits. Our recent purchase of CWW has augmented our ability to offer fully converged solutions and offer market-leading hosting capabilities in the UK.

Actions:
We have created a Group-wide enterprise services organisation, following the CWW acquisition.

Progress:
Enterprise now represents 27% of Group service revenue. Across the Group we have over 32 million mobile enterprise customers accounting for around 8% of all customers.

Our enterprise business

In conjunction with our acquisition of CWW and TelstraClear and to deliver our enterprise strategy, we created a Group-wide enterprise services organisation on 1 January 2013. The unit comprises four vertical business units, and two supporting units.

Vodafone Global Enterprise ('VGE')

VGE serves the needs of Vodafone's largest MNC customers, serving around 1,700 customers representing 5.9 million connections, including an additional 200 customers from the integration of CWW.

MNCs demand a consistent multi-country offer from Vodafone across our global footprint. VGE simplifies operations for these customers by providing them with a single account and service team, a single contract, single pricing structures and a single portfolio of products and services. VGE has created a market-leading portfolio of managed mobility services providing capabilities such as spend management or device security in addition to providing the underlying connectivity and devices.

During the financial year VGE achieved revenue of £1.7 billion, with growth of 5%[*].

For more information on VGE visit our website at: enterprise.vodafone.com.

Vodafone Carrier Services

Vodafone Carrier Services was created in January 2013 to consolidate all the Group's carrier buying and selling into one dedicated unit to maximise efficiencies. The acquisition of CWW provided Vodafone with a market-leading carrier capability, and when augmented by existing Group capability gives Vodafone significant carrier scale. The Group carries nearly 28 billion minutes of international traffic annually, on a network of nearly 500,000 kilometres of submarine cable routes.

Machine-to-machine

M2M connections allow machines to communicate with one another through our network. It is our vision to transform lives and businesses by providing the most innovative M2M products and services for our customers. Smart metering, automotive and logistics are currently the key growth sectors, with the potential global market for M2M connectivity growing from US$5.7 billion in 2011 to US$12.0 billion by 2015[2]. We are now serving around 11.1 million M2M connections globally, up from 7.8 million last year.

An increasing number of global businesses are incorporating M2M communications into their core operations, leading to greater productivity, enhanced customer service, lower energy use and decreased carbon dioxide emissions. For more information on M2M visit our website at: m2m.vodafone.com.

Hosting and Cloud Services

Our new Hosting and Cloud Services include fully managed hosting solutions as well as cloud computing, co-location, server and website hosting, storage and security, and build on the capability acquired from CWW, allowing us to target a leading position in a rapidly growing market. The hosted services market in Western Europe is worth over an estimated €21 billion,

Services that support SMEs

Irish Farm Computers, a software business based in County Meath, creates software solutions for farming businesses. It's a small, highly personal business that relies on Vodafone One Net to manage incoming calls. "The flexibility enables a far more professional approach to business, and our customer feedback has been excellent," says their operations manager.

The acquisition of Cable & Wireless Worldwide in July 2012

What was the rationale for the acquisition?

- To create the only integrated fixed and mobile player in the UK.
- To take advantage of CWW's UK 20,500 kilometres fibre network infrastructure which is within 100 metres of one-third of Vodafone's UK base stations, and the extensive international cable network assets spanning 425,000 kilometres.
- To drive significant synergies from the combined scale.

What are the financial implications and synergy benefits from this acquisition?

- We spent £1.3 billion to acquire the business.
- We expect integration costs of £500 million.
- We aim to deliver annual cash flow synergies of at least £150 to £200 million by the 2016 financial year.
- We aim to deliver operating free cash flow from the acquisition of £250 to £300 million in the 2016 financial year.

Cable&Wireless Worldwide

What are the network and product benefits from this acquisition?

- CWW's UK base station backhaul circuits and the migration of Vodafone traffic onto CWW's international cable network enable us to reduce third-party wholesale payments and will help support the launch of 4G services.
- Rationalisation of the combined Vodafone and CWW enterprise product set aids procurement savings across network and IT services. Over 60% of products will be retired or merged to deliver a simpler and more customer focused portfolio.

What has been your experience so far?

- We have been realistic about the opportunities, investment requirements and risks for CWW.
- We have found the business is in better shape than expected and are stabilising its financial, operational and customer performance .
- We have accelerated the integration plan by forming a single integrated organisation and rebranded as Vodafone.
- Initial synergies have been realised through initiatives such as removal of corporate overheads, utilising Vodafone's scale for procurement and are in the process of transferring Vodafone's traffic onto CWW's network.

and the estimated compound annual growth rate is over 14% from 2011 to 2016[3]. Vodafone's Hosting and Cloud business generated revenue of £213 million in the 2013 financial year.

With a large portfolio of UK data centres and cloud-based hosting capabilities, we are well placed to capitalise on the growing technology and procurement link between hosting, cloud and connectivity. Vodafone will look to expand and deepen its hosting offer to all segments over the coming year.

Supporting units

The two supporting units within Group Enterprise, Product Management and Channels and Sales Support, will drive scale, consistency and excellence across the Group in sales; product management and development; and operational delivery; in order to sustain efficiencies and ensure customer service and experience is consistent irrespective of customer scale or location.

Notes:
1 Sourced from IDC and Vodafone estimates.
2 Analysys Mason report M2M device connections, revenue and ARPU: worldwide forecast 2011–2021 (May 2012) and includes connectivity-related segments of the M2M value chain, such as M2M hardware and M2M application service.
3 Vodafone report commissioned by McKinsey.
4 Vodafone working smarter to succeed report, 2011 and Vodafone's critical response time index, 2010.

Enterprise convergence

As enterprise customers embrace flexible and remote working to improve business efficiency, so Vodafone's fixed and mobile converged solutions are increasingly vital to our customers' business operations:

- "Always on" is expected and demanded by customers: 78% of small firms agreed an instant response is the top factor in maintaining a competitive edge and 40% of small firms surveyed said customers expect a response to a social media query in under an hour[4].
- Streamlining fixed and mobile communications can help businesses save money, boost productivity and increase responsiveness to customer needs.

Vodafone One Net offers customers a single telephone number which rings on both their fixed desk-phone and mobile handset. Vodafone One Net users have complete control over where and when they take their calls. As a result we help improve business efficiency, flexibility and cost control. Vodafone One Net users generate higher revenue and have lower churn than mobile-only customers. At the end of the year, we had around 3.0 million Vodafone One Net customers across ten markets.

Enterprise mobile data

Vodafone's device management solutions help customers manage the rapidly increasing number of mobile devices used in their business, such as smartphones and tablets. Our reliable and secure data networks allow our customers to make full use of the mobile internet for business. Enterprise data revenue grew 10.0%* this year driven by smartphone penetration of around 48% in Europe, as the use of the internet on smartphones has increased.

Vodafone's unique global footprint

Our global scale was key to ThyssenKrupp selecting us to provide 60,000 mobile voice and data connections across 30 countries and 50,000 M2M connections to aid remote management of their industrial products. This contract is able to meet ThyssenKrupp's specific needs, and offers excellent value for money and worldwide service management from one source.

Strategy (continued)

Network2015

We aim to have a great mobile network in all of the markets in which we operate, supported by leading IT systems. This means giving our customers far-reaching voice and data coverage, a very reliable connection, and increasing speeds and data capacity.

Market context:
The industry is seeing increasing demand towards data services such as watching videos on the web and internet browsing. This trend is being driven by a number of factors including the increased take-up of high powered smartphones and an increased choice of apps for business and social use. As a result data traffic increased by more than 53% over the last year and data now accounts for 73% of the total traffic on our network. Against this background our Network 2015 strategy is designed to ensure the readiness and capability of our network for the future for both consumer and enterprise and for fixed and mobile services.

Towards 2015:
Our network strategy continues to focus on supporting higher speed data in both mature and emerging markets, and delivering a consistently excellent data experience to our customers through the widespread deployment of 3G and 4G capability and high capacity backhaul and high speed fixed access. We will continue our consistent level of investment so that Vodafone customers can be assured of a video-standard data service across our footprint in Europe and we can successfully manage the high growth in data volumes anticipated. We will also continue to maintain the broad and deep network quality for our standard voice and text services.

Strengths:
We have nearly 250,000 base station sites transmitting wireless signals – making us one of the largest mobile operators in the world.

Actions:
We are consistently investing around £6 billion a year to deliver a high quality mobile and fixed data experience for our customers.

Progress:
We now have 42% of our Europe 3G footprint which can deliver peak downlink speeds of 43.2 Mbps (up from 15% last year) which at least doubles the average data speed with a 43.2 Mbps capable smartphone.

Future proofing our IT infrastructure

Vodafone's five main data centres that host our IT systems, three in Europe, and one each in Africa and India, are linked together to form an internal 'Cloud'. The servers within these centres use virtualisation technology to more effectively run multiple applications to enable customer services, such as M2M platforms, to be provisioned and scaled up very quickly and easily. It also provides the flexibility to run services for any market from any centre, within regulatory limits. Within Europe, data is backed-up from one centre in one country to another, to provide business continuity and additional resilience.

The leading Vodacom South Africa network

Our superior network in South Africa enables us to provide a leading overall customer and broadband experience. We have just over 9,400 base station sites, significantly ahead of our main competitor in the country. We were the first operator in South Africa to launch 4G services in October 2012. We have renewed around 77% of our 2G network and about 74% of our 3G network to date. We have also progressed well with the implementation of our own self-built fibre and microwave and 65% of our base station sites now utilise high capacity backhaul.

Strong network reach

As demand for mobile services moves from voice and text to data we have been investing to build a superior data network. Our data network now covers 91% of the European population, and we are aiming to reach 95% coverage by 2015 – nearly on a par with our voice coverage.

At the same time, smartphones are only going to get faster, so we are constantly upgrading our networks to support these future speed demands. Today, we provide base-level theoretical speeds of 14.4 Mbps across 98% of our 3G network, typically giving customers actual speeds of 2 to 3 Mbps – more than enough to stream video or music, for example.

The next goal is to deliver another significant step up in the customer experience, with the move to peak speeds of 43.2 Mbps across much of our European 3G network. We are aiming to upgrade 80% of the 3G footprint in our five major European markets to this level by March 2015. For customers with the latest smartphones, this will more than double the speed they are currently enjoying, and allow them to view video in high definition, for example.

UK 4G is nearly here

In February we successfully bid £803 million in the UK spectrum auction for crucial low frequency (800 MHz) spectrum as well as more higher-frequency spectrum to boost our existing network. 800 MHz spectrum is great for transmitting a stronger, more reliable signal and one that works well indoors. We expect to launch our ultra-fast 4G service later this year. The roll out of our 4G service is all part of around £1.6 million we invest every single day in the UK on our network to bring our customers coverage where it matters.

73%

of the traffic on our network is due to data services such as video, email and internet browsing on a mobile device.

91%

of the European population where we operate is covered by our 3G network.

one trillion

minutes of calls were carried and more than 330 petabytes of data were sent across our networks – enough data for 4.4 trillion emails.

4G technology

We are beginning to build 4G (or LTE) networks, which will at least double the data speeds achievable over our 43.2 Mbps footprint. It will also give us significant additional capacity, allowing us to stay ahead of the significant growth in data traffic that we forecast. We aim to upgrade 40% of our coverage in our five main European markets to 4G by March 2015.

To maximise the potential of 4G, we have invested £7.9 billion in spectrum in the last four years. Much of this spectrum is in the very valuable, low frequency 800 MHz band, which allows much broader coverage, and much better in-building connectivity, than higher frequencies used in wireless networks.

We now have 4G services in seven countries (Germany, Portugal, Italy, Romania, South Africa, Greece and New Zealand). We are also preparing for 4G launches in the UK, Spain, Australia and the Netherlands in the 2014 financial year.

Future proofing our network infrastructure

We are well prepared for rapid growth in data traffic and a fast, but cost-effective, roll-out of 4G services. At our base stations we are consolidating equipment across several technologies, including 4G, into a platform called "single RAN" – allowing us to reduce capex and operating costs. We have already upgraded over half our European sites to single RAN.

We are also increasing capacity in our backhaul – the link between our base stations and our nationwide core networks. 57% of our European backhaul footprint is now capable of handling one gigabit per second – which is more than even the busiest base station at full capacity will require based on current technologies and projections.

Technological innovation

We are always looking for ways of innovating in our network to improve our customers' experience.

Recently we have been changing the way we use spectrum to improve data coverage. By moving 3G data traffic from its traditional spectrum band (2.1 MHz) down to the 900 MHz band – a process known as "re-farming" – we can significantly improve our data coverage and in-building reception, and we have done this in ten markets.

Fixed network

In addition to our mobile businesses, we also provide fixed broadband and calls in 16 markets. We have started to modernise our fixed networks to deliver much higher data speeds to the home, through a combination of upgrades to traditional copper lines and the introduction of the latest fibre technology.

In Spain we are upgrading copper lines. In Portugal, we are extending our fibre network, and in New Zealand, the acquisition of TelstraClear gives us a high speed fixed network. We have also announced plans in conjunction with Orange in Spain to build a fibre network which will pass 40% of homes by 2017.

Elsewhere we are securing wholesale access to third-party fibre networks. In Germany we have announced a next-generation access agreement with Deutsche Telekom. In Italy we have an agreement with Metroweb to lease their fibre in Milan. In New Zealand we are interconnecting with a government fibre initiative called Ultra Fast Broadband, in Qatar we interconnect with Qatari National Broadband Networks and in the Netherlands we are accessing KPN's fibre network allowing us to cover 20% of homes.

Vodafone, the most preferred operator in Turkey

Over the last 12 months the Turkish network has been enhanced with the modernisation of nearly 1,100 legacy 2G sites with the latest single RAN hardware and the implementation of around 1,200 and 2,500 new 2G and 3G sites respectively. We have attained the number one position in independent benchmark tests for data transfer speeds. Vodafone is the first telecommunications firm in Turkey to be awarded the BS25999 certification for business continuity, underlining our commitment to reliable communication services for our customers. As a result of our actions we are now seen as the preferred operator in Turkey measured by benchmark net promoter scores.

Strategy (continued)

Operations 2015

1 2 3 4

We are using the benefits of our global reach and scale to standardise and simplify the way we do business across the Group. This will both improve cost efficiency and reduce the time to launch new services and products to our customers.

Market context:
Against a background of challenging economic, regulatory and competitive pressures, in our European markets in particular, we are taking a number of actions to improve operating efficiency and reduce unnecessary processes and costs. We are also experiencing a trend towards greater data usage, which requires us to reconfigure our IT systems and standardise operating practices to support new pricing plans and new data centric services such as mobile payments and M2M solutions.

Towards 2015:
Over the next three years we will simplify further our business processes both across and within countries, eliminating legacy structures, reducing non customer-facing costs and moving towards more standardised offerings. This will enable us to maximise the benefits of our scale and share commercial, technical and support functions across geographies in Europe, and to speed up and co-ordinate our time to market for new propositions and services. We see a significant opportunity in unifying network and IT management across multiple markets, in further centralising and standardising functions and processes, and in offshoring more business functions to shared service centres of expertise.

Strengths:
Vodafone is one of the world's largest mobile companies. Our scale enables us to secure considerable unit costs savings through various measures including bulk purchasing, standardisation of processes and transferring activities to lower cost locations within the Group.

Actions:
We are targeting an absolute reduction in European operating expenses ('opex') from cost saving programmes of £0.3 billion in the 2014 financial year.

Progress:
Over the last three years we have reduced the absolute European opex base by some £0.3 billion, which has been used in part to offset inflationary pressures or cope with the volume of extra traffic on our networks.

Vodafone and Telefónica UK (O_2) network collaboration
Together with Telefónica UK we have started a collaboration to operate and manage jointly a single network grid in the UK that will run two competing nationwide mobile internet and voice networks. These networks will be able to offer indoor 2G and 3G coverage targeting 98% of the UK population by 2015, delivering mobile voice coverage and mobile internet services to the vast majority of UK households. We also intend to offer indoor 4G coverage targeting 98% of the UK population at speeds of at least 2Mbps by 2015.

10.4%
represents our supply chain saving as a share of controlled spend during the year, which exceeded the Hackett world class benchmark of 7.6%.

>69%
of the new radio sites deployed across the Group were shared with other mobile operators, which reduces the cost of renting or building new sites.

We are taking a number of steps across the Group to improve our cost efficiency and simplify our processes:

Cost efficiency

Over 69% of the new radio sites deployed across the Group during the year were shared with other mobile operators, which reduces the cost of renting or building new sites and reduces the environmental impact.

During the financial year we commenced a UK network sharing agreement with O_2 and we are targeting 18,500 sites to be shared by 2015. In Ireland, we have entered into a site sharing agreement with Three Ireland, targeting 2,000 shared sites by 2015.

With a clear focus on driving greater standardisation and simplification, we are optimising the supplier base across our operations. In India for example, following supplier segmentation exercises and a rigorous drive to improve operational efficiencies, we rationalised our supplier base by about 75% over the last two years.

Unifying network management

During the year we reduced the number of network engineering teams in Europe from 13 individual country teams to four consolidated teams. We also consolidated our network operations centres, which provide service level monitoring in Europe, to two from 13. In India, the 12 separate regional network operations centres have been consolidated into one single centre in Pune.

Unifying IT management

We are progressing well in decommissioning, with over 100 legacy IT applications during the 2013 financial year. In addition, common customer operations processes are being progressively deployed throughout the Group, which are supported by a single set of tightly integrated IT applications. These actions are expected to both reduce costs and improve the time to market for new offers such as mobile commerce services.

We have developed one integrated data centre cloud across Europe and Africa and are well underway to extending it to Asia this year which enables us to operate highly resilient services and to be faster to market with our new services.

Centralising and standardising functions and processes

Our central purchasing function, the Vodafone Procurement Company (the 'VPC') in Luxembourg, consolidates spend across our global operations allowing us to leverage scale, and achieve better prices and terms and conditions. During the financial year the spend managed through the VPC increased to €6.9 billion up from €5.3 billion in the 2012 financial year.

In addition we continue to centralise procurement of software and licences, which is anticipated to generate around £100 million of cost benefits over the next three years.

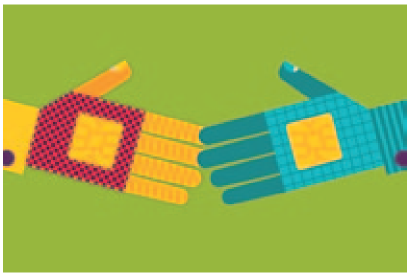
Shared service centres of expertise

We use shared service centres in Hungary, India and Egypt to provide financial, administrative, IT, customer operations and human resource services for our operations in over 30 countries which helps us to standardise and optimise the way we run our businesses. The number of shared centre employees has increased from 6,000 in 2012 by nearly 30% to over 7,800 by 31 March 2013, and we are targeting around 10,500 by March 2014.

>7,800
of our employees are now in four low cost, high skill locations, to provide shared services for the Group.

M2M solutions for energy savings

Applying our M2M solutions to monitor energy at our network sites, offices, retail premises and data centres has allowed us to optimise energy consumption, procure competitively and reduce our carbon footprint. This has delivered savings over the last two years of about 25% across 11 European markets winning us recognition at the European Supply Chain Excellence Awards 2012.



Modernising the UK business

In the UK we are introducing a simplified organisation and enhancing our IT systems in order to improve our customers' experience of interacting with Vodafone. This will, for example, enable the UK business to reduce the number of different price plans from 5,000 to just 500. Additionally we will be able to better integrate the various routes our customers use to interact with us – retail shops, online, call centres and mobile devices – to make it easier for customers to order online and pick up in store.

Our people are integral to our success

With over 91,000[1] employees in over 30 countries, we have a wealth of international talent to draw from. We continue to develop our people to meet the requirements of our business and our employee engagement continues to be amongst the highest in the industry.

Employee engagement

In October 2012, we carried out our eighth annual global people survey – and 90% of our people responded. The survey measures employees' level of engagement – a combination of pride, loyalty and motivation We increased our overall employee engagement score by 1 point to 78 and remain amongst other high performing global organisations.

Open and regular communication is fundamental to employee engagement. In 2012, we launched the Vodafone Hub, our new intranet site, which aims to promote engagement with a social networking feature, Vodafone Circle, and a video channel, Tube, which enables employees to upload videos that share best practice across the business. Group and local market Chief Executives also communicate regularly with employees through a number of media, including webinars and videos.

The Vodafone Way

In 2011, we introduced The Vodafone Way: a framework which defines how we operate, with speed, simplicity and trust, and how we deliver to our customers: being customer obsessed, innovation hungry, ambitious and competitive and acting as one company, with local roots. We continue to embed this framework, reinforcing the leadership skills and habits required to bring The Vodafone Way into daily business reality to deliver our Vodafone 2015 strategy.

The Vodafone Way is part of employees' performance objectives and defines a consistent way of working to help us strengthen our position as an admired company in the eyes of our customers, shareholders and employees.

Being an admired company is not just about our performance and achievements, it's also about acting in a responsible, ethical and lawful way. In 2012, we launched our revised Code of Conduct which sets out our business principles. All employees and contractors have a duty to report any suspected breaches of our Code of Conduct through our "Speak Up" process. Along with existing web reporting, we launched a global telephone hotline for employees and third parties to report concerns on code of conduct issues.

Employment policies and employee relations

Our employment policies are developed to reflect local legal, cultural and employment requirements. We aim to be recognised as an employer of choice and therefore seek to maintain high standards and good employee relations wherever we operate.

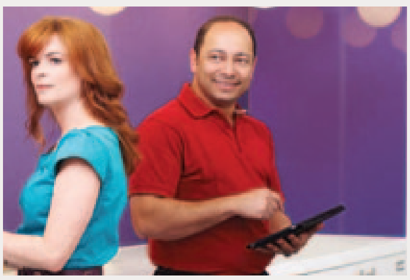
We believe that diversity plays an important role in a successful business. Our Group-wide diversity and inclusion strategy outlines our commitment to creating an inclusive work environment which respects, values, celebrates and makes the most of the individual differences our people bring to Vodafone. Key to this is our recognition of diversity as a business asset that fosters innovation and helps us better understand and meet the needs of our customers.

We do not condone unfair treatment of any kind and offer equal opportunities in all aspects of employment and advancement regardless of race, nationality, gender, age, marital status, sexual orientation, disability, religious or political beliefs. This also applies to agency workers, the self-employed and contract workers who work for us. In our latest people survey, 89% of employees agreed that Vodafone treats people fairly, regardless of their gender, background, age or beliefs.

Organisation effectiveness

We employed over 91,000[1] people worldwide during the year. Headcount additions related to our acquisitions of CWW in the UK and TelstraClear in New Zealand were partly offset by reductions in Europe. We have implemented a new regional structure in Europe and a new enterprise division across Vodafone worldwide. Our strategic acquisitions strengthen our capabilities in enterprise and to help us in our goal to become a total communications company.

We are also continuing to drive efficiency and simplification in our organisation through headcount management, appropriate organisation structures and the continued drive to move transactional and back office activities to shared services teams.



Diversity is the key to a successful business

We value all types of diversity, but one global focus is on gender balance within teams and at all levels of the business. To understand and strengthen our female talent pipeline, we analyse the proportion of men and women in promotions, new hires and leavers through our talent management dashboard.

Note:
1 Represents the average number of employees in our controlled and jointly controlled markets during the year.

Talent and capability development

During the year we strengthened our senior leadership team, with 61% of the vacancies being filled by internal talent, up from 31% two years ago.

- Our global graduate programme, Discover, continued to bring the best graduates into our local markets, with around 470 top University recruits this year. In addition, we partnered with ten leading MBA schools in Europe, the US, Africa and India to recruit MBA graduates for key management roles.
- We continued to encourage international assignments in our talent pipeline and introduced the Columbus programme designed for the top 5% of our graduate recruits to gain international experience two years after joining Vodafone.
- For the past five years we have been developing our next generation of leaders through Inspire, an 18 month programme for high potential managers. Since its inception, 200 high potential managers from over 26 countries joined the programme, attending leadership development workshops, leading business challenges, and receiving coaching sessions and mentoring from senior leaders.

We are committed to helping our people perform at their best and achieve their full potential through ongoing training and development. Our people review and agree development objectives during their annual performance dialogue with their manager and are encouraged to learn proactively through easily accessible online resources, on-the-job learning and mentoring.

During the year we invested over £34 million in training programmes. Our global academies in marketing, technology, human resources and finance enable people to develop the critical skills they need to work in particular functions. We work with leading business schools and accredited external providers to develop and deliver the training, most of which is online. More than 33,000 people have used our academies, completing over 12,000 online and instructor-led courses. We focused on developing our customer facing capabilities by launching global training and certification programmes in retail and enterprise sales. We also focused on building people manager skills through mentoring and targeted learning interventions. Our new global learning management system enables more training to be delivered online and on demand, supporting individuals to manage their own development.

Health and safety

We know from experience that failing to follow basic health and safety standards can lead to our employees, the people we work with and the people exposed to our activities being seriously injured or killed. As part of our health and safety strategy we have developed a set of Absolute Rules to focus attention on common causes of fatalities and serious injury.

By focusing on controlling our top five risks, we are creating a safe place to work, and this is evidenced by fewer fatalities and fewer high-potential incidents. Although we have seen significant reductions in incidents and related fatalities year-on-year, we greatly regret to report that 13 people died while undertaking work on behalf of Vodafone businesses around the world. Vehicle related incidents involving subcontractors in emerging markets remains our main cause of fatalities and we are addressing this through several interventions in local markets. Safety culture in Vodafone continues to mature with the results of last year's people survey showing that 87% of employees believe that our Absolute Rules for safety are taken seriously.

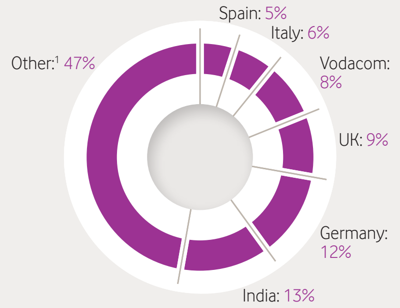
Performance, reward and recognition

In 2013, we maintained our consistent approach to rewarding our people, based on their performance, potential and contribution to the success of the business. We benchmark roles regularly on a total compensation basis to support our aim to provide competitive and fair rates of pay and benefits in every country where we operate. We also offer competitive retirement and other benefit provisions which vary depending on conditions and practices in local markets.

Global short-term incentive plans are offered to a large percentage of employees and global long-term incentive plans are offered to our senior managers. Individual and company performance measures are attached to these plans which give employees the opportunity to achieve upside for exceptional performance as well as ensuring that as a business we do not reward failure.

An ownership mentality is a cornerstone of our reward strategy and senior executives are expected to build up and maintain a significant holding in Vodafone shares within a few years of joining the Company.

Employees by location 2013



Number of employees[2]

Nationalities in top senior leadership team roles

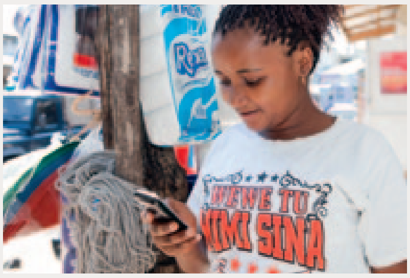
Women in top senior leadership team roles

Employee turnover rates[3]

Notes:
1 Includes CWW. See page 102 for more information.
2 Represents the average number of employees in our controlled and jointly controlled markets during the year.
3 Represents the average number of employees in our controlled and jointly controlled markets during the year and excludes CWW.

Improving lives around the world

Vodafone's strategic focus on emerging markets, enterprise, data and new services brings significant opportunities to align our business growth with our goal to be a sustainable business, by contributing to resource efficiency, energy and carbon reduction, and sustainable development.



Connected Worker research
Our Connected Worker research, explores how mobile technology can be used to make organisations more productive and efficient, while improving the quality of life for workers in emerging markets. Findings across 12 markets highlight the potential for six workforce management solutions to boost workers' livelihoods by US$7.7 billion by 2020, while enabling a further US$30.6 billion in commercial benefits to organisations, through improved productivity.

The global footprint of our telecoms network, our significant presence in emerging markets and our long track record as an innovator in mobile communications, enable us to make an important contribution to socio-economic development. This is underpinned by our strong commitment to operating responsibly and ethically.

Our consumers and government and enterprise customers face significant challenges, ranging from food shortages and ageing populations, to lack of access to communications and financial services. Mobile technology has become a vital tool for improving people's livelihoods and quality of life.

Delivering transformational services

A 2012 report by Deloitte and the GSMA found that a 10% expansion in mobile penetration leads to a 4.2% increase in economic productivity in emerging markets. As 68% of our customers live in these markets, our efforts to extend the coverage of our networks creates tangible socio-economic benefits, while simultaneously building our customer base.

We continue to explore new market opportunities to bring further sustainable benefits to societies through new partnerships and the development of products and services that focus on: agriculture, education, finance, health, low carbon products and services and smart working.

Building up to commercial scale

Our aim is to create commercially viable services that can be scaled up and rolled out across different markets, adding value for customers, commercial partners, our business and society. Our mobile money transfer solution, M-Pesa, and our M2M platforms are already well established, and work continues to extend their positive impacts.

M-Pesa continues to grow. New services include a savings product, M-Shwari, enabling people in Kenya to save as little as KES1 shillings (less than 1 pence) and a funeral insurance plan in Tanzania, both of which further drive the financial inclusion of people with very limited resources. There are over 18.1 million active users of Vodafone's M-Pesa, up from 14.4 million a year ago. (See page 27)

Vodafone's M2M solutions connect machines to the internet, transforming them into intelligent devices that exchange real time information. This opens up new possibilities for how businesses are run, as well as the opportunity to reduce running costs and carbon emissions.

In 2013, we continued to establish Vodafone as a leading M2M technology provider, offering new end-to-end services, including remote energy monitoring solutions.

Our carbon-reducing applications for M2M are wide-ranging, from improving fleet management performance, to enabling smart energy grids. We now have contracts in place to supply over 9.5 million M2M connections to specifically enable carbon reductions through energy and fuel savings for our customers.

Fostering enterprise and partnership

In sectors such as agriculture and health, we are developing commercial solutions in partnership with governments and NGOs, to deliver a range of business and sustainable benefits to society, as well as further growing our business.

In 2013, we announced two new strategic three-year partnerships. The first, with the US Agency for International Development ('USAID') and the NGO, TechnoServe, aims to reduce poverty and increase resilience for half a million smallholder farmers across Kenya, Mozambique and Tanzania. This will be achieved through the introduction of simple but innovative mobile technologies, including a registration system for growers, information on crop prices, collection days and quality reminders.

The second will explore how health ministries in sub-Saharan Africa can use mobile technology to increase immunisation rates. In Mozambique, we are partnering with GSK and the Ministry of Health in a pilot aiming to boost child vaccination rates by approximately 5% and are working with the GAVI Alliance on how to scale such initiatives.

In 2013, we also researched the potential for mobile technology to deliver commercial benefits and increase productivity for organisations, while improve working life and access to jobs for people in emerging markets. The resulting Connected Worker report quantifies the projected benefits for organisations, together with the livelihood benefits for workers across 12 markets.

Being responsible and ethical wherever we operate

Customer trust is essential to Vodafone and critical to the value of our brand. To earn and retain that trust we need to manage our operations responsibly and conduct our business in an ethical and transparent way. In 2012, we reinforced our commitment to ethical behaviour by refreshing our Code of Conduct for all employees, contractors and suppliers, rolling out further compulsory training in local markets.

Vodafone works hard to manage the risks inherent in these areas, while still initiating the development of products and services which give us a commercial advantage. This is particularly evident in our approach to protecting customer data, managing climate impacts and improving ethical, labour and environmental standards in our supply chain.

Protecting data, respecting privacy

We are committed to protecting our customers' information and respecting their right to privacy and freedom of expression. Vodafone is a member of the Telecommunications Industry Dialogue on Freedom of Expression and Privacy, a group of global telecoms companies who are working in collaboration with the Global Network Initiative ('GNI') to address these issues and Vodafone is implementing the group's Guiding Principles.

Our global privacy programme and binding privacy commitments have been recognised as setting an industry standard for operational and strategic privacy risk management. We continue to build greater privacy and security features into our products and services, offering our customers increasing transparency and control over how their personal information is used.

Managing climate impacts

The Global e-Sustainability Initiative's ('GeSI') SMARTer 2020 report recently projected that while the ICT industry's footprint will rise to 1.27 gigatonnes CO_2 equivalent by 2020, its solutions have the potential to deliver carbon reductions of seven times that amount. Our own carbon footprint must be viewed in the context of the potential for our products and services to help our customers reduce their carbon emissions. In 2013, we began to quantify the benefits of our products and services to help us build a better picture of our overall climate impact.

We also have targets to help us manage the carbon footprint of our own operations. Meeting these targets is proving challenging particularly in mature markets, as customers download and send more data, which directly increases the amount of energy our network uses. However, we remain determined to reduce our global footprint and are implementing new technologies that improve the energy efficiency of our networks.

Improving standards in the supply chain

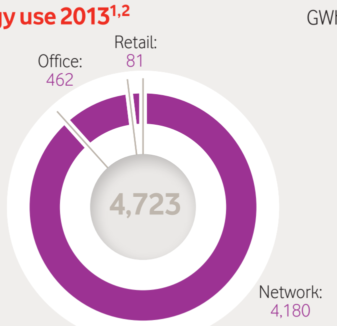
To raise ethical, labour and environmental standards in our supply chain, we regularly monitor and work with our suppliers to improve their performance. We have made good progress in 2013, by strengthening due diligence measures to improve traceability of metals in our products and tackle the issue of conflict minerals. Our supplier management programmes have also enabled us to empower our customers to make more sustainable choices and our Eco-Rating scheme, which assesses the impact of mobile handsets, is now available in eight markets.

Governance

The Executive Committee has overall ownership of our sustainability strategy and the Board receives annual progress updates. We keep track of material issues through regular contact with customers, employees, governments, investors, non-government organisations and suppliers, and the Vodafone Sustainability Expert Advisory Panel continues to provide guidance on the implementation of our strategy.

Energy use 2013[1,2]

GWh



Carbon dioxide emissions[2]

Millions of tonnes

Notes:
1 Energy use does not include data for fleet fuel consumption.
2 The charts above on energy use and carbon emissions are calculated using actual or estimated data collected by our mobile operating companies except for Qatar which is estimated based on 2012 data. The data is sourced from invoices, purchasing requisitions, direct data measurement and estimations where required. The 2013 data includes Vodacom markets Mozambique, Tanzania, Lesotho and Democratic Republic of Congo, which were not included in prior years, and excludes TelstraClear and CWW. Our joint venture in Italy is included in all years.

Sustainability report

Our full online sustainability report outlines our vision, approach and performance in 2013 on all these issues and more.

vodafone.com/sustainability

Vodafone Foundation

Mobile for Good

At the heart of our Foundation is the belief that mobile communications technologies can address some of the world's most pressing humanitarian challenges and our responsibility is to utilise our innovative mobile technology in mobilising social change and improving people's lives.

Over the last year, more than ever before, we have delivered transformational projects at scale by connecting our charitable giving with our technology, working in partnership with other charities and organisations to increase our impact. Across our network of Foundations these projects are delivering significant public benefit. Total donations for the year were £51.5 million which included £6.4 million towards Vodafone Foundations' operating costs.

Instant Network

When Typhoon Bopha hit the Philippines in December communications infrastructure was destroyed and network coverage was lost. A team of qualified Vodafone volunteers from the Vodafone Foundation, including the project manager and two Vodafone New Zealand employees, deployed Vodafone Instant Network in the Philippines. Working in partnership with Telecoms Sans Frontieres and local operator, Smart, a network was established in the town of Baganga, available to anyone in the vicinity.

Thanks to Vodafone Instant Network, people were able to reconnect with families and friends. Locals were able to receive money to their phones via Smart money, a mobile application similar to M-Pesa. Aid agencies, including the Philippine Red Cross, were given access to the network to coordinate rescue and relief efforts and to set up free calling services for local people without phones, credit or power.

For the duration of the 17 day deployment Instant Network ran at full capacity with the maximum number of calls and texts being sent over the network at all times. In total 296,926 calls and 578,994 texts were sent over Instant Network, the highest number in any deployment to date. Equipment was removed once the permanent network had been re-established.

JustTextGiving

JustTextGiving by Vodafone in the UK leads the way as the world's first free SMS based charity fundraising platform available to all mobile customers on any UK network. JustTextGiving by Vodafone is revolutionising the way charities and fundraisers collect donations, with donors using a unique code to send donations via text. It is also linked to Gift Aid which means 25% can be added to all donations made by a UK taxpayer. To date, £9.2 million (including gift aid) has been raised using JustTextGiving, 17,719 charities have signed up to use the service and over 72,000 individual fundraisers have registered for unique codes.

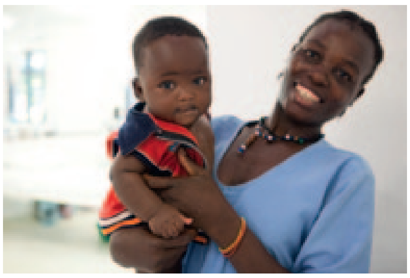
TecSOS

The TecSOS handset has been adapted for use by victims of domestic abuse. The handset was initially developed by the Vodafone Spain Foundation in partnership with the Spanish Red Cross and the TecSOS Foundation, and provides a connection to emergency services at the press of a button. TecSOS programmes currently run in five of our markets: Spain, Italy, Portugal, Hungary and the UK. Pilot programmes in Germany, Turkey and Ireland are set to launch shortly. Italy launched a national programme in 2012, Hungary's Minister of Justice made TecSOS part of the Safety for Women programme and one third of the UK police forces have integrated TecSOS since its launch in 2011. In total 28,426 women have used the handset to keep them safe from abusive partners and in Spain there are on average 60 to 70 activations a month. A user in the UK shared their experience with us: "My message to Vodafone is a massive thank you, I hope that you can give TecSOS handsets to more women to help them. Without a doubt my phone saved my life."

For more information about Vodafone Foundation go to **vodafonefoundation.org/m4gplayer**

Instant Network volunteer programme

Vodafone Foundation volunteers are trained employees deployed as first responders to provide mobile communications support in emergencies. These network engineers, IT and corporate security specialists are trained on mobile technology, humanitarian aid and go through a certified course so they are best prepared for natural disaster situations and conflict areas. The Foundation's Instant Network Programme comprises 67 volunteers from 21 countries across Europe, Africa and the Pacific.



Exceeding our £7m target for Moyo

Thanks to the support of our colleagues and generous partners we exceeded our £7 million target set in September 2011 to support 'CCBRT' in Tanzania. Money raised has funded the integration of a remote mobile referral system for women suffering from obstetric fistula. Diagnosis happens over the phone and money is sent via M-Pesa to cover the costs of transferring patients to Dar es Salaam for surgery. This system enabled 600 women in 2012 to receive corrective surgery compared to 168 in 2011.