

Business overview

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



Technology and resources page 14

Network infrastructure

Connects all customers together and enables the Group to provide mobile and fixed voice, messaging and data services. Vodafone operates 2G networks in all of its mobile operating subsidiaries and an increasing number of 3G networks, providing customers with an enhanced data experience. Vodafone also operates an increasing number of fixed access networks.

Licences

Vodafone has mobile licences in all of the countries in which it operates, as well as fixed licences in a number of markets.

Information technology

Provides the IT systems to deliver customer service and the capability to charge customers for use of Vodafone's services.

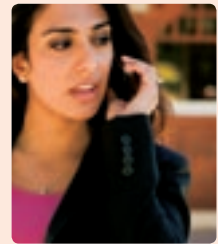
Supply chain management

Handsets, network equipment, marketing and IT services account for the majority of Vodafone's purchases, with the bulk being sourced from global suppliers. The Group's supply chain management team is responsible for managing the Group's relationships with all suppliers, excluding handsets, providing cost benefits to the Group through utilisation of scale and scope.

Research and development ('R&D')

The emphasis of the Group R&D work programme is to contribute leading edge technical capabilities to Vodafone's thought and leadership offerings and identify new and emerging opportunities.

Customers page 20



Consumer

Prepaid

Customers pay in advance and are generally not bound by minimum contract terms.

Contract

Customers usually sign up for a predetermined length of time and are invoiced for their services.



People page 18

Vodafone employed over 79,000 people worldwide during the 2009 financial year and aims to attract, develop and retain the best people by providing a stimulating and safe environment and offering attractive performance based incentives and rewarding career opportunities.

Marketing and distribution page 20

Marketing and brand

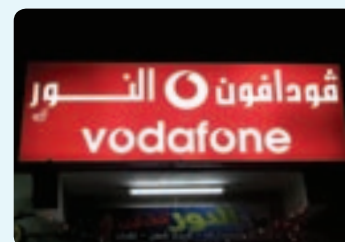
Vodafone has continued to focus on delivering a superior, consistent and differentiated customer experience through its brand and communication activities.

Customer delight index

Tracks customer satisfaction and identifies the drivers of customer delight.

Sponsorship

The Group's global sponsorship strategy, with central and local sponsorship agreements, has delivered strong results across all Vodafone markets.



Distribution

Direct distribution

Includes owned and franchise retail stores, sales forces selling to enterprise customers and, increasingly, the internet.

Indirect distribution

Includes third party service providers, independent dealers, distributors and retailers and mobile virtual network operators ('MVNOs').



Enterprise

Small to medium enterprise ('SME') and corporate

The Group's strategy is to become the total communications provider of choice offering solutions which bring together fixed and mobile voice and data services into an integrated offer to the customer.

Multinational

Vodafone Global Enterprise ('VGE') manages the relationship with Vodafone's 270 largest multinational corporate customers ('MNCs').

Services and devices page 21

Voice

Vodafone's core service to customers is to provide mobile voice communications and this continues to make up the largest proportion of the Group's revenue.

Messaging

Allows customers to send and receive text, picture and video messages using mobile devices.

Data

The Group offers email, mobile connectivity and "Internet on Your Mobile" to enhance customers' access to data services.

Fixed line

Provides customers with fixed broadband and fixed voice and data solutions to meet their total communication needs.

Other

Includes mobile advertising and business managed services as well as incoming roaming and wholesale MVNO.



Handsets

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

Vodafone Mobile Broadband

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

Routers

Vodafone offers broadband services through digital subscriber line ('DSL') and supplies routers to enable customers to access these services, in some cases with mobile broadband built in for fast activation and as backup.

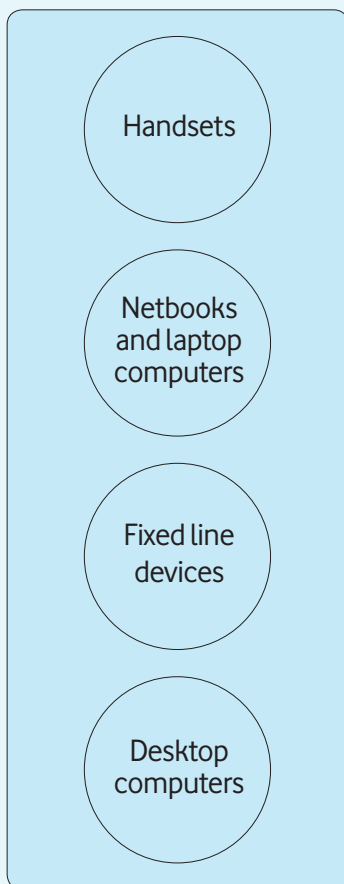
Technology and resources

Vodafone's key technologies and resources include the telecommunications licences it holds and the related network infrastructure, which enable the Group to operate telecommunications networks in 28 controlled and jointly controlled markets around the world.

Customer devices



As a total communications company, Vodafone's customers can use a broad range of devices to access its products and services.



Access and transmission network



Vodafone's access networks provide the means by which its customers can connect to Vodafone. The Group provides mobile access through a network of base stations and fixed access through consumer DSL or corporate private wire. These access networks connect back to Vodafone's core network via its transmission network.

Fixed broadband

The DSL access multiplexer provides fixed line telephony connections enabling customers to connect to the internet via Vodafone.

Base station

Base stations manage the wireless radio transmissions to and from Vodafone's customers' mobile devices. They provide coverage over an area known as a cell. The network of cells provides the wide area coverage demanded by customers and aims to provide seamless mobility as they move from one cell to another. Vodafone uses both 2G and 3G mobile technologies.

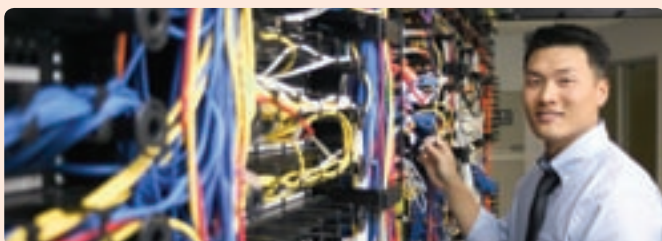
Private wire corporate access

Vodafone delivers private branch exchange services to its enterprise customers via dedicated private wire connections. Through these the Group delivers the advanced voice and data management needed by corporate operations.

Transmission infrastructure

The transmission infrastructure connects Vodafone access networks to the core network. Vodafone uses a combination of fixed line and wireless (microwave) transmission infrastructure, which Vodafone both owns and leases.

Core network



The core network is responsible for setting up and controlling the connection of Vodafone's customers to the Group's voice and data services.

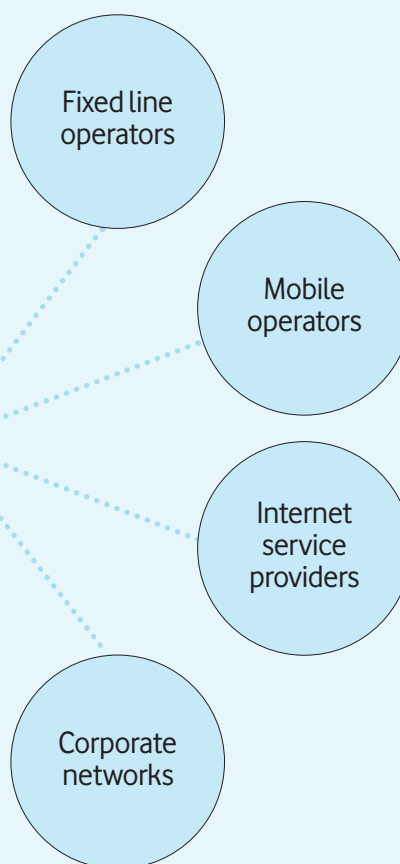
The core network comprises three control domains and a services domain. The different domains and infrastructure within them are connected together via a transmission network.

<p>Circuit switched</p> <p>The circuit switched domain provides voice/video calls and some basic data services. The infrastructure in the circuit switched domain manages the set-up and routing of Vodafone's customers' connections to their desired service.</p>	<p>Packet switched</p> <p>The packet switched domain provides Vodafone's customers access to data services. This includes managing the delivery of data between mobile devices and setting up data connections to Vodafone's advanced data services and other external networks.</p>	<p>IMS</p> <p>The IP multimedia subsystem provides advanced control for all internet protocol ('IP') services. It enables Vodafone to deliver rich internet based multimedia services and perform flexible blending of different services.</p>
<p>Service platforms</p> <p>Vodafone's service platforms deliver advanced customer services and applications such as Vodafone live!, multimedia messaging, email, mobile TV and other data related services.</p>		

Other networks



Vodafone networks connect to a wide range of other networks to enable the Group's customers to reach customers of other operators and access services beyond Vodafone.



Technology and resources continued

Network infrastructure

Vodafone's network infrastructure provides the means of delivering the Group's mobile and fixed voice, messaging and data services to its customers. The Group's customers are linked via the access part of the network, which connects to the core network that manages the set-up and routing of calls, transfer of messages and data connections, which provide a wide variety of other services.

The Group's mobile network technologies

2G

Vodafone operates 2G networks in all of its mobile operating subsidiaries, through global system for mobile ('GSM') networks, offering customers services such as voice, text messaging and basic data services. In addition, all of the Group's controlled networks operate general packet radio services ('GPRS'), often referred to as 2.5G. GPRS allows mobile devices to be used for sending and receiving data over an IP based network and enabling data service offers such as internet and email access. In a number of networks, Vodafone also provides an advanced version of GPRS called enhanced data rates for GSM evolution ('EDGE'). These networks provide download speeds of over 200 kilobits per second ('kpbs') to Vodafone's customers.

3G

Vodafone's 3G networks operating the wideband code division multiple access ('W-CDMA') standard, provide customers with an optimised data access experience. Vodafone has continued to expand its service offering on 3G networks, now offering high speed internet and email access, video telephony, full track music downloads, mobile TV and other data services in addition to existing voice and basic data connectivity services.

High speed packet access ('HSPA')

HSPA is a 3G wireless technology enhancement enabling significant increases in data transmission speeds. It provides increased mobile data traffic capacity and improves the customer experience through the availability of 3G broadband services and significantly shorter data transfer times. The Group has now deployed the 3.6 mega bits per second ('Mbps') peak speed evolution of high speed downlink packet access ('HSDPA') across almost all of its 3G networks and also completed the introduction of the 7.2 Mbps peak speed in key areas. The figures are theoretical peak rates deliverable by the technology in ideal radio conditions with no customer contention for resources. While HSDPA focuses on the downlink (network to mobile), high speed uplink packet access ('HSUPA') focuses on the uplink (mobile to network) and peak speeds of up to 1.4 Mbps on the uplink have now been widely introduced across most of the Group's 3G networks.

Current developments in the infrastructure

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

Access network evolution

Vodafone is actively driving additional 3G data technology enhancements to further improve the customer's experience, including evolutions of HSPA technology to upgrade both the downlink and uplink speeds. Vodafone has successfully trialled evolutions of mobile broadband technology achieving actual peak data download rates of up to 16 Mbps and 21 Mbps, which corresponds to theoretical peak rates of 21.6 Mbps and 28.8 Mbps, respectively. Vodafone expects to deploy uplink speeds of around 2 Mbps in a limited number of areas in Europe during the 2010 financial year.

Vodafone has continued to expand its fixed broadband footprint in accordance with the Group's total communications strategy, by building its own network and/or using wholesale arrangements in 12 countries at 31 March 2009.

Transmission network evolution

Vodafone continues to upgrade its access transmission infrastructure from the base stations to the core switching network to deal with the increasing bandwidth demands in the access network and data dominated traffic mix, driven by HSDPA and fixed broadband. The Group has continued to pursue a strategy of implementing scaleable and cost effective self build solutions and is also leveraging its DSL interests by backhauling data traffic onto more cost effective DSL transport connections. In the core transmission network, the Group has continued to expand its high capacity optical fibre infrastructure, including technology enhancements, which enable the use of cost effective IP technology to achieve high quality carrier grade transport of both voice and data traffic.

Core network evolution

The Group has now consolidated ten national IP networks into a single IP backbone, including the key European markets, centralising IP operations to avoid duplication and achieve simplicity and flexibility in the deployment of new services to serve multiple markets. The Group has continued to expand the deployments of IP multimedia subsystem ('IMS') infrastructure across its markets in order to serve the increasing demand for advanced internet based services and applications.

Licences

The licences held across Vodafone's operating companies enable the Group to deliver its fixed and mobile communication services. Further detail on the issue and regulation of licences and a table summarising the most significant mobile licences held by the Group's operating subsidiaries and the Group's joint ventures in Italy and Vodacom in South Africa at 31 March 2009 can be found in "Regulation" on page 137. In addition, the Group also has licences to provide fixed line services in many of the countries in which it operates.

Through its mobile licences, the Group continues to hold sufficient spectrum in all of its operating subsidiaries and joint ventures to meet the medium term requirements for Vodafone's expected voice and data growth. Re-farming of the Group's existing spectrum to more efficient technologies can also increase the voice and data capacity of Vodafone's networks. In circumstances where the acquisition of additional spectrum offers the most cost effective means to increase capacity, the Group will participate in auctions or other assignment procedures on a case by case basis.

Cost reduction and innovation

While evolving the Group's infrastructure, it is also important that the Group continues to have a tight control over its cost base. Vodafone has been actively driving a variety of initiatives which enable it to manage its network investments.

Infrastructure sharing

Significant effort has been placed in reducing the costs of deploying mobile network infrastructure. During the 2009 financial year, Vodafone announced a number of significant European agreements, including those in Germany, Spain, Ireland and the UK, along with the formation of a joint venture in India, Indus Towers, for the purposes of network sharing with other operators. The Group is now conducting network sharing in all but one of its controlled markets.

Power and energy savings

Vodafone has been actively pursuing a number of initiatives to address energy costs and deliver against its corporate responsibility ('CR') commitment to reduce carbon emissions. During the 2009 financial year, there has been wide scale adoption of free cooling systems across the Group's networks, which remove the need to air condition base station equipment. In addition, the Group is pursuing the introduction of sustainable energy sources such as wind and solar power.

Quality of service for data applications

The Group has been driving the development of innovative techniques in 3G, which enable it to carefully manage the assignment of capacity in its networks. With increasing bandwidth demands and a data dominated traffic mix, driven by faster HSDPA and fixed broadband, the ability to optimise the allocation of capacity according to the services and applications being used will be essential in managing costs.

Femtocells

During the 2009 financial year, the Group has been testing femtocells across a number of markets. Femtocells are based on technology which consists of a powered booster box connected to a small antenna that amplifies existing 3G signals from the wide area network to offer enhanced reception over a range of up to nine metres.

IT

A wide ranging IT transformation programme was initiated in the 2008 financial year to deliver savings, such as the outsourcing of IT application development and maintenance operations, and identify new opportunities. The data centre environment continues to be a major focus area for cost savings, building on the success of the consolidation programme by driving savings initiatives on server virtualisation and storage optimisation. Application simplification is another area of focus as the benefits of reducing the number and complexity of applications include improving time to market for new products and services and cost reduction. Significant savings have been made on Vodafone's existing IT operations, which have been reinvested in new products and services.

Supply chain management

Handsets, network equipment, marketing and IT services account for the majority of Vodafone's purchases, with the bulk of these purchases being from global suppliers. The Group's supply chain management ('SCM') team is responsible for managing the Group's relationships with all suppliers, excluding those of handsets, providing cost benefits to the Group through utilisation of scale and scope.

SCM is a major contributor to the Vodafone cost reduction programme, achieved through a unified approach using global price books and framework agreements, a standardised approach to e-auctions, the introduction of low cost network vendors and achieving best in class pricing for IT storage and servers. Vodafone's SCM continues to transform itself and is operating across all Vodafone's operating companies, delivering savings that are measured using a unified savings methodology, which are reported regularly to the Executive Committee. Vodafone's SCM was centralised in Luxembourg during the 2008 financial year and is delivering further synergies for the Group through the execution of global material strategies based on local market expertise. Worldwide independent benchmarking studies have shown Vodafone SCM as achieving significant cost advantages. Vodafone also has a China Sourcing Centre, which has achieved significant trading volumes, further improving the Group's cost base.

SCM won the "Team of the Year" award and was short listed for the "Corporate Responsibility and Environment" award in the 2008 European Supply Chain Excellence Awards.

Suppliers to Vodafone are expected to comply with the Group's Code of Ethical Purchasing. Further detail on this can be found in "Corporate responsibility" on page 47.

It is the Group's policy to agree terms of transactions, including payment terms, with suppliers and it is the Group's normal practice that payment is made accordingly.

Research and development

The Group R&D function comprises an international team for applied research in mobile and internet communications and their related applications. It supports the strategic objectives of Vodafone by:

- contributing leading edge technical capabilities to Vodafone's consumer offerings in the areas of internet, web and terminal platforms and by directing the standardisation of relevant cross platform technologies;
- identifying new and emerging business opportunities for fixed and mobile services; and
- industry leadership in the development of future generation network technology through specification of standards, standardisation and systematic engineering trials.

Group R&D work programme

There have been several significant advances during the 2009 financial year including:

- significant progress in long term evolution ('LTE') trials, a global radio access technology, with key partners Verizon Wireless and China Mobile, designed to deliver a range of customer benefits including higher speeds and enhanced throughput performance;
- trials conducted to boost backhaul capacity using new ethernet microwave technology, which is expected to quadruple backhaul capacity in channelling voice and data traffic away from base stations, while enhancing network efficiency and service for customers and offering cost efficiencies;
- launch of the Android powered HTC Magic Pioneer smartphone, providing an improved mobile experience and offering scope for personalisation via the application rich Android market. This follows Vodafone's membership of the Open Handset Alliance, established by Google in 2007 to develop the Android operating system for mobile phones;
- commercial development of near field communications enabled mobile phones and SIM cards to reach international standards. Vodafone and other key players drove the contactless technology development with the SIM at the centre of the architecture and have been trialling pre-standard implementations in Germany and France;
- development and roll out of a framework for improving mobile access to the internet through small, personalised applications known as widgets. Vodafone has also played a pivotal role in driving the standardisation of this technology across the mobile industry; and
- growth and expansion in Vodafone's developer portal, Betavine, which helps developers to transition their applications to operate on mobile devices. Betavine is also being used as a launch pad for Vodafone's engagement with the developer community to bring innovation to the Group's customers and to meet needs in emerging markets through the Betavine social exchange.

People

As a global organisation, Vodafone embraces the differences that every employee brings to the Group, recognising that a workforce which reflects the diversity of the customers it serves is better able to understand their expectations and more likely to have the skills and knowledge needed to deliver the innovative products and services that they want.

Vodafone employed an average of around 79,000 people worldwide during the 2009 financial year. The Group aims to attract, develop and retain the best people by providing a stimulating and safe working environment, offering attractive performance based incentives and rewarding career opportunities.

Organisation changes

- **Creation of three regions managed by regional CEOs.**
- **Creation of leaner, more agile organisation.**
- **Higher proportion of employees in customer facing roles.**
- **Reorganisation of teams whose activities benefit from economies of scale.**

Vodafone changed the shape and size of its organisation during the 2009 financial year to accommodate growth within the business as well as to create a leaner, more agile structure with clearer reporting lines and accountabilities across the Group. Changes included:

- creation of three regions (Europe, Africa and Central Europe and Asia Pacific and Middle East), each managed by a Regional CEO;
- centralisation of teams who manage activities that benefit from the Group's global scale, including terminal procurement, supply chain, IT and network programmes and product development;
- continued integration of new acquisitions; and
- restructuring and cost efficiency activities in some operating companies.

As a consequent of these changes, approximately 1,900 jobs were eliminated. Despite these reductions, the overall number of people working for Vodafone grew by 9%, due to growth in emerging markets and business acquisitions. People whose jobs were affected by the organisational changes were treated in line with Vodafone policy and good practice on employee relations and consultation.

People engagement

- **Latest people survey had an 85% response rate globally.**
- **Increased level of employee engagement, achieving the high performance benchmark.**
- **High scores in fair treatment, encouraging innovation and recognition.**

In November 2008, Vodafone carried out its fourth global people survey. The survey measured the level of engagement (a combination of pride, loyalty and motivation) of the Group's people and 59,453 people responded to 68 individual questions covering most aspects of the employee experience, achieving an 85% response rate overall.

- Employee engagement increased by four percentage points to 75%. This is the highest it has ever been since Vodafone started surveying its people in 2003. It is particularly significant because, for the first time, Vodafone achieved the high performance benchmark for engagement. The high performance benchmark is an external measure of best in class organisations that achieve strong financial performance alongside high levels of engagement. This achievement demonstrates that, more than ever before, people at Vodafone feel proud, committed and willing to give their best.

- Certain results from this year's survey were above the benchmark for other high performing organisations, particularly in relation to fair treatment, encouraging innovation and recognition.
- Vodafone identified three key areas of action (team working, attracting and retaining talent and managing change) from the 2007 survey. The 2008 survey showed significant improvement in each of these areas.

Targets and actions have been identified to build upon and sustain the high level of engagement achieved. The Group plans to carry out another full global survey in November 2009.

Performance management

- **96% of employees completed performance review.**
- **95% of employees agreed goals.**

Vodafone operates a globally consistent performance management process, which requires each individual's performance to be reviewed with his or her manager and career development goals to be set through a performance dialogue. Excluding India, 96% of employees completed a performance review and 95% of employees agreed development goals and business objectives with their manager.

Succession planning is supported through development boards, which occur annually, covering all functions and levels within the organisation. Leadership roles and key appointments are reviewed monthly by the Executive Committee.

Training and development

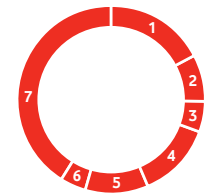
- **230,314 days of training were provided, an average of three days per employee.**

Vodafone is committed to helping people reach their full potential through ongoing training and development. In the 2009 financial year, Vodafone provided an aggregate of 230,000 days of training, an average of three days per employee.

In the 2008 financial year, over 4,500 managers globally received training on Vodafone's total communication strategy and products. In the 2009 financial year, this training programme was extended to all employees via an online interactive course that has been translated into 11 languages and rolled out to 18 countries. So far, over 8,500 people have completed the online course, and 13,701 people have attended the quarterly web sessions that support the programme.

In the 2008 calendar year, Vodafone launched Inspire, a development programme for the leaders of tomorrow. Inspire has a total of 70 delegates from across 17 countries on the programme, with a further intake planned in the 2009 calendar year. The programme is focused on developing commercial acumen and leadership capabilities through a combination of training, business challenges and international assignments.

Analysis of Group's employees by location



1. Germany – 17.4%
2. Italy – 7.9%
3. Spain – 5.5%
4. UK – 13.0%
5. India – 10.9%
6. Vodacom – 4.2%
7. Other – 41.1%

Equal opportunities and diversity

- **Implementation of a new diversity and inclusion strategy.**
- **13% of senior employees and three operating company CEOs are female.**
- **23 nationalities are represented in top management bands.**

Vodafone is committed to providing a working culture that is inclusive to all. The Group does not condone unfair treatment of any kind and offers equal opportunities for all aspects of employment and advancement regardless of race, nationality, sex, age, marital status, disability or religious or political belief. This also applies to agency workers, self employed persons or contract workers who work for Vodafone.

People with disabilities are assured of full and fair consideration for all vacancies and efforts are made to meet their special needs, particularly in relation to access and mobility. Where possible, modifications to workplaces are made to provide access and, therefore, job opportunities for the disabled. Every effort is made to continue the employment of people who become disabled via job design and the provision of additional facilities and appropriate training.

Gender diversity is a key focus area for Vodafone. 13% of the Group's senior employees, including three operating company CEOs, are female. In 2008, Vodafone implemented a diversity and inclusion strategy to improve gender diversity across the Group. Nine work streams were established, overseen by a steering committee, to ensure the Group continues to make progress in this area.

Vodafone has started to rollout inclusive leadership workshops for leaders in all operating countries. These workshops aim to improve understanding of inclusive and non-inclusive behaviour. Members of the Executive Committee attended the first of these workshops this year.

Reward and recognition

- **Extension of reward differentiation based on individual performance.**
- **A variety of share plans are offered to incentivise and retain employees.**

To support the goal of attracting and retaining the best people, Vodafone provides competitive and fair rates of pay and benefits in each local market where it operates.

In the 2009 financial year, Vodafone extended reward differentiation based on individual contribution through the global reward programmes. This included individual differentiation on both the global short term incentive plan and the global long term incentive plan.

A variety of share plans are offered to incentivise and retain employees and in July 2008, all eligible employees across the Group were granted 290 shares under the global allshare plan.

Key performance indicators⁽¹⁾

KPI	2009	2008	2007
Total number of employees ⁽²⁾	79,097	72,375	66,343
Employee turnover rates (%)	13.0	15.2	14.2
Average training spend per employee (£)	600	704	530
Number of women in the top senior management roles	29	26	22
	out of 221	out of 211	out of 204
Number of nationalities in the top senior management roles	23	20	20

Notes:

(1) Of the total number of employees, 71,664 (2008: 62,456, 2007: 59,909) are included in the scope of these figures.

(2) Represents the average number of employees during the financial year, incorporating employees of newly acquired entities from the date of acquisition and the Group's share of employees in joint ventures.

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

Health, safety and wellbeing

- **Introduction of group wide product safety and assurance policy.**
- **Increasing importance placed on integration into operating companies in developing markets.**
- **Improvement in employee wellbeing initiatives.**

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

Following a review of business activities in the 2009 financial year, Vodafone introduced a group wide product safety and assurance policy to provide clear standards and accountabilities for managing HS&W in the development, sourcing, sale and use of products.

This year saw increasing importance placed on integration of HS&W into Vodafone businesses in developing markets. Supplier performance in managing high risk areas, such as network deployment, was a major focus. A range of initiatives included producing a 'Guide to Partnering with Vodafone' for suppliers, establishing access for suppliers to health and safety resources online and actively engaging with the Group's global network suppliers to agree safety standards.

The Group's continued focus on the implementation of wellbeing initiatives across the business saw a significant improvement in responses by employees to wellbeing questions in the 2008 people survey.

Employment policies

- **Policies are developed to reflect local legal, cultural and employment requirements.**
- **Vodafone aims to be recognised as an employer of choice.**

The Group's employment policies are developed to reflect local legal, cultural and employment requirements. The Group seeks to maintain high standards wherever the Group operates, as Vodafone aims to ensure that it is recognised as an employer of choice. The Group considers its employee relations to be good.

Customers, marketing and distribution

Vodafone endeavours to ensure that customers' needs are at the core of all products and services. Understanding these needs and continuing to serve them is key to Vodafone's customer strategy.

Customers

Vodafone has 302.6 million proportionate mobile customers across the globe. The Group seeks to use its understanding of customers to deliver relevance and value and communicate on an individual, household, community or business level. In delivering solutions that meet customers' changing needs in a manner that is easy to access and is available when required, Vodafone aims to build a longer and deeper customer relationship.

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

Customer segmentation

Customer segments are targeted through many different tariffs and propositions, which are adapted for any localised customer preferences and needs. These often bundle together voice, messaging, data and, increasingly, fixed line services.



Consumer

Customers are typically classified as prepaid or contract customers. Prepaid customers pay in advance and are generally not bound to minimum contractual commitments, while contract customers usually sign up for a predetermined length of time and are invoiced for their services, typically on a monthly basis. Increasingly, Vodafone offers SIM only tariffs allowing customers to benefit from the Vodafone network whilst keeping their existing handset.

Enterprise

The Group continues to grow usage and penetration across all business segments. VGE manages the Group's relationship with Vodafone's 270 largest multinational corporate customers. VGE simplifies the provision of fixed, mobile and broadband services for MNCs who need a single operational and commercial relationship with Vodafone worldwide. It provides a range of managed services such as central ordering, customer self-serve web portals, telecommunications expense management tools and device management coupled with a single contract and guaranteed service level agreements.

The Group continues to expand its portfolio of innovative solutions offered to small office home office ('SoHo'), SME and corporate customers. Increasingly these combine fixed and mobile voice and data services integrated with productivity tools.



Marketing and brand

Vodafone has continued to build brand value by delivering a superior, consistent and differentiated customer experience. Communication activities are focused on delivering the promise of "helping customers make the most of their time". The Group's vision is "to be the communications leader in an increasingly connected world" expanding the Group's category from mobile only to total communications. To enable the consistent use of the Vodafone brand in all customer interactions, a set of detailed guidelines has been developed in areas such as advertising, retail, online and merchandising.

Vodafone regularly conducts brand health tracking, which is designed to measure the brand performance against a number of key metrics and generate insights to assist the management of the Vodafone brand across all Vodafone branded operating companies. An external accredited and independent market research organisation provides global coordination of the methodology, reporting and analysis.

Vodafone's global sponsorship strategy has delivered a strong set of results across all Vodafone markets, with central sponsorship agreements such as the title sponsorship of the Vodafone McLaren Mercedes F1 team. The winning performance of the Vodafone McLaren Mercedes F1 team during the 2008 season enabled Vodafone to maintain a dominant presence in one of the world's most popular sporting events. Vodafone successfully integrated the sponsorship into a wide variety of business activities including communications, events, content and acquisition and retention promotions.

Distribution

Vodafone directly owns and manages over 1,800 stores selling services to customers and providing customer support. The store footprint is constantly reviewed in response to market conditions. The Group also has 5,200 Vodafone branded stores, which sell Vodafone products and services exclusively through franchise and exclusive dealer arrangements. Additionally, in most operating companies, sales forces are in place to sell directly to business customers. The internet is increasingly a key channel to promote and sell Vodafone's products and services and to provide customers with an easy, user friendly and accessible way to manage their services and access support, whilst reducing costs for the Group.

The extent of indirect distribution varies between markets but may include using third party service providers, independent dealers, distributors and retailers. The Group hosts MVNOs in a number of markets, selling access to the Vodafone network at a wholesale level. Where appropriate, Vodafone seeks to enter mutually profitable relationships with MVNO partners as an additional route to market.

72.9

Customer delight index
(2008: 73.1, 2007: 70.6)

9th

in global BrandZ ranking
Up from 11th in 2008

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

Devices

Vodafone offers a wide range of devices such as handsets, mobile data cards and mobile USB modems.

Handsets

- A wide ranging handset portfolio covers different customer segments, price points and an increasing variety of designs.
- 67 new models released in the 2009 financial year.
- 16 exclusive devices launched, including the BlackBerry Storm touch screen device.
- iPhone launched in 11 markets.
- 15 consumer handsets available under Vodafone's own brand in 29 markets.
- 3G handsets accounting for 42% of total handset sales.
- Expanded business portfolio with BlackBerry Curve™.

Vodafone Mobile Broadband

- Provides simple and secure access to the internet and to business customers' systems such as email, corporate applications and company intranets.
- The Vodafone Mobile Broadband offers enhanced speeds up to 7.2 Mbps downlink and up to 2.0 Mbps uplink by utilising HSPA technology.
- A wide variety of laptop models are available with built in 3G broadband and Vodafone SIM cards fitted at point of manufacture. Vodafone's partners Dell and Lenovo fit a Vodafone SIM at point of manufacture.
- All Vodafone Mobile Broadband USB modems and USB sticks are exclusive designs and benefit from "plug and play" software. Their ease of use and attractive designs support their deployment through consumer channels.
- A number of netbooks are available with built in 3G broadband, which are much smaller and lighter than a regular laptop, including the new Dell mini 9 netbook.

DSL routers

- Allow customers to access the Group's fixed broadband services.
- Used by both consumer and enterprise customers, particularly SoHo's and SMEs.
- Wired and wireless routers available.

Product focus: Vodafone Mobile Broadband USB modem

- Won the iF design award recognising best product design in the world, run by the International Design Forum in Hanover, Germany.



10.7m

Vodafone branded handsets shipped

4.5m

PC connectivity devices

Product focus: BlackBerry Storm

- First touch screen device from BlackBerry available to Vodafone's customers in 14 markets, exclusively in 11.
- Won best mobile technology breakthrough award at the 2009 GSMA global mobile awards.



Product focus: Vodafone branded handsets

- 15 consumer handsets available under Vodafone's own brand in 29 markets.



Services and devices continued

Voice

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

£26,906m

Voice revenue
(2008: £24,151m, 2007: £21,597m)

Outgoing voice

Principal features

- Fees charged to a Vodafone mobile customer who initiates a call.
- Many different tariffs and propositions available, targeted at different customer segments.
- Relatively stable as a proportion of Group service revenue as higher usage offsets price pressures.

Incoming voice

Principal features

- Generated when a Vodafone customer receives a call from a user on another network.
- Fees paid by operators based on termination rates primarily determined by local regulators.

Voice roaming

Principal features

- Allows Vodafone's customers to make calls on other operators' mobile networks while travelling abroad.
- International coverage expanded during the year.
- Vodafone Passport offers great value to travellers.

Product focus:

12.5%

reduction in outgoing average price per minute

Tariffs:

- Wide range of tariffs and propositions on offer.
- Include a range of unlimited value offers, which have been particularly appealing to customers and stimulate voice usage growth.

22.5m

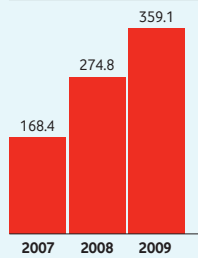
Vodafone Passport customers

Vodafone Passport:

- Enables customers to "take their home tariff abroad" offering greater price transparency and certainty to customers.

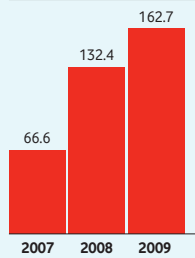
Outgoing voice usage

(billions of minutes)



Incoming voice usage

(billions of minutes)



Messaging

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

£4,473m

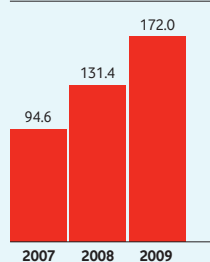
Messaging revenue
(2008: £3,967m, 2007: £3,496m)

SMS and MMS

- Allows customers to send and receive text messages as well as multiple media, such as pictures, music, sound, video and text.
- Usage growth of 30.9% in the year ended 31 March 2009, driven by marketing and value focused pricing.

SMS usage

(billions of messages)



Data

The Group offers a number of products and services to enhance customers' access to data services including access to the internet, email, music, games and television.

£3,046m

Data revenue
(2008: £2,119m, 2007: £1,405m)

Connectivity services

- Provides laptop and PC users simple and secure access to the internet and business systems.
- Includes email, corporate applications, company intranets and the internet for customers on the move.
- Available through Vodafone Mobile Broadband devices and certain handsets.



Internet

- Offers easy to use and secure customer browsing.
- Users can access the internet on their mobile via Vodafone live! or web browsers.
- Transparent pricing available through Vodafone's "Internet on Your Mobile" unlimited browsing tariff. Instant messaging available with Yahoo! and MSN.
- Offers integrated services from leading internet brand partners, including YouTube, eBay, Google and Google Maps™.
- Allows customer access to a wide range of media content:
 - full track music downloads with more than 2 million songs available;
 - global games portfolio offers popular titles and the latest games; and
 - mobile TV, available with an average of 27 channels.

Applications

- Vodafone Email Plus, Windows Mobile® Email from Vodafone and BlackBerry from Vodafone provide business customers with real time handheld access to email, calendar, address book and other applications.
- Suitable for consumers and enterprises, from small start up companies to multinational corporates.

Data roaming

- Allows Vodafone's customers to use the Group's services on a mobile network when travelling abroad.
- Growth supported by simple, easy to understand pricing.
- More than two thirds of laptop roamers use transparent daily and monthly tariffs rather than pay per megabyte.

25.9%
organic data revenue growth

19.0m
mobile internet users
in Europe

3.5m
mobile email
customers

11
markets offer a daily
roaming tariff

Fixed and other services

During the 2009 financial year, Vodafone continued to diversify and expand the services it provides to assist customers in meeting their total communications needs and provide additional revenue streams to the Group.

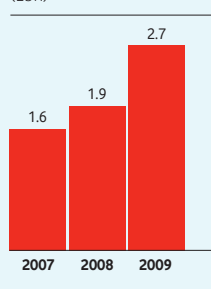
£3,869m

Fixed and other service revenue
(2008: £2,805m, 2007: £2,373m)

Fixed services

- **Fixed broadband:** Offered mainly through DSL technology. Available in 12 countries.
- **Fixed line voice:** Allows consumer and enterprise customers to make fixed line voice calls, using Vodafone as their total communications provider.
- **Office phone solutions:** Providing enterprise customers of all sizes with advanced office desk phone functionality integrated with their mobile services.

Fixed line revenue
(£bn)



Other services

- **Incoming roaming:** Allows customers of other mobile operator to roam on Vodafone's network using voice or data services.
- **Wholesale MVNO:** Mobile virtual network operators offer services using Vodafone's network. New agreements signed during the 2009 financial year included ERG Petrol in Italy, Telecable and Hits in Spain and Lebara in the UK.
- **Business managed services:** Vodafone is developing new ways of enabling business customers to

mobilise and increase the efficiency of their workforce. Includes secure remote access allowing employees to access their company network on the move.

- **Advertising:** Generated by partnering with advertising specialists in individual markets. Includes capabilities such as WAP banners and advertising embedded in messages. At 31 March 2009, introduced in 18 markets.

4.6m
fixed broadband customers

12
markets offer fixed
broadband services

18
markets have introduced
mobile advertising