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The presentation also contains certain non-GAAP financial information. The Group’s management believes these measures provide valuable additional information in understanding the performance of the Group or the Group’s businesses because they provide measures used by the Group to assess performance. Although these measures are important in the management of the business, they should not be viewed as replacements for, but rather as complementary to, the comparable GAAP measures such as turnover and reported items on the consolidated profit and loss account or the consolidated statement of cash flows.
Agenda

- Market Overview
- Financial Review
- Commercial Strategy

Japan is an attractive market

- 2nd largest economy, high GDP per capita
- 3 main players
- Most advanced W-CDMA market
- No upfront 3G spectrum cost
- Source of innovation

High ARPU

<table>
<thead>
<tr>
<th>Country</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>407</td>
</tr>
<tr>
<td>Ireland</td>
<td>405</td>
</tr>
<tr>
<td>Netherlands</td>
<td>323</td>
</tr>
<tr>
<td>Sweden</td>
<td>319</td>
</tr>
<tr>
<td>UK</td>
<td>314</td>
</tr>
<tr>
<td>Spain</td>
<td>267</td>
</tr>
<tr>
<td>Greece</td>
<td>256</td>
</tr>
<tr>
<td>Italy</td>
<td>248</td>
</tr>
</tbody>
</table>

Relatively low penetration

- Italy: 50.1%
- UK: 93.7%
- Spain: 92.4%
- Germany: 93.1%
- Japan: 64.7%

Strong operating cash flow

<table>
<thead>
<tr>
<th>Country</th>
<th>(£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>2,934</td>
</tr>
<tr>
<td>Germany</td>
<td>2,401</td>
</tr>
<tr>
<td>Japan</td>
<td>2,212</td>
</tr>
<tr>
<td>UK</td>
<td>1,454</td>
</tr>
</tbody>
</table>

Source: Public and Company data
What is unique about Japan?

- Proprietary PDC 2G standard; requires near greenfield W-CDMA build out
- Operator-specific terminals
  - Terminals developed for specific operators do not operate on other networks
  - No generic, operator independent terminals as in Europe
- High terminal subsidy market
- Driven by technology and service innovation
- Complex multi-layer distribution

Agenda

- Market Overview
- Financial Review
- Commercial Strategy
Significant progress made in first three years

**Structural efficiency:**
- Vodafone control achieved rapidly
- Merger of 9 regions into single nationwide operator
- Established focus on mobile business
  - Sold Japan Telecom fixed business

**Financial achievements:**
- Network capex restructured and focused on acceleration of 3G
- Lower cost per base station
- Reduced debt from ¥1.2 trillion to ¥715 billion due to increased cash flow

**Operational achievements:**
- Introduced innovative new products and services
  - International roaming
  - 5 first generation 3G terminals
  - Megapixel cameras
  - Television tuner
- Launched Vodafone brand
  - Achieved awareness equivalent to J-PHONE

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**Financial performance**

**Good revenue growth**

- Total revenue (¥ billions): 1,313, 1,421, 1,477

**EBITDA** and operating free cash flow

- EBITDA (2) and operating free cash flow (3)
  - EBITDA adjusted for exceptional items and working capital movements (excluding intercompany) less cash capital expenditure

(1) Net of intercompany revenue
(2) Before exceptional items
(3) EBITDA margin

---

(1) Net of intercompany revenue
(2) Before exceptional items
(3) EBITDA adjusted for exceptional items and working capital movements (excluding intercompany) less cash capital expenditure
The competitive landscape has changed…

- Rapid market shift to 3G
- Competitor ability to offer better services
- Discount data tariffs introduced
- New product innovation enabled by 3G – near CD quality ring songs

Source: Public and Company data

...impacting our revenue growth

Voice & data ARPU (1)

Net customer additions

(1) 12 month rolling ARPU
Cost analysis

Direct costs & operating expenses (1)

- Net retention costs
- Interconnection
- Payroll costs
- Other direct costs
- Other operating costs

% of gross service revenue

H1 02/03 H2 02/03 H1 03/04 H2 03/04

20.0% 12.5% 13.5% 23.9% 15.2% 23.9% 14.9% 27.1% 28.1%

(1) Before depreciation, amortisation, exceptional items and intercompany eliminations

Agenda

- Market Overview
- Financial Review
- Commercial Strategy
Path to commercial success-business turnaround

| Cost Reduction | • Reduce cash spend (opex and capex) by capturing full local and global scale |
| Distribution | • Establish the optimum channel mix including best balance of own and partner shops |
| | • Create win-win relationship for channel partners and Vodafone |
| 9 to 1 Integration & Processes | • Complete rationalisation and consolidation of IT systems and business processes |
| | • Increase customer satisfaction through consolidation of billing and customer facing systems |
| | • Follow through implementation of tools to enhance internal management controls |
| Employees | • Enhance the management team by selective hiring, skill enhancement and organisational design |
| Integrated 3G Offering | • Realisation of robust 3G network (coverage, capacity, speed, quality of service) |
| | • Introduction of a unique and differentiated 3G offer to the customer |
| | • Development of 3G handsets with related services, content and commercial offerings |
| Marketing Segmentation | • Improved brand building — key source of sustainable differentiation |
| | • Address under-penetrated market segment: corporate and pre-paid |

Path to commercial success

FY 04/05

Fix the Fundamentals
• Cost Reduction
• Distribution

3G Rollout
• Network build-out
• Differentiated, integrated offering

Marketing Segmentation
• Improved brand building
• Address under-penetrated segments

Transforming Operations

FY 06/07

Achieving commercial success
• Differentiated 3G offering: (network handsets, content/services, channel)
• Operational best practices
• Competitive cost position
**Strong drive to reduce costs**

- **Focus on reducing operating expenses**
  - Cost reduction programme targeting all operating expenses
  - Conversion to dark fibre; ¥1.2 billion expected savings per year
  - Partnership with vendors to eliminate duplication; expected savings ¥10 billion per year
  - Restructuring of maintenance contracts and overseas outsourcing; expected savings ¥10 billion per year
  - Voluntary retirement programme reducing 600+ FTEs; ¥3.6 billion annual savings after one time cost of ¥5.5 billion

**Good progress on 9 into 1 integration**

- **Done**
  - Centralised procurement – Nov 01
  - Financial systems – July 03
  - East Japan call centres – May 03
  - Internal management (HR, planning, etc) – April 04
  - Network management – April 04
  - Customer registration – June 04
  - Physical Distribution and Warehousing – Aug 04
  - Supply Chain/ Demand Planning process and systems – Aug 04

- **Ongoing:**
  - Billing and CRM systems – 2005/6
  - Trade Commission systems - 2005
  - Trade receivables systems - 2005
  - West Japan call centres - 2006
Optimising distribution

Current structure

Vodafone K.K.

- More balanced acquisition and upgrade strategy across all channels
- Deepen relationships with key channel partners
- Provide a more compelling in-store experience in owned and dealer outlets
- Selectively increase direct shops in key trade areas
- Introduce retail best practices
- Build corporate business through direct sales organisation in addition to dealer channel

Indirect sales through third parties

Direct sales

Non-exclusive mobile shop
Vodafone branded dealer outlets (1,834)
Mass appliance electronic stores
Direct Sales - Corporate
Vodafone owned outlets (25)

Customers

Scale launch of integrated 3G offering

Terminals
- Launch of comprehensive range of Japan centric 3G terminals on track
- Introduction of Nokia and Motorola to Japan market
- Sale of Japanese manufacturer terminals outside Japan
- Dual mode 3G/GSM terminals

Network
- 99.6% outdoor population coverage attained
- Rapid expansion of indoor/tunnel/subway coverage

Services and Content
- Expanded local content to fully utilise the capabilities of 3G
- Chaku-uta (ring songs), other music services, games
- Improved user interface

Commercial offer
- Deliver differentiated customer propositions to all customer segments
- Introduction of attractive consumer offers

Customers
Wide range of 3G terminals for Christmas quarter

- Sharp V902SH
- SonyEricsson V802SE
- NEC V802N
- Sharp V802SH
- Sharp V802SE
- Sharp V802SH
- Sharp V802SH

Exclusive to Vodafone.....
Expanding 3G network coverage

Competitive outdoor coverage

Vodafone K.K.: 99.6% (as of Aug 04)
NTT DoCoMo: 99.7% (as of Jun 04)

Vodafone K.K. started commercial services in Dec 02
NTT DoCoMo launched national rollout of 3G services in Apr 02

Rapid indoor and outdoor coverage improvement

<table>
<thead>
<tr>
<th>Year</th>
<th>Outdoor</th>
<th>In-building</th>
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<tbody>
<tr>
<td>Dec 02</td>
<td>3,500</td>
<td>0</td>
</tr>
<tr>
<td>Mar 04</td>
<td>12,100</td>
<td>1,670</td>
</tr>
<tr>
<td>Mar 05 (E)</td>
<td>16,500</td>
<td>3,800</td>
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</table>

Number of base stations

Source: Public and Company data

Capital expenditure

Capital expenditure (1)

<table>
<thead>
<tr>
<th>Year</th>
<th>2001/02</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05 forecast</th>
</tr>
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<tbody>
<tr>
<td>3G</td>
<td>28%</td>
<td>25%</td>
<td>18%</td>
<td>15%</td>
</tr>
<tr>
<td>3G &amp; other</td>
<td>26%</td>
<td>20%</td>
<td>18%</td>
<td>15%</td>
</tr>
</tbody>
</table>

(1) Cash flow basis
(2) Cash capital expenditure as a percentage of total revenue
**Vodafone Holdings K.K. outlook**

- **No Change to current year forecast**

<table>
<thead>
<tr>
<th>Forecast(^{(1)}) (¥ Bn)</th>
<th>Update:</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1,531</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ordinary income</strong></td>
<td>127</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>110</td>
</tr>
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<td></td>
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</tr>
</tbody>
</table>

\(^{(1)}\) J-GAAP basis

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**Summary**

- Financial forecast of Vodafone Holdings unchanged
- Successful implementation of transformation plan is key to future performance
- Vodafone KK will improve competitiveness by:
  - Offering Japan-centric, differentiated range of terminals
  - 3G network with performance equal to competitors
  - Building Vodafone brand preference in Japan through delivering differentiated customer propositions to all customer segments
  - Capturing benefits of Vodafone Group’s best practice
Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to the financial condition of the Vodafone Group (the "Group"), the results of operations and certain businesses controlled by the Group and certain of the Group’s plans and objectives. In particular, such forward-looking statements include statements about the Group’s strategy and business plans, including planned increases in customers and revenues, planned capital expenditures, expected capital returns, expected organic mobile revenue growth, proportionate mobile EBITDA margins, fixed asset additions, free cash flow, and tax benefits of the One Vodafone initiative. In addition, these forward-looking statements also include statements from certain businesses controlled by the Group about the performance of such businesses, including statements by Vodafone KK related to its growth of customer base and its revenues, EBITDA and customer acquisition and retention rates in its mobile business in Japan. These statements are based on factors or assumptions that Vodafone and the controlled businesses, as applicable, believe to be reasonable in light of operating experience in recent years. The principal assumptions on which these statements are based relate to exchange rates, customer numbers, usage and pricing, take-up of new services, termination rates, customer acquisition and retention costs, and the availability of handsets.

The presentation also contains certain other forward-looking statements including statements with respect to Vodafone’s expectations as to launch and roll-out dates for products and services, including, for example, 3G services, mobile data applications and Vodafone’s business offerings, elements regarding the development of products and services, the ability to integrate acquisitions and dispositions, and expectations with respect to certain of the Group’s plans and objectives. These forward-looking statements are made on the basis of certain assumptions which Vodafone and the controlled business, as applicable, believe to be reasonable in light of operating experience in recent years. The principal assumptions on which these statements are based include, but are not limited to the following:

- Reliability of 3G handsets, network equipment and other key products from suppliers;
- Greater than anticipated prices of new mobile handsets;
- The ability to realise benefits from entering into partnerships for developing data and internet services and entering into service franchising and brand licensing;
- The possibility that the pursuit of new, unexpected strategic opportunities may occur in the future.
- Most of the Group’s businesses will continue to face increased competition from new entrants and existing competitors, and this competition will continue to increase as existing technologies and services are supplanted by new technologies and services.
- The Group’s competitors are likely to continue to introduce new services or improvements to existing services at a faster pace than the Group, resulting in the Group discovering additional information relating to the businesses of that investment leading to restructuring charges or write-offs or other negative implications.
- Changes in the regulatory framework which might impact the effective tax rate.
- The Group’s management believes that these measures provide valuable additional information in understanding the performance of the Group on the Group’s businesses because they provide performance measures used by the Group to assess performance. Although these measures are important in the management of the business, they must be used in conjunction with, and not considered or substituted for, the comparable GAAP measures such as turnover and reported items on the consolidated profit and loss account or the consolidated statement of cash flows.