

## Chairman's statement



Lord MacLaurin of Knebworth, DL

It has been my privilege to be the Chairman of a company that has proved to be one of the outstanding international success stories of the last decade.

My last year as Chairman of Vodafone has been a watershed in the history of your Company. We have been undergoing significant change whilst operating in the most challenging market environment the telecommunications sector has seen. Nevertheless, our ability to deliver good growth in the face of increasing competition reflects the unique characteristics of our business, compared to many other mobile operators, particularly the benefits derived from our increasing exposure to faster-growing markets and the opportunity to generate further benefits from our scale.

We maintained strong customer growth across many of our markets and grew our proportionate mobile customer base to over 170 million, representing organic growth of 15% since last year. Importantly, we achieved our 10 million 3G target, which included Japan, during March, which was ahead of plan.

Over the year, we have announced total returns to shareholders of £19.2 billion. We have purchased over 4.8 billion shares in the Company at a cost of £6.5 billion and are paying out £3.7 billion in dividends for the year, including the proposed final dividend of 3.87 pence per share. We are also returning £9.0 billion to shareholders, including £6.0 billion following the sale of our Japanese business. Full details are in the documentation accompanying this Report.

When I became Chairman in July 1998 we had fewer than 6 million customers in 12 countries producing some £2.5 billion of turnover. In the summer of 1999, we acquired AirTouch of the US, followed in 2000 by the acquisition of Mannesmann in Germany. This was a period of huge expansion which formed the basis of the transformation of Vodafone into the world's leading mobile telecommunications group that has equity interests in 26 countries across five continents with over 170 million proportionate customers worldwide, as well as 32 partner networks, generating turnover this year from our ongoing businesses of over £29 billion. Not

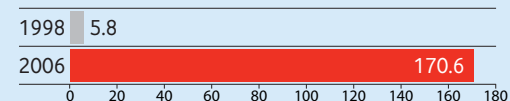
only have we extended our geographic reach but we have also transformed our industry by becoming a leader in innovation, introducing groundbreaking services such as Vodafone live! with 3G, thereby setting standards for the mobile industry as a whole. It has been a remarkable achievement.

However, the Group now faces many challenges, particularly of competition, regulation and new technology. During the year, we conducted, in the face of these challenges, a review of the future growth prospects for the Group and our analysis indicated a lower view of growth, particularly in the medium to long term, and led to an impairment of the Group's goodwill by £23.5 billion, the majority of which is attributable to Vodafone Germany. This charge does not impact this year's reported cash flows or distributable reserves, out of which we are making returns to shareholders.

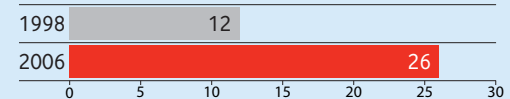
However, in this challenging market the Chief Executive has spent a great deal of time reviewing the management structure and future planning required to take the Company forward. In April he announced his new management team and in May they produced a clear forward-looking strategy. I believe that through this statement the Chief Executive sets out a clear vision for the future. I congratulate him on these changes and wish him and his impressive team well.

It has been my privilege to be the Chairman of a company that has proved to be one of the outstanding international success stories of the last decade. The development and expansion of the Group has been made possible by the excellence of the management team whose flair and vision has enabled us to identify international opportunities for profitable growth while at the same time introducing technological advances to enhance the mobile experience for our customers.

### Number of customers (1998-2006) millions

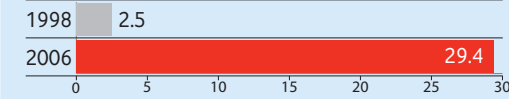


### Number of markets (1998-2006)



Number of Partner Networks at 31 March 2006: 32

### Revenue (1998-2006) £bn



It was announced earlier this year that Sir Julian Horn-Smith had decided to retire from the Board following the Annual General Meeting in July. Julian has been with Vodafone for 22 years and a Board member for 10 years. He has had an outstanding career, being a major contributor to the creation of the UK network and subsequently leading the early development of our international presence. More recently he was Group Chief Operating Officer and then Deputy Chief Executive, with responsibility for our affiliates and business development. I am sure all shareholders will join with me in wishing him well for the future.

Peter Bamford, Chief Marketing Officer, who left the Company in early April, was instrumental in developing our brand both within the UK and internationally and developing a number of major initiatives, including the launch of Vodafone live! with 3G. I wish him well and thank him for his contribution to the success of the Company.

At the AGM, we say farewell to Paul Hazen, our Deputy Chairman, who has served with distinction as a non-executive director since 1999. We also say goodbye to Penny Hughes, a fine non-executive director for eight years and who was an exceptional Remuneration Committee Chair for five years. Her contribution cannot be overstated. Paul and Penny leave with our best wishes. Taking Paul's place as Deputy Chairman and senior independent director will be John Buchanan, who has been a non-executive director since April 2003, shortly after his retirement from BP p.l.c. I am sure that John will discharge his new duties very effectively.

During the year, we welcomed two new non-executive directors to the Board. In September, Philip Yea, Chief Executive Officer of 3i Group plc, was appointed and he was joined in November by Anne Lauvergeon, the Chairman of the Executive Board of AREVA, the leading French energy company. On 1 May, we welcomed Anthony Watson to the Board. Until his recent retirement, he was Chief Executive

of Hermes Pensions Management Limited. I know that their collective experience in their different areas of business will be of great benefit to the Company.

Finally I come to my own retirement. As I have said, it has been a great privilege for me to have been Chairman of a truly outstanding British company. I have, however, been particularly saddened this year by the nature of some of the media coverage and particularly by the suggestion of boardroom splits. There are no factions within the Board and any claim that your Board is not united is unfounded. I leave with the knowledge that Vodafone, which is now very different to the company which I first chaired, is well placed to continue to enjoy an exciting and profitable future. I wish Sir John Bond, my successor, Arun Sarin, your Chief Executive, and everyone at Vodafone the very best for the future and thank you all for your support during the last eight years as your Chairman.

Lord MacLaurin of Knebworth, DL  
Chairman

This statement is an extract from the Vodafone Group Plc Annual Review and Summary Financial Statement for the year ended 31 March 2006. This statement does not contain sufficient information to allow a full understanding of the results and state of affairs of Vodafone Group Plc (the "Company") and the Vodafone Group. For more detailed information, the full accounts and Auditors' Report on those accounts, which was unqualified, are contained in the Company's Annual Report and Accounts for the year ended 31 March 2006, which is available to view on the Company's website ([www.vodafone.com](http://www.vodafone.com)).