

# VODAFONE GROUP PLC

## INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2002

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### **Excellent first half operating performance**

### **Expectations exceeded on key growth indicators**

### **£2.9 billion free cash flow generated**

- Turnover increased 67% to £14,898 million, benefiting from the inclusion of results from the Group's Japanese operations, with data revenues increasing by 112% to £1,701 million. Proportionate turnover increased 15% to £16,517 million.
- Increase of over 12% in proportionate registered customer base since 30 September 2001 to 107.5 million.
- Profit on ordinary activities before taxation, before goodwill amortisation of £6,837 million and net exceptional non-operating income of £267 million, increased by 41% to £4,250 million.
- Earnings per ordinary share, before goodwill amortisation and exceptional items, increased by 31% to 3.28 pence.
- Loss for the financial period improved by £5,399 million to £4,336 million.
- Dividend increase doubled to 10%.
- Group EBITDA, before exceptional items, increased by 68% to £5,566 million. Proportionate EBITDA, before exceptional items, increased by 30% to £6,203 million.
- Free cash flow of £2,878 million, after investing £2,705 million on tangible capital expenditure. Net debt reduced to £10,697 million.

### **Sir Christopher Gent, Chief Executive of Vodafone Group Plc, commented:**

"The results show Vodafone has exceeded market expectations on key growth indicators with good turnover growth and excellent improvements in margins leading to very strong free cash flow generation. We are making the transition to the new growth environment enabled by our new data services, with a better financial performance than expected. We expect to achieve good year on year growth on key performance parameters and are very confident in the future prospects for our business."

### **Julian Horn-Smith, Group Chief Operating Officer, commented:**

"We have delivered an excellent first half operating performance reflecting the fundamental strength of the business. The improvements in ARPU, margins and cash flows demonstrate our focus on growing a high quality customer base, promoting new and existing services and driving operational efficiency throughout the Group. Our new customer propositions, together with our strong brand, create a compelling platform on which to achieve our future growth objectives."

## GROUP FINANCIAL HIGHLIGHTS

| <b>Statutory</b>   | <b>Six months to 30 September</b> |             | <b>Increase %</b> |
|--|-----------------------------------|-------------|-------------------|
|  | <b>2002</b>                       | <b>2001</b> |                   |
|  | <b>£m</b>                         | <b>£m</b>   |                   |
| Turnover   | <b>14,898</b>                     | 8,906       | <b>67</b>         |
| Group EBITDA <sup>(1) (2)</sup>                                    | <b>5,566</b>                      | 3,318       | <b>68</b>         |
| Total Group operating profit/(loss)                                |                                   |             |                   |
| - before goodwill amortisation and exceptional items               | <b>4,640</b>                      | 3,392       | <b>37</b>         |
| - after goodwill amortisation and exceptional items <sup>(3)</sup> | <b>(2,197)</b>                    | (7,820)     | -                 |
| Profit/(loss) on ordinary activities before taxation               |                                   |             |                   |
| - before goodwill amortisation and exceptional items               | <b>4,250</b>                      | 3,011       | <b>41</b>         |
| - after goodwill amortisation and exceptional items <sup>(3)</sup> | <b>(2,320)</b>                    | (8,449)     | -                 |
| Profit/(loss) for the financial period                             |                                   |             |                   |
| - before goodwill amortisation and exceptional items               | <b>2,234</b>                      | 1,702       | <b>31</b>         |
| - after goodwill amortisation and exceptional items <sup>(3)</sup> | <b>(4,336)</b>                    | (9,735)     | -                 |

| <b>Proportionate</b> <sup>(4)</sup>       | <b>Proportionate turnover</b>     |             |                              | <b>Proportionate EBITDA</b> <sup>(1) (2)</sup> |             |                 |
|---|-----------------------------------|-------------|------------------------------|--|-------------|-----------------|
|   | <b>Six months to 30 September</b> |             |                              | <b>Six months to 30 September</b>              |             |                 |
|   | <b>2002</b>                       | <b>2001</b> | <b>Increase / (decrease)</b> | <b>2002</b>                                    | <b>2001</b> | <b>Increase</b> |
|   | <b>£m</b>                         | <b>£m</b>   | <b>%</b>                     | <b>£m</b>                                      | <b>£m</b>   | <b>%</b>        |
| <b>Mobile telecommunications</b>          |                                   |             |                              |  |             |                 |
| Northern Europe                           | <b>3,565</b>                      | 3,133       | <b>14</b>                    | <b>1,379</b>                                   | 1,028       | <b>34</b>       |
| Central Europe                            | <b>2,585</b>                      | 2,343       | <b>10</b>                    | <b>1,174</b>                                   | 1,026       | <b>14</b>       |
| Southern Europe                           | <b>3,009</b>                      | 2,408       | <b>25</b>                    | <b>1,313</b>                                   | 1,049       | <b>25</b>       |
| Americas                                  | <b>2,907</b>                      | 2,839       | <b>2</b>                     | <b>1,010</b>                                   | 1,000       | <b>1</b>        |
| Asia Pacific                              | <b>3,155</b>                      | 2,517       | <b>25</b>                    | <b>1,042</b>                                   | 567         | <b>84</b>       |
| Middle East and Africa                    | <b>238</b>                        | 252         | <b>(6)</b>                   | <b>109</b>                                     | 108         | <b>1</b>        |
|   | <b>15,459</b>                     | 13,492      | <b>15</b>                    | <b>6,027</b>                                   | 4,778       | <b>26</b>       |
| <b>Other operations</b>                   |                                   |             |                              |  |             |                 |
| Europe                                    | <b>380</b>                        | 381         | -                            | <b>(2)</b>                                     | (32)        | -               |
| Asia Pacific                              | <b>678</b>                        | 453         | <b>50</b>                    | <b>178</b>                                     | 31          | <b>474</b>      |
|   | <b>16,517</b>                     | 14,326      | <b>15</b>                    | <b>6,203</b>                                   | 4,777       | <b>30</b>       |
| Organic growth at constant exchange rates |                                   |             | <b>8</b>                     |  |             | <b>24</b>       |

| <b>Per share information</b>                                       | <b>Six months to 30 September</b> |             | <b>Increase %</b> |
|--|-----------------------------------|-------------|-------------------|
|  | <b>2002</b>                       | <b>2001</b> |                   |
| Basic earnings/(loss) per share                                    |                                   |             |                   |
| - before goodwill amortisation and exceptional items               | <b>3.28p</b>                      | 2.51p       | <b>31</b>         |
| - after goodwill amortisation and exceptional items <sup>(3)</sup> | <b>(6.36)p</b>                    | (14.36)p    | -                 |
| Dividend per share   | <b>0.7946p</b>                    | 0.7224p     | <b>10</b>         |
| Operating cash flow per share                                      | <b>8.33p</b>                      | 5.37p       | <b>55</b>         |

### Notes

- (1) Before exceptional items.
- (2) Group EBITDA and proportionate EBITDA are not recognised measures under UK GAAP. Further details are given in Notes 7 and 10 on pages 29 and 31, respectively.
- (3) Goodwill amortisation charge of £6,837m, compared with £6,697m for the six months ended 30 September 2001. Exceptional items for the current period comprise net exceptional non-operating income of £267m. For the six months ended 30 September 2001, exceptional operating and non-operating charges totalled £4,515m and £248m, respectively. Further details are given in Notes 3 and 4 on pages 27 and 28.
- (4) Proportionate information is calculated on the basis described in Note 1 on page 26.

# GROUP OPERATING HIGHLIGHTS

## Operational performance

- Real improvement in ARPU in some of our key markets, driven by increased voice and data usage and improved customer mix and activity levels. Active customers represent 94% of the total registered proportionate customer base, compared with 92% at 31 March 2002 and 90% at 30 September 2001.
- Non-voice service revenues up in the Group's controlled mobile businesses to 13.2% of total service revenues for the twelve month period to 30 September 2002, compared with 11.1% for the year ended 31 March 2002. In Japan, data revenues exceeded 20% of service revenues during August and September.
- The Group's mobile business proportionate EBITDA margin improved by 3.6 percentage points to 39.0%. Mobile EBITDA margin in Japan increased from 20.5% to 32.0%.
- Organic net customer additions of over 9.4 million in the twelve month period ended 30 September 2002. Worldwide customer base of 107.5 million proportionate registered customers at 30 September 2002, representing growth of 12.5% since 30 September 2001. Venture registered customer base over 273 million.
- Free cash flow of £2,878 million, exceeding the amount generated for the whole of the previous financial year. Operating cash flow increased 56% over the comparable period to £5,676 million.
- Tangible capital expenditure of £2,705 million. The Group expects this number to increase to over £5,500 million for the full year, 8% below previous forecast of £6,000 million.

## Commercial initiatives

- European launch of Vodafone live!, Vodafone's consumer service, which provides colour mobile services through a Vodafone-branded easy to use menu on integrated camera-phones. Vodafone customers can now access picture messaging, downloadable games and ringtones and all the latest entertainment and information.
- Imminent launch of the first product from Vodafone's business proposition, Vodafone Mobile Office, called "Vodafone Remote Access", which will offer a pan-European Vodafone-branded solution for secure remote connection of laptops to a corporate network using a Vodafone-enabled GPRS data card and customised software.
- Launch of new services, including prepaid top-ups, allowing customers to top-up their prepaid mobile phones when travelling abroad and Eurocall Platinum, building on the success of Vodafone's single rate European price plan, Eurocall. Eurocall Platinum is aimed at high-usage business travellers in Europe. Launch of GPRS roaming enabling seamless access to Vodafone live! and Vodafone Remote Access across Vodafone and Vodafone's partner networks.
- Success of brand rollout programme and advertising campaigns has created increased brand recognition and awareness, supporting the rollout of Vodafone-branded services, increasing usage and customer loyalty and attracting other mobile operators through the Partner Network programme.

## Transactions

- Agreement reached with BT and SBC to purchase their respective 26% and 15% interests in the French telecommunications operator Cegetel, the controlling shareholder of the French mobile operator SFR, for an aggregate cash consideration of €6.3 billion. Both acquisitions are subject to pre-emption rights held by Vivendi. Non-binding cash offer of €6.8 billion made to Vivendi for its 44% interest in Cegetel rejected by the Board of Vivendi on 29 October 2002, with the offer subsequently lapsing. Same offer renewed to last for the duration of the twenty-day pre-emption period ending on 10 December 2002. Until such time as the offer is formally accepted by Vivendi, the Group reserves the right to withdraw its offer at any time.
- Acquisition of additional minority stakes in the Group's subsidiaries in Germany, Spain, Sweden, Portugal and Australia, for a total cash consideration of £899 million.
- Further investment of US\$750 million in China Mobile, increasing interest to approximately 3.27%.
- Acquisition of remaining 50% stake in Vizzavi for €143 million.
- Disposal of remaining stake in Arcor's Telematik business and stake in Bergemann GmbH, through which the Group held an effective 8.2% stake in Ruhrgas AG, realising cash proceeds of approximately €1 billion.

## **BUSINESS REVIEW**

The Group has continued to perform strongly in the period as it has continued to focus on revenue growth and margin improvement. The emphasis has been on attracting, servicing and retaining high value customers and the provision of new products and services.

### **Statutory turnover**

The Group's statutory turnover increased by £5,992m to £14,898m for the six months ended 30 September 2002 from £8,906m for the six months ended 30 September 2001. Growth in turnover from existing operations was £1,244m, representing an increase of 14%, and growth in respect of acquired businesses was £4,748m, comprising J-Phone Vodafone (£3,731m) and Japan Telecom (£1,017m), both of which became subsidiaries and therefore were consolidated in the second half of the 2002 financial year.

Turnover increased as a result of the increased average customer base and improved levels of usage, although this was partly offset by reductions in call termination rates in certain of the Group's markets. Compared with the twelve month period ended 31 March 2002, ARPU for the twelve months ended 30 September 2002 improved in Germany and the UK as a result of a combination of these factors together with increased levels of customer base activity resulting from expected disconnections from the customer base. Mobile data revenues also increased and made a significant contribution to overall turnover growth and ARPU improvements and, at £1,701m, data accounted for 13.2% of service revenues in the Group's controlled mobile subsidiaries for the twelve months ended 30 September 2002, compared with 11.1% for the 2002 financial year. SMS revenues continue to represent the principal component of data revenues and the increase reflects both increases in usage per customer and penetration of the service into the customer base. In addition, Japan has continued to develop its data and content service offerings, contributing to an increase in data revenues which, for the last two months, represented over 20% of service revenues. The Group is expecting to further grow non-voice service revenues through its Vodafone live! and Vodafone Mobile Office service offerings, which are described in more detail under "Strategic Developments, Products and Services", on pages 15 and 16.

### **Expenses**

Consolidated cost of sales increased from £4,916m for the six months ended 30 September 2001 to £8,574m and now represents 58% of turnover, compared with 55% for the six months ended 30 September 2001. The Group's equipment costs and cost of providing financial incentives to service providers and dealers for acquiring and retaining customers reduced to 12.4% compared with 14.6% of turnover for the comparative six-month period. This excludes the effects of the first time inclusion of J-Phone Vodafone where costs to connect and retain customers, although reducing, are significantly higher than in the Group's other markets. This decrease reflects the continued focus on gaining and retaining high-value customers in the most cost-efficient manner. Inclusive of J-Phone Vodafone, equipment costs and financial incentives amounted to 19.0% of turnover.

Sales and administration costs, excluding goodwill amortisation and exceptional items, increased from £1,744m to £2,720m, the increase being attributable almost entirely to the first time inclusion of J-Phone Vodafone and Japan Telecom. These costs represented 18.3% of turnover for the six months ended 30 September 2002 compared with 19.6% for the comparable six months, demonstrating the Group's ongoing focus on cost control and the realisation of synergies.

Depreciation increased by £839m to £1,892m, primarily as a result of the consolidation of the results of J-Phone Vodafone and Japan Telecom. Excluding the effects of J-Phone Vodafone and Japan Telecom, the Group's depreciation charge increased 12% over the comparable period.

### **Operating results**

The total Group operating profit for the period, before exceptional items and goodwill amortisation, increased by 37% from £3,392m to £4,640m, including an increase of £620m in respect of J-Phone Vodafone and Japan Telecom, which both became subsidiaries of the Group in October 2001.

After goodwill amortisation and exceptional items, the total Group operating loss improved from a loss of £7,820m in the six months ended 30 September 2001 to a loss of £2,197m for the six months ended 30 September 2002 as the increased goodwill amortisation charge of £140m was more than offset by a £4,515m reduction in exceptional operating items and the £1,248m improvement in operating profit.

### **Proportionate results**

Proportionate turnover increased 15% to £16,517m as a result of strong organic growth together with the effect of increased stakes in certain of the Group's existing businesses, principally Japan Telecom and J-Phone Vodafone. In the mobile businesses, proportionate turnover also grew by 15% to £15,459m, including 10% organic growth in service revenues.

The Group's proportionate EBITDA margin in the mobile businesses increased from 35.4% in the comparable period to 39.0% in the six months ended 30 September 2002, with all the Group's main markets reporting increased EBITDA margins. Greater control over customer acquisition and retention costs accounted for 1.5 of the 3.6 percentage point increase in the Group's mobile EBITDA margin during the period, with the remainder of the margin improvement arising from ongoing cost control and the realisation of synergies. In Japan, proportionate mobile EBITDA margins have been improved from 20.5% to 32.0%, as a result of lower customer acquisition and retention costs and the continuing benefits generated through the merger of regional operating companies into a single structure. This increase was also achieved against a backdrop of continued strong demand for camera-enabled handsets and increased competition.

A regional review of the Group's principal business, the supply of mobile telecommunications services and products, is presented below. A review of the Group's other operations, which primarily comprise fixed line telecommunications businesses, can be found on pages 14 and 15. Pages 15 and 16 also contain an update on progress made with the Group's data products and services initiatives, including Vodafone live! and Vodafone Mobile Office. Further information on the Group's financial performance can be found on pages 17 to 19. A summary of the outlook for the financial years ended 31 March 2003 and 2004 can be found on pages 19 and 20. The appendices to these results also contain information on certain key performance indicators for the quarter and six months ended 30 September 2002, including details of the registered customer base, ARPU and non-voice service revenue data.

## Mobile Telecommunications

The Group's mobile businesses were the principal drivers of growth in the period and continue to demonstrate the Group's operational strength, with turnover and operating profit, before goodwill amortisation and exceptional items, increasing by 59% and 30% to £13,440m and £4,675m, respectively. The Group continued to expand its customer base in the period, adding a further 6.4 million customers to its proportionate registered customer base. At 30 September 2002 the Group had 107.5 million proportionate registered customers and a total venture base of 273.2 million, compared with 101.1 million and 229.2 million, respectively, at 31 March 2002.

### Northern Europe

| <b>Financial highlights</b>  |                         | <b>Six months to 30 September</b> |             |                 |
|--|-------------------------|-----------------------------------|-------------|-----------------|
|  |                         | <b>2002</b>                       | <b>2001</b> | <b>Increase</b> |
|  |                         | <b>£m</b>                         | <b>£m</b>   | <b>%</b>        |
| Statutory turnover   | - United Kingdom        | <b>2,000</b>                      | 1,805       | <b>11</b>       |
|  | - Other Northern Europe | <b>981</b>                        | 777         | <b>26</b>       |
|  |                         | <b>2,981</b>                      | 2,582       | <b>15</b>       |
| Statutory total Group operating profit <sup>(1)</sup>  | - United Kingdom        | <b>541</b>                        | 394         | <b>37</b>       |
|  | - Other Northern Europe | <b>535</b>                        | 355         | <b>51</b>       |
|  |                         | <b>1,076</b>                      | 749         | <b>44</b>       |
| Proportionate turnover   | - United Kingdom        | <b>2,000</b>                      | 1,805       | <b>11</b>       |
|  | - Other Northern Europe | <b>1,565</b>                      | 1,328       | <b>18</b>       |
|  |                         | <b>3,565</b>                      | 3,133       | <b>14</b>       |
| Proportionate EBITDA (before exceptional items)  | - United Kingdom        | <b>739</b>                        | 565         | <b>31</b>       |
|  | - Other Northern Europe | <b>640</b>                        | 463         | <b>38</b>       |
|  |                         | <b>1,379</b>                      | 1,028       | <b>34</b>       |
| Proportionate EBITDA margin  | - United Kingdom        | <b>37.0%</b>                      | 31.3%       |                 |
|  | - Other Northern Europe | <b>40.9%</b>                      | 34.9%       |                 |
| <b>Key performance indicators (United Kingdom only)</b>  |                         |                                   |             |                 |
| ARPU <sup>(2)</sup>  |                         | <b>£282</b>                       | £276        |                 |
| Churn <sup>(2)</sup>   |                         | <b>29.7%</b>                      | 27.0%       |                 |
| Cost to connect  |                         | <b>£63</b>                        | £78         |                 |
| (1) before goodwill amortisation and exceptional items   |                         |                                   |             |                 |
| (2) ARPU and churn information represents the twelve month periods ended 30 September 2002 and 31 March 2002, respectively |                         |                                   |             |                 |

## **United Kingdom**

Vodafone UK reported strong profit growth as it continued to realise benefits from the acquisition and retention of high value customers and the continuing focus on cost efficiencies. This is reflected in a 37% increase in total Group operating profit, before goodwill and exceptional items, achieved on an 11% increase in statutory turnover. Operating efficiency initiatives, including the benefits of last year's restructuring, have contributed strongly to a 5.7 percentage point increase in EBITDA margin.

The trend of declining ARPU in the market place was reversed with blended ARPU for the twelve months to 30 September 2002 increasing to £282 compared to £276 for the twelve months ended 31 March 2002. Improved customer activity levels contributed to this increase with active customers increasing from 89% of the base at 31 March 2002 to 93% at 30 September 2002. In addition, Vodafone UK's share of outgoing mobile service revenue in Ofcom's quarterly review stands at 33.9%, representing a lead of 6.7% over the second placed UK network.

In the twelve months ended 30 September 2002, data revenue as a percentage of service revenue has increased to 13.2% compared to 11.8% for the year ended 31 March 2002 and 8.9% for the twelve months ended 30 September 2001. This is primarily due to continued increases in SMS penetration and usage in both the contract and prepaid base, as customers take advantage of the full range of products and services available.

Contract ARPU has fallen from £555 to £536 due to the continued migration of higher value prepaid customers onto contract tariffs. Notwithstanding this migration, Vodafone UK has seen an increase in prepaid ARPU to £121 as opposed to £118 for the twelve months to 31 March 2002 as inactive customers were disconnected.

As at 30 September 2002, Vodafone UK had 12,957,000 registered customers, of whom 5,264,000 were contract customers. The contract base now makes up 41% of the total base, which represents an improvement of three percentage points since 31 March 2002. Vodafone UK's contract base now exceeds that of its nearest competitor by 26%. The period saw the proportion of active prepaid customers increase from 84% of the prepaid base at 31 March 2002 to 90% at 30 September 2002.

Blended churn for the twelve months to 30 September 2002 increased when compared to the twelve months to 31 March 2002 as a result of increased disconnections of the inactive prepaid base. Contract churn has fallen from 26.1% to 23.5% for the twelve months to 30 September 2002, whilst prepaid churn has risen to 33.5%.

Whilst continuing to invest in the connection of higher value customers, the UK business maintained a stable contract cost to connect of £121, compared with £119 for the six months ended 30 September 2001. The average cost to connect for prepaid customers fell from £32 to £10, improving the profitability of this market segment further.

## **Other Northern Europe**

The Group successfully completed the rollout of its rebranding programme across its other interests within Northern Europe as Europlatan Vodafone migrated to the single Vodafone brand in April 2002. Vodafone brand awareness was further strengthened across the region with the launch of the 'How are you?' campaigns in The Netherlands, Sweden and Ireland.

The Group's other interests within Northern Europe reported strong financial performance. Statutory turnover increased by 26% over the period partly as a result of the enlarged customer base and increased voice and data revenues. Voice revenues increased in all Other Northern Europe markets, with a particularly strong increase reported in Vodafone Netherlands, where blended ARPU increased by 7%. Data revenues also grew across the region including Vodafone Ireland where data and SMS revenues for the twelve months ended 30 September 2002 represented 17% of total service revenues.

The proportionate registered customer base increased by 264,000 to 10,084,000 and was driven by continued growth by SFR in the relatively under-penetrated French market and increased consumer sales in Sweden, including the successful launch of its new Vodafone-branded prepaid product. Vodafone Ireland also consolidated its position as the largest mobile operator in Ireland with a 57% market share.

In July 2002, Vodafone Ireland was awarded one of four twenty-year UMTS licences for a total cost of €114m.

## Central Europe

| <b>Financial highlights</b>   |                        | <b>Six months to 30 September</b> |             | <b>Increase</b> |
|---|------------------------|-----------------------------------|-------------|-----------------|
|   |                        | <b>2002</b>                       | <b>2001</b> |                 |
|   |                        | <b>£m</b>                         | <b>£m</b>   | <b>%</b>        |
| Statutory turnover  | - Germany              | <b>2,251</b>                      | 2,067       | <b>9</b>        |
|   | - Other Central Europe | <b>57</b>                         | 23          | <b>148</b>      |
|   |                        | <b>2,308</b>                      | 2,090       | <b>10</b>       |
| Statutory total Group operating profit <sup>(1)</sup>   | - Germany              | <b>775</b>                        | 707         | <b>10</b>       |
|   | - Other Central Europe | <b>97</b>                         | 75          | <b>29</b>       |
|   |                        | <b>872</b>                        | 782         | <b>12</b>       |
| Proportionate turnover  | - Germany              | <b>2,246</b>                      | 2,057       | <b>9</b>        |
|   | - Other Central Europe | <b>339</b>                        | 286         | <b>19</b>       |
|   |                        | <b>2,585</b>                      | 2,343       | <b>10</b>       |
| Proportionate EBITDA (before exceptional items)   | - Germany              | <b>1,038</b>                      | 931         | <b>11</b>       |
|   | - Other Central Europe | <b>136</b>                        | 95          | <b>43</b>       |
|   |                        | <b>1,174</b>                      | 1,026       | <b>14</b>       |
| Proportionate EBITDA margin   | - Germany              | <b>46.2%</b>                      | 45.3%       |                 |
|   | - Other Central Europe | <b>40.1%</b>                      | 33.2%       |                 |
| <b>Key performance indicators (Germany only)</b>  |                        |                                   |             |                 |
| ARPU <sup>(2)</sup>   |                        | <b>€308</b>                       | €298        |                 |
| Churn <sup>(2)</sup>  |                        | <b>25.6%</b>                      | 23.5%       |                 |
| Cost to connect   |                        | <b>€73</b>                        | €110        |                 |
| <small>(1) before goodwill amortisation and exceptional items</small>   |                        |                                   |             |                 |
| <small>(2) ARPU and churn information represents the twelve month periods ended 30 September 2002 and 31 March 2002, respectively</small> |                        |                                   |             |                 |

## Germany

The robust operating results for Vodafone Germany, which were achieved against a backdrop of difficult economic conditions, reflect the benefits arising from its customer base management programme, which has seen the continued removal, during the first quarter, of inactive prepaid customers from the customer base, an increase in the contract base and the launch of further innovative products and services.

Statutory turnover increased as a result of higher levels of voice usage and improved data and messaging revenues, which now represent 15.4% of service revenues, with data revenues benefiting from continued strong SMS usage and increased mobile internet activity. The launch of Multimedia Messaging Services, "MMS", in April 2002, the first such launch in Germany, and other services such as premium SMS and GPRS roaming also contributed to the improved data revenue performance. Equipment revenues were lower as a result of increased levels of SIM-only connections.

The downward trend in customer numbers was reversed in the period, despite the continued removal of inactive prepaid customers from the customer base, as Vodafone Germany was able to increase the number of contract customers in the twelve month period to 30 September 2002, increasing the share of contract customers in its base from 40% at 30 September 2001 to 45%. Vodafone Germany introduced further initiatives aimed at improving the customer mix including the launch of a customer loyalty programme, "Vodafone Stars", and the signing of a co-operation agreement with Lufthansa, to strengthen customer loyalty within the business segment and to better address the requirements of high value roaming customers. As a result, Germany increased the proportion of its customer base that is active to 92% at 30 September 2002, compared with 91% at 31 March 2002.

The improved mix in the customer base has contributed to the improved blended ARPU performance, with prepaid ARPU for the twelve months to 30 September 2002 increasing to €121 from €110 for the twelve months to 31 March 2002. Contract ARPU reduced to €542, compared with €559 for the twelve months to 31 March 2002. The increase in the blended churn rate can be attributed to a slightly reduced contract churn rate, which decreased from 18.3% to 16.3%, offset by the prepaid churn rate which increased from 27.1% to 32.5% as a result of the removal of inactive customers from the prepaid customer base.

## **Germany continued**

Operating profit benefited from improved equipment margins as a result of lower handset subsidies, with prepaid cost to connect reducing to €19 and contract cost to connect reducing to €129, benefiting from an increased share of SIM-only connections. Further increases in the EBITDA margin were also made as a result of improved operational efficiency.

## **Other Central Europe**

The Group's other interests within Central Europe reported improved financial performance, reflecting both continued growth in the mobile markets represented and improved operational efficiency.

In the six month period from 31 March 2002, the proportionate registered customer base increased by 14%, with Vodafone Hungary increasing its customer base by 27%. In Poland, penetration levels improved from 28% to over 32% in the period, with Polkomtel increasing its customer base by 13%. The Polish market was particularly competitive during the period as the third largest operator chased market share ahead of customer profitability. However, Polkomtel's ARPU remains the highest in Poland.

Voice and data revenues in Hungary grew significantly over the comparable period as a result of a 27% increase in its customer base and were also boosted by improved roaming revenues and the launch of prepaid roaming top-ups.

The increase in proportionate turnover includes the effect of an 18.2% stake increase in Vodafone Hungary and a 7% increase in turnover in Polkomtel. Voice and data revenues increased in Swisscom Mobile although the increase was partly offset by a decline in national roaming turnover and reduced revenue from handset sales.

EBITDA margins improved in all of the businesses within Other Central Europe.



## Southern Europe

| <b>Financial highlights</b>  |                         | <b>Six months to 30 September</b> |             |                 |
|--|-------------------------|-----------------------------------|-------------|-----------------|
|  |                         | <b>2002</b>                       | <b>2001</b> | <b>Increase</b> |
|  |                         | <b>£m</b>                         | <b>£m</b>   | <b>%</b>        |
| Statutory turnover <sup>(1)</sup>  | - Italy                 | <b>2,086</b>                      | 1,739       | <b>20</b>       |
|  | - Other Southern Europe | <b>1,791</b>                      | 1,489       | <b>20</b>       |
|  |                         | <b>3,877</b>                      | 3,228       | <b>20</b>       |
| Statutory total Group operating profit <sup>(2)</sup>  | - Italy                 | <b>777</b>                        | 676         | <b>15</b>       |
|  | - Other Southern Europe | <b>484</b>                        | 390         | <b>24</b>       |
|  |                         | <b>1,261</b>                      | 1,066       | <b>18</b>       |
| Proportionate turnover <sup>(1)</sup>  | - Italy                 | <b>1,598</b>                      | 1,328       | <b>20</b>       |
|  | - Other Southern Europe | <b>1,411</b>                      | 1,080       | <b>31</b>       |
|  |                         | <b>3,009</b>                      | 2,408       | <b>25</b>       |
| Proportionate EBITDA (before exceptional items)  | - Italy                 | <b>789</b>                        | 655         | <b>20</b>       |
|  | - Other Southern Europe | <b>524</b>                        | 394         | <b>33</b>       |
|  |                         | <b>1,313</b>                      | 1,049       | <b>25</b>       |
| Proportionate EBITDA margin <sup>(2)</sup>   | - Italy                 | <b>49.4%</b>                      | 49.3%       |                 |
|  | - Other Southern Europe | <b>37.1%</b>                      | 36.5%       |                 |
| <b>Key performance indicators (Italy only)</b>   |                         |                                   |             |                 |
| ARPU <sup>(3)</sup>  |                         | <b>€345</b>                       | €345        |                 |
| Churn <sup>(3)</sup>   |                         | <b>18.5%</b>                      | 19.0%       |                 |
| Cost to connect  |                         | <b>€26</b>                        | €38         |                 |
| (1) comparatives have not been restated for the effect of a change in the accounting for distributor discounts on prepaid top-up cards |                         |                                   |             |                 |
| (2) before goodwill amortisation and exceptional items   |                         |                                   |             |                 |
| (3) ARPU and churn information represents the twelve month periods ended 30 September 2002 and 31 March 2002, respectively             |                         |                                   |             |                 |

## Italy

The results for Vodafone Omnitel demonstrate continuing strong operational performance, with Vodafone Omnitel consolidating its position as the second largest operator in the 90% penetrated Italian mobile market.

Statutory turnover increased by 20% which was mainly attributable to an 18% increase in service revenues driven by higher usage levels, increased average customer base and improved margins on prepaid top-ups, which more than offset Vodafone Omnitel's decision to reduce termination rates during the period and lower revenues from national roaming. After adjusting 2001 results onto a comparable basis for distributor discounts on prepaid top-up cards, statutory turnover and service revenues increased by 15% and 14%, respectively. Service revenue growth was also boosted by data revenues, which increased by 50% compared with the six month period ended 30 September 2001 and for the month of September 2002 represented 10.4% of service revenues, with almost 53% of customers using data products. This increase was primarily due to higher SMS revenues reflecting successful promotional activities. Proportionate EBITDA, before goodwill amortisation and exceptional items, increased by 20%. The proportionate EBITDA margin, after adjusting 2001 results onto a comparable basis for distributor discounts on prepaid top-up cards, increased from 47.3% to 49.4%.

Prepaid ARPU remained stable at €296 for the twelve months to 30 September 2002 compared to €297 for the 12 months to 31 March 2002. Contract ARPU benefited from Vodafone Omnitel's targeted acquisition and retention policy and increased from €769 in the year ended 31 March 2002 to €794 for the twelve months ended 30 September 2002. Total average cost to connect reduced to €26 as a result of Vodafone Omnitel's commercial policies.

Since 31 March 2002, Vodafone Omnitel's registered customer base increased over 3% and, at 30 September 2002, stood at 18,316,000, 91% of whom were connected to prepaid tariffs and only 6% of whom were considered inactive. On 7 October 2002, the number of competitors in the Italian market reduced to three following the split-up and sale of Blu's assets, part of which have been acquired by Vodafone Omnitel.

## **Italy continued**

Competition was further intensified following the introduction of mobile number portability and as other operators sought to emulate the success of Vodafone Omnitel's Omnione loyalty programme by developing their own commercial offers and incentives aimed at sustaining customer loyalty. In this environment, Vodafone Omnitel was able to slightly reduce its churn rate and make net customer gains. Furthermore, in the most recent customer satisfaction survey carried out in the period, Vodafone Omnitel confirmed its leadership over competitors.

During the period, Vodafone Omnitel increased its focus on providing innovative value added services to its customer base, introducing MMS services, which were successfully launched in June 2002 making Vodafone Omnitel the first to do so commercially in Italy, GPRS roaming and international prepaid top-up facilities.

In other developments, the Italian Government agreed to extend the duration of 2G and 3G licences from fifteen to twenty years.

## **Other Southern Europe**

The Group's other interests within Southern Europe continued to achieve strong results.

The increase in statutory turnover over the period was principally driven by a combination of an increased customer base and higher usage levels. Turnover was adversely affected by outgoing and incoming tariff reductions in Spain from March 2002 and incoming tariff reductions in Greece in August. The period also saw the introduction of a fourth mobile operator into the Greek market.

Data revenues grew particularly strongly, largely as a result of higher SMS revenues and in response to successful launches of premium SMS products and services within Spain. The launch of MMS in Greece and Portugal, where Vodafone companies were the first operators to offer such services, is expected to contribute to future increases in data revenues. Proportionate registered customers increased 10% to 11,983,000, including the effect of an additional 2.2% stake increase in Vodafone Spain.

Vodafone Portugal maintained its overall market position as the second largest operator in Portugal whilst strengthening its leadership in the contract segment.

The Group's operations in Albania, Malta and Romania all continue to perform satisfactorily in terms of customer growth and profitability. In particular, Albania, which has only been operating for fourteen months, now has a market share of over 40%. In Romania, the Government is shortly to award four UMTS licences.

## AMERICAS

| <b>Financial highlights</b>   |                    | <b>Six months to 30 September</b> |              | <b>Increase /<br/>(decrease)<br/>%</b> |
|---|--------------------|-----------------------------------|--------------|--|
|   |                    | <b>2002</b>                       | <b>2001</b>  |  |
|   |                    | <b>£m</b>                         | <b>£m</b>    |  |
| Statutory turnover  | - Verizon Wireless | -                                 | -            | -                                      |
|   | - Other Americas   | <b>5</b>                          | <b>6</b>     | <b>(17)</b>                            |
|   |                    | <b>5</b>                          | <b>6</b>     | <b>(17)</b>                            |
| Statutory total Group operating profit <sup>(1)</sup>   | - Verizon Wireless | <b>653</b>                        | 745          | <b>(12)</b>                            |
|   | - Other Americas   | <b>(9)</b>                        | <b>(5)</b>   | <b>(80)</b>                            |
|   |                    | <b>644</b>                        | <b>740</b>   | <b>(13)</b>                            |
| Proportionate turnover  | - Verizon Wireless | <b>2,841</b>                      | 2,754        | <b>3</b>                               |
|   | - Other Americas   | <b>66</b>                         | 85           | <b>(22)</b>                            |
|   |                    | <b>2,907</b>                      | <b>2,839</b> | <b>2</b>                               |
| Proportionate EBITDA (before exceptional items)   | - Verizon Wireless | <b>1,002</b>                      | 992          | <b>1</b>                               |
|   | - Other Americas   | <b>8</b>                          | 8            | -                                      |
|   |                    | <b>1,010</b>                      | <b>1,000</b> | <b>1</b>                               |
| Proportionate EBITDA margin   | - Verizon Wireless | <b>35.3%</b>                      | 36.0%        |  |
|   | - Other Americas   | <b>12.1%</b>                      | 9.4%         |  |
| <b>Key performance indicators (Verizon Wireless only)</b>   |                    |                                   |              |  |
| ARPU <sup>(2)</sup>   |                    | <b>\$574</b>                      | \$576        |  |
| Churn <sup>(2)</sup>  |                    | <b>29.8%</b>                      | 29.0%        |  |
| Cost to connect <sup>(3)</sup>  |                    | <b>\$139</b>                      | \$120        |  |
| <sup>(1)</sup> before goodwill amortisation and exceptional items<br><sup>(2)</sup> ARPU and churn information represents the twelve month periods ended 30 September 2002 and 31 March 2002, respectively<br><sup>(3)</sup> comparative restated by Verizon Wireless to be on a basis consistent with the current period |                    |                                   |              |  |

### **Verizon Wireless**

Verizon Wireless operates in a highly competitive market place, which currently consists of six nationwide competitors and several regional and smaller rural carriers, and has retained its position as the leading mobile telecommunications provider in the United States in terms of number of customers, network coverage and revenues. Difficult economic conditions in the US have resulted in net customer growth slowing considerably from prior years. Nevertheless, Verizon Wireless has continued its strong growth in customer net additions for the last two quarters due to successful marketing campaigns.

The increase in proportionate turnover for the period is primarily due to increased service revenue from the larger customer base, as well as additional handset sales for both upgrades and gross additions. The proportionate EBITDA margin decreased slightly as a result of higher retention costs and higher acquisition costs. Statutory total Group operating profit, before goodwill and exceptional items, decreased primarily due to a 43% higher depreciation charge resulting from increased capital expenditure to handle increased usage resulting from bundled tariffs and to improve network capacity in spectrum-constrained areas. The results for the period were also impacted by the relative strength of sterling against the US Dollar. Proportionate turnover and proportionate EBITDA in local currency grew by 9% and 6%, respectively.

At 30 September 2002 Verizon Wireless' total customer base stood at 31,521,000. Approximately 94% of customers were on contract plans and there were approximately 1.5 million data users, the majority of whom were Mobile Web customers. SMS usage has grown significantly in the last six months due to the launch of inter-carrier interoperability earlier this year. However, competitive pressures have had an unfavourable impact on ARPU with competitors' tariffs now incorporating large numbers of bundled minutes and have resulted in increased cost to connect through higher handset subsidies and higher trade commissions. The period has also seen Verizon Wireless continue to roll out its CDMA 1XRTT network and extend total coverage to 172 million people, representing 75% of the Verizon Wireless national footprint.

## Verizon Wireless continued

Verizon Wireless has \$261 million on deposit with the Federal Communications Commission ("FCC") representing 15% of the payment made in relation to the re-auction of licences for 1.9GHz spectrum ("Auction 35"). On 12 September, the FCC issued a public notice seeking comment on either dismissing pending applications or allowing bidders to opt-out of Auction 35. Verizon Wireless and most of the other high bidders are urging the FCC to make a timely decision on this matter. Verizon Wireless believe that to meet expected usage demands in its most densely populated areas, they will require extra spectrum in the next eighteen to thirty months.

## Other Americas

Grupo Iusacell increased its customer base from 1,995,000 at the beginning of the period to 2,176,000 at 30 September 2002. This 9% increase is primarily due to growth in prepaid customer numbers within a consolidating and increasingly competitive market. However, Grupo Iusacell experienced erosion of higher value contract customers and an increase in the number of inactive prepaid customers, resulting in declines in both ARPU and EBITDA. Strategic initiatives are being implemented to improve performance including the appointment of a new chief executive officer, headcount reductions and an internal reorganisation.

In August 2002, the sale of two Globalstar service provider companies, Globalstar USA and Globalstar Caribbean, was finalised. Efforts to sell the last remaining Globalstar service provider, Globalstar de Mexico, are continuing.

## **ASIA PACIFIC**

| <u>Financial highlights</u>   |                      | Six months to 30 September |            | Increase<br>% |
|---|----------------------|----------------------------|------------|---------------|
|   |                      | 2002<br>£m                 | 2001<br>£m |               |
| Statutory turnover  | - Japan              | <b>3,731</b>               | -          | -             |
|   | - Other Asia Pacific | <b>395</b>                 | 366        | <b>8</b>      |
|   |                      | <b>4,126</b>               | 366        | -             |
| Statutory total Group<br>operating profit <sup>(1)</sup>  | - Japan              | <b>696</b>                 | 167        | <b>317</b>    |
|   | - Other Asia Pacific | <b>38</b>                  | 18         | <b>111</b>    |
|   |                      | <b>734</b>                 | 185        | <b>297</b>    |
| Proportionate turnover  | - Japan              | <b>2,602</b>               | 2,018      | <b>29</b>     |
|   | - Other Asia Pacific | <b>553</b>                 | 499        | <b>11</b>     |
|   |                      | <b>3,155</b>               | 2,517      | <b>25</b>     |
| Proportionate EBITDA<br>(before exceptional items)  | - Japan              | <b>833</b>                 | 413        | <b>102</b>    |
|   | - Other Asia Pacific | <b>209</b>                 | 154        | <b>36</b>     |
|   |                      | <b>1,042</b>               | 567        | <b>84</b>     |
| Proportionate EBITDA<br>margin  | - Japan              | <b>32.0%</b>               | 20.5%      |               |
|   | - Other Asia Pacific | <b>37.8%</b>               | 30.9%      |               |
| <b><u>Key performance indicators (Japan only)</u></b>   |                      |                            |            |               |
| ARPU <sup>(2)</sup>   |                      | <b>¥89,193</b>             | ¥91,903    |               |
| Churn <sup>(2)</sup>  |                      | <b>23.8%</b>               | 25.6%      |               |
| Cost to connect <sup>(3)</sup>  |                      | <b>¥31,540</b>             | ¥34,145    |               |
| (1) before goodwill amortisation and exceptional items  |                      |                            |            |               |
| (2) ARPU and churn information represents the twelve month periods ended 30 September 2002 and 31 March 2002, respectively              |                      |                            |            |               |
| (3) Cost to connect information represents the six month period ended 30 September 2002 and the twelve month period ended 31 March 2002 |                      |                            |            |               |

## **Japan**

Proportionate turnover for J-Phone Vodafone increased significantly from the comparative period, and includes a full period effect of the stake increases that took place during the last financial year. The increase also reflects strong customer growth, together with the success of J-Phone Vodafone's data and content product offerings. The results of J-Phone Vodafone were not fully consolidated until 12 October 2001.

Penetration in the Japanese cellular market reached 57% by the end of September 2002, representing growth of 2% over the period. Notwithstanding the slowdown in market growth, J-Phone Vodafone consistently captured a higher percentage of net customer additions in each month in the period compared to its cumulative market share. This can largely be attributed to the strength of the brand and the popularity of camera and internet enabled handsets. Furthermore, J-Phone Vodafone is using an attractive mix of handsets combined with innovative services to attract and retain customers, which has contributed to the reduction in customer churn.

J-Phone Vodafone enjoys the highest ARPU of any company within the Vodafone Group and the success of data and content products resulted in further increases in data and SMS revenues, which exceeded 20% of service revenues in August and September 2002. However, the positive effect this had on ARPU was more than offset by the expected decline in voice ARPU.

Total average cost to connect decreased following a reduction in acquisition incentives and more cost efficient and effective purchasing of handsets. Additionally, J-Phone Vodafone made savings on operating costs which contributed to significant growth in EBITDA. As a result, the mobile EBITDA margin increased from 20.5% to 32.0%.

J-Phone Vodafone realised substantial capital expenditure efficiencies during the period as a result of the merger of J-Phone Vodafone's operating companies and from the improved purchasing position it enjoys as a member of the Vodafone Group. These efficiency gains have enabled J-Phone Vodafone to concentrate its capital expenditure on 3G infrastructure and pursue a faster and more efficient rollout of its 3G network as it prepares for commercial launch in December 2002.

## **Other Asia Pacific**

In Australia, an extremely competitive and maturing market, EBITDA increased by 14% due to a continued focus on improving operational efficiency and a change in product marketing and distribution strategy. Cost base rationalisation has continued over the last six months with restructuring activities reducing the workforce by 12%. Handset subsidies have also been phased out on plans targeted at retail customers.

Over the last six months, Australia experienced an initial decline in blended ARPU due to the increase in the proportion of lower spending prepaid customers. However, contract ARPU is now stabilising with an increasing trend in SMS and data revenue.

In the six months to 30 September 2002 Vodafone New Zealand increased its EBITDA by 34%, revenues by 18% and blended ARPU by over 2%.

China Mobile (Hong Kong) Limited ("China Mobile") saw monthly customer growth slow between June 2002 and September 2002 due to seasonal effects and aggressive marketing by a competitor that included bundled handset and tariff plans on its newly launched CDMA network. However, excluding the effect of the acquisition referred to below, the customer base still grew by over ten million in the period. Monthly ARPU continued to fall after showing signs of stabilising earlier in the year as a result of lower tariffs aimed at retaining customers as competition increased. SMS volumes continued to grow substantially with 7.8 billion messages sent in the first quarter of the current financial year, up from 4.8 billion in the prior quarter.

On 18 June 2002 Vodafone invested a further US\$750m in China Mobile and obtained the right to appoint a non-executive director to the China Mobile board. Subsequently on 1 July 2002 China Mobile acquired from its parent eight provincial cellular operations with a total of 25,143,000 customers. Vodafone's stake in China Mobile increased to approximately 3.27% as a result of these two transactions. The two companies' strategic alliance has been further strengthened in areas such as roaming, standards and best practice.

## MIDDLE EAST AND AFRICA

| <b>Financial highlights</b>                           | <b>Six months to 30 September</b> |                    | <b>Increase/<br/>(decrease)<br/>%</b> |
|---|-----------------------------------|--------------------|---------------------------------------|
|   | <b>2002<br/>£m</b>                | <b>2001<br/>£m</b> |                                       |
| Statutory turnover                                    | <b>143</b>                        | 168                | <b>(15)</b>                           |
| Statutory total Group operating profit <sup>(1)</sup> | <b>88</b>                         | 83                 | <b>6</b>                              |
| Proportionate turnover                                | <b>238</b>                        | 252                | <b>(6)</b>                            |
| Proportionate EBITDA<br>(before exceptional items)    | <b>109</b>                        | 108                | <b>1</b>                              |
| Proportionate EBITDA margin                           | <b>45.8%</b>                      | 42.9%              |                                       |

(1) before goodwill amortisation and exceptional items

Vodafone Egypt reported significant customer growth during the period of 261,000 to 1,979,000 at 30 September 2002.

In South Africa, Vodacom continued to grow strongly with a 23% proportionate EBITDA improvement and customer growth of 9% to 7,130,000. Additionally, Vodacom's operation in Tanzania is now contributing a positive operating profit in its second year of operation.

In Kenya, Safaricom consolidated its position as the largest mobile operator with 55% of the market as customer numbers increased by 32% to 581,000 during the period.

## OTHER OPERATIONS

| <b>Financial highlights</b>                                     |                | <b>Six months to 30 September</b> |                    | <b>Increase/<br/>(decrease)<br/>%</b> |
|---|----------------|-----------------------------------|--------------------|---------------------------------------|
|   |                | <b>2002<br/>£m</b>                | <b>2001<br/>£m</b> |                                       |
| Statutory turnover  | - Europe       | <b>441</b>                        | 466                | <b>(5)</b>                            |
|   | - Asia Pacific | <b>1,017</b>                      | -                  | -                                     |
|   |                | <b>1,458</b>                      | 466                | <b>213</b>                            |
| Statutory total Group<br>operating profit/(loss) <sup>(1)</sup> | - Europe       | <b>(94)</b>                       | (181)              | -                                     |
|   | - Asia Pacific | <b>59</b>                         | (32)               | -                                     |
|   |                | <b>(35)</b>                       | (213)              | -                                     |
| Proportionate turnover  | - Europe       | <b>380</b>                        | 381                | -                                     |
|   | - Asia Pacific | <b>678</b>                        | 453                | <b>50</b>                             |
|   |                | <b>1,058</b>                      | 834                | <b>27</b>                             |
| Proportionate EBITDA<br>(before exceptional items)              | - Europe       | <b>(2)</b>                        | (32)               | -                                     |
|   | - Asia Pacific | <b>178</b>                        | 31                 | <b>474</b>                            |
|   |                | <b>176</b>                        | (1)                | -                                     |

(1) before goodwill amortisation and exceptional items

The Group's other operations mainly comprise interests in fixed line telecommunications businesses, including Arcor in Germany, Japan Telecom, Cegetel in France, Vodafone Information Systems, an IT and data services business based in Germany and, until 29 August 2002, the Vizzavi joint venture.

Statutory turnover for the Group's other operations increased primarily as a result of the stake increases in Japan Telecom which was consolidated from 12 October 2001. Proportionate EBITDA, before exceptional items, increased by £177m to £176m, primarily through the impact of the Group's increased interest in Japan Telecom and a substantial increase in its underlying EBITDA performance.

## **Arcor**

Arcor provides fixed network services in Germany. The German fixed line market remains intensely competitive although Arcor has retained its position as the leading private operator and the strongest competitor to Deutsche Telekom, the market leader. Turnover from voice, data and internet businesses increased in the period compensating for the reduction in carrier business caused by the competitive market. During the period the contract voice customer base increased by approximately 150,000 to 2,500,000 customers. Total traffic volumes increased by 15% compared to the same period in 2001 to 11.2 billion minutes.

In January 2002, a contract with Deutsche Bahn AG was signed to carve out Arcor's railway specific telecommunication and service business into the company Arcor DB-Telematik GmbH. Following completion of the sale in April 2002, the remaining 50.1% share of Telematik was sold to Deutsche Bahn AG in July 2002.

## **Japan Telecom**

Japan Telecom is the third largest fixed line telecommunications operator in Japan, offering both voice and data services. Since Vodafone gained control in October 2001, Japan Telecom's profitability has improved significantly, with operating profit, before goodwill amortisation and exceptional items, of £59m for the six months ended 30 September 2002. This can be largely attributed to the implementation of a transformation plan entitled Project V. This plan specifically includes identifying the products and services that will contribute the most to profit both now and in the future, increasing focus on the core business, and an organisational realignment to improve operating efficiencies and capabilities.

The fixed line market in Japan remains extremely competitive following the lifting of market entry restrictions and although the carrier designation service "My-Line" was introduced in May 2001, the maintenance of market share continues to be a challenge in the customer voice segment. The main focus of the business in the period has been on high growth business opportunities and the delivery of innovative data products and services. The corporate customer base continues to expand due to the uptake of IP data related services, with the next-generation IP network "PRISM", using optical fibres, being particularly successful.

# **STRATEGIC DEVELOPMENTS**

## **Products and Services**

The Group's vision is to be the world's mobile communications leader. A major focus of the Group's strategy is to offer innovative products and services within Vodafone-branded, end-to-end customer propositions which utilise the Group's global footprint and global brand to offer customers a unique mobile experience and seamless international services.

## **Brand**

Since April 2002, a number of significant achievements have been made to progress this strategy. The company implemented its strategy to introduce the Vodafone brand into all its controlled mobile businesses and, at 30 September 2002, all mobile subsidiaries other than Italy and Japan had migrated to the single Vodafone brand. Omnitel Vodafone in Italy rebranded as Vodafone Omnitel during June 2002. In Japan, J-Phone Vodafone is to migrate to the single brand by December 2003. As a result of the brand rollout and the continuing "How are you?" advertising campaign, the Group has improved considerably its brand awareness. Vodafone branding is now focused on building upon its brand awareness and turning this into brand preference.

This year, the Group became a principal sponsor of Ferrari, further promoting the awareness of the brand globally and creating joint product development and merchandising opportunities. Vodafone also continues to benefit from its sponsorship of Manchester United.

The strength of Vodafone's brand and its portfolio of international services led to the signing of a further partner agreement with MTC of Kuwait. Under this agreement, both Vodafone and MTC customers will now be able to benefit from easy access to Vodafone's international services. The Group's two existing partner agreements, with Radiolinja of Finland and TDC of Denmark, are now fully operational. These agreements allow the Group to secure a return on its investment in a global brand and have the added benefit of extending the Group's global footprint without the need for equity investment.

## **New service offerings**

The Vodafone brand is also of fundamental importance to the Group's latest, and most significant service offering, Vodafone live!. Launched in seven countries during October and early November, Vodafone live! is a major Group-wide programme, designed to offer the customer an integrated experience of handset and services. Vodafone live! is built around easy to use mobile services such as picture messaging, games,

ringtones and mobile content. Vodafone live! and Vodafone Mobile Office, the business proposition, are both expected to build brand preference amongst customers.

Vodafone live! represents a significant step forward for the Group, involving development of an integrated customer proposition and service offering together with the customisation of handsets with the Vodafone brand, Vodafone-specific menus with embedded links and Vodafone-specific games and content all launched on a co-ordinated pan-European basis. It represents a significant building block in the attainment of the Group's data strategy.

Part of the Vodafone live! customer offering is a wide range of high quality, multi-media entertainment-led content containing both international and local information. This is provided by Vodafone Global Content Services, formerly Vizzavi, which became a wholly-owned subsidiary of the Group in August 2002.

Vodafone further extended its range of compelling product and service offerings for customers with the launch, in July, of a prepaid top-up service for international travellers, enabling prepaid customers to use their mobiles when abroad as if they are using them at home. This service is now available in eleven countries. This was followed, in September, by the launch of Eurocall Platinum, a service aimed at reducing the cost of calls for high value roaming customers, building on the success of Eurocall, Vodafone's single rate European price plan, launched in January 2001.

Another major part of the Group's growth strategy is Vodafone Mobile Office. The Group already offers services that provide mobile access to corporate intranets and office-based applications at speeds comparable to those available through standard fixed telephone lines. With Vodafone Mobile Office, the Group's offerings for business and corporate customers will be brought together to deliver easy and seamless access to corporate information systems and business applications over the Vodafone network. The first part of the Group-wide Vodafone Mobile Office programme will be launched shortly and is called "Vodafone Remote Access", a pan-European Vodafone-branded solution for secure, remote connection of laptops to the corporate network using a Vodafone-enabled GPRS data card and customised software. With over eight million laptops in Western Europe alone being accessed away from the desk, this represents a significant opportunity for the Group.

### **3G**

The development and rollout of the Group's 3G networks remains an important element of its data strategy, with 3G networks offering both increased spectrum capacity and quality of service. A Group-wide 3G programme management team has been put in place to oversee the project. To date, the Group has achieved its initial operating target of having commenced internal user field trials in five European networks as well as in Japan. Over the next 12 months the Group intends to have its 3G infrastructure technically ready and operational in major markets, with Japan being the first of the Group's networks to launch in December 2002.

### **Synergies**

The globalisation of the Group's supply chain relationships is advancing. The Group is now either managing or co-ordinating centrally the purchase of network infrastructure (including that related to 3G) and IT platforms used for building services, as well as handsets and other items such as consultancy services. Global supply chain management is generating significant synergy savings for the Group and is playing a key role in the Vodafone live! programme, ensuring availability of Vodafone-configured handsets through intensive liaison with handset suppliers.

Good progress has been made on the synergies arising from the Mannesmann transaction. It is expected that the £500m of forecast post tax cash flow synergies for the year ending March 2003 will be exceeded.

### **Corporate Social Responsibility**

The Group's corporate social responsibility ("CSR") programme is moving ahead with the commitments made in its 2002 CSR report, published in June 2002. The Group continues to strengthen its CSR management system and has initiated several projects to further quantify the benefits arising from action on key social and environmental issues. These include initiatives to understand and deliver energy efficiency improvements, to explore selected mobile applications offering specific environmental or social benefits, and to promote additional schemes aimed at incentivising customers to return handsets and accessories for reuse or recycling. Vodafone also remains a constituent of the FTSE4Good index and the Dow Jones Sustainability index of companies.



# FINANCIAL UPDATE

## Profit and loss account

### Total Group operating profit/loss

Before goodwill amortisation and exceptional items, total Group operating profit increased 37% to £4,640m in the six months ended 30 September 2002 from £3,392m in the six months ended 30 September 2001, comprising £4,650m profit from continuing operations and £10m loss from the acquisition of Vizzavi.

After goodwill amortisation and exceptional items the Group reported a total operating loss of £2,197m, compared with a loss of £7,820m for the comparable period. This net change of £5,623m arose as a result of a £4,515m reduction in respect of exceptional items, and a £1,248m increase in operating profit partly offset by a £140m increase in the goodwill amortisation charge, which increased primarily as a result of the acquisition of J-Phone Vodafone and Japan Telecom in the second half of the 2002 financial year. These charges for goodwill amortisation do not affect the cash flows of the Group or the ability of the Group to pay dividends.

### Exceptional items

There were no exceptional operating items charged in the six months to 30 September 2002. During the comparable period to September 2001, exceptional operating items of £4,515m consisted primarily of impairment charges in relation to the carrying value of goodwill for Arcor and Grupo Iusacell.

Exceptional non-operating income of £267m (30 September 2001: charge of £248m) mainly represents a profit on disposal of fixed asset investments of £268m, principally relating to the disposal of the Group's interest in Bergemann GmbH, through which the Group's 8.2% stake in Ruhrgas AG was held.

In accordance with UK accounting standards the Group regularly monitors the carrying value of its fixed assets. At 31 March 2002, a review was undertaken which assessed whether the carrying value of its assets could be supported by the net present value of future cash flows derived from assets using cash flow projections for each asset in respect of the period to 31 March 2011. This review resulted in the impairment of certain of the Group's assets. A further review was undertaken at 30 September 2002 which included monitoring actual cash flows to date against those previously forecast. The results of the review indicated that no further impairment charges were necessary.

### Interest

Total Group net interest payable, including the Group's share of the net interest expense of joint ventures and associated undertakings, increased from £381m for the six months ended 30 September 2001 to £390m for the six months ended 30 September 2002. Net interest costs in respect of the Group's net borrowings increased to £239m from £188m for the comparable period, reflecting the increase in average net debt levels. Group interest is covered 24.6 times by Group EBITDA (before exceptional items) plus dividends received from joint ventures and associated undertakings, compared with 17.8 times for the six months to 30 September 2001. The Group's share of the net interest expense of joint ventures and associated undertakings decreased from £193m to £151m due primarily to the consolidation of the Group's former associated undertakings, Japan Telecom and J-Phone, Vodafone from October 2001.

### Taxation

The effective rate of taxation, before goodwill amortisation and exceptional items, for the period to 30 September 2002 was 37.7%, 2.0% higher than the rate for the year ended 31 March 2002, principally as a result of changes in the Italian tax regime, the absence of last year's one-off German tax refund and the consolidation of Japan Telecom and J-Phone Vodafone into the Group's results for the period.

### Exchange rates

The effect of translating the results of overseas subsidiaries and associates at exchange rates prevailing in the comparable period to 30 September 2001, would have been to increase total Group operating profit, before goodwill amortisation and exceptional items, for the six months to 30 September 2002 by £28m.

## Earnings per share

Basic earnings per share, before goodwill amortisation and exceptional items, increased 31% from 2.51p to 3.28p for the period to 30 September 2002.

Basic loss per share, after goodwill amortisation and exceptional items, decreased from a loss per share of 14.36p to a loss per share of 6.36p for the period to 30 September 2002. The loss per share of 6.36p includes a charge of 10.03p per share (30 September 2001: 9.88p per share) in relation to the amortisation of goodwill and a credit of 0.39p per share (30 September 2001: charge of 6.99p per share) in relation to exceptional items.

## Dividends

The Company has historically paid dividends semi-annually, with the regular interim dividend in respect of the first six months of the financial year payable in February. The directors expect that the Company will continue to pay dividends semi-annually.

In considering the level of dividend to declare and recommend, the Board takes account of the outlook for earnings growth, operating cash flow generation, capital expenditure requirements, acquisitions and divestments together with the possibilities for debt reductions and share buy backs. Accordingly, the directors are recommending an interim dividend of 0.7946 pence per share, representing a 10% increase over last year's interim dividend.

The record date for the interim dividend is 22 November 2002, the ex-dividend date is 20 November 2002 and the dividend is payable on 7 February 2003.

## Cash flows and funding

The increase in operating profit, before goodwill amortisation and exceptional items, in the six month period ended 30 September 2002 translated into strong operating cash flows, which increased 56% over the comparable period to £5,676m, including over £1.4 billion of operating cash flows from the Group's former associated undertakings Japan Telecom and J-Phone Vodafone.

During the six months ended 30 September 2002, the Group increased its operating free cash flow by 80% to £2,947m and generated £2,878m of free cash flow, exceeding the levels generated for the whole of the previous financial year, as analysed below:

|   | <b>Six months to<br/>30 September<br/>2002<br/>£m</b> | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
|---|---|---|--------------------------------------|
| Net cash inflow from operating activities (Note 7)                                | <b>5,676</b>  | 3,640                                       | 8,102                                |
| Purchase of intangible fixed assets   | <b>(59)</b>   | (223)                                       | (325)                                |
| Purchase of tangible fixed assets   | <b>(2,705)</b>  | (1,816)                                     | (4,145)                              |
| Disposal of tangible fixed assets   | <b>35</b>   | 35  | 75                                   |
| Net capital expenditure on intangible and tangible fixed assets                   | <b>(2,729)</b>  | (2,004)                                     | (4,395)                              |
| <b>Operating free cash flow</b>   | <b>2,947</b>  | 1,636                                       | 3,707                                |
| Dividends received from joint ventures and associated undertakings <sup>(1)</sup> | <b>314</b>  | 32  | 139                                  |
| Taxation  | <b>(154)</b>  | (545)                                       | (545)                                |
| Interest on group debt  | <b>(211)</b>  | (449)                                       | (854)                                |
| Dividends from investments  | <b>19</b>   | -   | 2                                    |
| Dividends paid to minority interests  | <b>(37)</b>   | (33)  | (84)                                 |
| Net cash outflow for returns on investments and servicing of finance              | <b>(229)</b>  | (482)                                       | (936)                                |
| <b>Free cash flow</b>   | <b>2,878</b>  | 641   | 2,365                                |

Notes:

(1) Six months ended 30 September 2002 includes £250m from Verizon Wireless.

The Group also invested a net £0.9 billion in merger and acquisition activities, and an analysis of the significant transactions is shown below:

|  | Impact on net debt<br>£ billion |
|--|---------------------------------|
| Stake increase in China Mobile                     | 0.5                             |
| Stake increase in Vodafone Spain                   | 0.4                             |
| Purchase of minorities in Vodafone AG              | 0.3                             |
| Increase minority stakes in other subsidiaries     | 0.2                             |
| Purchase of remaining 50% interest in Vizzavi      | 0.1                             |
| Disposal of Ruhrgas and Arcor's Telematik business | (0.7)                           |

As a result of the significant levels of free cash flow generated and after merger and acquisition activity, Group dividend payments of £511m and £155m of foreign exchange movements, the Group's consolidated net debt position at 30 September 2002 decreased to £10,697m, from £12,034m at 31 March 2002. This represented approximately 19% of the Group's market capitalisation at 30 September 2002 compared with 14% at 31 March 2002. A further analysis of net debt can be found in Note 8 on page 29.

The Group remains committed to maintaining a solid credit profile. Following the proposed acquisitions of interests in Cegetel Groupe S.A., Fitch affirmed Vodafone's stable outlook and long term credit ratings at A and short term credit ratings at F1 on 16 October 2002. On 17 October 2002, Standard & Poor's affirmed Vodafone's stable outlook and long term credit ratings at A and short term credit ratings at A1 and Moody's, although changing Vodafone's outlook to negative, affirmed the Group's long term credit ratings at A2 and short term credit ratings at P1.

The Group's credit ratings enable it to have access to a wide range of debt finance including commercial paper, bonds and committed bank facilities. The Group currently has US and euro commercial paper programmes of US\$15 billion and £5 billion, respectively, which are used to meet short-term liquidity requirements. The commercial paper facilities are supported by a US\$11.025 billion committed bank facility, which may be extended for one year from June 2003. This facility replaced the Group's previous US\$13.7 billion committed bank facility and as at 30 September 2002 no amounts had been drawn under it. The Group also has a JPY225 billion committed bank facility which was fully drawn down on 15 October 2002 and a new fully underwritten €3.5 billion bank term loan, maturing in January 2006. This term loan is available should the total consideration in respect of the acquisition of interests in Cegetel Groupe S.A. exceed €5 billion and existing pre-emption periods have either been waived or have expired. At 31 October 2002, the Group had approximately £10.5 billion (pounds sterling equivalent) of capital market debt in issue, with maturities from April 2003 to February 2030 and £3.0 billion (pounds sterling equivalent) of term funding.

## Equity shareholders' funds

Total equity shareholders' funds at 30 September 2002 decreased from £130,573m at 31 March 2002 to £125,912m. The decrease comprises the loss for the period of £4,336m (after goodwill amortisation of £6,837m), dividends of £542m and net currency translation gains of £199m. The decrease was partially offset by the issue of new share capital of £18m.

## OUTLOOK

### For the year ending 31 March 2003

The strategic focus on acquiring and retaining high value customers is expected to continue to benefit the Group in the second half of the financial year, with organic proportionate customer growth sustaining the momentum of the first half into the second.

The achievement of the expected organic customer growth rate and the increase in proportionate customers that would result from the exercise of the put option held by the minority shareholders owning 6.2% of Vodafone Spain, should generate annual growth in total proportionate customers of over 10%.

In addition, the trend seen in the six months to 30 September 2002 of either stabilisation or modest improvements in seasonally adjusted ARPU in some key markets against that achieved in the same period last year is anticipated to continue in the second half, driven by further improvements in customer activity levels, a higher proportion of contract customers in the total base and increased voice and data usage. The double-digit proportionate revenue growth achieved in the first half is expected to continue.

The proportionate mobile EBITDA margin increased in the current period to 39.0%, an increase of 3.6 percentage points over that achieved in the comparable period last year. For the full year it is expected that the proportionate mobile EBITDA margin will exceed that achieved in the last financial year and the proportionate

mobile EBITDA margin for the second half will be better than last year's second half. However, the proportionate mobile EBITDA margin for the full year is expected to reduce from the level achieved in the first half of this financial year, primarily as a result of the cost of advertising campaigns promoting our new service offerings and the impact of expected incoming call termination rate reductions in a number of the Group's key markets in the second half of the year.

Total Group operating profit, before goodwill and exceptional items, for the year is also expected to be significantly better than that achieved in the previous financial year as a result of the consolidation of Japan Telecom and J-Phone Vodafone for a full year and an increased contribution from existing businesses. However, the expected reduction in mobile EBITDA margin in the second half of the year together with higher depreciation, particularly in Japan as the 3G network opens for service, is expected to lead to the second half year operating profit, before goodwill amortisation and exceptional items, being lower than that achieved in the first.

Strong free cash flow generation is expected to continue in the second half of the year with total free cash flow for the year expected to exceed that achieved in the previous year by a substantial margin. However, free cash flow for the second half year is expected to be less than that achieved in the first half, both as a result of the lower operating result outlined above and higher tax payments, which are expected to approach £1 billion for the full year compared with £154 million for the first half. Capital expenditure of over £5.5 billion is now expected for the year.

In the second half of the year, in addition to acquiring an increased interest in Vodafone Spain, the Group may acquire further interests in Cegetel and in its controlled publicly listed companies. These stake increases would impact the expectations for the second half of the financial year outlined above.

#### **For the year ending 31 March 2004**

In respect of customer growth, the combination of high single-digit organic growth and stake increases is expected to lead to average customer numbers increasing over 10% compared with this financial year. The expected trend in ARPUs, combined with this customer growth, should lead to double-digit revenue growth.

The expected revenue growth combined with modest margin improvements is expected to generate growth in Group proportionate EBITDA for the year ending 31 March 2004 of above 15%. Tangible capital expenditure is expected to be a similar level to the 2003 financial year although capital efficiency, measured as the ratio of capital expenditure to statutory turnover, is expected to improve.

Any significant acquisitions or disposals of businesses would impact the expectations for the financial year ending 31 March 2004 set out above.

## **TRANSACTIONS**

The Group undertook the following significant transactions in the six months to 30 September 2002:

### **Acquisitions**

#### **a) Acquisitions of minority stakes in subsidiary undertakings**

On 2 April 2002, the Company acquired a further 2.2% stake in Airtel Móvil, S.A. ("Vodafone Spain"), for the Euro equivalent of £0.4 billion, following the exercise of a put option held by Torreal, S.A. This increased the Group's interest in Vodafone Spain from 91.6% to 93.8%.

On 3 May 2002, the Group completed the purchase of the 4.5% minority interest in Vodafone Pacific, as a result of which Vodafone Pacific became a wholly owned subsidiary undertaking.

The Group increased its interest in its listed subsidiary companies, Vodafone Telecel-Comunicacoes Pessoais SA ("Vodafone Portugal") and Europolitan Vodafone AB ("Vodafone Sweden"), through a series of market purchases at a total cost of £151.4m. As at 30 September 2002, the Group's interests in Vodafone Portugal and Vodafone Sweden had increased by 10.5% and 3.6% to 61.4% and 74.7%, respectively.

On 21 August 2002, the Group bought out the outstanding minority shareholders in Vodafone AG, formerly Mannesmann AG, for the Euro equivalent of £281m.

## **b) Other acquisitions**

On 18 June 2002, the Group purchased a further stake of approximately 1.1% in China Mobile for US\$750m, increasing the Group's interest in China Mobile to approximately 3.27%.

On 29 August 2002, the Group acquired Vivendi Universal S.A.'s 50% stake in the Vizzavi joint venture, which operates the mobile content business, for €143m. As a result of this transaction, the Group owns 100% of Vizzavi, with the exception of Vizzavi France which is now wholly owned by Vivendi Universal S.A.

## **Disposals**

On 8 July 2002, the Group completed the sale to E.ON AG of its 23.6% stake in Bergemann GmbH through which it held an effective 8.2% stake in Ruhgas AG. The total cash received amounted to €0.9 billion.

## **Subsequent events**

### **Cegetel Groupe S.A. ("Cegetel")**

On 16 October 2002, the Group announced that it had agreed to acquire BT Group plc's ("BT's") 26% interest in Cegetel, the controlling shareholder of the French mobile operator SFR, and SBC Communication Inc.'s ("SBC's") 15% interest in Cegetel for €4.0 billion cash and €2.3 billion cash, respectively. At the same time, the Group also announced that it had made a non-binding cash offer of €6.8 billion to Vivendi Universal, S.A., ("Vivendi") for its 44% interest in Cegetel. Vivendi has pre-emption rights over BT and SBC's interests in Cegetel.

On 21 October 2002, the Group announced plans for financing these transactions, including details of a new €3.5 billion bank term loan which matures in January 2006 and which is available upon completion of the acquisition. Further funding would be met from a combination of available cash resources, commercial paper programmes and existing undrawn bank facilities. The Group would not need to raise funds in the bond markets to finance these acquisitions. On 18 October 2002, the Group cancelled US\$174m of its US\$1,750m February 2005 dollar bond that had previously been repurchased.

On 29 October 2002, the Board of Vivendi announced it had decided not to accept the Group's offer to purchase its 44% interest in Cegetel and, accordingly, the offer lapsed.

On 6 November 2002, the Group announced that Vivendi will be entitled to exercise its pre-emption rights from 21 November 2002 until 10 December 2002. The Group also announced that it has renewed its initial offer at the same price to Vivendi to last for the duration of the pre-emption period. Until such time as the offer is formally accepted by Vivendi, the Group reserves the right to withdraw its offer at any time.

# FINANCIAL STATEMENTS

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS TO 30 SEPTEMBER 2002

|   | Six months to<br>30 September<br>2002<br>£m | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
|---|---|---|--------------------------------------|
| Turnover: Group and share of joint ventures and associated undertakings                 |   |   |                                      |
| - Continuing operations   | 19,186                                      | 15,283                                      | 33,541                               |
| - Acquisitions  | 3   | -   | -                                    |
|   | <u>19,189</u>                               | <u>15,283</u>                               | <u>33,541</u>                        |
| Less: Share of joint ventures and associated undertakings                               | (4,291)                                     | (6,377)                                     | (10,696)                             |
|   | <u>14,898</u>                               | <u>8,906</u>                                | <u>22,845</u>                        |
| Group turnover (Note 2)   |   |   |                                      |
| - Continuing operations   | 14,895                                      | 8,906                                       | 22,845                               |
| - Acquisitions  | 3   | -   | -                                    |
|   | <u>14,898</u>                               | <u>8,906</u>                                | <u>22,845</u>                        |
| Operating loss  |   |   |                                      |
| - Continuing operations   | (2,151)                                     | (7,089)                                     | (10,377)                             |
| - Acquisitions  | (12)  | -   | -                                    |
|   | <u>(2,163)</u>                              | <u>(7,089)</u>                              | <u>(10,377)</u>                      |
| Share of operating loss in joint ventures and associated undertakings                   |   |   |                                      |
| - Continuing operations   | (34)  | (731)                                       | (1,457)                              |
| Total Group operating loss (Note 2)   | <u>(2,197)</u>                              | <u>(7,820)</u>                              | <u>(11,834)</u>                      |
| Exceptional non-operating items (Note 4)  | 267   | (248)                                       | (860)                                |
| Loss on ordinary activities before interest   | <u>(1,930)</u>                              | <u>(8,068)</u>                              | <u>(12,694)</u>                      |
| Net interest payable and similar items  | (390)                                       | (381)                                       | (845)                                |
| - Group   | (239)                                       | (188)                                       | (503)                                |
| - Share of joint ventures and associated undertakings                                   | (151)                                       | (193)                                       | (342)                                |
| Loss on ordinary activities before taxation (Note 2)                                    | <u>(2,320)</u>                              | <u>(8,449)</u>                              | <u>(13,539)</u>                      |
| Tax on loss on ordinary activities (Note 5)   | (1,602)                                     | (1,086)                                     | (2,140)                              |
| Loss on ordinary activities after taxation  | <u>(3,922)</u>                              | <u>(9,535)</u>                              | <u>(15,679)</u>                      |
| Minority interests (including non-equity minority interests)                            | (414)                                       | (200)                                       | (476)                                |
| Loss for the financial period   | <u>(4,336)</u>                              | <u>(9,735)</u>                              | <u>(16,155)</u>                      |
| Equity dividends  | (542)                                       | (514)                                       | (1,025)                              |
| Retained loss for the Group and its share of joint ventures and associated undertakings | <u>(4,878)</u>                              | <u>(10,249)</u>                             | <u>(17,180)</u>                      |
| Basic loss per share (Note 6)   | (6.36)p                                     | (14.36)p                                    | (23.77)p                             |
| Diluted loss per share (Note 6)   | (6.41)p                                     | (14.41)p                                    | (23.86)p                             |
| Adjusted basic earnings per share (Note 6)  | 3.28p                                       | 2.51p                                       | 5.15p                                |
| Dividend per share  | 0.7946p                                     | 0.7224p                                     | 1.4721p                              |

**CONSOLIDATED BALANCE SHEET  
AS AT 30 SEPTEMBER 2002**

|  | 30 September<br>2002<br>£m | 30 September<br>2001<br>£m | 31 March<br>2002<br>£m |
|--|----------------------------|----------------------------|------------------------|
| <b>Fixed assets</b>  |                            |                            |                        |
| Intangible assets  | 103,190                    | 102,872                    | 105,944                |
| Tangible assets  | 18,573                     | 11,309                     | 18,541                 |
| Investments  | 26,303                     | 39,274                     | 28,977                 |
| - Loans to joint ventures                                      | -                          | 188                        | 321                    |
| - Investments in associated undertakings                       | 24,757                     | 37,284                     | 27,249                 |
| - Other investments  | 1,546                      | 1,802                      | 1,407                  |
|  | <u>148,066</u>             | <u>153,455</u>             | <u>153,462</u>         |
| <b>Current assets</b>  |                            |                            |                        |
| Stocks   | 318                        | 247                        | 513                    |
| Debtors  | 6,450                      | 4,873                      | 7,053                  |
| Investments  | 2,698                      | 6,987                      | 1,792                  |
| Cash at bank and in hand                                       | 117                        | 96                         | 80                     |
|  | <u>9,583</u>               | <u>12,203</u>              | <u>9,438</u>           |
| <b>Creditors: amounts falling due within one year</b>          | <b>(13,434)</b>            | <b>(12,302)</b>            | <b>(13,455)</b>        |
| <b>Net current liabilities</b>                                 | <b><u>(3,851)</u></b>      | <b><u>(99)</u></b>         | <b><u>(4,017)</u></b>  |
| <b>Total assets less current liabilities</b>                   | <b>144,215</b>             | <b>153,356</b>             | <b>149,445</b>         |
| <b>Creditors: amounts falling due after more than one year</b> | <b>(12,179)</b>            | <b>(10,810)</b>            | <b>(13,118)</b>        |
| <b>Provisions for liabilities and charges</b>                  | <b>(3,050)</b>             | <b>(1,739)</b>             | <b>(2,899)</b>         |
| Investments in joint ventures:                                 |                            |                            |                        |
| - Share of gross assets  | -                          | 95                         | 76                     |
| - Share of gross liabilities                                   | -                          | (242)                      | (345)                  |
|  | <u>-</u>                   | <u>(147)</u>               | <u>(269)</u>           |
| Other provisions   | (3,050)                    | (1,592)                    | (2,630)                |
|  | <u>128,986</u>             | <u>140,807</u>             | <u>133,428</u>         |
| <b>Capital and reserves</b>                                    |                            |                            |                        |
| Called up share capital  | 4,275                      | 4,271                      | 4,273                  |
| Share premium account  | 52,060                     | 51,989                     | 52,044                 |
| Merger reserve   | 98,927                     | 98,928                     | 98,927                 |
| Other reserve  | 877                        | 977                        | 935                    |
| Profit and loss account  | (30,227)                   | (17,720)                   | (25,606)               |
| <b>Total equity shareholders' funds</b>                        | <b><u>125,912</u></b>      | <b><u>138,445</u></b>      | <b><u>130,573</u></b>  |
| Equity minority interests                                      | 2,054                      | 1,269                      | 1,727                  |
| Non-equity minority interests                                  | 1,020                      | 1,093                      | 1,128                  |
|  | <u>128,986</u>             | <u>140,807</u>             | <u>133,428</u>         |

**CONSOLIDATED CASH FLOW  
FOR THE SIX MONTHS TO 30 SEPTEMBER 2002**

|   | Six months to<br>30 September<br>2002<br>£m | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
|---|---|---|--------------------------------------|
| Net cash inflow from operating activities (Note 7)                          | 5,676                                       | 3,640                                       | 8,102                                |
| Dividends received from joint ventures and associated undertakings          | 314   | 32  | 139                                  |
| Net cash outflow for returns on investments and servicing of finance        | (229)                                       | (482)                                       | (936)                                |
| Taxation  | (154)                                       | (545)                                       | (545)                                |
| Net cash outflow for capital expenditure and financial investment           | (2,768)                                     | (2,107)                                     | (4,447)                              |
| - Purchase of intangible fixed assets                                       | (59)  | (223)                                       | (325)                                |
| - Purchase of tangible fixed assets   | (2,705)                                     | (1,816)                                     | (4,145)                              |
| - Disposal of tangible fixed assets   | 35  | 35  | 75                                   |
| - Purchase of investments   | (521)                                       | (37)  | (44)                                 |
| - Disposal of investments   | 559   | 110   | 319                                  |
| - Other   | (77)  | (176)                                       | (327)                                |
| Net cash outflow for acquisitions and disposals                             | (859)                                       | (6,003)                                     | (7,691)                              |
| - Purchase of interests in subsidiary undertakings                          | (990)                                       | (1,163)                                     | (3,078)                              |
| - Net cash / (overdrafts) acquired with subsidiary undertakings             | 16  | 23  | (2,514)                              |
| - Purchase of interests in joint ventures and associated undertakings       | (12)  | (7,088)                                     | (7,159)                              |
| - Disposal of businesses  | 127   | 2,210                                       | 5,071                                |
| - Other   | -   | 15  | (11)                                 |
| Equity dividends paid   | (511)                                       | (486)                                       | (978)                                |
| Cash inflow / (outflow) before management of liquid resources and financing | 1,469                                       | (5,951)                                     | (6,356)                              |
| Management of liquid resources  | (1,108)                                     | 2,881                                       | 7,042                                |
| Net cash (outflow) / inflow from financing                                  | (326)                                       | 3,099                                       | (675)                                |
| - Issue of ordinary share capital   | 18  | 3,548                                       | 3,581                                |
| - Debt repayment  | (344)                                       | (449)                                       | (4,268)                              |
| - Issue of shares to minorities   | -   | -   | 12                                   |
| Increase in cash in the period  | <u>35</u>                                   | <u>29</u>                                   | <u>11</u>                            |
| <b>Reconciliation of net cash flow to movement in net debt</b>              |   |   |                                      |
| Increase in cash in the period  | 35  | 29  | 11                                   |
| Cash outflow from decrease in debt  | 344   | 449   | 4,268                                |
| Cash outflow / (inflow) from management of liquid resources                 | 1,108                                       | (2,881)                                     | (7,042)                              |
| Decrease / (increase) in net debt resulting from cash flows                 | 1,487                                       | (2,403)                                     | (2,763)                              |
| Debt acquired on acquisition of subsidiaries                                | -   | (167)                                       | (3,116)                              |
| Translation difference  | (155)                                       | 52  | 517                                  |
| Other movements   | 5   | -   | 50                                   |
| Decrease / (increase) in net debt in the period                             | <u>1,337</u>                                | <u>(2,518)</u>                              | <u>(5,312)</u>                       |
| Opening net debt  | (12,034)                                    | (6,722)                                     | (6,722)                              |
| Closing net debt (Note 8)   | <u>(10,697)</u>                             | <u>(9,240)</u>                              | <u>(12,034)</u>                      |



**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE SIX MONTHS TO 30 SEPTEMBER 2002**

|  | <b>Six months to<br/>30 September<br/>2002<br/>£m</b> | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
|--|---|---|--------------------------------------|
| Loss for the financial period                              |   |   |                                      |
| - Group  | <b>(3,958)</b>  | (8,653)                                     | (14,131)                             |
| - Share of joint ventures and associated undertakings      | <b>(378)</b>  | (1,082)                                     | (2,024)                              |
|  | <u><b>(4,336)</b></u>                                 | <u>(9,735)</u>                              | <u>(16,155)</u>                      |
| Currency translation                                       |   |   |                                      |
| - Group  | <b>2,148</b>  | (284)                                       | (1,980)                              |
| - Share of joint ventures and associated undertakings      | <b>(1,949)</b>  | (980)                                       | (283)                                |
|  | <u><b>199</b></u>                                     | <u>(1,264)</u>                              | <u>(2,263)</u>                       |
| Total recognised gains and losses for the period           | <u><b>(4,137)</b></u>                                 | <u>(10,999)</u>                             | <u>(18,418)</u>                      |
| Prior period restatement for FRS 19                        | -   | (386)                                       | (386)                                |
| Total gains and losses recognised since last annual report | <u><b>(4,137)</b></u>                                 | <u>(11,385)</u>                             | <u>(18,804)</u>                      |

**MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS  
FOR THE SIX MONTHS TO 30 SEPTEMBER 2002**

|  | <b>Six months to<br/>30 September<br/>2002<br/>£m</b> | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
|--|---|---|--------------------------------------|
| Loss for the financial period              | <b>(4,336)</b>  | (9,735)                                     | (16,155)                             |
| Equity dividends                           | <b>(542)</b>  | (514)                                       | (1,025)                              |
|  | <u><b>(4,878)</b></u>                                 | <u>(10,249)</u>                             | <u>(17,180)</u>                      |
| Currency translation                       | <b>199</b>  | (1,264)                                     | (2,263)                              |
| New share capital subscribed               | <b>18</b>   | 5,929                                       | 5,984                                |
| Shares to be issued                        | -   | (978)                                       | (978)                                |
| Other                                      | -   | -   | 3                                    |
| Net movement in equity shareholders' funds | <u><b>(4,661)</b></u>                                 | <u>(6,562)</u>                              | <u>(14,434)</u>                      |
| Opening equity shareholders' funds         | <b>130,573</b>  | 145,007                                     | 145,007                              |
| Closing equity shareholders' funds         | <u><b>125,912</b></u>                                 | <u>138,445</u>                              | <u>130,573</u>                       |

# NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2002

## 1 Basis of preparation

### Statutory financial information

The unaudited interim results have been prepared on a basis consistent with the accounting policies set out on pages 78 to 80 of Vodafone Group Plc's Annual Report & Accounts and Form 20-F for the year ended 31 March 2002. The interim results should therefore be read in conjunction with the 2002 Annual Report & Accounts and Form 20-F.

The interim results for the six months to 30 September 2002, which were approved by the Board of Directors on 11 November 2002, do not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. Full accounts for the year ended 31 March 2002, incorporating an unqualified auditors' report, have been filed with the Registrar of Companies.

### Proportionate financial information

The tables of financial information on page 31 are presented on a proportionate basis. Proportionate presentation is not a measure recognised under UK GAAP and is not intended to replace the consolidated financial statements prepared in accordance with UK GAAP. However, since significant entities in which the Group has an interest are not consolidated, proportionate information is provided as supplemental data to facilitate a more detailed understanding and assessment of the consolidated financial statements prepared in accordance with UK GAAP.

UK GAAP requires consolidation of entities controlled by the Group and the equity method of accounting for entities in which the Group has significant influence but not a controlling interest. Proportionate presentation is a pro rata consolidation, which reflects the Group's share of turnover and expenses in both its consolidated and unconsolidated entities. Proportionate results are calculated by multiplying the Group's ownership interest in each entity by each entity's results.

Proportionate information includes results from the Group's equity accounted investments and investments held at cost. The Group does not have control over the turnover, expenses or cash flow of these investments and is only entitled to cash from dividends received from these entities. The Group does not own the underlying assets of these investments.

Proportionate turnover is stated net of inter-company turnover. Proportionate EBITDA (earnings before interest, tax, depreciation and amortisation) is defined as operating profit before exceptional items plus depreciation and amortisation of subsidiary undertakings, joint ventures, associated undertakings and investments, proportionate to equity stakes. Proportionate EBITDA represents the Group's ownership interests in the respective entities' EBITDA. As such, proportionate EBITDA does not represent EBITDA available to the Group.

## 2 Segmental and other analyses

The Group's principal business is the supply of mobile telecommunications services and products. Other operations primarily comprise fixed line telecommunications businesses and, until 29 August 2002, the Vizzavi joint venture. Analyses of turnover and total Group operating profit/(loss) by geographical region and class of business are as follows:

|                                      | <b>Six months to<br/>30 September<br/>2002<br/>£m</b> | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
|--------------------------------------|---|---|--------------------------------------|
| <b>Group turnover <sup>(1)</sup></b> |   |   |                                      |
| Mobile telecommunications:           |   |   |                                      |
| Northern Europe                      | <b>2,981</b>  | 2,582                                       | 5,432                                |
| Central Europe                       | <b>2,308</b>  | 2,090                                       | 4,177                                |
| Southern Europe                      | <b>3,877</b>  | 3,228                                       | 6,743                                |
|                                      | <hr/> <b>9,166</b>                                    | <hr/> 7,900                                 | <hr/> 16,352                         |
| Europe                               | <b>5</b>  | 6   | 12                                   |
| Americas                             | <b>4,126</b>  | 366   | 4,072                                |
| Asia Pacific                         | <b>143</b>  | 168   | 306                                  |
| Middle East and Africa               | <hr/> <b>13,440</b>                                   | <hr/> 8,440                                 | <hr/> 20,742                         |
| Other operations                     |   |   |                                      |
| Europe                               | <b>441</b>  | 466   | 998                                  |
| Asia Pacific                         | <b>1,017</b>  | -   | 1,105                                |
|                                      | <hr/> <b>14,898</b>                                   | <hr/> 8,906                                 | <hr/> 22,845                         |

<sup>(1)</sup> The analysis of Group turnover represents turnover of the Company and its subsidiary undertakings and is stated net of inter-company turnover.

**NOTES TO THE INTERIM RESULTS  
FOR THE SIX MONTHS TO 30 SEPTEMBER 2002**

**Segmental and other analyses** continued

|   | <b>Six months to<br/>30 September<br/>2002<br/>£m</b> | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
|---|---|---|--------------------------------------|
| <b>Total Group operating profit / (loss)<br/>(before goodwill and exceptional items)</b>              |   |   |                                      |
| Mobile telecommunications:  |   |   |                                      |
| Northern Europe   | <b>1,076</b>  | 749   | 1,685                                |
| Central Europe  | <b>872</b>  | 782   | 1,543                                |
| Southern Europe   | <b>1,261</b>  | 1,066                                       | 2,072                                |
|   | <u><b>3,209</b></u>                                   | <u>2,597</u>                                | <u>5,300</u>                         |
| Americas  | <b>644</b>  | 740   | 1,317                                |
| Asia Pacific  | <b>734</b>  | 185   | 589                                  |
| Middle East and Africa  | <b>88</b>   | 83  | 161                                  |
|   | <u><b>4,675</b></u>                                   | <u>3,605</u>                                | <u>7,367</u>                         |
| Other operations  |   |   |                                      |
| Europe  | <b>(94)</b>   | (181)                                       | (306)                                |
| Asia Pacific  | <b>59</b>   | (32)  | (17)                                 |
|   | <u><b>4,640</b></u>                                   | <u>3,392</u>                                | <u>7,044</u>                         |
| - Subsidiary undertakings   | <b>3,604</b>  | 2,246                                       | 5,071                                |
| - Share of joint ventures and associated undertakings   | <b>1,036</b>  | 1,146                                       | 1,973                                |
| Amortisation of goodwill  | <b>(6,837)</b>  | (6,697)                                     | (13,470)                             |
| Exceptional operating items (Note 3)  | -   | (4,515)                                     | (5,408)                              |
| <b>Total Group operating loss</b>   | <u><b>(2,197)</b></u>                                 | <u>(7,820)</u>                              | <u>(11,834)</u>                      |
|   |   |   |                                      |
|   | <b>Six months to<br/>30 September<br/>2002<br/>£m</b> | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
| <b>Profit / (loss) on ordinary activities before<br/>taxation</b>                                     |   |   |                                      |
| Profit on ordinary activities before taxation<br>(before goodwill amortisation and exceptional items) | <b>4,250</b>  | 3,011                                       | 6,199                                |
| Amortisation of goodwill  | <b>(6,837)</b>  | (6,697)                                     | (13,470)                             |
| Exceptional operating items (Note 3)  | -   | (4,515)                                     | (5,408)                              |
| Exceptional non-operating items (Note 4)  | <b>267</b>  | (248)                                       | (860)                                |
| <b>Loss on ordinary activities before taxation</b>  | <u><b>(2,320)</b></u>                                 | <u>(8,449)</u>                              | <u>(13,539)</u>                      |
| <b>3 Exceptional operating items</b>  |   |   |                                      |
|   | <b>Six months to<br/>30 September<br/>2002<br/>£m</b> | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
| Impairment of intangible and tangible fixed assets  | -   | (4,450)                                     | (5,100)                              |
| Reorganisation costs  | -   | -   | (86)                                 |
| Share of exceptional operating items of<br>associated undertakings and joint ventures                 | -   | (65)  | (222)                                |
|   | <u>-</u>  | <u>(4,515)</u>                              | <u>(5,408)</u>                       |

**NOTES TO THE INTERIM RESULTS  
FOR THE SIX MONTHS TO 30 SEPTEMBER 2002**

**4 Exceptional non-operating items**

|   | <b>Six months to<br/>30 September<br/>2002<br/>£m</b> | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
|---|---|---|--------------------------------------|
| Amounts written off fixed asset investments   | (4)   | (300)                                       | (920)                                |
| Profit on disposal of fixed asset investments | 268   | 45  | 9                                    |
| Profit on disposal of fixed assets            | -   | 7   | 10                                   |
| Profit on disposal of businesses              | 3   | -   | 41                                   |
|   | <u>267</u>  | <u>(248)</u>                                | <u>(860)</u>                         |

**5 Tax on loss on ordinary activities**

|   | <b>Six months to<br/>30 September<br/>2002<br/>£m</b> | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
|---|---|---|--------------------------------------|
| United Kingdom<br>Corporation tax charge at 30%                     | <u>120</u>  | <u>144</u>                                  | <u>187</u>                           |
| Overseas corporation tax  |   |   |                                      |
| Current tax:  |   |   |                                      |
| Current year  | 996   | 772   | 857                                  |
| Prior year  | -   | (173)                                       | (322)                                |
|   | <u>996</u>  | <u>599</u>                                  | <u>535</u>                           |
| Total current tax   | 1,116   | 743   | 722                                  |
| Deferred tax – origination of and reversal of<br>timing differences | <u>486</u>  | <u>354</u>                                  | <u>1,489</u>                         |
| Tax on loss on ordinary activities                                  | 1,602   | 1,097                                       | 2,211                                |
| Tax on exceptional items  | -   | (11)  | (71)                                 |
| Total tax charge  | <u>1,602</u>  | <u>1,086</u>                                | <u>2,140</u>                         |
| Parent and subsidiary undertakings                                  | 1,428   | 940   | 1,925                                |
| Share of associated undertakings and joint ventures                 | 174   | 146   | 215                                  |
|   | <u>1,602</u>  | <u>1,086</u>                                | <u>2,140</u>                         |

**6 Earnings per share**

|  | <b>Six months to<br/>30 September<br/>2002<br/>£m</b> | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
|--|---|---|--------------------------------------|
| Loss for basic loss per share                                    | (4,336)   | (9,735)                                     | (16,155)                             |
| Amortisation of goodwill   | 6,837   | 6,697                                       | 13,470                               |
| Exceptional operating items                                      | -   | 4,515                                       | 5,408                                |
| Exceptional non-operating items                                  | (267)   | 248   | 860                                  |
| Tax on exceptional items   | -   | (11)  | (71)                                 |
| Share of exceptional items attributable to<br>minority interests | -   | (12)  | (14)                                 |
| Earnings for adjusted earnings per share                         | <u>2,234</u>  | <u>1,702</u>                                | <u>3,498</u>                         |
| Weighted average number of shares (millions):                    |   |   |                                      |
| Basic and adjusted   | 68,152  | 67,776                                      | 67,961                               |
| Diluted  | 67,690  | 67,543                                      | 67,715                               |

**NOTES TO THE INTERIM RESULTS  
FOR THE SIX MONTHS TO 30 SEPTEMBER 2002**

**7 Reconciliation of operating loss to net cash inflow from operating activities**

|   | <b>Six months to<br/>30 September<br/>2002<br/>£m</b> | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
|---|---|---|--------------------------------------|
| Operating loss                                | <b>(2,163)</b>  | (7,089)                                     | (10,377)                             |
| Exceptional items                             | -   | 4,000                                       | 4,486                                |
| Depreciation                                  | <b>1,892</b>  | 1,053                                       | 2,880                                |
| Amortisation of goodwill                      | <b>5,767</b>  | 5,335                                       | 10,962                               |
| Amortisation of other intangible fixed assets | <b>23</b>   | 19  | 34                                   |
| Loss on disposal of tangible fixed assets     | <b>47</b>   | -   | 46                                   |
| Group EBITDA <sup>(1)</sup>                   | <u><b>5,566</b></u>                                   | <u>3,318</u>                                | <u>8,031</u>                         |
| Working capital movements                     | <b>116</b>  | 322   | 98                                   |
| Payments in respect of exceptional items      | <b>(6)</b>  | -   | (27)                                 |
| Net cash inflow from operating activities     | <u><b>5,676</b></u>                                   | <u>3,640</u>                                | <u>8,102</u>                         |

<sup>(1)</sup> Group EBITDA is not a measure recognised under UK GAAP but is presented in order to highlight operational performance of the Group.

**8 Analysis of net debt**

|  | <b>At 1<br/>April<br/>2002<br/>£m</b> | <b>Cash flow<br/>£m</b> | <b>Other<br/>non-cash<br/>changes &amp;<br/>exchange<br/>movements<br/>£m</b> | <b>At 30<br/>September<br/>2002<br/>£m</b> |
|--|---------------------------------------|-------------------------|---|--|
| Liquid resources   | 1,789                                 | 1,108                   | (202)   | <b>2,695</b>                               |
| Cash at bank and in hand                                 | 80                                    | 35                      | 2   | <b>117</b>                                 |
|  | <u>80</u>                             | <u>35</u>               | <u>2</u>  | <u><b>117</b></u>                          |
| Debt due within one year<br>(other than bank overdrafts) | (1,219)                               | 231                     | (747)   | <b>(1,735)</b>                             |
| Debt due after one year                                  | (12,317)                              | 58                      | 799   | <b>(11,460)</b>                            |
| Finance leases   | (367)                                 | 55                      | (2)   | <b>(314)</b>                               |
|  | <u>(13,903)</u>                       | <u>344</u>              | <u>50</u>   | <u><b>(13,509)</b></u>                     |
| Net debt   | <u><b>(12,034)</b></u>                | <u>1,487</u>            | <u>(150)</u>  | <u><b>(10,697)</b></u>                     |

Included within net debt are bond issues maturing as follows:

|  | £m            |
|--|---------------|
| One year or less                                 | 132           |
| More than one year but not more than two years   | 1,970         |
| More than two years but not more than five years | 3,277         |
| More than five years                             | 5,164         |
|  | <u>10,543</u> |

**NOTES TO THE INTERIM RESULTS  
FOR THE SIX MONTHS TO 30 SEPTEMBER 2002**

**9 Summary of differences between UK and US GAAP**

The interim results have been prepared in accordance with UK Generally Accepted Accounting Principles ("UK GAAP"), which differ in certain significant respects from US Generally Accepted Accounting Principles ("US GAAP"). A description of the relevant accounting principles which differ materially is provided within Vodafone Group Plc's Annual Report & Accounts and Form 20-F for the year ended 31 March 2002. The effects of these differing accounting principles are as follows:

|  | <b>Six months to<br/>30 September<br/>2002<br/>£m</b> | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
|--|---|---|--------------------------------------|
| Revenues in accordance with UK GAAP                  | <b>14,898</b>   | 8,906                                       | 22,845                               |
| Items decreasing revenues:                           |   |   |                                      |
| Non-consolidated subsidiaries                        | <b>(2,101)</b>  | (2,182)                                     | (4,162)                              |
| Deferral of connection revenues                      | <b>(831)</b>  | (155)                                       | (1,044)                              |
| Revenues in accordance with US GAAP                  | <u><b>11,966</b></u>                                  | <u>6,569</u>                                | <u>17,639</u>                        |
| Net loss in accordance with UK GAAP                  | <b>(4,336)</b>  | (9,735)                                     | (16,155)                             |
| Items (increasing)/decreasing net loss:              |   |   |                                      |
| Goodwill and other intangibles amortisation          | <b>(2,985)</b>  | (6,280)                                     | (9,719)                              |
| Deferral of connection income                        | <b>9</b>  | (20)  | (15)                                 |
| Capitalised interest                                 | <b>237</b>  | 203   | 387                                  |
| Income taxes   | <b>2,748</b>  | 4,750                                       | 7,627                                |
| Minority interests                                   | <b>190</b>  | 1,020                                       | 1,308                                |
| Loss on disposal of business                         | <b>-</b>  | -   | (85)                                 |
| Other  | <b>(37)</b>   | (43)  | (36)                                 |
| Net loss in accordance with US GAAP                  | <u><b>(4,174)</b></u>                                 | <u>(10,105)</u>                             | <u>(16,688)</u>                      |
| US GAAP basic loss per ordinary share                | <u><b>(6.12)p</b></u>                                 | <u>(14.91)p</u>                             | <u>(24.56)p</u>                      |
| Shareholders' equity in accordance with UK GAAP      | <b>125,912</b>  | 138,445                                     | 130,573                              |
| Items increasing/(decreasing) shareholders' equity:  |   |   |                                      |
| Goodwill and other intangibles – net of amortisation | <b>63,317</b>   | 62,067                                      | 61,765                               |
| Deferral of connection income                        | <b>(91)</b>   | (105)                                       | (100)                                |
| Capitalised interest                                 | <b>989</b>  | 568   | 752                                  |
| Cumulative deferred income taxes                     | <b>(48,250)</b>                                       | (48,469)                                    | (46,996)                             |
| Minority interests                                   | <b>(5,738)</b>  | (3,887)                                     | (5,514)                              |
| Proposed dividends                                   | <b>542</b>  | 492   | 511                                  |
| Other  | <b>(532)</b>  | (103)                                       | (104)                                |
| Shareholders' equity in accordance with US GAAP      | <u><b>136,149</b></u>                                 | <u>149,008</u>                              | <u>140,887</u>                       |

**NOTES TO THE INTERIM RESULTS  
FOR THE SIX MONTHS TO 30 SEPTEMBER 2002**

**10 Proportionate financial information**

|   | <b>Six months to<br/>30 September<br/>2002<br/>£m</b> | Six months to<br>30 September<br>2001<br>£m | Year ended<br>31 March<br>2002<br>£m |
|---|---|---|--------------------------------------|
| <b>Proportionate turnover</b>   |   |   |                                      |
| Mobile telecommunications:  |   |   |                                      |
| Northern Europe   | 3,565   | 3,133                                       | 6,516                                |
| Central Europe  | 2,585   | 2,343                                       | 4,694                                |
| Southern Europe   | 3,009   | 2,408                                       | 5,109                                |
|   | <u>9,159</u>  | <u>7,884</u>                                | <u>16,319</u>                        |
| Europe  |   |   |                                      |
| Americas  | 2,907   | 2,839                                       | 5,638                                |
| Asia Pacific  | 3,155   | 2,517                                       | 5,373                                |
| Middle East and Africa  | 238   | 252   | 488                                  |
|   | <u>15,459</u>   | <u>13,492</u>                               | <u>27,818</u>                        |
| Other operations:   |   |   |                                      |
| Europe  | 380   | 381   | 821                                  |
| Asia Pacific  | 678   | 453   | 1,160                                |
|   | <u>16,517</u>   | <u>14,326</u>                               | <u>29,799</u>                        |
| <b>Reconciliation of proportionate turnover to statutory turnover</b>                         |   |   |                                      |
| Proportionate turnover  | 16,517  | 14,326                                      | 29,799                               |
| Add back: minority share of turnover in subsidiary undertakings                               | 2,758   | 1,243                                       | 3,822                                |
| Deduct: turnover of joint ventures, associated undertakings and trade investments             | <u>(4,377)</u>  | <u>(6,663)</u>                              | <u>(10,776)</u>                      |
|   | <u>14,898</u>   | <u>8,906</u>                                | <u>22,845</u>                        |
| <b>Proportionate EBITDA</b>   |   |   |                                      |
| Mobile telecommunications:  |   |   |                                      |
| Northern Europe   | 1,379   | 1,028                                       | 2,264                                |
| Central Europe  | 1,174   | 1,026                                       | 2,068                                |
| Southern Europe   | 1,313   | 1,049                                       | 2,131                                |
|   | <u>3,866</u>  | <u>3,103</u>                                | <u>6,463</u>                         |
| Europe  |   |   |                                      |
| Americas  | 1,010   | 1,000                                       | 1,907                                |
| Asia Pacific  | 1,042   | 567   | 1,321                                |
| Middle East and Africa  | 109   | 108   | 211                                  |
|   | <u>6,027</u>  | <u>4,778</u>                                | <u>9,902</u>                         |
| Other operations:   |   |   |                                      |
| Europe  | (2)   | (32)  | (8)                                  |
| Asia Pacific  | 178   | 31  | 199                                  |
| Proportionate EBITDA  | <u>6,203</u>  | <u>4,777</u>                                | <u>10,093</u>                        |
| Less: depreciation and amortisation, excluding goodwill                                       | <u>(2,096)</u>  | <u>(1,648)</u>                              | <u>(3,693)</u>                       |
| Proportionate total Group operating profit before goodwill amortisation and exceptional items | <u>4,107</u>  | <u>3,129</u>                                | <u>6,400</u>                         |
| - Mobile telecommunications   | 4,151   | 3,321                                       | 6,688                                |
| - Other operations  | (44)  | (192)                                       | (288)                                |
| <b>Reconciliation of proportionate EBITDA to statutory EBITDA</b>                             |   |   |                                      |
| Proportionate EBITDA  | 6,203   | 4,777                                       | 10,093                               |
| Add back: minority share of EBITDA from subsidiary undertakings                               | 1,028   | 507   | 1,333                                |
| Deduct: EBITDA of joint ventures, associated undertakings and trade investments               | <u>(1,665)</u>  | <u>(1,966)</u>                              | <u>(3,395)</u>                       |
|   | <u>5,566</u>  | <u>3,318</u>                                | <u>8,031</u>                         |

## **NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2002**

### **Other information**

- 1) Copies of the Group's Interim Report will be sent to all shareholders. Further copies will be available from the Company's registered office:

The Courtyard  
2-4 London Road  
Newbury  
Berkshire RG14 1JX  
England.

- 2) This report will also be available on the Vodafone Group Plc website: [www.vodafone.com](http://www.vodafone.com) from 12 November 2002.

### **For further information contact:-**

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## Forward-Looking Statements

This document contains “forward-looking statements” within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to the Group’s financial condition, results of operations and businesses and certain of the Group’s plans and objectives with respect to these items. In particular, forward-looking statements include statements with respect to Vodafone’s expectations as to launch and roll-out dates for products and services, including, for example, 3G services, Vodafone live! and Vodafone Mobile Office; the ability to integrate our operations throughout the Group in the same format and on the same technical platform; the development and impact of new mobile technology, including the expected benefits of GPRS, 3G and other services and demand for such services; the completion of Vodafone’s brand migration programme; growth in customers and usage, including improvements in customer mix; future performance, including turnover, ARPU, EBITDA, cash flows, costs, capital expenditures and improvements in margin, non-voice services and their revenue contribution; the ability to realise synergies through cost savings, revenue generating services, benchmarking and operational experience; future acquisitions, including increases in ownership in existing investments and pending offers for investments; mobile penetration rates; expectations with respect to long-term shareholder value growth; our ability to be the mobile market leader, overall market trends and other trend projections. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “anticipates”, “aims”, “could”, “may”, “should”, “expects”, “believes”, “intends”, “plans” or “targets”. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: changes in economic or political conditions in markets served by operations of the Group that would adversely affect the level of demand for mobile services; greater than anticipated competitive activity requiring changes in pricing models and/or new product offerings or resulting in higher costs of acquiring new customers or providing new services, or slower customer growth or reduced customer retention; the impact on capital spending from investment in network capacity and the deployment of new technologies, or the rapid obsolescence of existing technology; slower customer growth or reduced customer retention; the possibility that technologies, including mobile internet platforms, and services, including 3G services, will not perform according to expectations or that vendors’ performance will not meet the Group’s requirements; changes in the projected growth rates of the mobile telecommunications industry; the Group’s ability to realise expected synergies and benefits associated with 3G technologies, the integration of our operations and those of recently acquired companies, the completion of the Group’s brand migration programme and the consolidation of IT systems; future revenue contributions of both voice and non-voice services offered by the Group; lower than expected impact of GPRS, 3G and Vodafone live! and Vodafone Mobile Office on the Group’s future revenues, cost structure and capital expenditure outlays; the ability of the Group to harmonise mobile platforms and any delays, impediments or other problems associated with the roll-out and scope of 3G technology and services and Vodafone live! and Vodafone Mobile Office in new markets; the ability of the Group to offer new services and secure the timely delivery of high-quality, reliable GPRS and 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 new, unexpected strategic opportunities may arise in the next two to three years, the pursuit of which could be in the best interests of Vodafone’s shareholders and that future acquisitions that we believe to be in the best interests of Vodafone’s shareholders may have a negative short or medium-term impact on one or more of the measurements of our financial performance; any unfavourable conditions, regulatory or otherwise, imposed in connection with pending or future acquisitions or dispositions; changes in the regulatory framework in which the Group operates, including possible action by the European Commission regulating rates the Group is permitted to charge; the Group’s ability to develop competitive data content and services which will attract new customers and increase average usage; the impact of legal or other proceedings against the Group or other companies in the mobile telecommunications industry; changes in exchange rates, including particularly the exchange rate of the pound to the euro, US dollar and the Japanese yen; the possibility that, in connection with the agreement to purchase BT and SBC’s interests in Cegetel, Vivendi will pre-empt our offer on one or both stakes or will not comply with the Cegetel shareholders’ agreement or delay its compliance or interpose obstacles thereby delaying significantly our ability to gain control of the management of Cegetel or influence its strategic or value generative decisions or otherwise limit the Group’s ability to realise benefits of increased ownership, and that, in connection with the Group’s offer to Vivendi for its stakes in Cegetel, Vivendi may decline the Group’s offer; and the risk that, upon obtaining control of certain investments, the Group discovers additional information relating to the businesses of that investment leading to restructuring charges or write-offs or with other negative implications. Furthermore, a review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found under “Risk Factors” on pages 29 and 30 of Vodafone’s Annual Report & Accounts and Form 20-F for the year ended 31 March 2002. All subsequent written or oral forward-looking statements attributable to the Company or any member of the Group or any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Neither Vodafone nor any of its affiliates intends to update these forward-looking statements.

**APPENDIX 1 - VODAFONE GROUP PLC – MOBILE TELECOMMUNICATIONS BUSINESSES**

**PROPORTIONATE NET CUSTOMERS – 1 APRIL 2002 TO 30 SEPTEMBER 2002**

| COUNTRY                       | PERCENTAGE OWNERSHIP <sup>1</sup> (%) | QUARTER TO 30 JUNE 2002 |                      |                      | QUARTER TO 30 SEPTEMBER 2002 |                      |                                   | PREPAID <sup>4</sup> (%) |                        |
|-------------------------------|---------------------------------------|-------------------------|----------------------|----------------------|------------------------------|----------------------|-----------------------------------|--------------------------|------------------------|
|                               |                                       | AT 1 APRIL 2002 (000s)  | NET ADDITIONS (000s) | STAKE CHANGES (000s) | AT 30 JUNE 2002 (000s)       | NET ADDITIONS (000s) | STAKE CHANGES <sup>2</sup> (000s) |                          | AT 30 SEPT 2002 (000s) |
| <b>NORTHERN EUROPE</b>        |                                       |                         |                      |                      |                              |                      |                                   |                          |                        |
| UK                            | 100.0                                 | 13,186                  | (177)                | -                    | 13,009                       | (52)                 | -                                 | 12,957                   | 59                     |
| Ireland                       | 100.0                                 | 1,704                   | -                    | -                    | 1,704                        | 1                    | -                                 | 1,705                    | 71                     |
| Netherlands                   | 70.0                                  | 2,289                   | (4)                  | -                    | 2,285                        | 5                    | -                                 | 2,290                    | 62                     |
| Sweden                        | 74.7                                  | 827                     | 42                   | -                    | 869                          | 34                   | 45                                | 948                      | 30                     |
| Others                        |                                       | 5,000                   | 75                   | -                    | 5,075                        | 60                   | 6                                 | 5,141                    | 52                     |
| <b>TOTAL</b>                  |                                       | <b>23,006</b>           | <b>(64)</b>          | <b>-</b>             | <b>22,942</b>                | <b>48</b>            | <b>51</b>                         | <b>23,041</b>            | <b>55</b>              |
| <b>CENTRAL EUROPE</b>         |                                       |                         |                      |                      |                              |                      |                                   |                          |                        |
| Germany                       | 100.0                                 | 21,434                  | (90)                 | 1                    | 21,345                       | 411                  | 54                                | 21,810                   | 55                     |
| Hungary                       | 68.3                                  | 330                     | 49                   | 49                   | 428                          | 52                   | -                                 | 480                      | 89                     |
| Others                        |                                       | 1,567                   | 62                   | -                    | 1,629                        | 58                   | -                                 | 1,687                    | 43                     |
| <b>TOTAL</b>                  |                                       | <b>23,331</b>           | <b>21</b>            | <b>50</b>            | <b>23,402</b>                | <b>521</b>           | <b>54</b>                         | <b>23,977</b>            | <b>52</b>              |
| <b>SOUTHERN EUROPE</b>        |                                       |                         |                      |                      |                              |                      |                                   |                          |                        |
| Greece                        | 51.9                                  | 1,539                   | 39                   | -                    | 1,578                        | 37                   | -                                 | 1,615                    | 72                     |
| Italy                         | 76.8                                  | 13,560                  | 204                  | 1                    | 13,765                       | 260                  | 38                                | 14,063                   | 91                     |
| Malta                         | 80.0                                  | 122                     | -                    | -                    | 122                          | 2                    | -                                 | 124                      | 92                     |
| Portugal                      | 61.4                                  | 1,445                   | 24                   | -                    | 1,469                        | *                    | *                                 | *                        | *                      |
| Spain                         | 93.8                                  | 7,241                   | 90                   | 172                  | 7,503                        | 212                  | -                                 | 7,715                    | 55                     |
| Albania                       | 76.4                                  | 130                     | 36                   | -                    | 166                          | 41                   | -                                 | 207                      | 98                     |
| Others                        |                                       | 438                     | 32                   | -                    | 470                          | *                    | *                                 | *                        | *                      |
| <b>TOTAL</b>                  |                                       | <b>24,475</b>           | <b>425</b>           | <b>173</b>           | <b>25,073</b>                | <b>625</b>           | <b>348</b>                        | <b>26,046</b>            | <b>78</b>              |
| <b>AMERICAS</b>               |                                       |                         |                      |                      |                              |                      |                                   |                          |                        |
| United States <sup>3</sup>    | 44.3                                  | 13,081                  | 324                  | -                    | 13,405                       | 366                  | 182                               | 13,953                   | 6                      |
| Others                        |                                       | 689                     | 71                   | -                    | 760                          | (9)                  | -                                 | 751                      | 83                     |
| <b>TOTAL</b>                  |                                       | <b>13,770</b>           | <b>395</b>           | <b>-</b>             | <b>14,165</b>                | <b>357</b>           | <b>182</b>                        | <b>14,704</b>            | <b>11</b>              |
| <b>ASIA PACIFIC</b>           |                                       |                         |                      |                      |                              |                      |                                   |                          |                        |
| Japan                         | 69.7                                  | 8,496                   | 301                  | -                    | 8,797                        | 234                  | -                                 | 9,031                    | 5                      |
| Australia                     | 100.0                                 | 2,050                   | 20                   | 97                   | 2,167                        | 99                   | -                                 | 2,266                    | 42                     |
| New Zealand                   | 100.0                                 | 1,095                   | 33                   | -                    | 1,128                        | 28                   | -                                 | 1,156                    | 77                     |
| Others                        |                                       | 1,685                   | 155                  | 978                  | 2,818                        | 185                  | 709                               | 3,712                    | 56                     |
| <b>TOTAL</b>                  |                                       | <b>13,326</b>           | <b>509</b>           | <b>1,075</b>         | <b>14,910</b>                | <b>546</b>           | <b>709</b>                        | <b>16,165</b>            | <b>51</b>              |
| <b>MIDDLE EAST AND AFRICA</b> |                                       |                         |                      |                      |                              |                      |                                   |                          |                        |
| Egypt                         | 60.0                                  | 1,031                   | 59                   | -                    | 1,090                        | 97                   | -                                 | 1,187                    | 85                     |
| Others                        |                                       | 2,197                   | 85                   | -                    | 2,282                        | 138                  | -                                 | 2,420                    | 85                     |
| <b>TOTAL</b>                  |                                       | <b>3,228</b>            | <b>144</b>           | <b>-</b>             | <b>3,372</b>                 | <b>235</b>           | <b>-</b>                          | <b>3,607</b>             | <b>85</b>              |
| <b>GROUP TOTAL</b>            |                                       | <b>101,136</b>          | <b>1,430</b>         | <b>1,298</b>         | <b>103,864</b>               | <b>2,332</b>         | <b>1,344</b>                      | <b>107,540</b>           | <b>52</b>              |

1 All ownership percentages are stated as at 30 September 2002 and exclude options, warrants or other rights or obligations of the Vodafone Group to increase or decrease ownership in any venture. Ownership interests have been rounded to the nearest tenth of one percent.

2 Represents the acquisition of the remaining minority interests in Vodafone AG (formerly Mannesmann AG), stake increases in Vodafone Portugal from approximately 50.9% to 61.4% and Vodafone Sweden from approximately 71.1% to 74.7%, the acquisition of Price Communications Wireless by Verizon Wireless, the acquisition of eight mobile telecommunications companies in the PRC by China Mobile Hong Kong and subsequent stake dilution from approximately 3.4% to 3.3%.

3 The Group's proportionate customer base has been adjusted for Verizon Wireless's proportionate ownership of its customer base across all its network interests of approximately 98.4% at 30 September 2002. In the absence of acquired interests, this proportionate ownership will vary slightly from quarter to quarter dependent on the underlying mix of net additions across each of these networks.

4 Prepaid customer percentages are calculated on a venture basis.

\* Listed subsidiary still to report.

**APPENDIX 2 - VODAFONE GROUP PLC – MOBILE TELECOMMUNICATIONS BUSINESSES**  
**CONTROLLED ACTIVE CUSTOMER INFORMATION AS AT 30 SEPTEMBER 2002**

| COUNTRY                       | CONTROLLED ACTIVE <sup>1</sup> |                 |              | CONTROLLED<br>INACTIVE<br>(%) |
|-------------------------------|--------------------------------|-----------------|--------------|-------------------------------|
|                               | PREPAID<br>(%)                 | CONTRACT<br>(%) | TOTAL<br>(%) |                               |
| <b>NORTHERN EUROPE</b>        |                                |                 |              |                               |
| UK                            | 90                             | 98              | 93           | 7                             |
| Ireland                       | 100                            | 98              | 99           | 1                             |
| Netherlands                   | 91                             | 99              | 94           | 6                             |
| Sweden†                       | 90                             | 91              | 90           | 10                            |
| <b>TOTAL</b>                  | <b>91</b>                      | <b>97</b>       | <b>94</b>    | <b>6</b>                      |
| <b>CENTRAL EUROPE</b>         |                                |                 |              |                               |
| Germany                       | 91                             | 94              | 92           | 8                             |
| Hungary†                      | 91                             | 96              | 92           | 8                             |
| <b>TOTAL</b>                  | <b>91</b>                      | <b>94</b>       | <b>92</b>    | <b>8</b>                      |
| <b>SOUTHERN EUROPE</b>        |                                |                 |              |                               |
| Greece                        | 72                             | 92              | 78           | 22                            |
| Italy                         | 94                             | 92              | 94           | 6                             |
| Malta                         | 95                             | 98              | 95           | 5                             |
| Portugal                      | *                              | *               | *            | *                             |
| Spain                         | 93                             | 96              | 94           | 6                             |
| Albania <sup>2</sup>          | N/A                            | N/A             | N/A          | N/A                           |
| <b>TOTAL</b>                  | <b>91</b>                      | <b>95</b>       | <b>92</b>    | <b>8</b>                      |
| <b>ASIA PACIFIC</b>           |                                |                 |              |                               |
| Japan <sup>2</sup>            | N/A                            | N/A             | 99           | 1                             |
| Australia                     | 93                             | 98              | 96           | 4                             |
| New Zealand                   | 89                             | 100             | 92           | 8                             |
| <b>TOTAL</b>                  | <b>91</b>                      | <b>98</b>       | <b>98</b>    | <b>2</b>                      |
| <b>MIDDLE EAST AND AFRICA</b> |                                |                 |              |                               |
| Egypt†                        | 97                             | 100             | 97           | 3                             |
| <b>TOTAL</b>                  | <b>97</b>                      | <b>100</b>      | <b>97</b>    | <b>3</b>                      |
| <b>CONTROLLED GROUP TOTAL</b> | <b>91</b>                      | <b>95</b>       | <b>94</b>    | <b>6</b>                      |

**CONTROLLED INACTIVE CUSTOMER INFORMATION – HISTORY**

| COUNTRY                 | CONTROLLED INACTIVE CUSTOMERS AS AT |                         |                      |                     |                          |
|-------------------------|-------------------------------------|-------------------------|----------------------|---------------------|--------------------------|
|                         | SEPTEMBER<br>2001<br>(%)            | DECEMBER<br>2001<br>(%) | MARCH<br>2002<br>(%) | JUNE<br>2002<br>(%) | SEPTEMBER<br>2002<br>(%) |
| Germany                 | 9                                   | 9                       | 9                    | 8                   | 8                        |
| Italy                   | 7                                   | 7                       | 7                    | 7                   | 6                        |
| Japan                   | N/A                                 | N/A                     | 1                    | 1                   | 1                        |
| United Kingdom          | 16†                                 | 16†                     | 11                   | 9                   | 7                        |
| <b>Controlled Total</b> | <b>10</b>                           | <b>10</b>               | <b>8</b>             | <b>7</b>            | <b>6</b>                 |

1 Active customers are defined as customers who have made or received a chargeable event in the last three months or, where information is not available, defined as customers who have made a chargeable event in the last three months (indicated by †).

2 No customer activity information is presently available in Albania. In Japan, customer activity information is only presently available on a total customer basis.

\* Listed subsidiary still to report.

**APPENDIX 3 - VODAFONE GROUP PLC – MOBILE TELECOMMUNICATIONS BUSINESSES**

**MONTHLY REGISTERED BLENDED ARPU FOR THE 15 MONTHS TO 30 SEPTEMBER 2002**

| Country        |     | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   |
|----------------|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Germany        | EUR | 26.0  | 25.8  | 24.6  | 25.6  | 24.3  | 24.1  | 25.1  | 22.7  | 25.4  | 25.2  | 26.5  | 26.5  | 27.9  | 27.7  | 26.8  |
| Italy          | EUR | 31.4  | 29.7  | 28.3  | 29.4  | 27.3  | 28.4  | 28.8  | 25.6  | 29.6  | 27.9  | 29.4  | 28.9  | 31.9  | 28.6  | 29.0  |
| Japan          | JPY | 7,520 | 8,060 | 7,850 | 7,410 | 7,770 | 7,640 | 7,470 | 7,200 | 7,630 | 7,310 | 7,400 | 7,160 | 7,670 | 7,410 | 7,180 |
| United Kingdom | GBP | 23.3  | 23.9  | 23.0  | 23.8  | 23.2  | 21.8  | 22.9  | 22.0  | 23.8  | 22.9  | 24.6  | 22.7  | 24.9  | 24.7  | 24.9  |

**ARPU INFORMATION FOR THE 12 MONTH PERIOD TO 30 SEPTEMBER 2002**

| COUNTRY                       | CURRENCY | ARPU <sup>1</sup>  |                     |                  |  |  |
|-------------------------------|----------|--------------------|---------------------|------------------|--|--|
|                               |          | REGISTERED PREPAID | REGISTERED CONTRACT | REGISTERED TOTAL |  |  |
| <b>NORTHERN EUROPE</b>        |          |                    |                     |                  |  |  |
| UK                            | GBP      | 121                | 536                 | 282              |  |  |
| Ireland                       | EUR      | 319                | 1,071               | 532              |  |  |
| <b>CENTRAL EUROPE</b>         |          |                    |                     |                  |  |  |
| Germany                       | EUR      | 121                | 542                 | 308              |  |  |
| Hungary                       | HUF      | 43,017             | 183,791             | 56,223           |  |  |
| <b>SOUTHERN EUROPE</b>        |          |                    |                     |                  |  |  |
| Italy                         | EUR      | 296                | 794                 | 345              |  |  |
| Malta                         | MTL      | 89                 | 909                 | 156              |  |  |
| Portugal                      | EUR      | *                  | *                   | *                |  |  |
| Spain                         | EUR      | 148                | 643                 | 374              |  |  |
| <b>ASIA PACIFIC</b>           |          |                    |                     |                  |  |  |
| Japan                         | JPY      | N/A                | N/A                 | 89,193           |  |  |
| Australia                     | AUD      | 321                | 874                 | 669              |  |  |
| New Zealand                   | NZD      | 301                | 1,840               | 652              |  |  |
| <b>MIDDLE EAST AND AFRICA</b> |          |                    |                     |                  |  |  |
| Egypt                         | EGP      | 708                | 2,941               | 1,001            |  |  |

**ARPU – HISTORY**

| COUNTRY | CURRENCY | REGISTERED TOTAL ARPU FOR THE 12 MONTH PERIOD TO |               |            |           |                |
|---------|----------|--|---------------|------------|-----------|----------------|
|         |          | SEPTEMBER 2001                                   | DECEMBER 2001 | MARCH 2002 | JUNE 2002 | SEPTEMBER 2002 |
| Germany | EUR      | 317  | 303           | 298        | 302       | 308            |
| Italy   | EUR      | 345  | 345           | 345        | 345       | 345            |
| Japan   | JPY      | N/A  | 93,550        | 91,903     | 90,302    | 89,193         |
| UK      | GBP      | 286  | 278           | 276        | 278       | 282            |

1 ARPU is calculated as total revenues excluding handset revenues and connection fees divided by the weighted average number of customers during the period.

\* Listed subsidiary still to report

**APPENDIX 4 - VODAFONE GROUP PLC – MOBILE TELECOMMUNICATIONS BUSINESSES  
NON-VOICE SERVICES AS A PERCENTAGE OF SERVICE REVENUES**

| <b>COUNTRY</b>                   | <b>12 MONTHS TO 30 SEPTEMBER 2002</b> |                      |                   | <b>SEPTEMBER 2002 (MONTH ONLY)</b> |                      |                   |
|----------------------------------|---------------------------------------|----------------------|-------------------|------------------------------------|----------------------|-------------------|
|                                  | <b>MESSAGING DATA</b>                 | <b>INTERNET DATA</b> | <b>TOTAL DATA</b> | <b>MESSAGING DATA</b>              | <b>INTERNET DATA</b> | <b>TOTAL DATA</b> |
| <b>PROPORTIONATE BASIS</b>       |                                       |                      |                   |                                    |                      |                   |
| <b>NORTHERN EUROPE</b>           |                                       |                      |                   |                                    |                      |                   |
| UK                               | 12.2%                                 | 1.0%                 | 13.2%             | 12.7%                              | 1.1%                 | 13.8%             |
| Others                           | 8.0%                                  | 0.4%                 | 8.4%              | 8.8%                               | 0.6%                 | 9.4%              |
| <b>TOTAL</b>                     | <b>10.4%</b>                          | <b>0.7%</b>          | <b>11.1%</b>      | <b>11.0%</b>                       | <b>0.9%</b>          | <b>11.9%</b>      |
| <b>CENTRAL EUROPE</b>            |                                       |                      |                   |                                    |                      |                   |
| Germany                          | 14.7%                                 | 0.7%                 | 15.4%             | 15.4%                              | 0.8%                 | 16.2%             |
| Others                           | 7.3%                                  | 0.6%                 | 7.9%              | 7.6%                               | 0.9%                 | 8.5%              |
| <b>TOTAL</b>                     | <b>13.7%</b>                          | <b>0.6%</b>          | <b>14.3%</b>      | <b>14.4%</b>                       | <b>0.8%</b>          | <b>15.2%</b>      |
| <b>SOUTHERN EUROPE</b>           |                                       |                      |                   |                                    |                      |                   |
| Italy                            | 9.8%                                  | 0.3%                 | 10.1%             | 10.0%                              | 0.4%                 | 10.4%             |
| Others                           | 8.2%                                  | 0.1%                 | 8.3%              | 9.0%                               | 0.3%                 | 9.3%              |
| <b>TOTAL</b>                     | <b>9.1%</b>                           | <b>0.2%</b>          | <b>9.3%</b>       | <b>9.5%</b>                        | <b>0.3%</b>          | <b>9.8%</b>       |
| <b>AMERICAS</b>                  |                                       |                      |                   |                                    |                      |                   |
| United States                    | 0.2%                                  | 0.6%                 | 0.8%              | 0.3%                               | 0.7%                 | 1.0%              |
| Others                           | -                                     | -                    | -                 | -                                  | -                    | -                 |
| <b>TOTAL</b>                     | <b>0.2%</b>                           | <b>0.6%</b>          | <b>0.8%</b>       | <b>0.3%</b>                        | <b>0.7%</b>          | <b>1.0%</b>       |
| <b>ASIA PACIFIC</b>              |                                       |                      |                   |                                    |                      |                   |
| Japan                            | 6.7%                                  | 11.4%                | 18.1%             | 7.4%                               | 12.8%                | 20.2%             |
| Others                           | 7.3%                                  | 0.3%                 | 7.6%              | 8.1%                               | 0.4%                 | 8.5%              |
| <b>TOTAL</b>                     | <b>6.8%</b>                           | <b>9.2%</b>          | <b>16.0%</b>      | <b>7.5%</b>                        | <b>10.2%</b>         | <b>17.7%</b>      |
| <b>MIDDLE EAST AND AFRICA</b>    | <b>3.5%</b>                           | <b>-</b>             | <b>3.5%</b>       | <b>3.3%</b>                        | <b>-</b>             | <b>3.3%</b>       |
| <b>PROPORTIONATE GROUP TOTAL</b> | <b>8.0%</b>                           | <b>2.1%</b>          | <b>10.1%</b>      | <b>8.6%</b>                        | <b>2.4%</b>          | <b>11.0%</b>      |

| <b>STATUTORY BASIS</b>        |              |             |              |              |             |              |
|-------------------------------|--------------|-------------|--------------|--------------|-------------|--------------|
| <b>CONTROLLED GROUP TOTAL</b> | <b>10.0%</b> | <b>3.2%</b> | <b>13.2%</b> | <b>10.7%</b> | <b>3.6%</b> | <b>14.3%</b> |

**NON-VOICE SERVICES AS A PERCENTAGE OF SERVICE REVENUES - HISTORY**

| <b>COUNTRY</b>             | <b>12 MONTHS TO</b> |                 |                 |                 |                 | <b>MONTH ONLY</b> |                 |                 |                 |                 |
|----------------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|-----------------|
|                            | <b>SEP 2001</b>     | <b>DEC 2001</b> | <b>MAR 2002</b> | <b>JUN 2002</b> | <b>SEP 2002</b> | <b>SEP 2001</b>   | <b>DEC 2001</b> | <b>MAR 2002</b> | <b>JUN 2002</b> | <b>SEP 2002</b> |
| Germany                    | 14.2%               | 14.3%           | 14.4%           | 14.8%           | 15.4%           | 14.1%             | 14.6%           | 15.2%           | 15.6%           | 16.2%           |
| Italy                      | 7.1%                | 7.9%            | 8.7%            | 9.4%            | 10.1%           | 8.6%              | 10.7%           | 9.8%            | 10.4%           | 10.4%           |
| Japan                      | 11.4%               | 13.4%           | 15.1%           | 16.6%           | 18.1%           | 14.5%             | 16.0%           | 19.8%           | 19.9%           | 20.2%           |
| UK                         | 8.9%                | 10.1%           | 11.8%           | 12.6%           | 13.2%           | 11.3%             | 12.7%           | 13.4%           | 14.3%           | 13.8%           |
| <b>Proportionate Total</b> | <b>7.2%</b>         | <b>8.0%</b>     | <b>8.7%</b>     | <b>9.5%</b>     | <b>10.1%</b>    | <b>8.8%</b>       | <b>9.7%</b>     | <b>10.3%</b>    | <b>10.9%</b>    | <b>10.9%</b>    |
| <b>Statutory Total</b>     | <b>9.3%</b>         | <b>10.2%</b>    | <b>11.1%</b>    | <b>12.1%</b>    | <b>13.2%</b>    | <b>10.4%</b>      | <b>12.7%</b>    | <b>13.5%</b>    | <b>14.0%</b>    | <b>14.3%</b>    |