Vodafone Group Plc corporate action

Registered Shares DL 0.10; ISIN GB0007192106/WKN 875999
Reg.Shs (Spons.ADRs) 10/DL 0.10; ISIN US92857W1009/WKN 876548

Supplement to Customer Information issue K17 dated 25.07.2006

I. Current situation

In our Customer Information issue K17, we provided settlement details of the Vodafone Group Plc corporate action to take place as per 31 July 2006 (ex date), the record date being 28 July 2006. The opinion of the German financial industry associations on the tax treatment of this event, which had not yet been clarified on the date of the above mentioned issue, has now been made available to us.

II. Tax treatment

In the opinion of the financial industry associations, the allocation of the new shares and ADRs represents neither the sale of the old shares/ADRs nor the acquisition of the new securities, and is therefore irrelevant for tax purposes. The acquisition costs of the old shares/ADRs are to be transferred to the new shares/ADRs at a ratio of 8:7, the purchase date of the old shares/ADRs being considered the acquisition date.

The associations assume that the revenue authorities will classify the allocation of B shares as a stock dividend or bonus share issue, and thus as taxable income subject to the half income procedure. This shall only apply, however, in those cases in which shareholders choose to have their B shares redeemed, immediately or in future (Initial Redemption or Future Redemption, Alternatives 1 and 3, respectively, as per KI17).

Those shareholders choosing the cash dividend (Initial B Share Dividend, Alternative 2 as per KI17) will receive taxable income, not at the time of the allocation of B shares, but rather at the time of the dividend payment. This will also be subject to the half income procedure.

The choice of alternative by shareholders in respect of initial/future redemption or the receipt of a dividend on the B shares (see Customer Information issue K17, alternatives 1 to 3) has no influence on the tax outcome, as shareholders will receive income from capital in any case. Please see the appendix for the complete opinion of the financial industry associations.
III. Data provision by WM

Data for processing purposes will be supplied by WM within the Conversions and Exchanges segment in two data records for each of the registered shares and ADRs (First data record on the new shares or new ADRs, and the second data record on the B shares). The data on the initial redemption and dividend options will be contained in one data record in the Conversions and Exchanges segment.

In connection with the supply of data for annual statements as per Section 24c of the German Income Tax Act, we would like to draw your attention to the following particularities:

<table>
<thead>
<tr>
<th>Data record</th>
<th>VF1 field identifier</th>
<th>UD084 – Annual statement identifier</th>
<th>UD087 – Corporate event identifier</th>
<th>UV085 – Prices (annual statements)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange into new shares and/or new ADRs at a ratio of 8:7</td>
<td></td>
<td>Yes</td>
<td>221</td>
<td>Blank</td>
</tr>
<tr>
<td>Exchange into B shares at a ratio of 8:8 (registered shares) or 8:80 (ADRs)</td>
<td></td>
<td>Yes</td>
<td>Blank</td>
<td>LS 0.15*</td>
</tr>
</tbody>
</table>

Keys: 221 – Reorganisation, issue exchange, e.g. transformation of preference to ordinary shares (Nos. 37 and 38 of the Ministry of Finance letter of 25 October 2004). The existing data supply in the Conversions and Exchanges segment will be retained, alternative key 221 being used.

* As per the association view, LS 0.15 per B share is applicable.

IV. Appendix – Opinion of the financial industry associations on the tax treatment of the Vodafone corporate action (non-binding translation)

“The central financial industry associations take the following view of the tax treatment of the above mentioned Vodafone corporate action:

1. **Return of old shares in exchange for ‘new’ shares at a ratio of 8:7**

   The allocation of ‘new’ shares represents neither the sale of the old shares nor the acquisition of the ‘new’ shares, as shareholders will not receive shares of another company in exchange for their old shares. As such, there is no exchange of different economic assets (see No. 24 of the Ministry of Finance letter of 25 October 2004, Federal Tax Gazette I p.1034). This event is irrelevant from a taxation point of view. In particular, no new trading period in the sense of Section 23(1) sentence 1 No. 2 of the German Income Tax Act begins for the ‘new’ shares due to the corporate action. The acquisition costs of the old shares are to be allocated to the new shares at a ratio of 8:7 (as per No. 15 of the Ministry of Finance letter of 25 October 2004, l.c. in respect of stock splits).
2. Additional income for shareholders
   a. ‘Initial B Share Dividend’ alternative

   This refers to dividend distributions subject to the half income procedure.

   b. Receipt of B shares with the ‘Initial Redemption’ or ‘Future Redemption’ alternatives

   It could be argued that the allocation of B shares is analogous to the exchange of the old shares and therefore not subject to taxation. The allocation of B shares would then not entail investment income. The B shares would have been acquired at the time of acquisition of the old shares, and the sale of B shares within one year after the acquisition of the old shares would result in a taxable sale in the sense of Section 23 of the German Income Tax Act. The acquisition costs of the old shares would have to be distributed not only to the new shares as per item 1, but to the additional B shares as well.

   We assume, however, that the revenue authorities view the allocation of B shares as a stock dividend or issue of bonus shares, and thus as taxable investment income (other income), to which the half income procedure is applicable. This is supported by the fact that, in this case, shareholders can sell the B shares to Vodafone at a predetermined price of GBP 0.15 per share. Furthermore, as per the available Vodafone explanations, the shareholders’ interest does not change insofar as one considers only the ratio of the nominal value of the old shares to that of the new shares, disregarding the B shares (eight old 10 cent shares equal seven 11 3/7 cent shares), a non-taxable stock split only being assumable to this extent. Accordingly, shareholders would receive the B shares in addition to their existing nominal holding, thus being taxable other income.

   Hence, the additional income of the shareholders is uniformly viewed as investment income. We cannot assume that the revenue authorities would leave it to investors’ discretion to bring about divergent tax results as per their selection amongst equivalent alternatives.”