

Notes to the consolidated financial statements

27 Share-based payments

During the year to 31 March 2009, various equity-settled share-based payment arrangements existed, which are described below:

Type of arrangement	Performance share plan	Executive share option scheme	Deferred bonus share plan	Sharesave scheme		
				Duration in years		
Timing of grant	Bi-annually in June and November	Annually in June (note a)	Annually in July		Annually in June	Annually in December
Number of options/shares granted in year to 31 March 2009	2 478 568	–	19 026	3 5	66 029 31 340	148 132 61 893
Number of options/shares granted in year to 31 March 2008	1 511 463	–	429 612	3 5	102 128 57 335	215 130 104 183
Fair value per share for 2009 grant (p)	170	–	215	3 5	66 75	67 76
Fair value per share for 2008 grant (p)	141	–	194	3 5	120 138	97 105
Valuation basis	Monte Carlo	Binomial Lattice	Monte Carlo		Black-Scholes	Black-Scholes
Contractual life	10 years	10 years	3 years		3/5 years	3/5 years
Vesting conditions	(note b)	(note c)	(note d)		(note e)	(note e)

- (a) The last grant under this scheme was made in June 2004.
- (b) Exercise is dependent on total shareholder return as measured by reference to a comparator group over a three-year period following grant. Participants are not entitled to dividends prior to the exercise of options.
- (c) Exercise is dependent on earnings per share performance relative to inflation over a three-year period following grant. Participants are not entitled to dividends prior to the exercise of options.
- (d) Executives have the opportunity to defer up to 50% of their annual cash bonus (after deduction of tax, national insurance or other social security payment) and invest the amount deferred in the Company's shares. Subject to the satisfaction of employment conditions and a performance target over the performance period as described in (b) above, participants will receive awards of matching shares based on the number of shares which could have been acquired from the gross bonus amount deferred by the participant. During the performance period, dividends are paid on the deferred shares but not on matching shares. This plan was suspended during the year. Further details are set out in the directors' remuneration report on page 87.
- (e) Options granted in the years to 31 March 2008 and 31 March 2009 were by invitation at a 10% discount to the market price. Options are exercisable at the end of a three-year or five-year savings contract.

The Group recognised total expenses before tax of £5 million (2008 – £5 million) related to equity-settled share-based payment transactions during the year.

Details of the movements for equity-settled share option schemes during the year to 31 March were as follows:

	2009		2008	
	Number	Weighted average exercise price pence	Number	Weighted average exercise price pence
Outstanding at 1 April	11 664 517	117	14 100 394	163
Granted	2 804 988	42	2 419 851	87
Exercised	(1 732 598)	149	(3 929 906)	233
Lapsed	(2 910 404)	47	(925 822)	314
Outstanding at 31 March	9 826 503	111	11 664 517	117

Notes to the consolidated financial statements

27 Share-based payments (continued)

The weighted average Tate & Lyle PLC share price at the date of exercise for share options exercised during the year was 467 pence (2008 – 551 pence). At 31 March 2009, 3,017,439 (2008 – 3,346,475) of the outstanding options were exercisable at a weighted average exercise price of 280 pence (2008 – 328 pence). A detailed breakdown of the range of exercise prices for options outstanding at 31 March is shown in the table below:

	2009			2008		
	Number outstanding at end of year	Weighted average remaining contractual life in months	Weighted average exercise price pence	Number outstanding at end of year	Weighted average remaining contractual life in months	Weighted average exercise price pence
At nil cost	6 676 569	52.7	–	7 711 186	53.6	–
£0.01 to £1.99	–	–	–	–	–	–
£2.00 to £3.99	2 926 169	53.4	338	3 648 749	64.7	333
£4.00 to £7.99	223 765	23.2	466	304 582	26.6	482
Total	9 826 503	52.3	93	11 664 517	56.5	117

The fair value of grants is measured using the valuation technique that is considered to be the most appropriate to value each class of grant. These include Binomial Lattice models, Black-Scholes calculations and Monte Carlo simulations. These valuations take into account factors such as non-transferability, exercise restrictions and behavioural considerations. Key assumptions are detailed below:

At 31 March 2009	Deferred bonus plan	Performance share plan	Sharesave scheme June	Sharesave scheme December
Expected volatility	30%	30%	30%	30%
Expected life	n/a	n/a	3.5/5.5 years	3.5/5.5 years
Risk-free rate	–	–	5.3%	4.5%/4.6%
Expected dividend yield	5.6%	5.7%	5.7%	4.9%
Forfeiture rate	0%	0%	10%	10%
Correlation with comparators	30%	30%	n/a	n/a
Volatility of comparators	17-56%	17-53%	n/a	n/a
Expectations of meeting performance criteria	100%	100%	n/a	n/a
Weighted average market price at date of grant (p)	401	392	398	400

At 31 March 2008	Deferred bonus plan	Performance share plan	Sharesave scheme June	Sharesave scheme December
Expected volatility	25%	25%	25%	30%
Expected life	n/a	n/a	3.5/5.5 years	3.5/5.5 years
Risk-free rate	n/a	n/a	6.0%/5.9%	4.5%/4.6%
Expected dividend yield	3.6%	3.5%	3.8%	4.9%
Forfeiture rate	0%	0%	10%	10%
Correlation with comparators	20%	20%	n/a	n/a
Volatility of comparators	5-47%	5-47%	n/a	n/a
Expectations of meeting performance criteria	100%	100%	n/a	n/a
Weighted average market price at date of grant (p)	568	576	531	439

The expected volatility is based on the Company's historical volatility over the three-year period prior to each award date.