

Notes to the consolidated financial statements continued

20. Share-based payments

The Company currently uses a number of equity settled share plans to grant options and shares to its directors and employees.

The maximum aggregate number of ordinary shares which may be issued in respect of share options or share plans will not (without shareholder approval) exceed:

- 10% of the ordinary share capital of the Company in issue immediately prior to the date of grant, when aggregated with the total number of ordinary shares which have been allocated in the preceding ten year period under all plans; and
- 5% of the ordinary share capital of the Company in issue immediately prior to the date of grant, when aggregated with the total number of ordinary shares which have been allocated in the preceding ten year period under all plans, other than any plans which are operated on an all-employee basis.

Share options

Vodafone Group executive plans

No share options have been granted to any directors or employees under the Company's discretionary share option plans in the year ended 31 March 2011.

There are options outstanding under a number of plans: the Vodafone Group 1998 Executive Share Option Scheme and the Vodafone Group 1988 Company Share Option Scheme, the Vodafone Group 1999 Long-Term Stock Incentive Plan and the Vodafone Global Incentive Plan. These options are normally exercisable between three and ten years from the date of grant. The vesting of some of these options is subject to satisfaction of performance conditions. Grants made to US employees are made in respect of ADSs.

Vodafone Group Sharesave Plan

The Vodafone Group 2008 Sharesave Plan and its predecessor, the Vodafone Group 1998 Sharesave Scheme, enable UK staff to acquire shares in the Company through monthly savings of up to £250 over a three or five year period, at the end of which they also receive a tax free bonus. The savings and bonus may then be used to purchase shares at the option price, which is set at the beginning of the invitation period and usually at a discount of 20% to the then prevailing market price of the Company's shares.

Share plans

Vodafone Group executive plans

Under the Vodafone Global Incentive Plan awards of shares are granted to directors and certain employees. The release of these shares is conditional upon continued employment and for some awards achievement of certain performance targets measured over a three year period.

Vodafone Share Incentive Plan

The Vodafone Share Incentive Plan enables UK staff to acquire shares in the Company through monthly purchases of up to £125 per month or 5% of salary, whichever is lower. For each share purchased by the employee, the Company provides a free matching share.

Movements in ordinary share options and ADS options outstanding

	ADS options			Ordinary share options		
	2011 Millions	2010 Millions	2009 Millions	2011 Millions	2010 Millions	2009 Millions
1 April	1	1	1	266	334	373
Granted during the year	—	—	—	4	13	7
Forfeited during the year	—	—	—	(1)	(2)	(11)
Exercised during the year	—	—	—	(72)	(47)	(16)
Expired during the year	—	—	—	(26)	(32)	(19)
31 March	1	1	1	171	266	334
Weighted average exercise price:						
1 April	\$15.07	\$15.37	\$18.15	£1.41	£1.41	£1.42
Granted during the year	—	—	—	£1.14	£0.94	£1.21
Forfeited during the year	—	—	—	£1.10	£1.50	£1.47
Exercised during the year	—	—	—	£1.33	£1.11	£1.09
Expired during the year	—	—	—	£2.25	£1.67	£1.55
31 March	\$14.82	\$15.07	\$15.37	£1.32	£1.41	£1.41

Summary of options outstanding and exercisable at 31 March 2011

	Outstanding shares Millions	Weighted average exercise price	Outstanding Weighted average remaining contractual life Months	Exercisable shares Millions	Weighted average exercise price	Exercisable Weighted average remaining contractual life Months
Vodafone Group savings related and Sharesave Plan:						
£0.01 – £1.00	12	£0.94	28	–	–	–
£1.01 – £2.00	8	£1.19	34	–	–	–
	20	£1.03	31	–	–	–
Vodafone Group executive plans:						
£1.01 – £2.00	3	£1.63	5	3	£1.63	5
Vodafone Group 1999 Long-Term Stock Incentive Plan:						
£0.01 – £1.00	42	£0.90	15	42	£0.90	15
£1.01 – £2.00	106	£1.52	28	106	£1.52	28
	148	£1.35	24	148	£1.35	24
Other share option plans:						
£1.01 – greater than £3.01	–	£2.47	11	–	£2.47	11
Vodafone Group 1999 Long-Term Stock Incentive Plan:						
\$10.01 – \$30.00	1	\$14.82	18	1	\$14.82	18

Fair value of options granted

	2011	Ordinary share options	
		2010	2009
Expected life of option (years)	3-5	3-5	3-5
Expected share price volatility	27.5-27.6%	32.5-33.5%	30.9-31.0%
Dividend yield	5.82%	6.62%	5.04%
Risk free rates	1.3-2.2%	2.5-3.0%	4.9%
Exercise price	£1.14	£0.94	£1.21

The fair value of options granted is estimated at the date of grant using a lattice-based option valuation model which incorporates ranges of assumptions for inputs as disclosed above.

Share awards

Movements in non-vested shares during the year ended 31 March 2011 are as follows:

	Global AllShare Plan		Other		Total	
	Millions	Weighted average fair value at grant date	Millions	Weighted average fair value at grant date	Millions	Weighted average fair value at grant date
1 April 2010	34	£1.15	340	£1.05	374	£1.06
Granted	–	–	126	£1.07	126	£1.07
Vested	(15)	£1.30	(66)	£1.40	(81)	£1.38
Forfeited	(2)	£1.08	(30)	£0.97	(32)	£0.97
31 March 2011	17	£1.02	370	£1.00	387	£1.00

Other information

The weighted average grant date fair value of options granted during the 2011 financial year was £0.27 (2010: £0.26; 2009: £0.39).

The total fair value of shares vested during the year ended 31 March 2011 was £113 million (2010: £100 million; 2009: £84 million).

The compensation cost included in the consolidated income statement in respect of share options and share plans was £156 million (2010: £150 million; 2009: £128 million) which is comprised entirely of equity-settled transactions.

The average share price for the year ended 31 March 2011 was 159.5 pence (2010: 132 pence).