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# SmallCap bosses earnings rise four times faster than workforce

- **Incentives boost basic pay packages for AIM and SmallCaps**

Directors of SmallCap listed companies have seen their median total earnings\* rise by 12.5% to £418,000, up from £371,406 the year before, reveals the latest research by Incomes Data Services (IDS). This is four times higher than the 3% increase recorded for the average weekly earnings of all private sector employees for the year to July.

SmallCap companies are companies who are listed on the Main Market, below the FTSE-350.

IDS explain that increases to basic pay remain subdued, but total remuneration was buoyed by the return of large incentive payments (including increases in the value of exercised share options and long term incentive plans).

Steve Tatton, Editor of the *IDS Executive Compensation Review*, comments: “Following two years in the doldrums for directors of smaller companies, this year witnessed a recovery in incentive payments with more share option schemes paying out and larger amounts being awarded to them.”

“While the pay-for-performance culture did seem to have a downward impact on the pay of those running the UK’s smaller companies, the effect seems to have been short-lived, and a return to pre-recession pay culture has begun.”

“In today’s climate of shareholder concern, remuneration committees need to ensure that their schemes are appropriately designed in order to keep both shareholders and senior staff satisfied.”

Bonus payments also contributed to the jump in total earnings for directors of SmallCap listed companies, with a matched group of directors reporting rises averaging 47%, up from £110,992 to £163,494 in the last year.

The value of LTIPs for this same group jumped by an average of 42%, from £113,230 to £160,848, in the same period.

## **AIM Directors see more moderate earnings increases of just 5.4%**

According to IDS’ *Executive Compensation Review*, the median value of total earnings of AIM directors (made up of salary, benefits and the value of bonuses earned over the year) rose by just 5.4% in the last year, from £176,475 to £186,000.

The average bonus payment across a matched group of AIM directors rose by 2.3% in the last year, up from £45,183 to £46,230.

However, there was a big rise in the number of AIM directors receiving gains from exercising share options in the last year, up from just nine in 2010 to 33 this year, with the average value of these gains rising 405% from £84,887 to £428,563.

\*Total earnings includes salary plus bonus and other incentives.

**ENDS**

### **Note to editors:**

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