



NEWS RELEASE

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FTSE 100 DIRECTORS' TOTAL EARNINGS JUMP BY 21% IN A YEAR***Share-based incentive payments and bonuses drive increase***

London, UK, October 13 - Directors of FTSE 100 companies have seen their total earnings rise by 21% at the median over the last year, according to annual research on the pay of top listed company directors from Incomes Data Services (IDS), the leading UK information and research service on employment issues.

IDS explains that overall earnings growth for FTSE 100 directors was driven by a 44% increase in vested long term incentive share awards and a 12% increase in bonuses. Salary rises, however, remained muted, increasing by just 2.5%*.

IDS says that the median total earnings for a FTSE 100 director is now £2,433,000.**

Steve Tatton, editor of the IDS report, comments: "FTSE 100 directors have seen their total earnings jump sharply in the last year, fuelled by a rise in the value of share based awards. Bonus payments have also recovered strongly following a downturn last year."

"The pattern of pay growth highlights the complex make up of directors' remuneration. Salary rises may be modest but this can be more than made up for by the receipt of incentive payments. When such incentives pay out, they can pay out substantial sums, giving a significant boost to directors' earnings."

IDS says that directors at FTSE 100 have benefitted significantly from share-based schemes designed to incentivise long-term performance (known as long-term incentive plans or LTIPs).

Total earnings for FTSE 100 Chief Executives* hit £3,344,000**

IDS points out that the total earnings of Chief Executives*** of FTSE 100 listed companies was £3,344,000 at the median, while the median salary was £832,300.

The IDS research also shows that the median bonus for the Chief Executives of FTSE 100 listed companies equalled £1,018,000, while the median value of vested long-term incentive plan (LTIP) share awards for FTSE 100 Chief Executives was £1,993,500.

Broken down by sector, at FTSE 100 listed firms, the total earnings of Chief Executives were the highest in the following sectors:

- Media, Marketing and Telecommunications - £6,981,849
- Transport and Leisure - £5,095,838
- Financial services - £4,734,000

These were counterbalanced by lower paying sectors where the total earnings of Chief Executives were:

- Utilities – £2,518,000
- E-business, software & computer services – £1,830,183
- Retail & distribution – £1,309,000

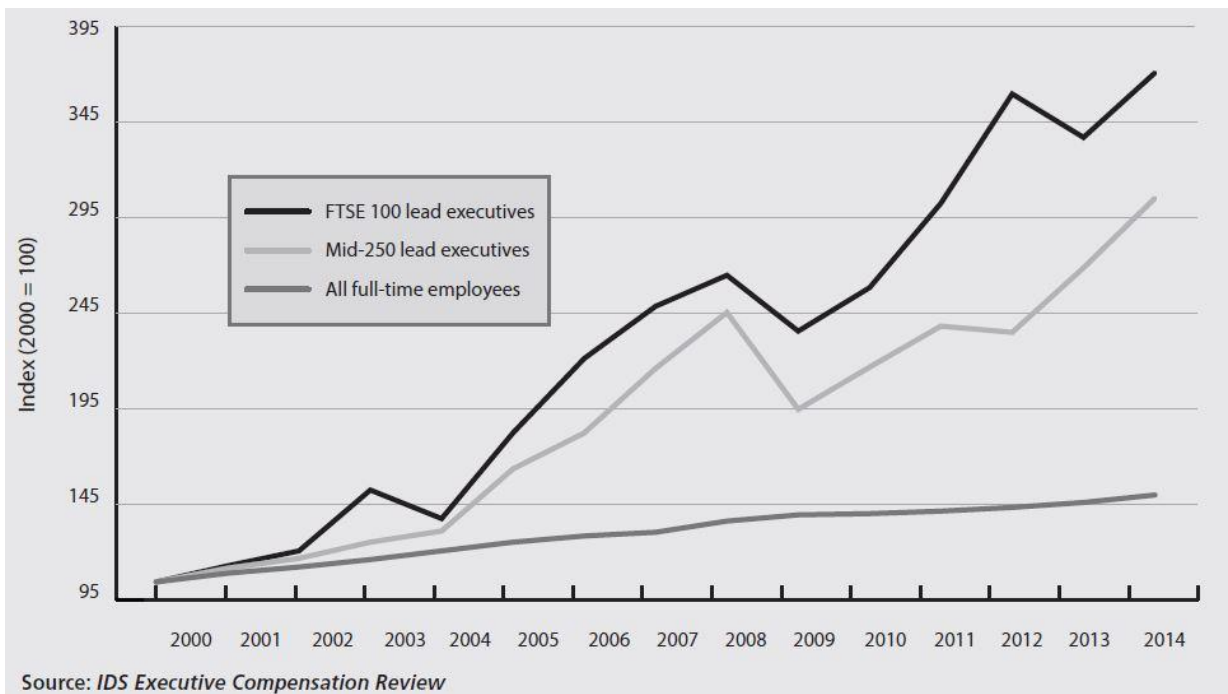


Long term long-term impact of high pay growth in the FTSE 100

The IDS report shows that the long-term impact of years of high earnings growth has widened the pay differential between FTSE 100 Chief Executives and the rest of the workforce. The report found:

- Between 2000 and 2014 the median total earnings for FTSE 100 Chief Executives increased by 278%, while the corresponding rise in total earnings for full-time employees was 48%.
- In 2000 the FTSE 100 Chief Executive earned 47 times more than a full-time employee, by 2014 a FTSE 100 Chief Executive earned 120 times more than a full-time employee.

Indexed median earnings movements of FTSE 350 Chief Executives versus all full-time employees 2000 to 2014



Changes to reporting requirements now in force

IDS adds that in October 2013 new reporting rules came into force which include a new requirement for companies to include a single total pay figure for top executives in their annual report, along with the introduction of binding shareholder votes on boardroom remuneration.



IDS says that while it's too early to fully assess the impact of these changes, especially the effect of binding votes on policy, inconsistencies in the disclosure of certain reward elements has made it sometimes it more difficult to discover how much a director has or will receive.

Steve Tatton says: "While the new rules seemingly signalled the beginning of a new era in remuneration disclosure and shareholder power, it still remains to be seen whether the reforms will lead to an improvement in boardroom pay transparency."

*Year to June 2014. Increase calculations are based on a comparison of the changes in the earnings of a matched group of individual directors who have been in post for two consecutive years.

**Year-on-year changes in pay levels of a matched group of FTSE 100 directors

***Or other lead director, eg Executive Chairman

Salary, total cash* and total earnings** increases of matched FTSE 100 directors by rank and position 2013/14		
	Median	Average
Lead executive		
Salary	2%	2.4%
Total cash	3.1%	11.9%
Total earnings	15.1%	37.3%
Finance director		
Salary	2.5%	3.3%
Total cash	3.6%	7.1%
Total earnings	15.6%	40.8%
Other director		
Salary	2.8%	4.2%
Total cash	7.3%	8.4%
Total earnings	26%	42.8%
All directors		
Salary	2.5%	3.3%
Total cash	6.1%	9.2%
Total earnings	20.7%	40.2%

*Total cash is salary, benefits and the value of annual bonus payments both cash and deferred.

**Total earnings in total cash plus the money value of any long-term incentive plan (LTIP) awards received and the nominal gains made on the exercise of any share options cashed-in during the year. It



may also include other payments such as matched bonus awards or cash sums received in lieu of pensions

Year-on-year changes in aggregate bonuses received by a matched group of FTSE 100 directors				
	Cash bonus		Bonus % of salary	
Year	Median	Average	Median	Average
2012/2013	£560,000	£751,444	11.3%	142.2%
2013/2014	£626,000	£846,232	118.4%	157.1%
Change	11.8%	12.6%	4.5%	10.4%
*Number of cash bonuses received, excludes zero payments				

Source: IDS Executive Compensation Review

About the IDS report

The FTSE 100 remuneration data is drawn from the *IDS Directors Pay Report 2014/15* which covers the whole of the FTSE 350. All the data is extracted from the latest annual accounts with year-end dates running from May 2013 to June 2014.

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