

Mixed Results on Remuneration at Private Equity Firms

Nearly a quarter of firms report decrease in bonus payouts; 28% report increase

The latest Preqin private equity compensation study, based on a survey of 180 leading private equity firms worldwide, reveals that changes in bonus payouts to employees at private equity firms have been mixed. While base salaries have remained relatively stable, with three-quarters of firms reporting no change or relatively small increases, bonus payouts are where the real divergence has occurred.

Key Findings:

- 24% of firms reported a decrease in 2010 bonus payouts (based on performance during 2009) compared to the previous year. Of these firms, nearly one-fifth (19%) almost completely withdrew bonus payouts altogether, reducing them by 91-100%.
- 28% of firms reported an increase in bonus payouts. Of these firms, nearly a tenth (9%) more than doubled what they paid out in the previous year, while a similar proportion increased payouts by 91-100%.
- The average decrease in payout at firms reporting a decrease was 45%, and the average increase at firms reporting an increase was 42%.
- Nearly half (44%) of firms made no changes to their overall base salary levels, and 31% of firms increased base salaries by 1-5%.
- A small number of firms (2%) reported a decrease in base salaries between 2009 and 2010.

Full findings available in the newly released 2011 Preqin PE Compensation & Employment Review:
<http://www.preqin.com/pecompensation>

Comment: "Private equity performance suffered as a result of the downturn, but amongst many strategies there has since been at least a partial recovery in net asset values and fund IRRs, although this has not been across the board. As a result, changes in terms of individual compensation from last year have varied quite widely across firms. Data from the 2011 Preqin Private Equity Compensation and Employment Review shows that some firms withdrew bonuses completely while others doubled or more than doubled their payouts."

Sam Meakin, Managing Editor of the 2011 Preqin Private Equity Compensation and Employment Review.

About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

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Note to Editors:

- Please note that Preqin has completely replaced Private Equity Intelligence as the official company name.
- Preqin is spelled without the letter 'U' after the 'Q'.

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