
MERC contacted participants in the MERC 2004 Compensation Survey, asking them for their forecast of base salary increase in 2005 and bonus for 2004. We received forecast information from 86 companies. The analysis of the data is as follows:

TABLE OF CONTENTS

	Page
DEFINITIONS	
Quartiles and Average.....	2
Seniority Levels.....	2
FORECAST INFORMATION	
ALL COMPANIES	
Base Salary Increment All Companies 2005 Forecast.....	3
Bangkok vs. Upcountry Companies – Manufacturing vs. Non-Manufacturing Companies.....	3
Base Salary Increment All Industries 2005 Forecast.....	4
Fixed vs. Variable Bonus 2004 Forecast – All Companies.....	4
Variable Bonus 2004 Forecast – All Companies.....	5
BY INDUSTRY	
Chemical Industry.....	5
Consumer Products.....	6
Electronics & Electrical Appliances.....	7
Construction and Construction Material.....	8
Property Development and Shopping Centers.....	9
Other Industries.....	10
BY LOCATION – MANUFACTURING & NON-MANUFACTURING	
Bangkok Companies.....	11
Upcountry Companies.....	12
Manufacturing Companies.....	13
Non-Manufacturing.....	14
Eastern Seaboard.....	15
GENERAL INFORMATION	
Annual Salary Review Date.....	16
Base Salary Increment (Median) vs. GDP vs. CPI.....	17

DEFINITIONS

Quartiles and Average

All Forecasted Salary Increments and Bonus are ranked from high to low and the Quartiles are determined.

Upper Quartile (Q₃): 75% of the ranked population in the benchmark or seniority level receives less than this amount and 25% receive more.

Median (Q₂): 50% of the ranked population in the benchmark or seniority level receives less than this amount and 50% receive more.

Lower Quartile (Q₁): 25% of the ranked population in the benchmark or seniority level receives less than this amount and 75% receive more.

The minimum sample size required for analysis of quartiles is five.

Average: The Average is the arithmetical Mean, i.e. the sum of increments divided by the number of sample. A minimum sample size of three is required to enable average salary to be calculated. One problem with the average is that extreme values will greatly influence its value.

For comparison the Mid-quartile range or middle 50 percent is the most useful indicator of the span of the range, eliminating the effects of the widely divergent values at either end of the of the pay spectrum.

The Median is considered a more representative measure of central tendency than the average because, unlike the average, the median is not greatly affected by extreme values.

Seniority Levels (examples of manufacturing job positions)

Senior Management

Chief Executive Officer, Production Director, Factory Manager

Middle Management

SHE Manager, Assistant Factory Manager, Quality Control Manager, Production Planning Manager, Production Manager, Technical Training Manager, Process Control Manager, Chief Chemist, Production Superintendent

Professional Staff & Lower Management

Safety Engineer, Technical Training Engineer, Process Control Engineer, Q.C. Supervisor, Laboratory Chemist, Production Planner, R&D Engineer

General Staff

Engineer (New Graduate), Production Foreman, Senior Laboratory Technician, Quality Inspector, Production Supervisor, Senior Technician

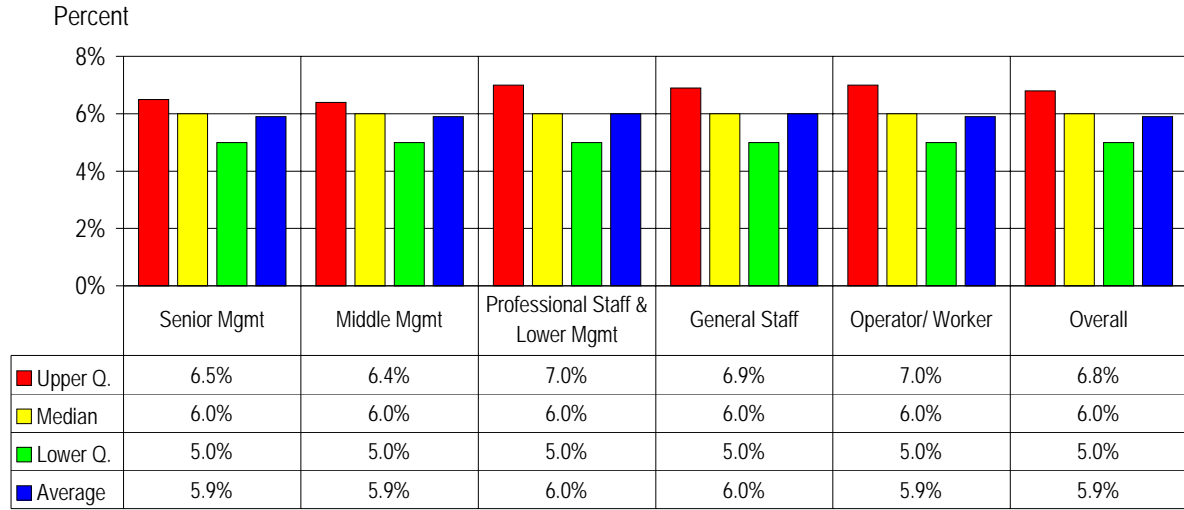
Operators/ Workers

Safety Inspector, Quality Technician, Laboratory Operator, Welder, Production Operators

Base Salary Increment 2005 Forecast

Fig 1

Base Salary Increment All Companies Forecast - 2005 Percentage of Salary Increment by Levels of Seniority Average, Quartiles and Median

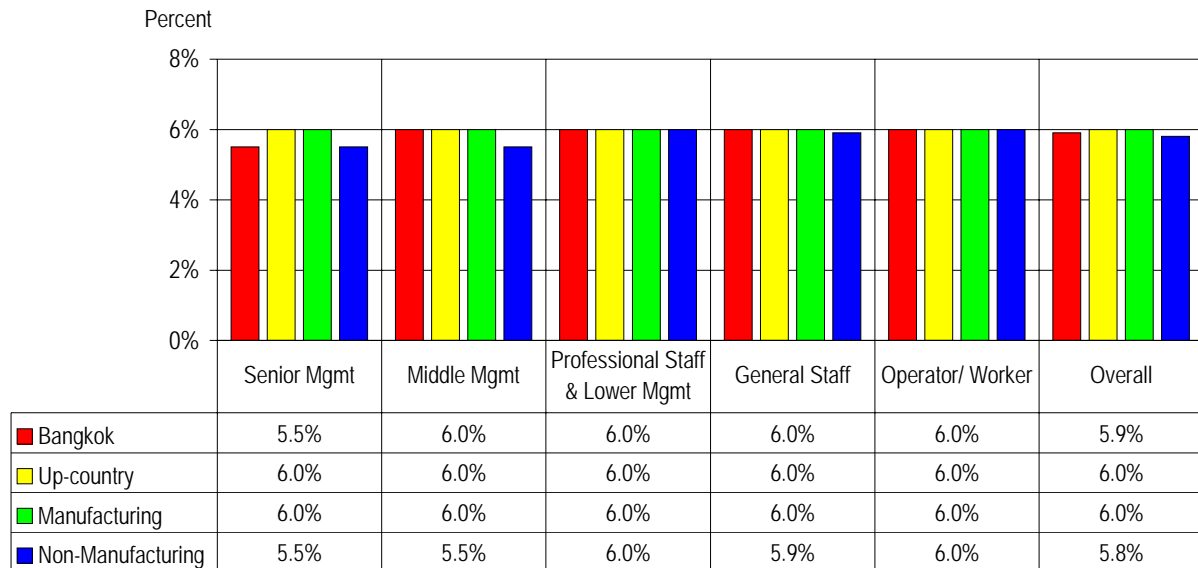


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 1, All Companies Base Salary Increment 2005 Forecast. The forecast median for all levels is 6.0%.

Fig 2

Bangkok vs. Upcountry Companies Manufacturing vs. Non-Manufacturing Companies Median Salary Increment by Levels of Seniority

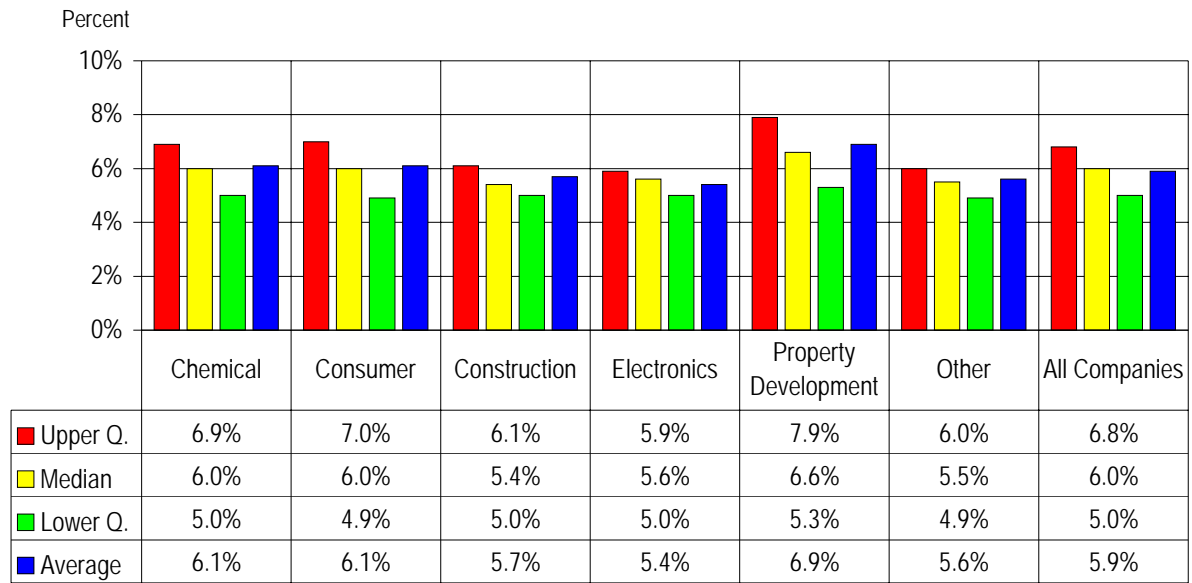


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 2, Previous forecast data this year showed that Up-country and Non-Manufacturing forecast the highest salary increases. This forecast shows no real difference between geographical locations and Manufacturing – Non-Manufacturing.

Fig 3

Base Salary Increment by Industry Forecast – 2005
 Percentage of Salary Increment - Average, Quartiles and Median



Source: MERC September 2004 Questionnaire to Survey Participants

Fig 3, The industry with the highest forecast increase is Property Development with 7.9% upper quartile and a median of 6.6%. The lowest median is Construction with 5.4% as a median.

Fig 4

Fixed vs .Variable Bonus Forecast 2004 – All Companies
 Percentage of Companies Paying Fixed/ Variable Bonus

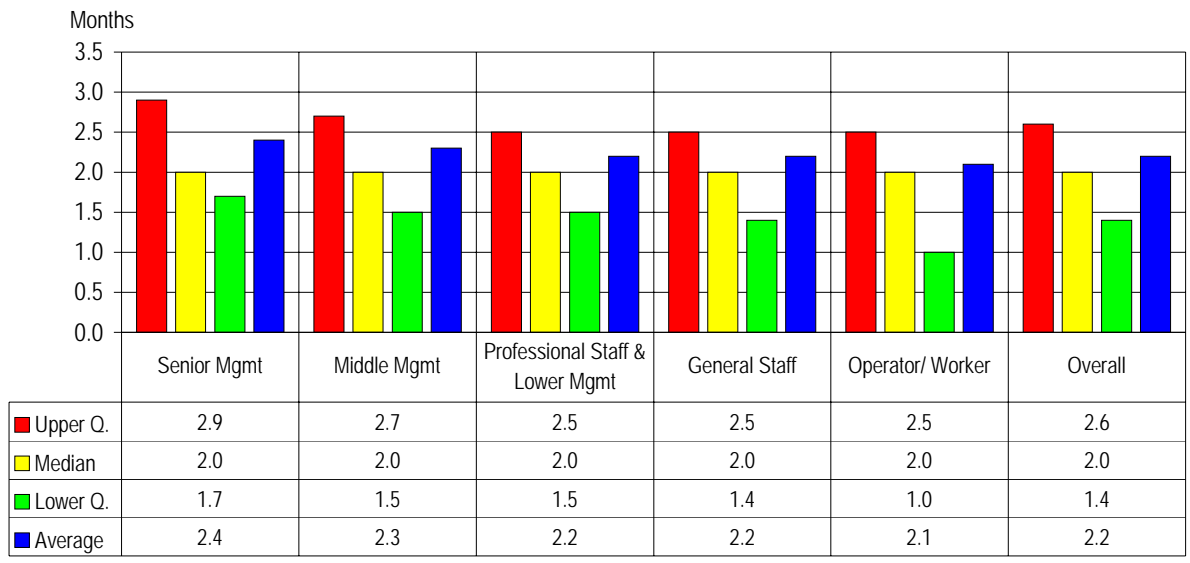


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 4, above shows 100% of all companies forecast paying bonus this year.

Fig 5

Variable Bonus Paid 2004 Forecast – All Companies
 Months by Levels of Seniority - Average, Quartiles and Median

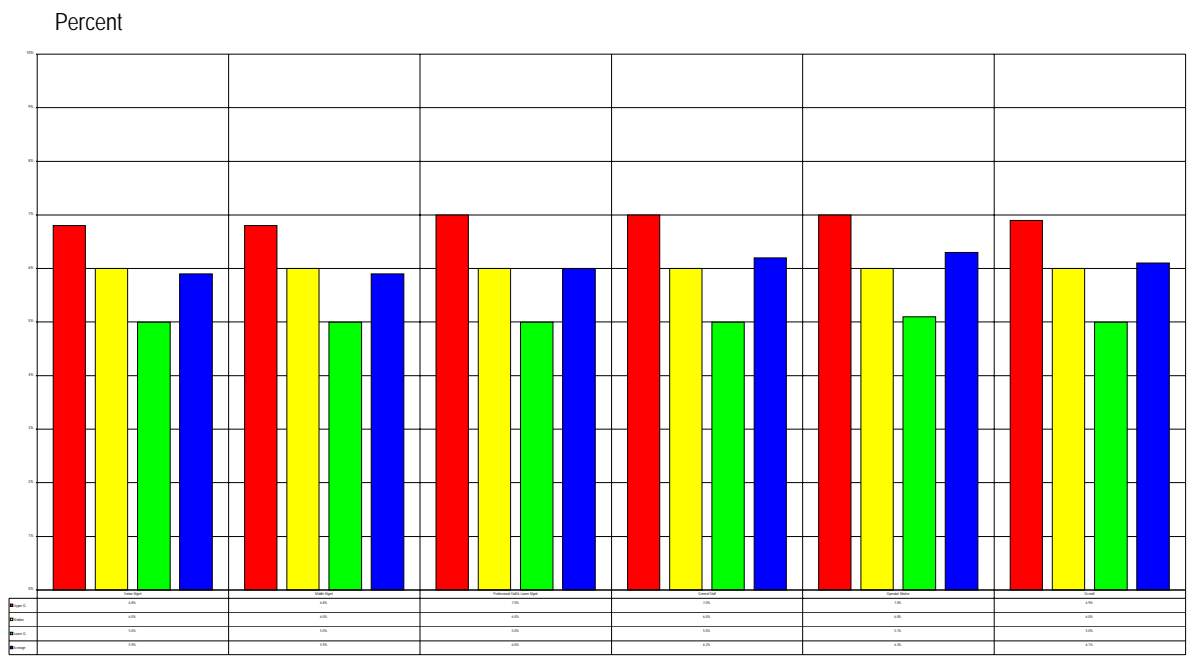


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 5, above shows the variable bonus forecast for 2004 by all participating companies by levels of seniority. Fixed bonus where paid is usually as a 13th month salary and quartile analysis of the 13% of companies that pay fixed bonus in this survey confirms 1 month being paid.

Fig 6

Base Salary Increment by Chemical Industry Forecast – 2005
 Percentage of Salary Increment – Average, Quartiles and Median

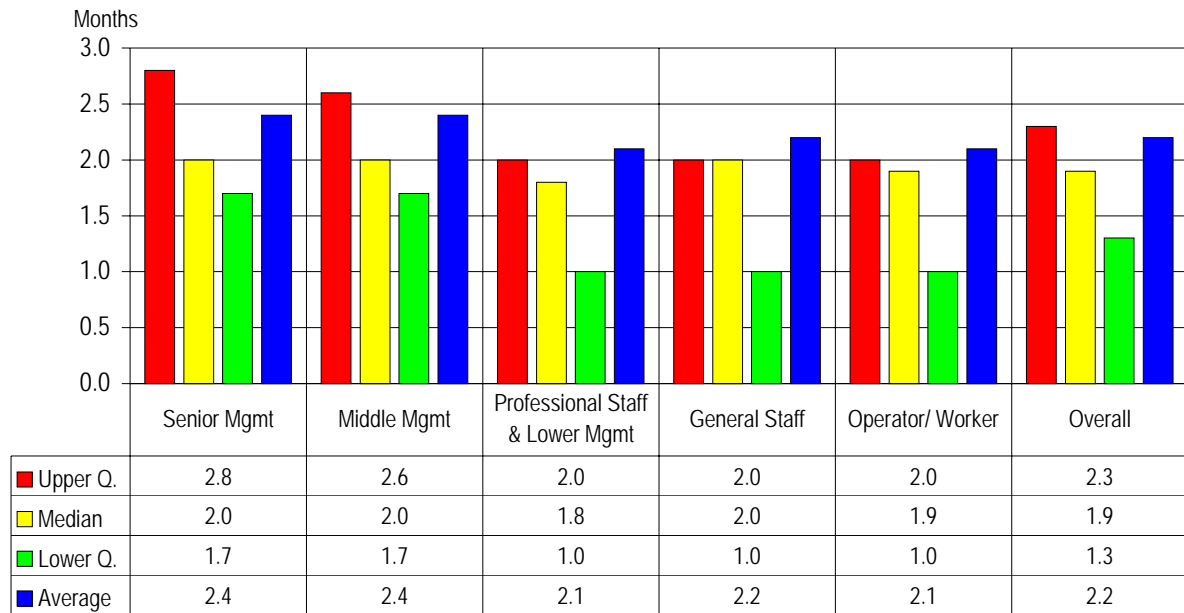


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 6, above is an analysis of the base salary increment for chemical companies by levels of seniority.

Fig 7

Variable Bonus Paid 2004 Forecast – Chemical Industry
 Months by Levels of Seniority – Average, Quartiles and Median

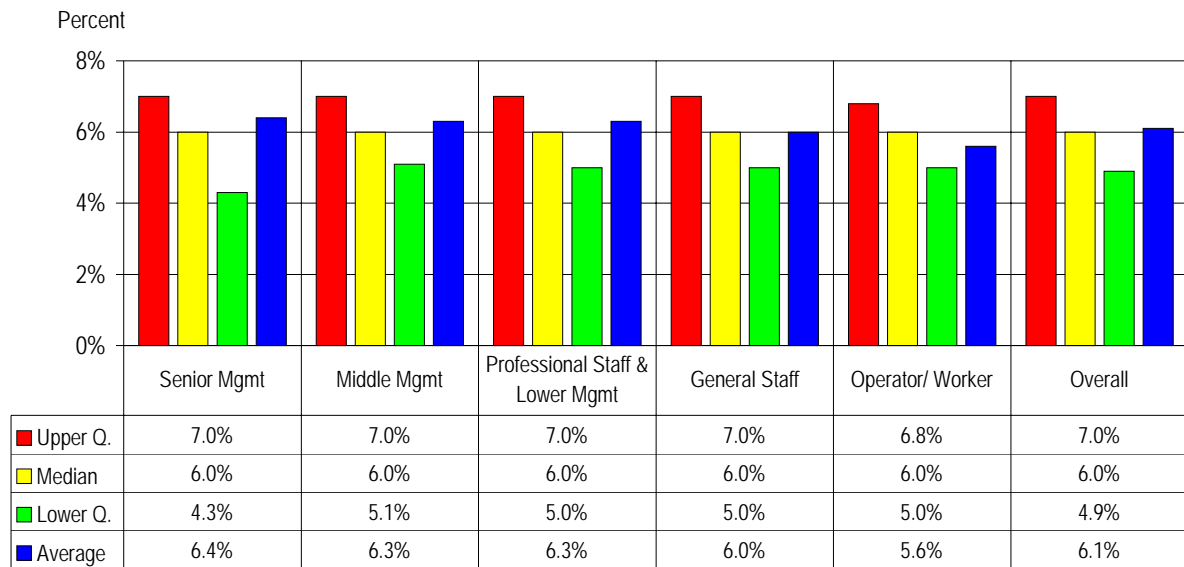


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 7, above is the variable bonus forecast for 2004 by chemical companies for personnel by levels of seniority.

Fig 8

Base Salary Increment by Consumer Products Industry Forecast – 2005
 Percentage of Salary Increment – Average, Quartiles and Median

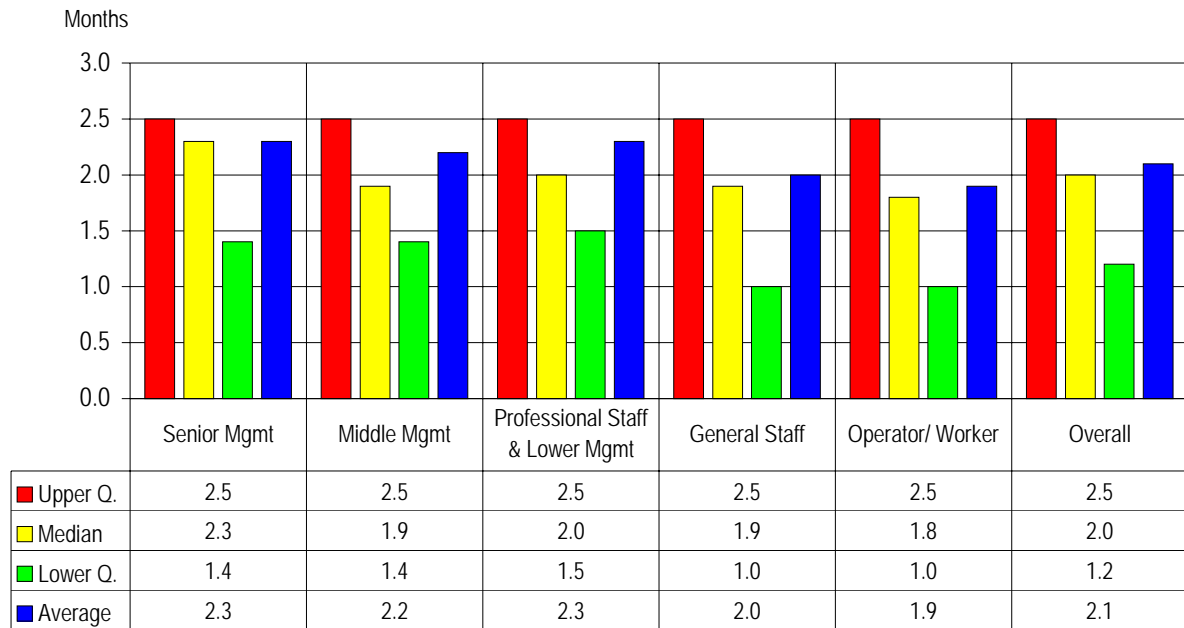


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 8, above is an analysis of the base salary increase for consumer products companies by seniority level.

Fig 9

Variable Bonus Paid 2004 Forecast – Consumer Products Industry
 Months by Levels of Seniority – Average, Quartiles and Median

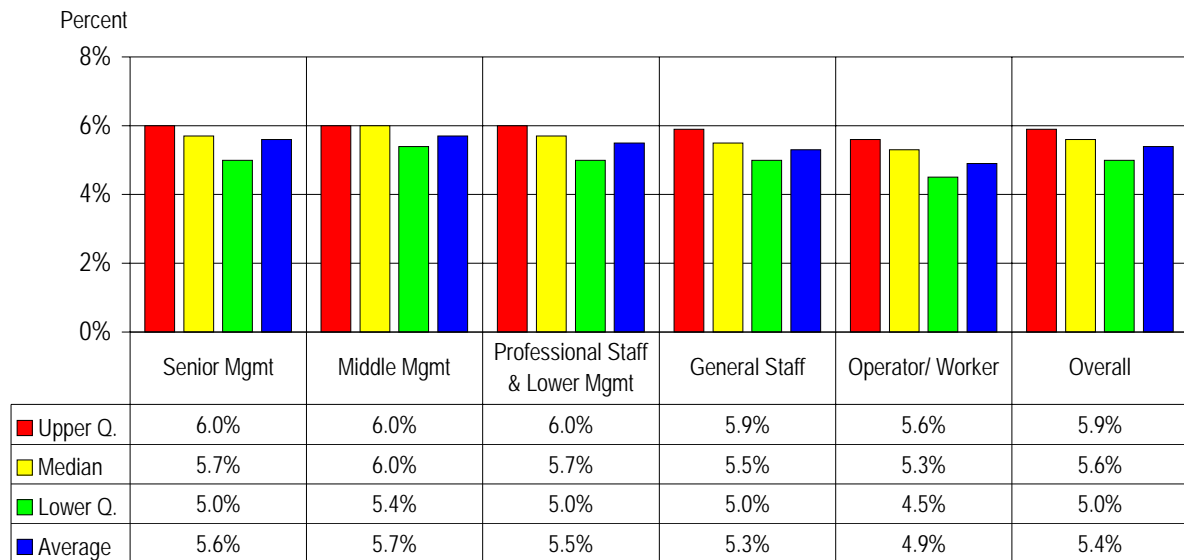


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 9, show above is the variable bonus forecast 2004 by consumer products companies for personnel by levels of seniority.

Fig 10

Base Salary Increment by Electronics & Electrical Appliances Forecast – 2005
 Percentage of Salary Increment – Average, Quartiles and Median

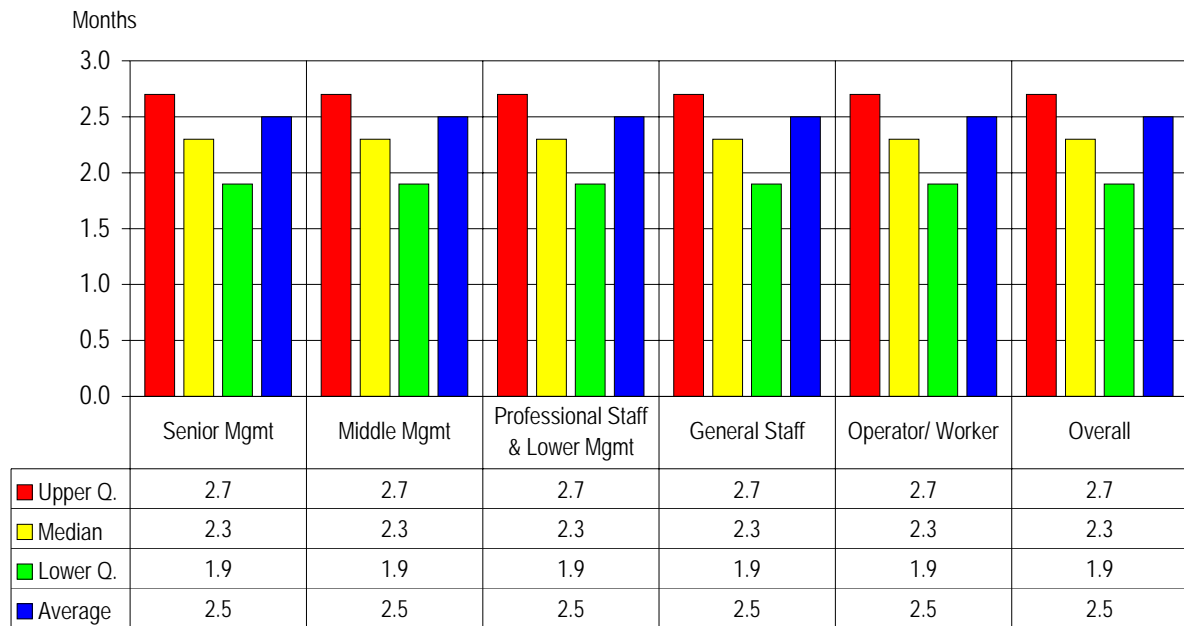


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 10, show above is an analysis of the base salary increase for electronics & electrical appliances companies by seniority level.

Fig 11

Variable Bonus Paid 2004 Forecast – Electronics & Electrical Appliances
 Months by Levels of Seniority – Average, Quartiles and Median

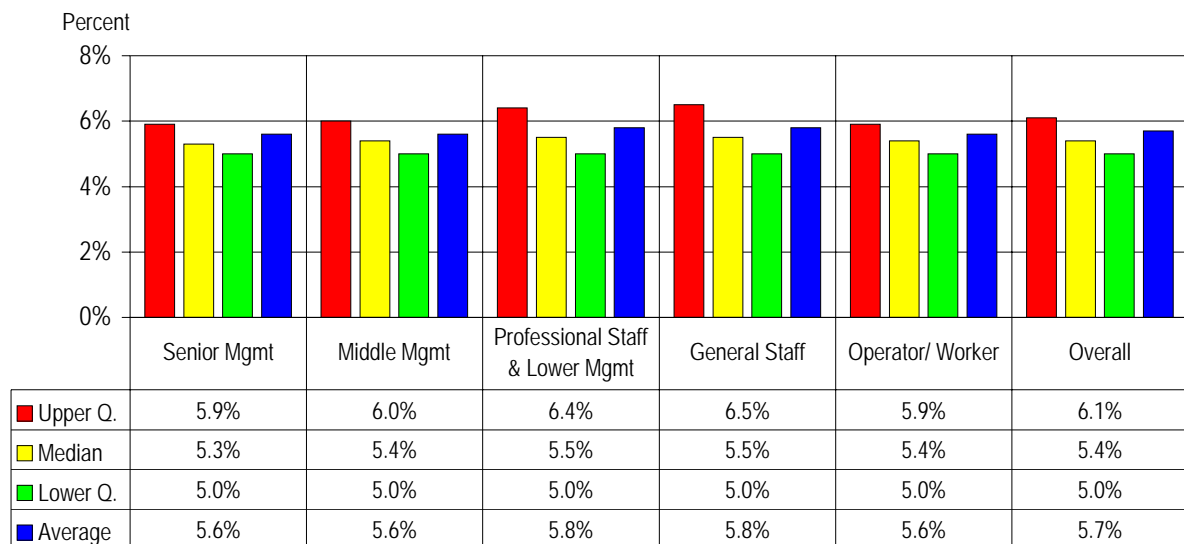


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 11, show above is the variable bonus forecast 2004 by electronics & electrical appliances companies for personnel by levels of seniority.

Fig 12

Base Salary Increment by Construction and Construction Material Industries Forecast – 2005
 Percentage of Salary Increment – Average, Quartiles and Median

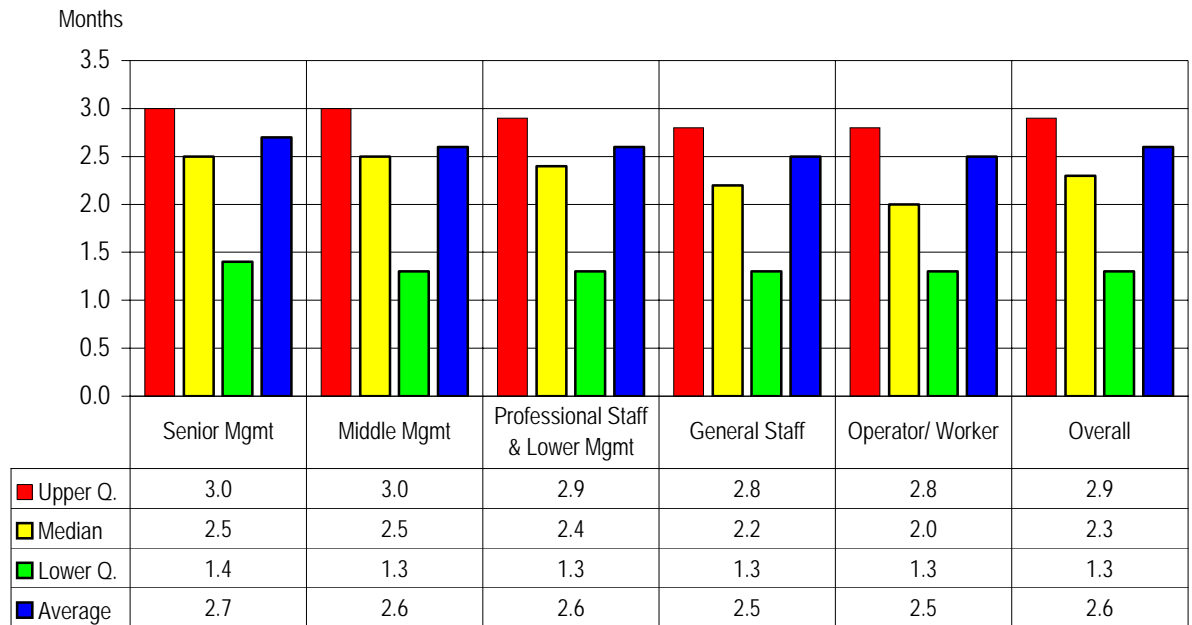


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 12, show above is an analysis of the base salary increase for construction and construction material companies by seniority level.

Fig 13

Variable Bonus Paid 2004 Forecast – Construction and Construction Material
 Months by Levels of Seniority – Average, Quartiles and Median

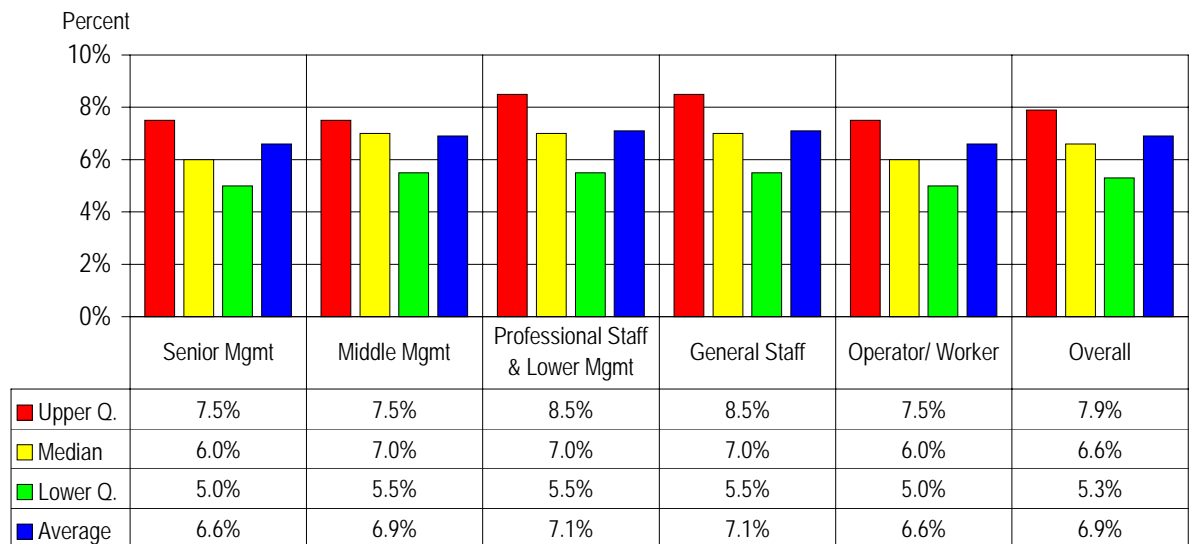


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 13, show above is the average variable bonus forecast 2004 by construction and construction material companies for personnel by levels of seniority.

Fig 14

Base Salary Increment by Property Development and Shopping Centers Forecast – 2005
 Percentage of Salary Increment – Average, Quartiles and Median

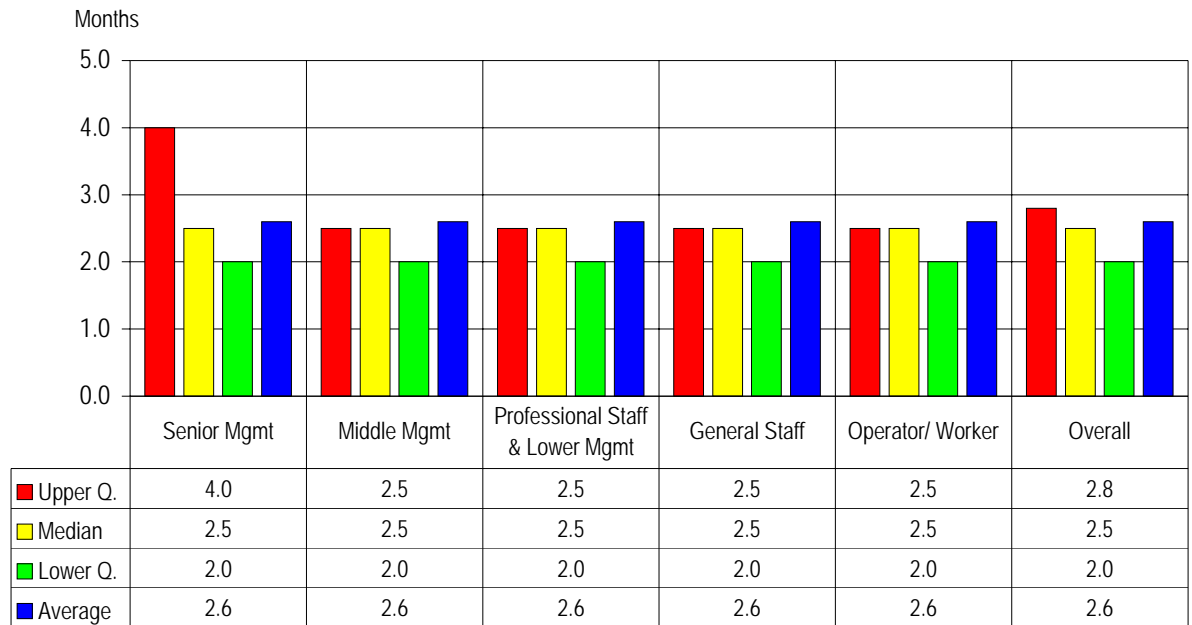


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 14, above is an analysis of the base salary increase for property development and shopping centers companies by seniority level.

Fig 15

Variable Bonus Paid 2004 Forecast – Property Development and Shopping Centers
 Months by Levels of Seniority – Average, Quartiles and Median

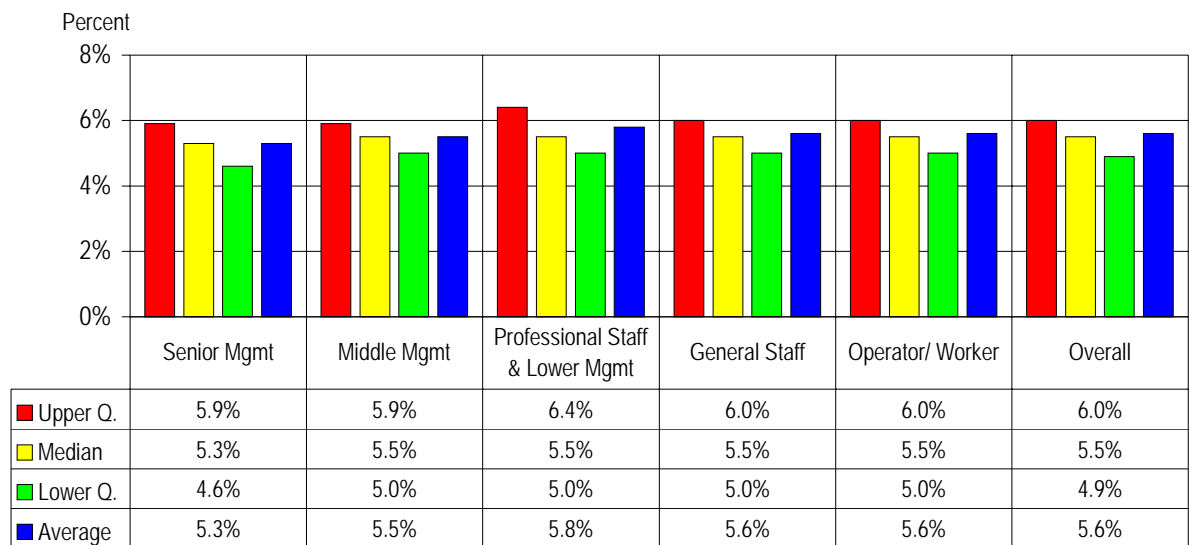


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 15, above is the variable bonus forecast for 2004 by property development and shopping centers companies for personnel by levels of seniority.

Fig 16

Base Salary Increment by Other Industries
 (Logistic, Pharmaceutical, NGO and Services) Forecast – 2005
 Percentage of Salary Increment – Average, Quartiles and Median

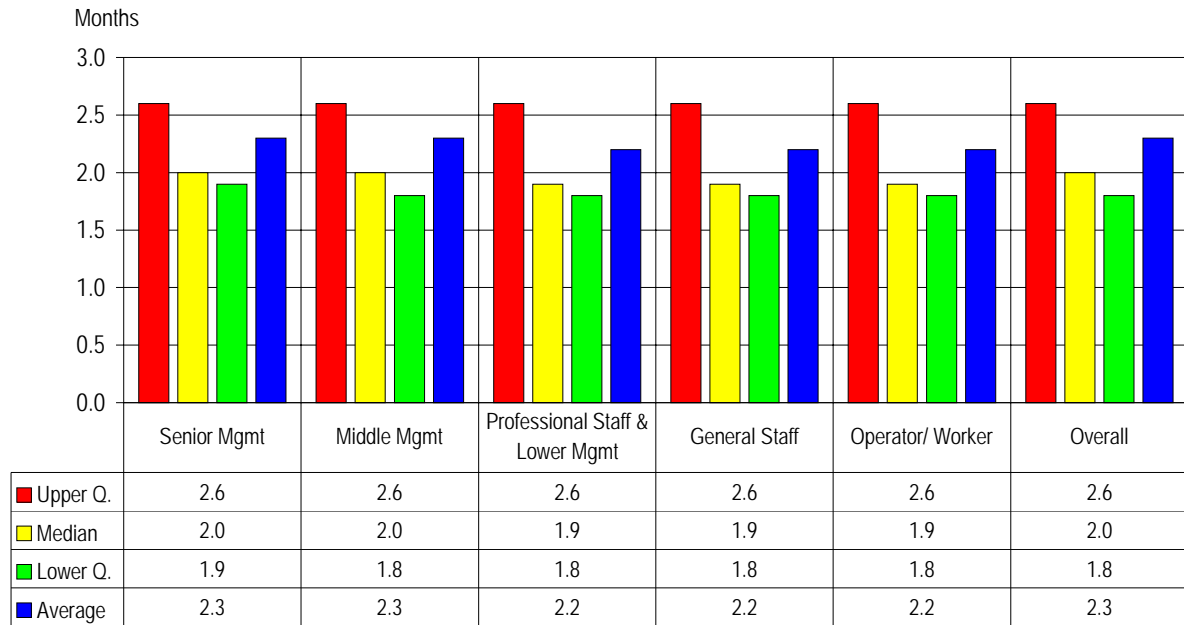


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 16, is an analysis of the base salary increase for other industries by seniority level.

Fig 17

Variable Bonus Paid 2004 Forecast – Other Industries
(Logistic, Pharmaceutical, NGO and Paper)
 Months by Levels of Seniority – Average, Quartiles and Median

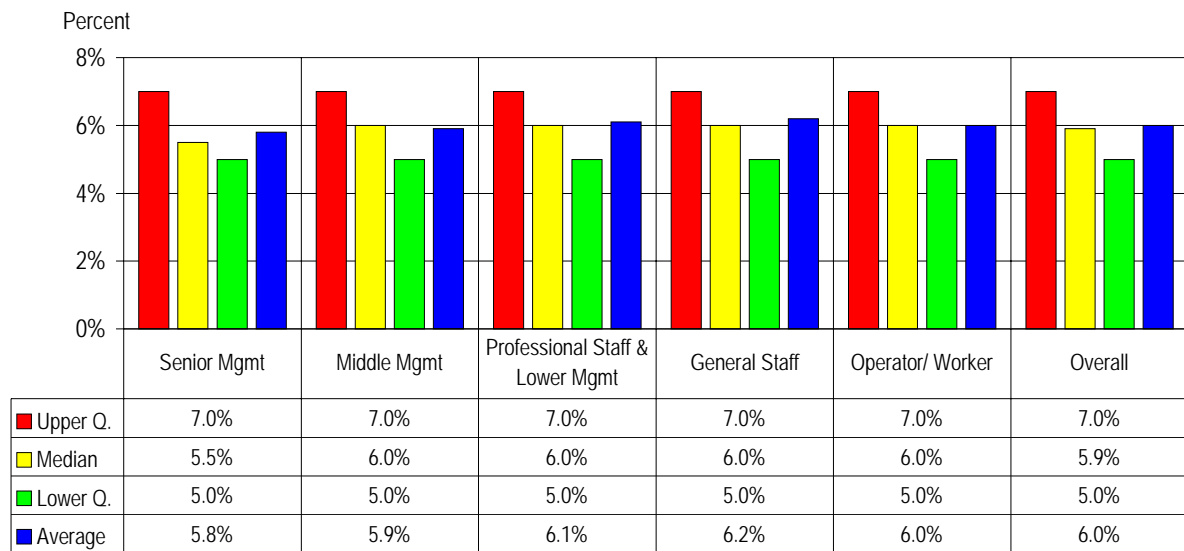


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 17, is the variable bonus forecast for 2004 by other industries for personnel by levels of seniority.

Fig 18

Base Salary Increment by Bangkok Companies Forecast – 2005
 Percentage of Salary Increment – Average, Quartiles and Median

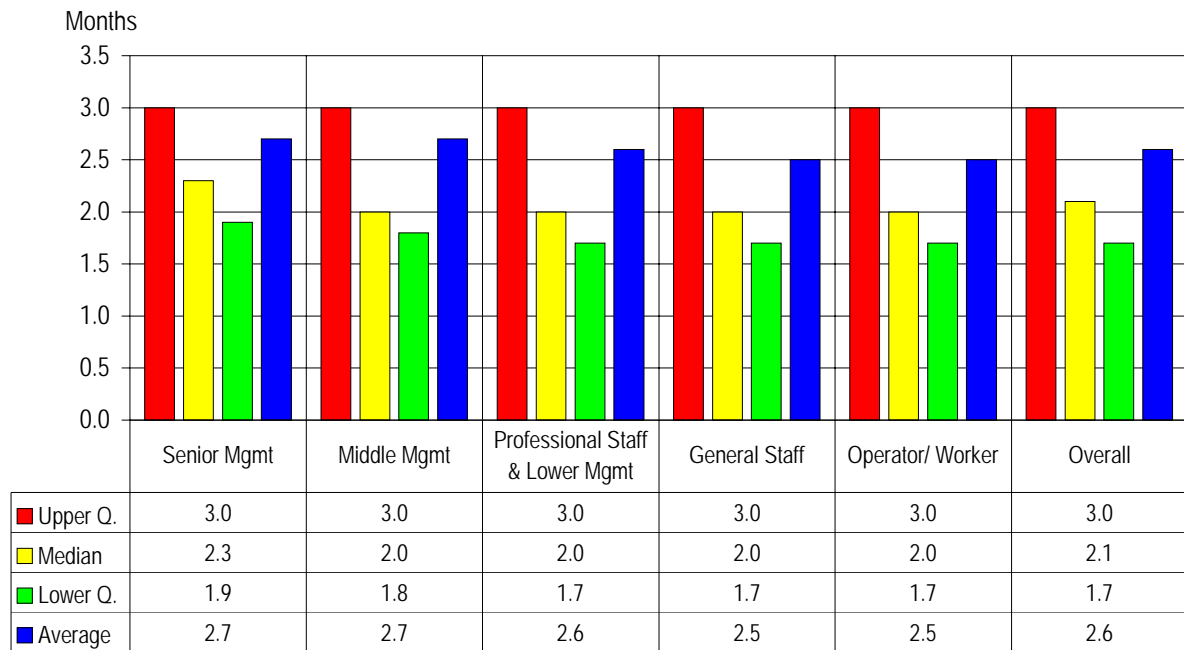


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 18, is an analysis of the base salary increase for all companies located in Bangkok by seniority level.

Fig 19

Variable Bonus Paid 2004 forecast - Bangkok Companies
 Months by Levels of Seniority – Average, Quartiles and Median

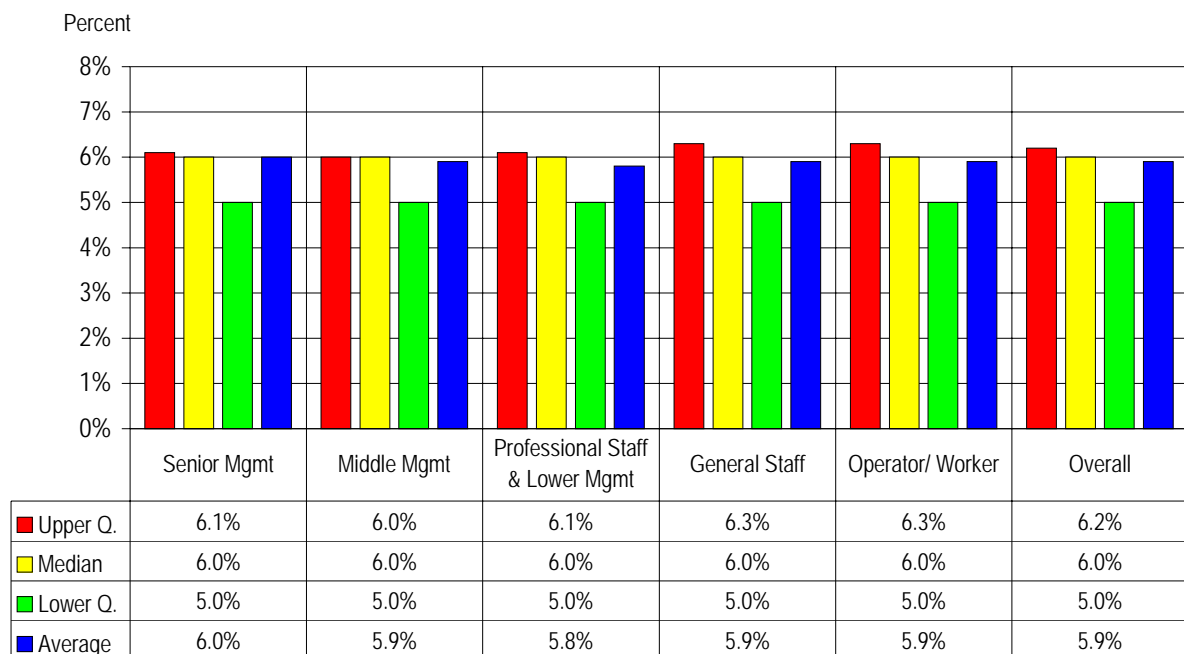


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 19, is the variable bonus forecast for Bangkok companies in 2004 for personnel by levels of seniority.

Fig 20

Base Salary Increment by Upcountry Companies Forecast – 2005
 Percentage of Salary Increment – Average, Quartiles and Median

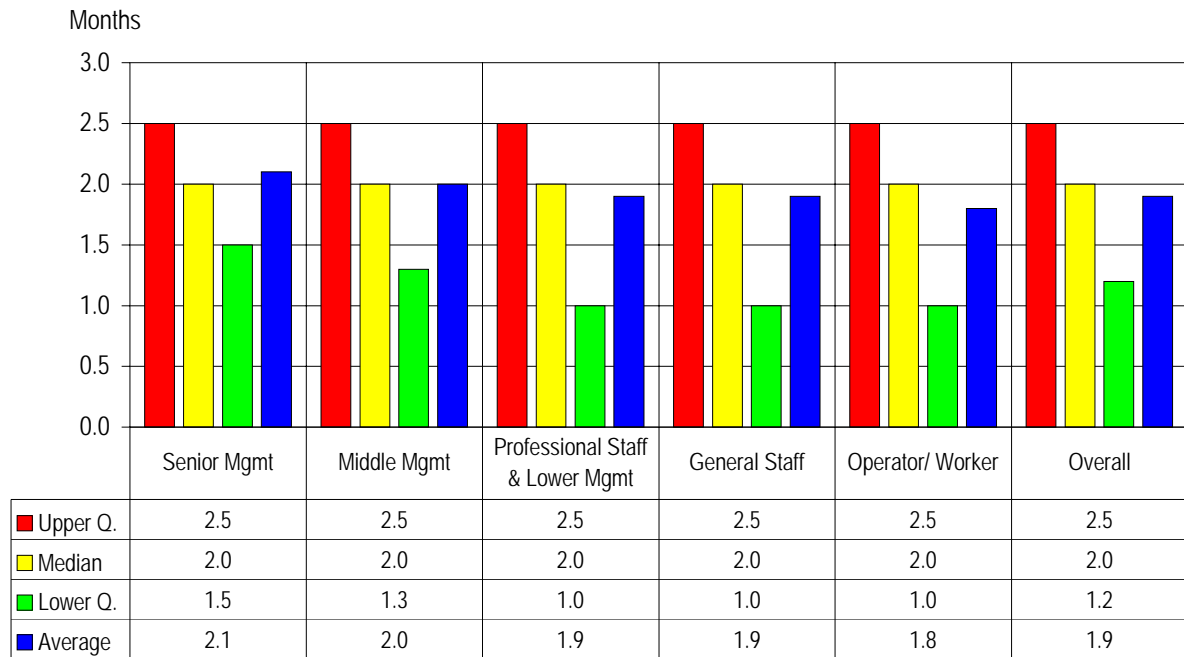


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 20, is an analysis of the base salary increase for all Upcountry companies by levels of seniority.

Fig 21

Variable Bonus Paid 2004 Forecast – Upcountry Companies
 Months by Levels of Seniority – Average, Quartiles and Median

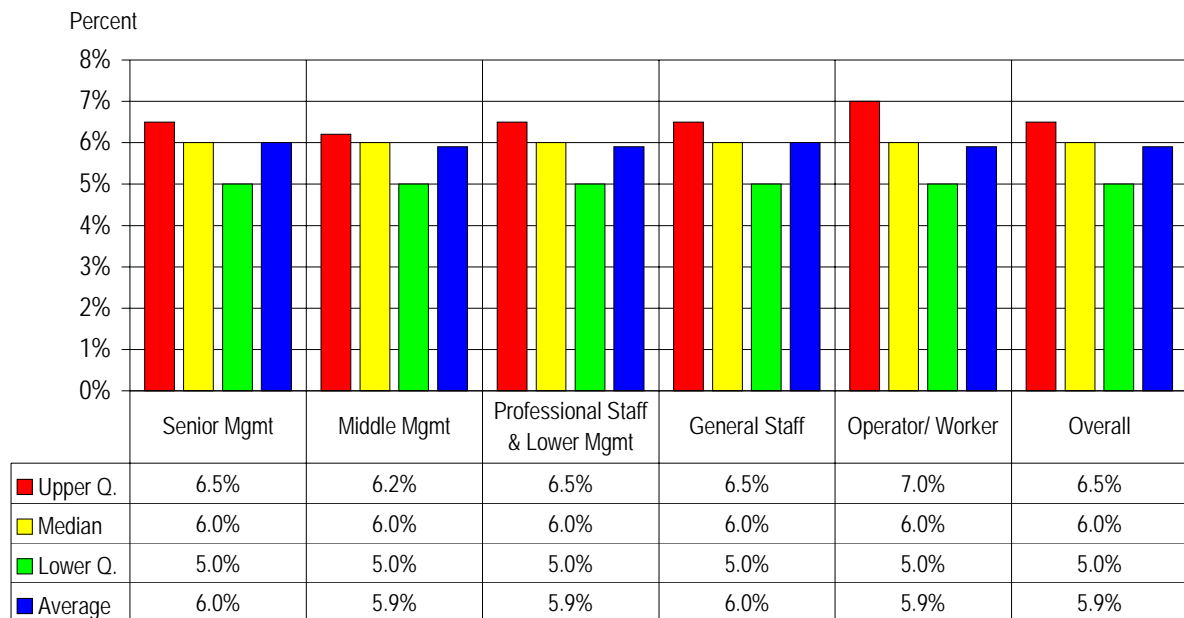


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 21, is the variable bonus of 2004 forecast for Upcountry companies for personnel by levels of seniority.

Fig 22

Base Salary Increment by Manufacturing Companies Forecast – 2005
 Percentage of Salary Increment – Average, Quartiles and Median

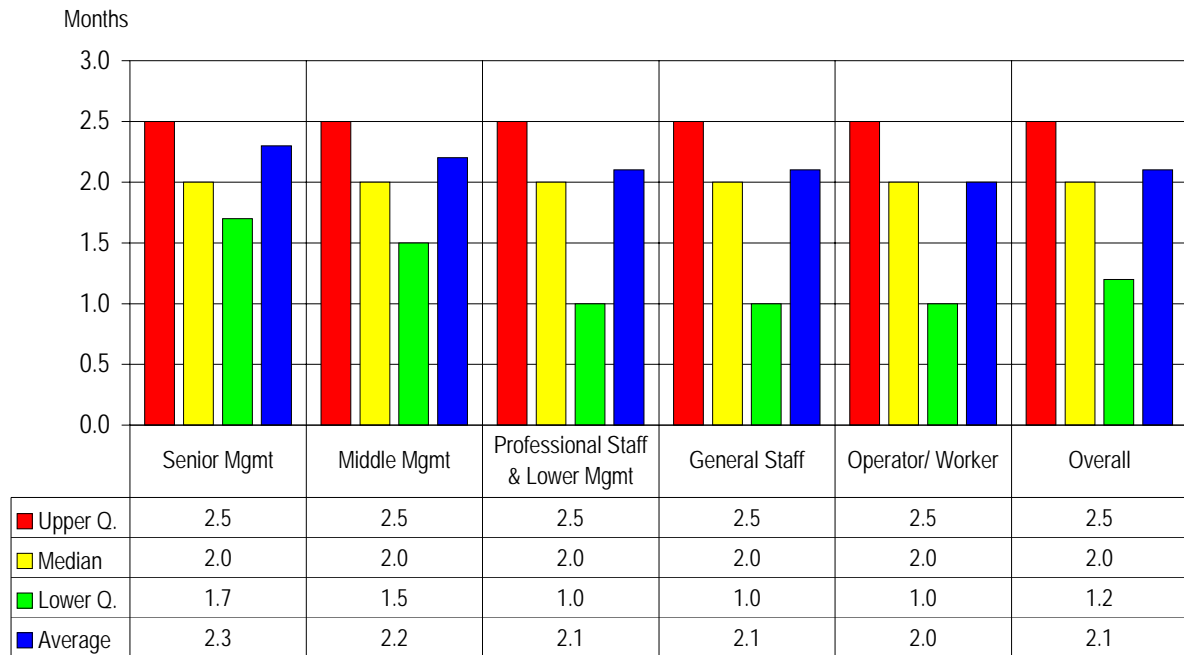


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 22, is an analysis of the base salary increase for all manufacturing companies by seniority levels.

Fig 23

Variable Bonus Paid in 2004 forecast – Manufacturing Companies
 Months by Levels of Seniority – Average, Quartiles and Median

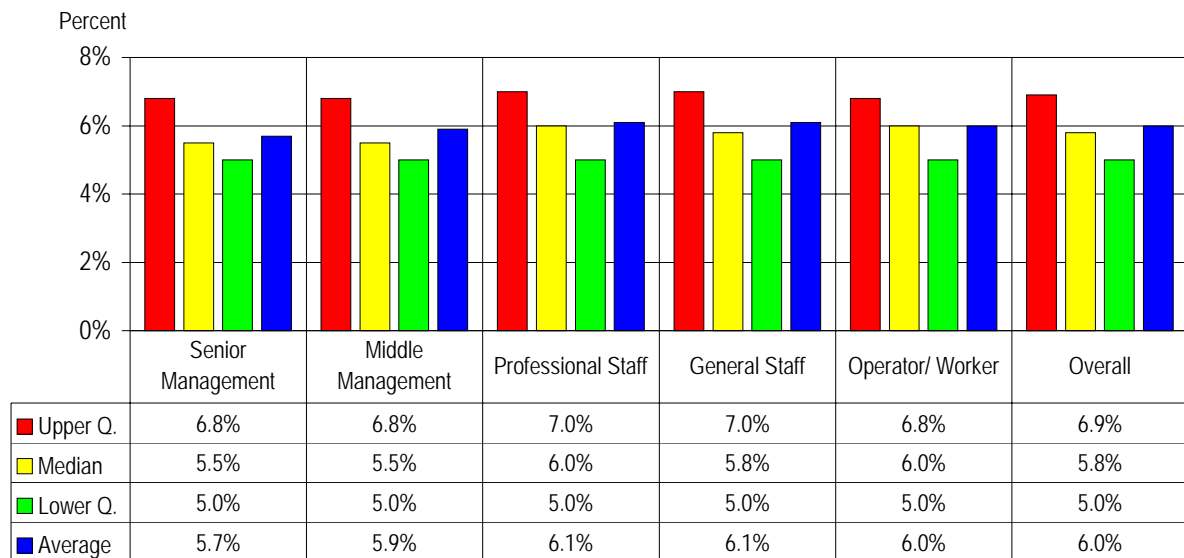


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 23, is the variable bonus forecast for 2004 by manufacturing companies for personnel by levels of seniority.

Fig 24

Base Salary Increment by Non-Manufacturing Companies Forecast – 2005
 Percentage of Salary Increment – Average, Quartiles and Median

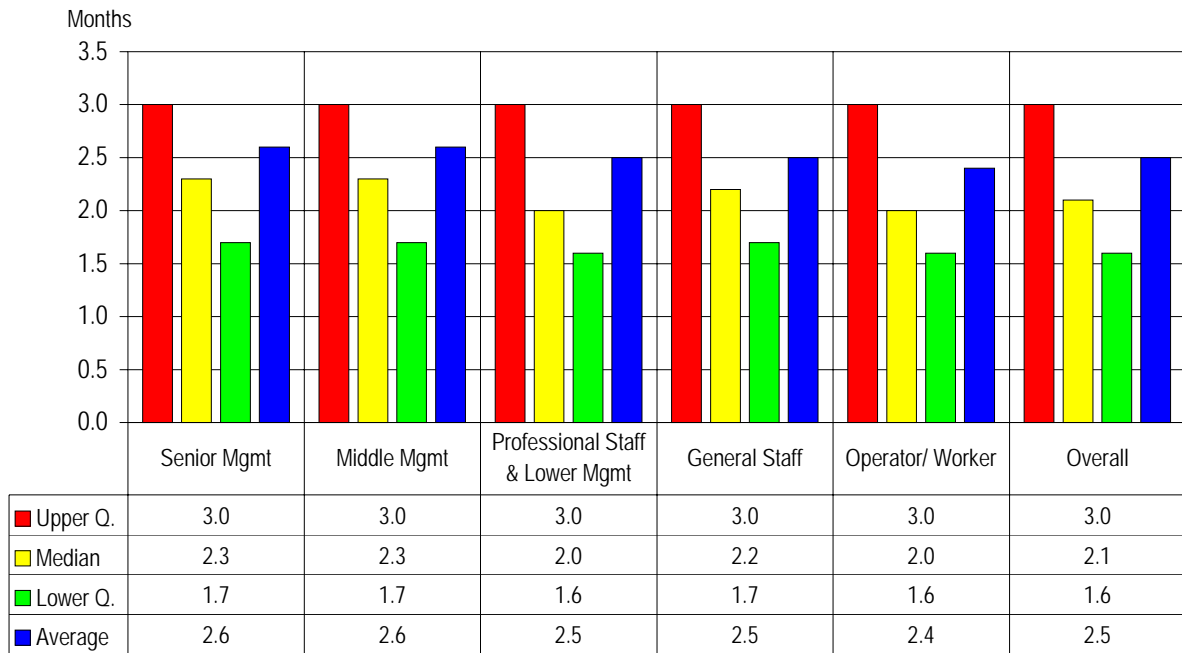


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 24, is an analysis of the base salary increase for all non-manufacturing companies by seniority level.

Fig 25

Variable Bonus Paid 2004 forecast – Non-Manufacturing Companies
 Months by Levels of Seniority – Average, Quartiles and Median

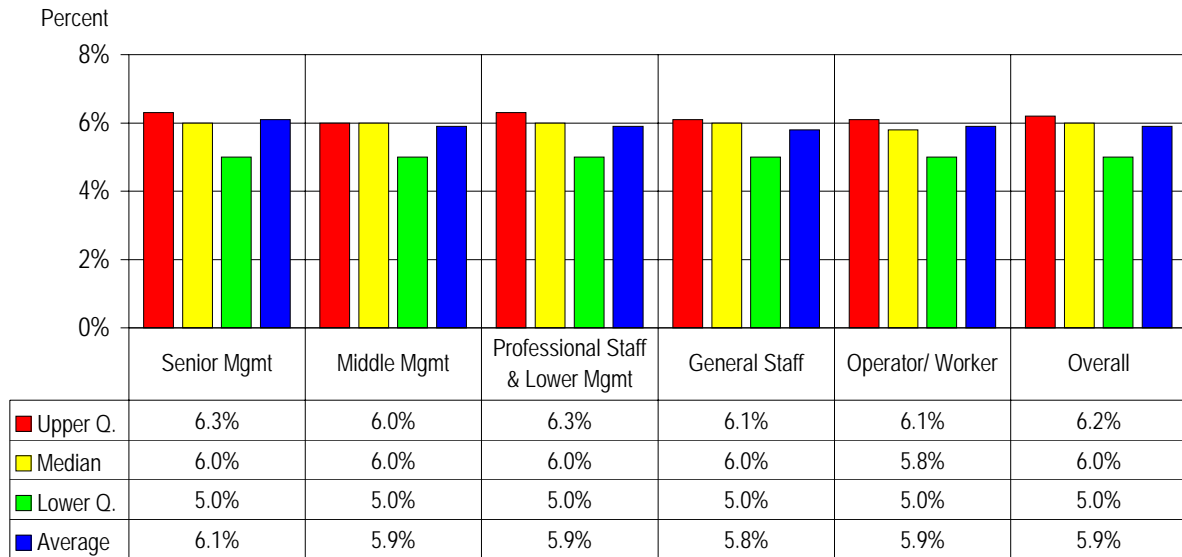


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 25, is the variable bonus forecast for 2004 by non-manufacturing companies for personnel by levels of seniority.

Fig 26

Base Salary Increment Eastern Seaboard Forecast – 2005
 Percentage of Salary Increment – Average, Quartiles and Median

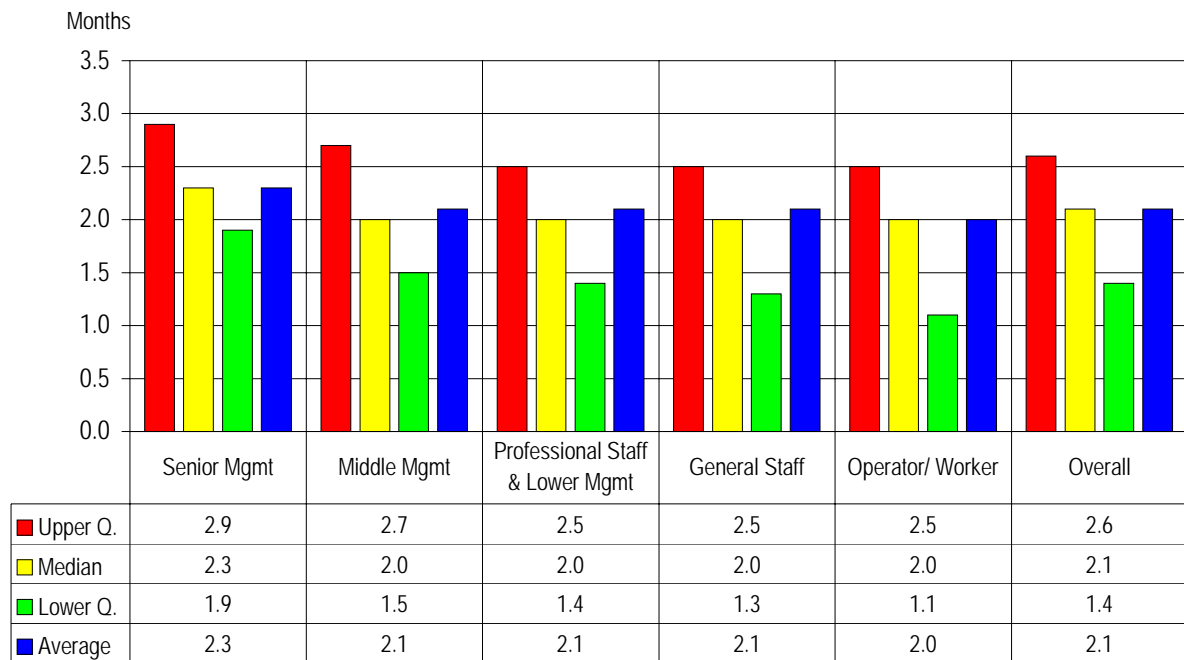


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 26, is an analysis of the base salary increase for Eastern Seaboard by seniority level.

Fig 27

Variable Bonus Paid 2004 forecast – Eastern Seaboard
 Months by Levels of Seniority – Average, Quartiles and Median

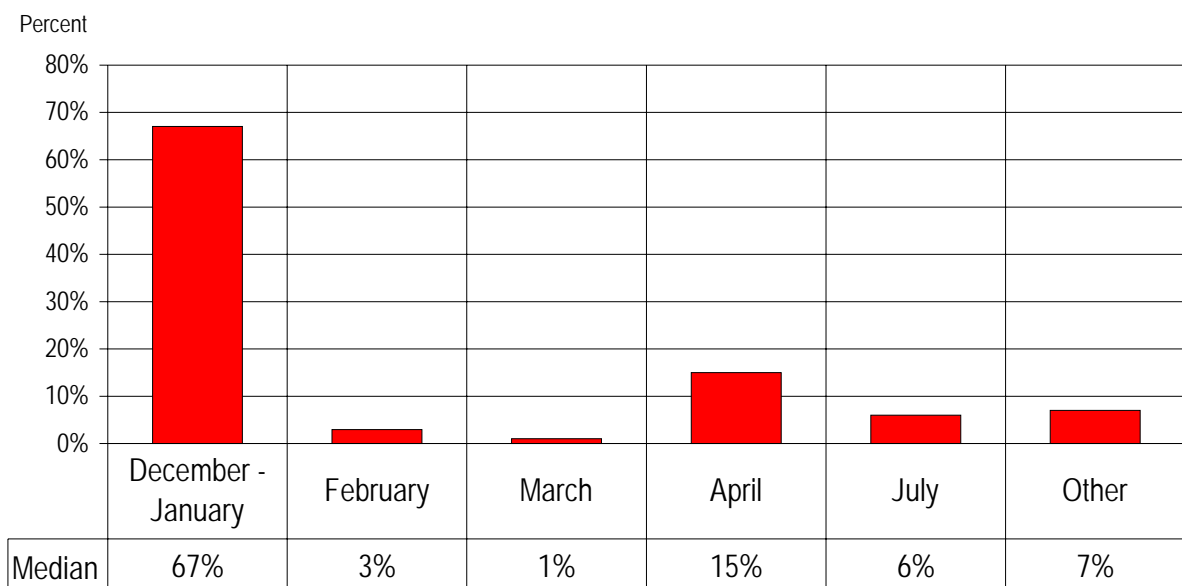


Source: MERC September 2004 Questionnaire to Survey Participants

Fig 27, is the variable bonus forecast for 2004 Eastern Seaboard for personnel by levels of seniority.

Fig 28

Annual Salary Review Date

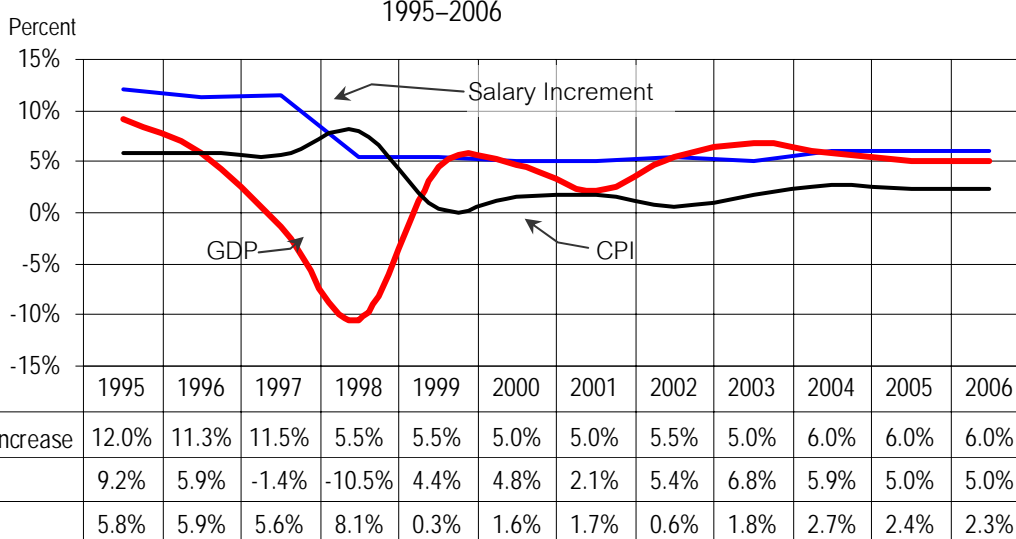


Source: MERC September 2004 Questionnaire to Survey Participants.

67% of the participating companies have their annual salary review at the end of the calendar year (December), effective January of the following year; 3% in February; 1% in March; 15% in April; 6% in July and 7% at other dates during the year.

Fig 29

Base Salary Increment (Median) vs. GDP vs. CPI 1995–2006



Source: MERC Thailand Compensation Survey 1995-2004 and forecast 2005

GDP, CPI : Economist Intelligence Unit (EIU) and forecast supplied by Dataconsult Ltd., operators of the Thailand Corporate Finance Forum and Economist Thailand Regional Forum, peer group forms for senior multinational management.

The 2003 GDP achievement of 6.75% appears likely to be the high point of growth over the eleven year period from 1996 to 2006, with growth during the current to forthcoming period of 2004 to 2006 likely to be in the 5% to 6% range.

Prime Minister Thaksin Shinawatra has expressed confidence in an achievement of 8% growth in 2004 and 10% in 2005, but no other government or private sector analysts have expectations beyond the 6.5% level, and most are a percentage point or more lower than that, especially for 2005.

Growth has hitherto been stimulated by consumer demand, along with strong export performance the latter creating favorable trade and current account surpluses along with strengthening foreign exchange reserves. At this stage, however, continuing high world oil prices, the threat of fall-off in Thailand's major world export markets, build-up of consumer indebtedness with possible increases of non-performing loans, create negative trends Resurgence of bird flu and conflict in Thailand's Southern provinces, have also contributed to dampen what had been previously forecast to be a continuing growth upsurge.

The government still plans to press ahead with an ambitious infrastructure programme totaling Baht 2 trillion over ten years, to which may be added major private sector steel and petrochemical expansion projects, all of which will compete for funding in tightening capital markets. With a commitment to balance national budgets, as well as limiting overseas borrowing, local and foreign investors and bond markets will be hard-pressed to come up with the necessary funds. The result may well be a scaled-down or longer-drawn out schedule. With the new Bangkok International Airport 40 years in the making, and still likely to miss its September 2005 completion target, delays in the achievement of the remainder of the infrastructure programme will be nothing unusual.

The cost-of-living index suggests only modest increases in inflation, compared, at least, with the late 1990's. However forecasts of 2% to 3% inflation over the coming three years may well prove to be conservative, with the actual rate potentially a percentage point higher. The Bank of Thailand remains committed to a monetary policy designed to contain inflation within 3.5% per year.

Interest rates are on the upswing after a period of historic low levels. However there are expectations that the Bank of Thailand will keep Thailand among those Asian countries which pursue a non-interventionist policy in terms of foreign exchange rates, as compared with pegged rates (China, Hong Kong, Malaysia) or those with interventionist policies aimed at maintaining exchange rates by open market intervention. This is likely to result in Thailand's interest rates following the upward trend of the US Federal Reserve. This in turn will make business borrowing more costly, and discourage consumer credit, especially in the housing sector. Nevertheless the overall interest rate structure will remain relatively low, and should not prove a deterrent to continued expansion of the overall economy.