

MERC contacted participants in the MERC 2004 Compensation Survey, asking them for their actual of base salary increase in 2005 and bonus for 2004. We received actual information from 109 companies. The analysis of the data is as follows:

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## DEFINITIONS

### Quartiles and Average

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

**Upper Quartile (Q<sub>3</sub>):** 75% of the ranked population in the benchmark or seniority level receives less than this amount and 25% receive more.

**Median (Q<sub>2</sub>):** 50% of the ranked population in the benchmark or seniority level receives less than this amount and 50% receive more.

**Lower Quartile (Q<sub>1</sub>):** 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 production/manufacturing 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 Actual

Fig 1

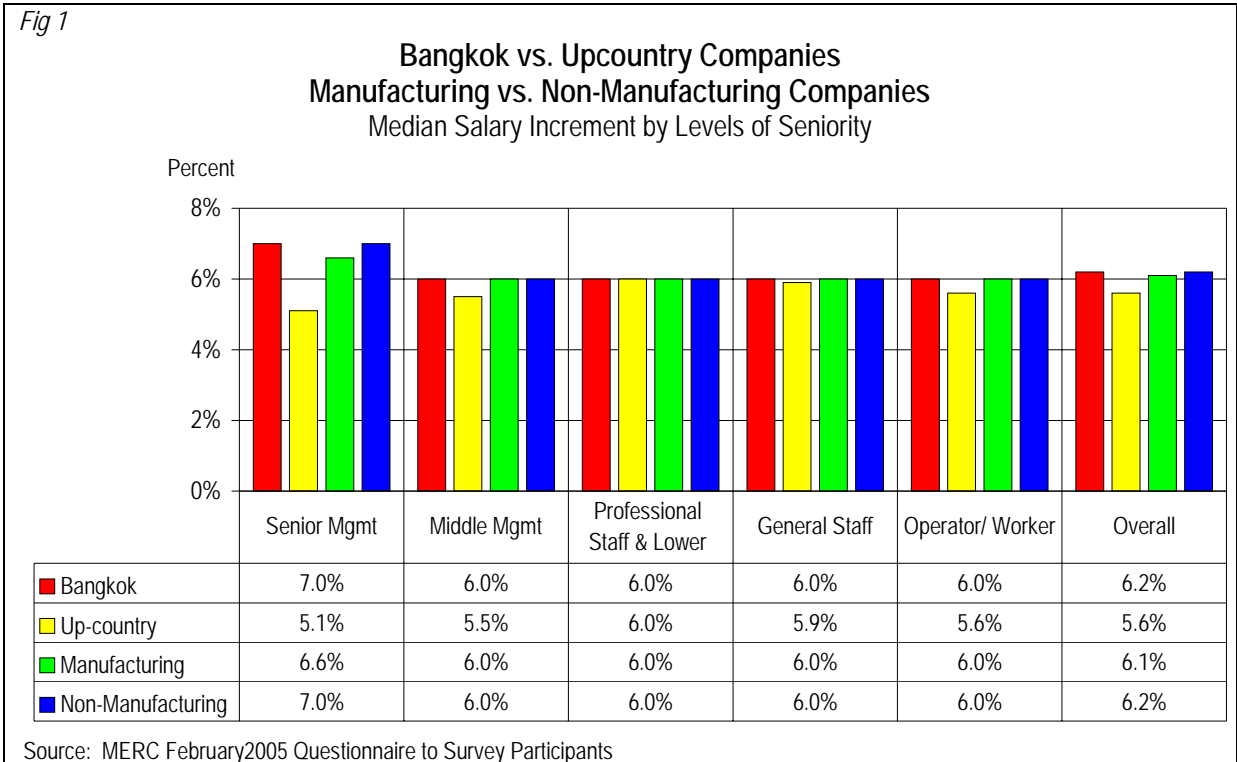


Fig 1, data this year shows that Senior Management working in Non-Manufacturing companies in Bangkok received the highest salary increases. Whatever the industry Up-country staff received the lowest increases.

Fig 2

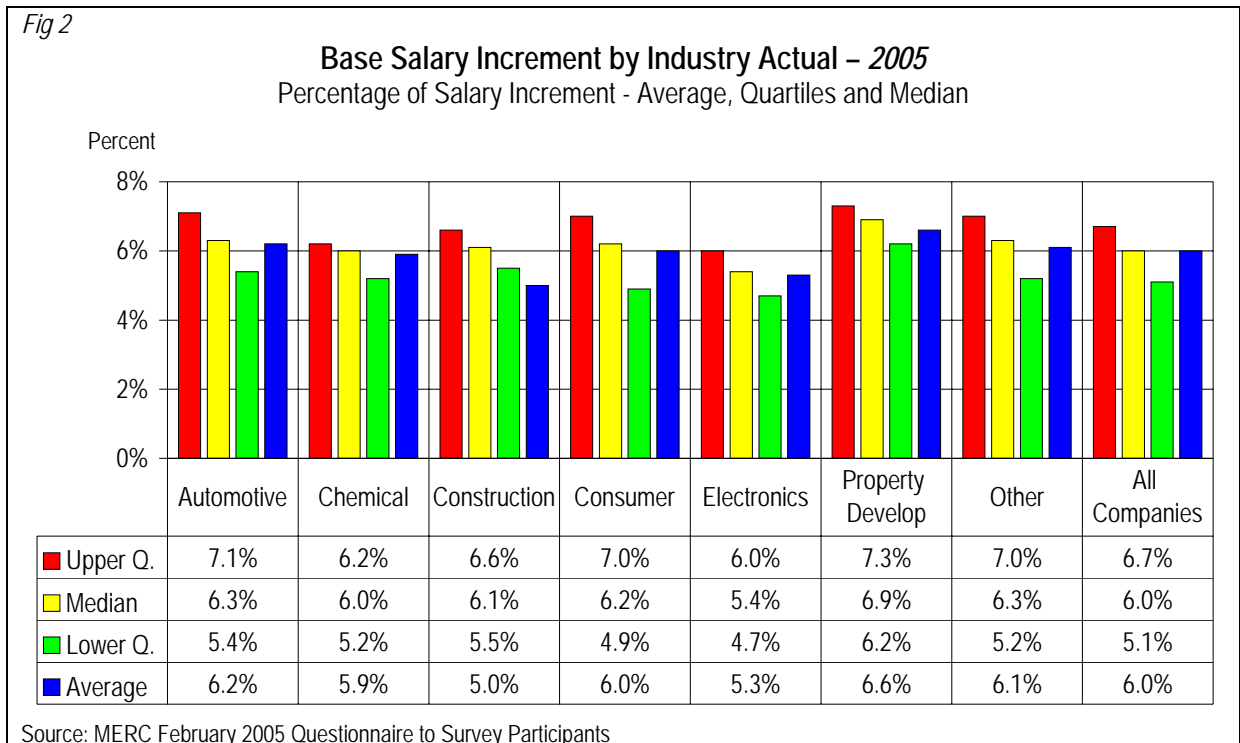
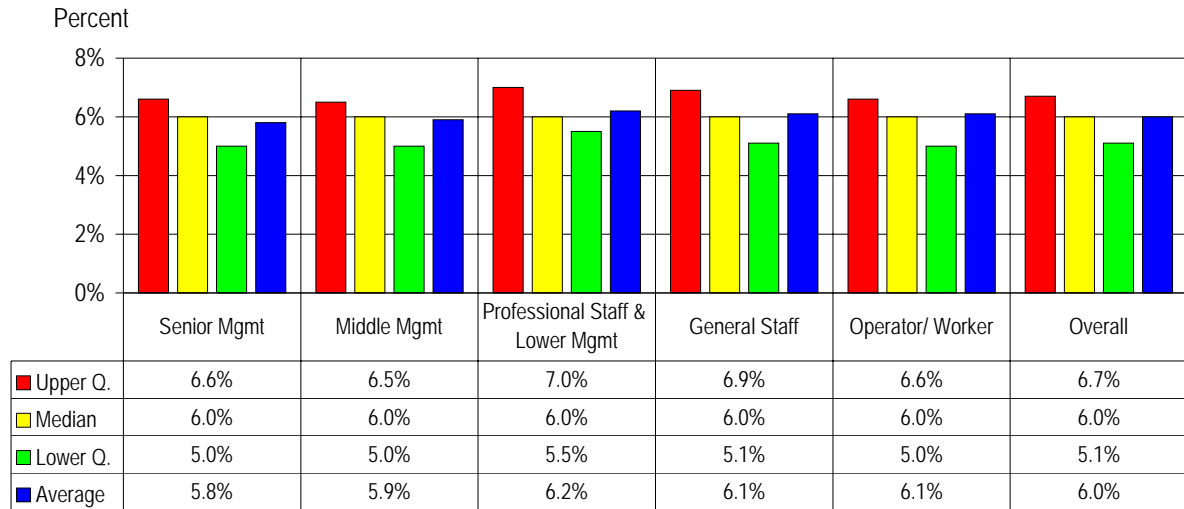


Fig 2, above shows the industry with the highest increase is Property Development 7.3% upper quartile and a median of 6.9%. The lowest median is Electronic with 5.3% as a median.

Fig 3

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

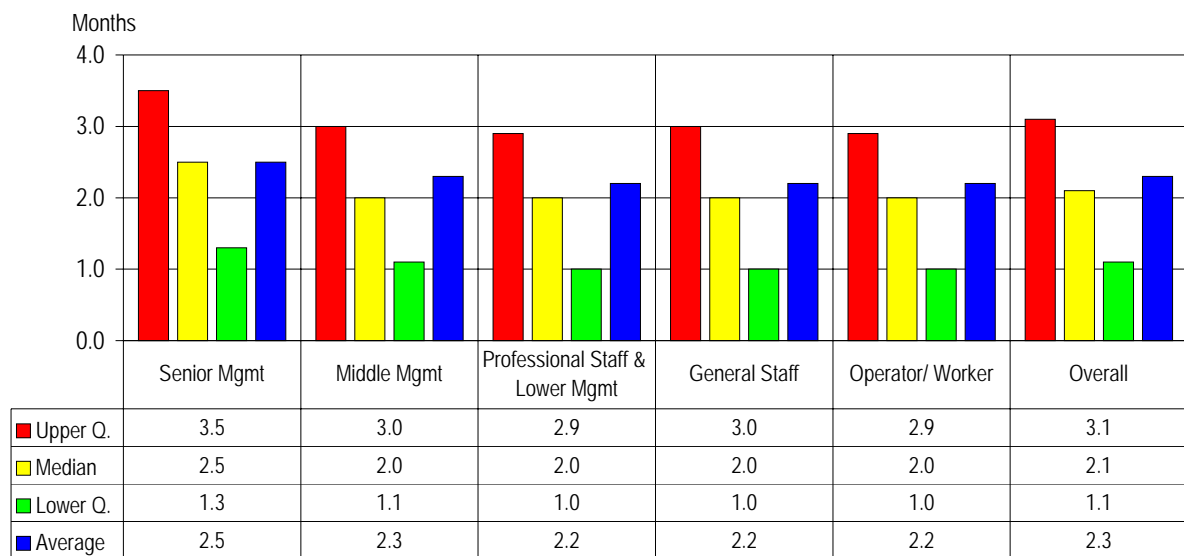


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 3, above is an analysis of the base salary increment for all companies by levels of seniority. The actual median for all levels is 6.0%.

Fig 4

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

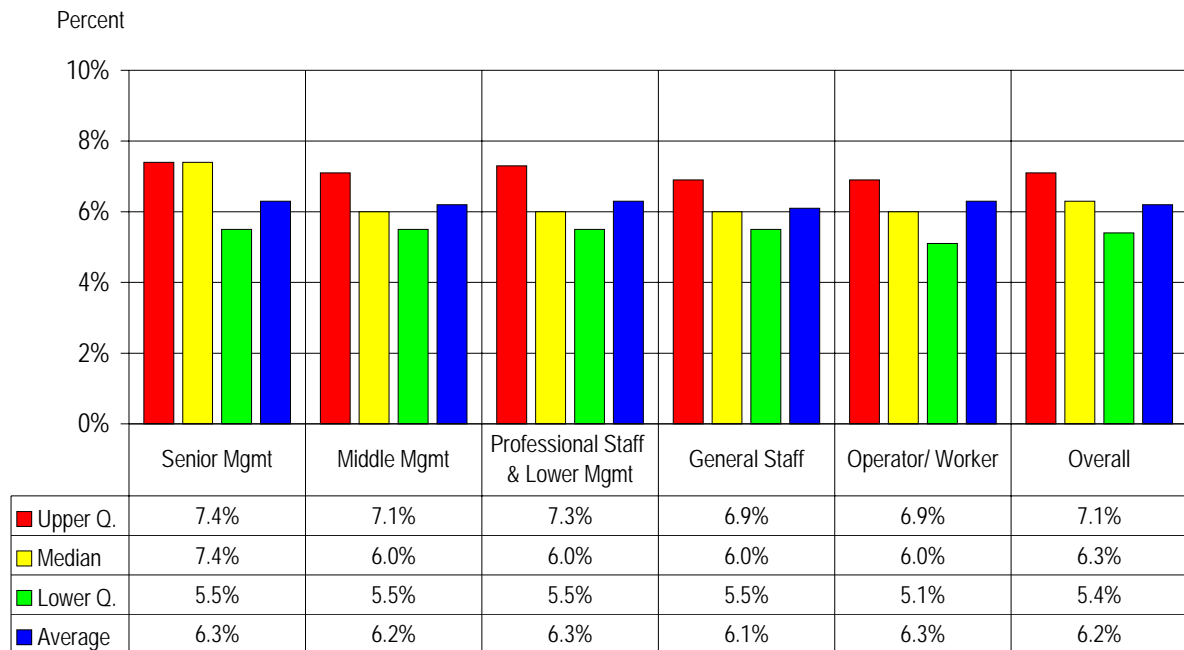


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 4, above shows the actual variable bonus paid in 2004 by all participating companies by levels of seniority. Fixed bonus where paid is usually as a 13<sup>th</sup> month salary and quartile analysis of the 56% of companies that pay fixed bonus in this survey confirms 1 month is the most common or Median.

Fig 5

**Base Salary Increment by Automotive and OEM Industries Actual – 2005**  
 Percentage of Salary Increment – Average, Quartiles and Median

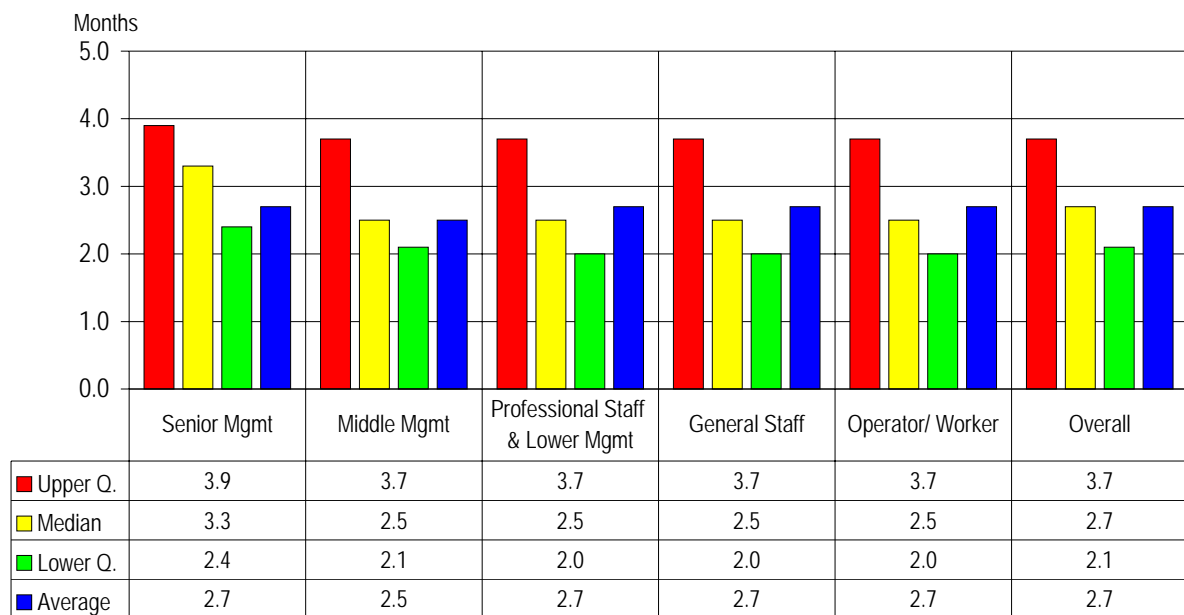


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 5, above is an analysis of the base salary increment for Automotive and OEM companies by levels of seniority. The overall median is 6.3%.

Fig 6

**Variable Bonus Paid 2004 Actual – Automotive and OEM Industries**  
 Months by Levels of Seniority – Average, Quartiles and Median

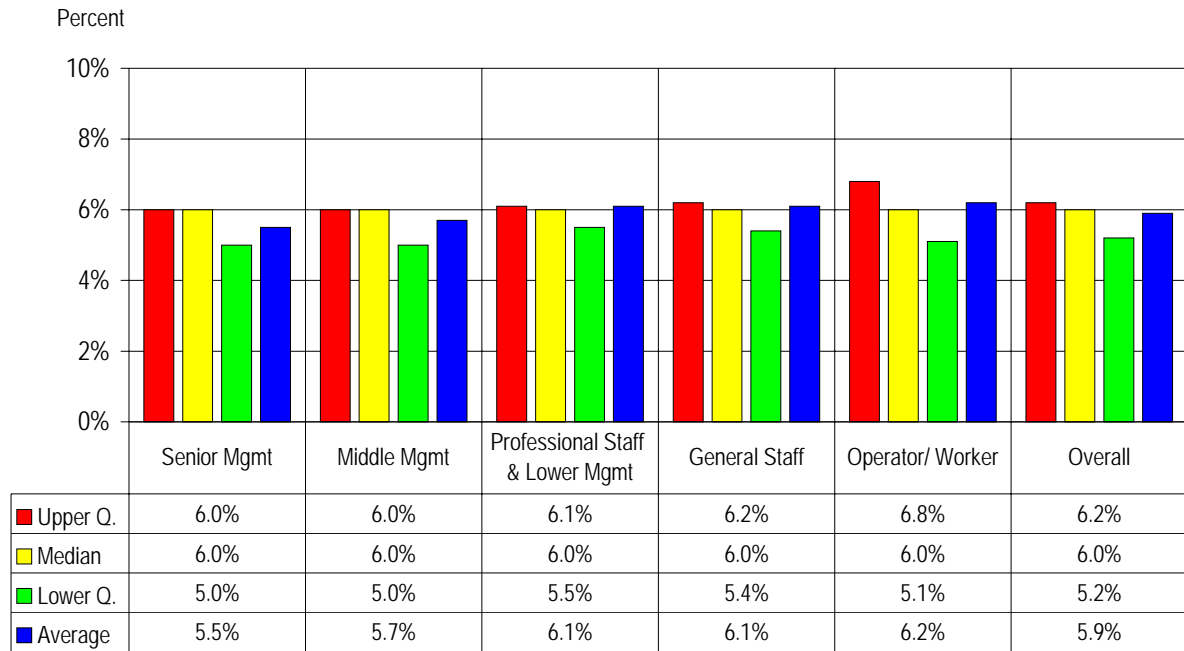


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 6, above is the actual variable bonus paid in 2004 by Automotive and OEM companies for personnel by levels of seniority.

Fig 7

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

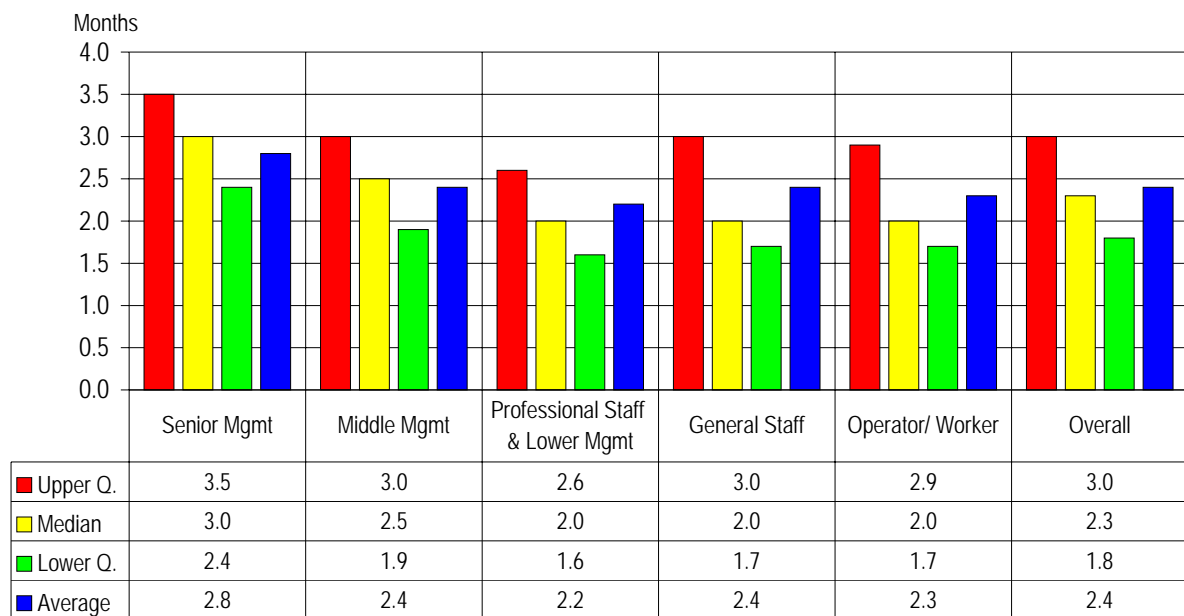


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 7 above is an analysis of the base salary increment for chemical companies by levels of seniority. The overall median for all levels is 6.0%.

Fig 8

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

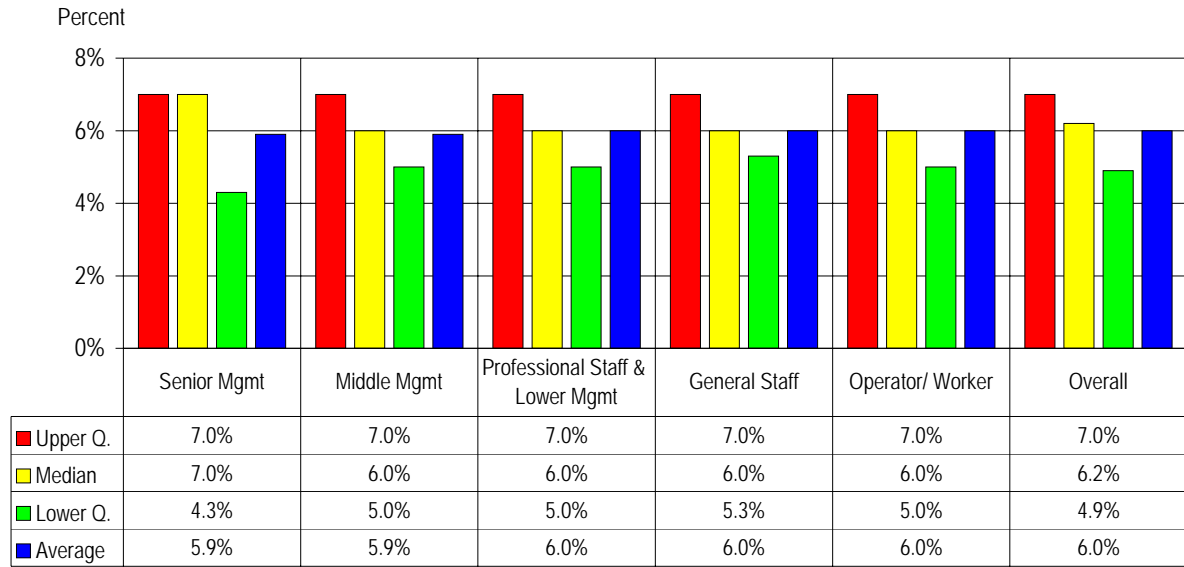


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 8, above is the actual variable bonus paid in 2004 by chemical companies for personnel by levels of seniority.

Fig 9

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

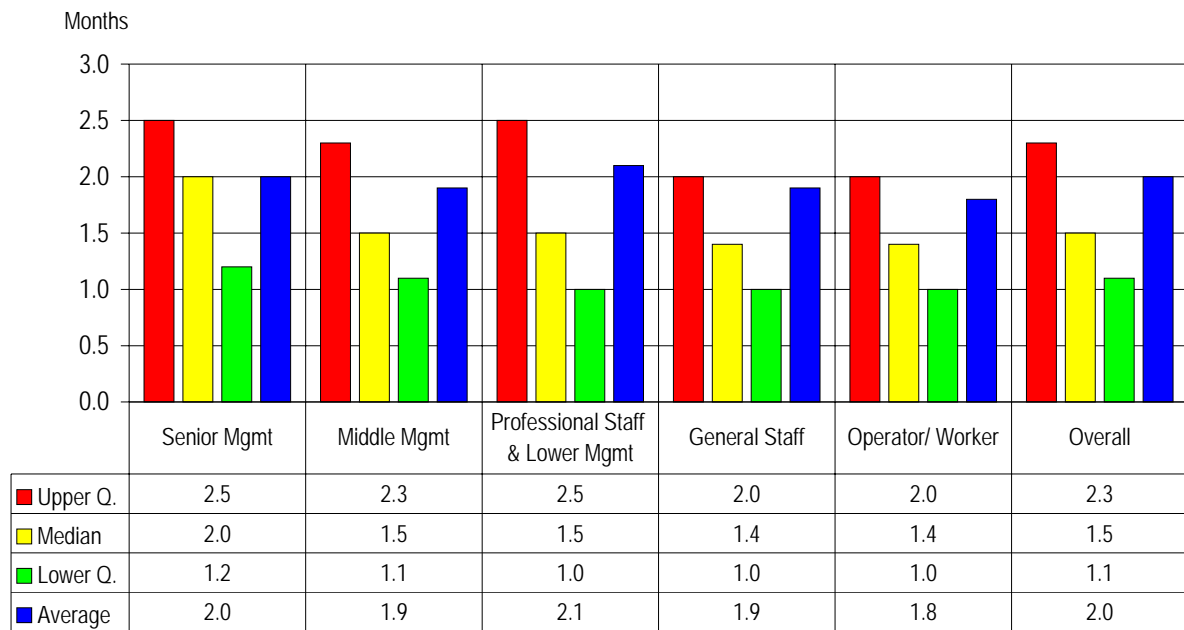


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 9, above is an analysis of the base salary increase for consumer products companies by levels of seniority. The overall median for all levels is 6.2%.

Fig 10

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

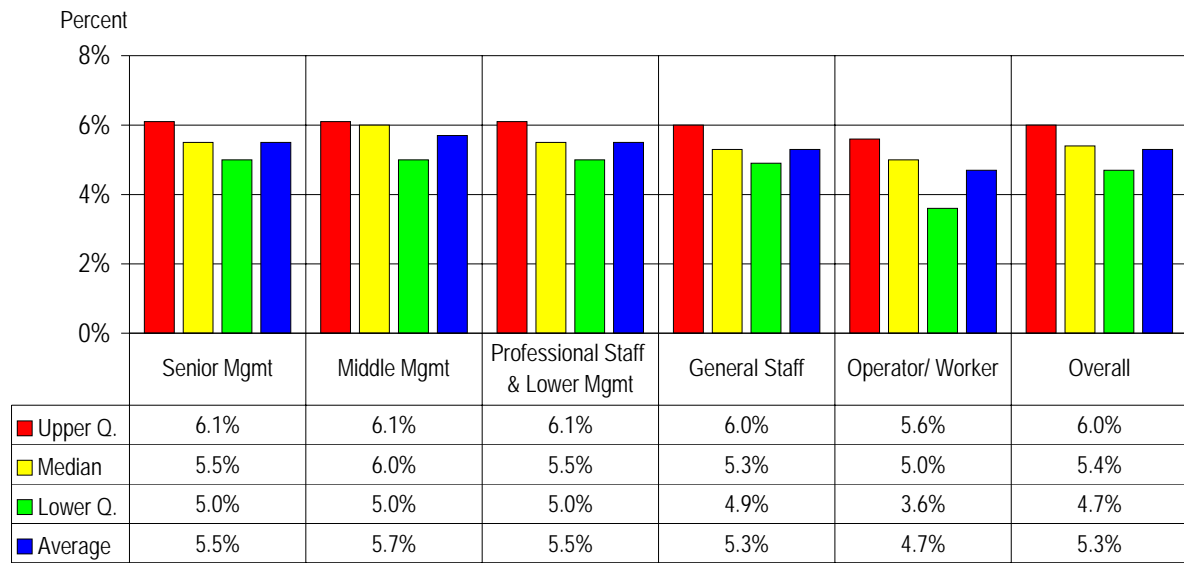


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 10, above is the actual variable bonus paid in 2004 by consumer products companies for personnel by levels of seniority.

Fig 11

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

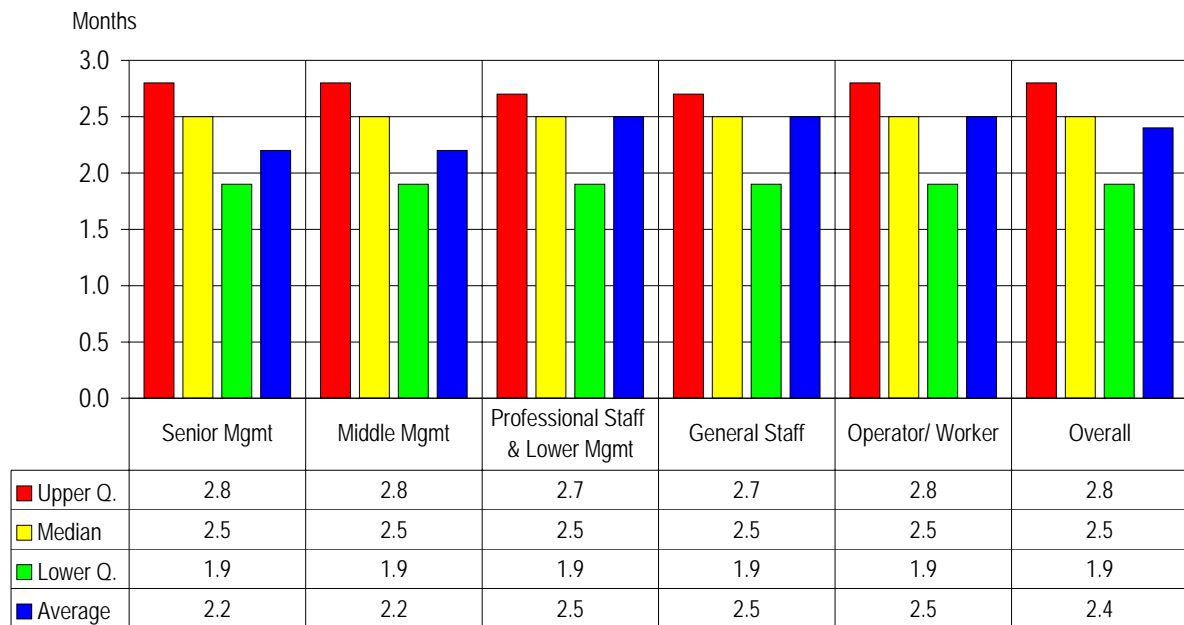


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 11, shown above is an analysis of the base salary increase for electronics & electrical appliances companies by seniority levels. The overall median is 5.4%.

Fig 12

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



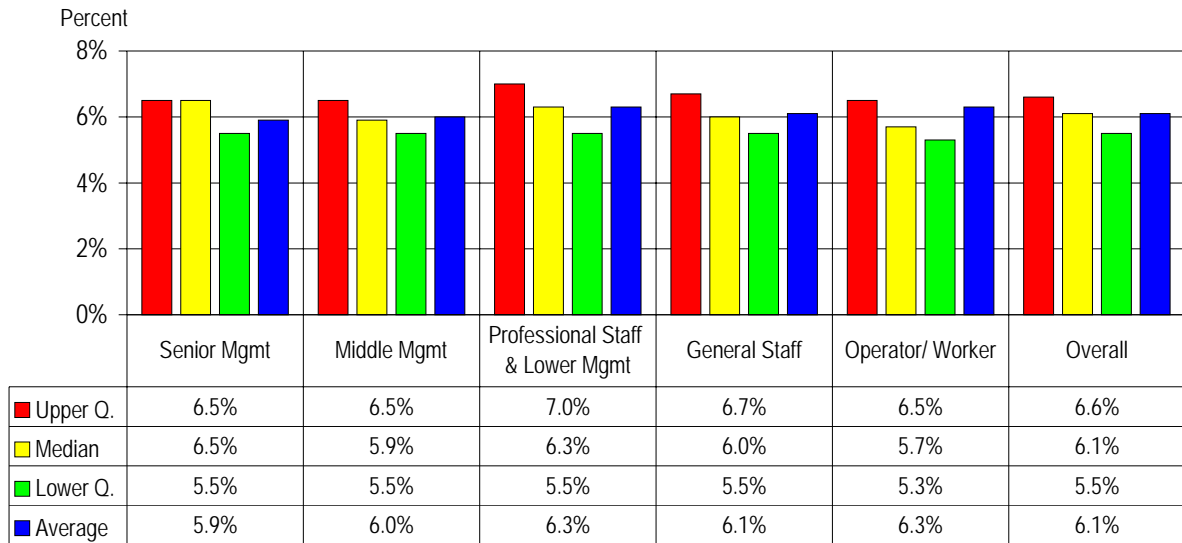
Source: MERC February 2005 Questionnaire to Survey Participants

Fig 12, above is the actual variable bonus paid in 2004 by electronics & electrical appliances companies for personnel by levels of seniority.

Fig 13

**Base Salary Increment by Construction and Construction Material Industries Actual – 2005**

Percentage of Salary Increment – Average, Quartiles and Median



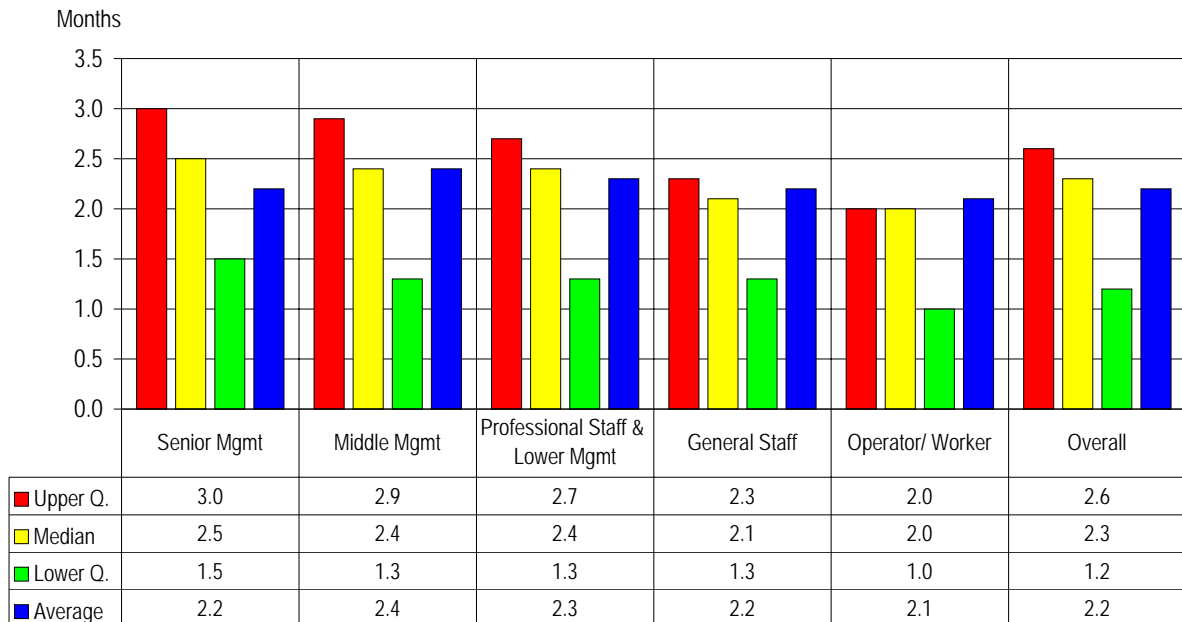
Source: MERC February 2005 Questionnaire to Survey Participants

Fig 13 show above is an analysis of the base salary increase for construction and construction material companies by seniority level. The overall median for all levels is 6.1%.

Fig 14

**Variable Bonus Paid 2004 Actual – Construction and Construction Material**

Months by Levels of Seniority – Average, Quartiles and Median

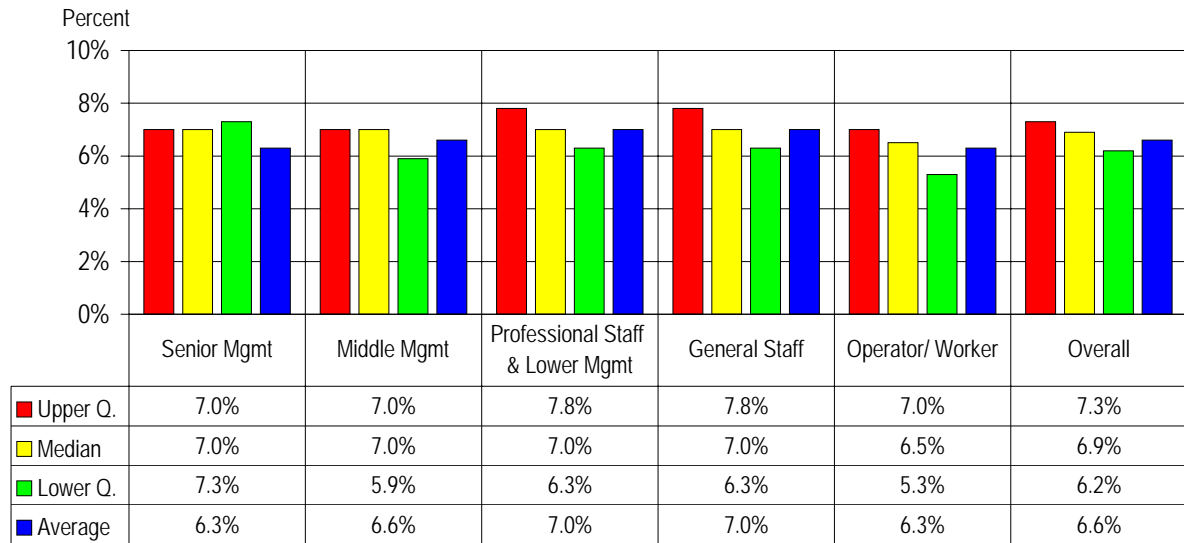


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 14, above is the actual variable bonus paid in 2004 by construction and construction material companies for personnel by levels of seniority.

Fig 15

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

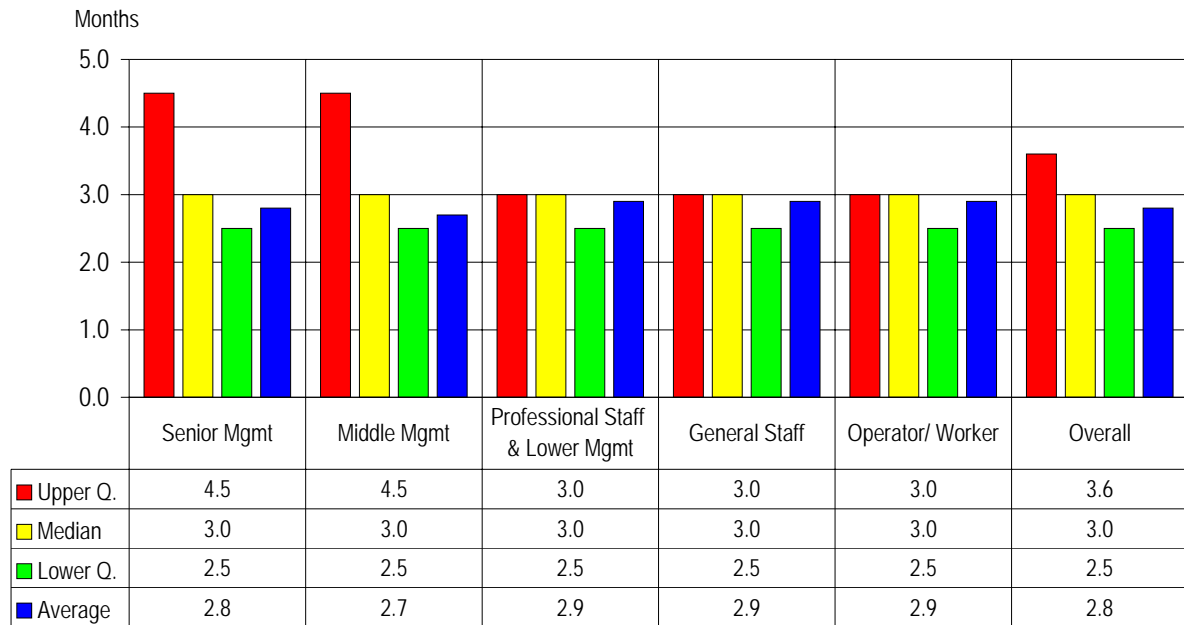


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 15 above is an analysis of the base salary increase for property development and shopping centers companies by seniority level. The overall median for all levels is 6.9%.

Fig 16

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

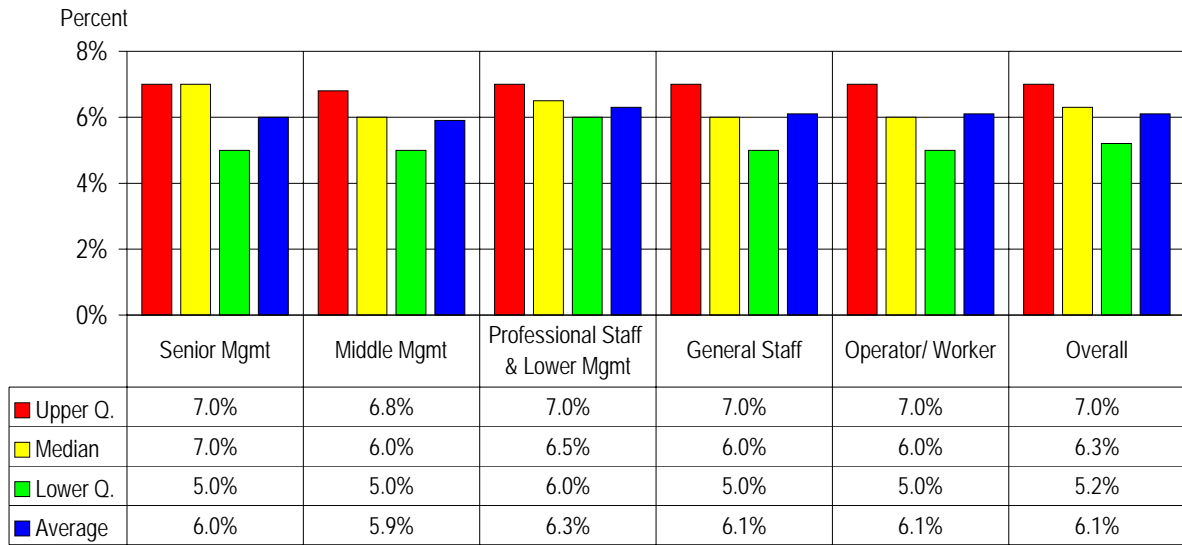


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 16, above is the actual variable bonus paid in 2004 by property development and shopping centers companies for personnel by levels of seniority.

Fig 17

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

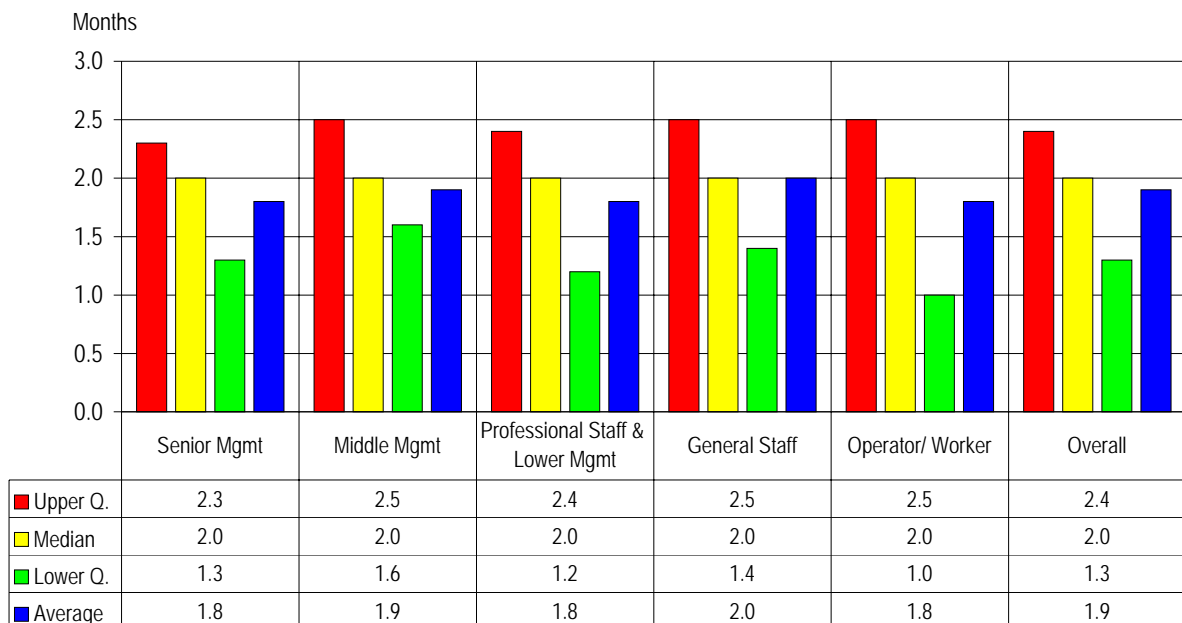


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 17 is an analysis of the base salary increase for other industries by seniority level. The overall median for all levels is 6.3%.

Fig 18

**Variable Bonus Paid 2004 Actual – Other Industries  
(Logistic, Pharmaceutical, NGO and Business Services)**  
Months by Levels of Seniority – Average, Quartiles and Median

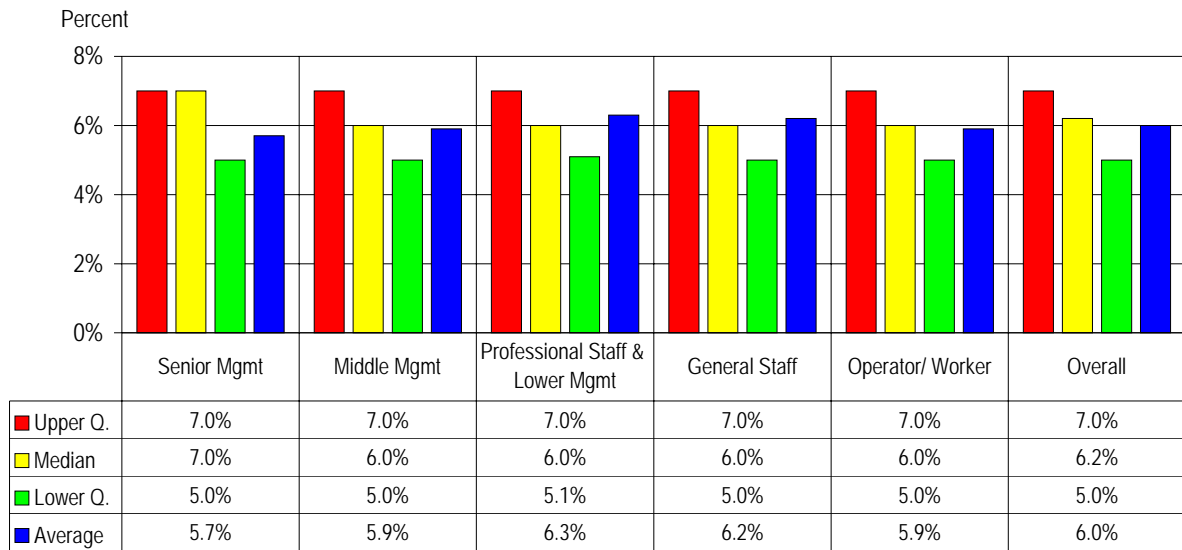


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 18, above is the actual variable bonus paid in 2004 by other industries for personnel by levels of seniority.

Fig 19

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

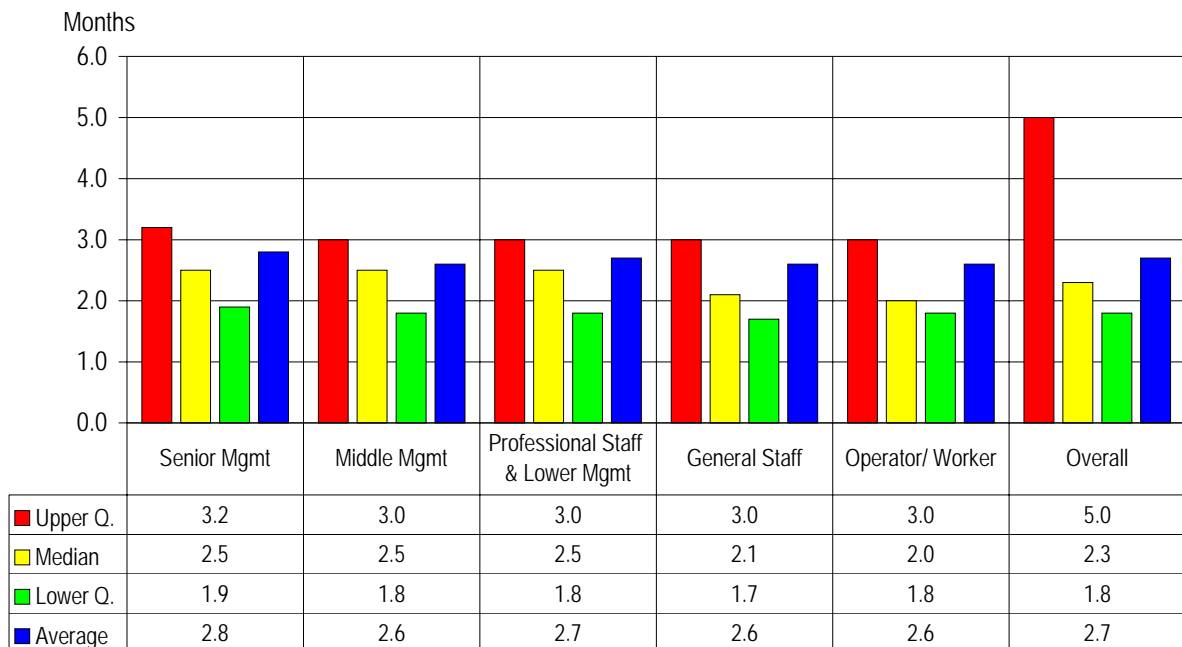


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 19, is an analysis of the base salary increase for all companies located in Bangkok by seniority level. The overall median for all levels is 6.2%.

Fig 20

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



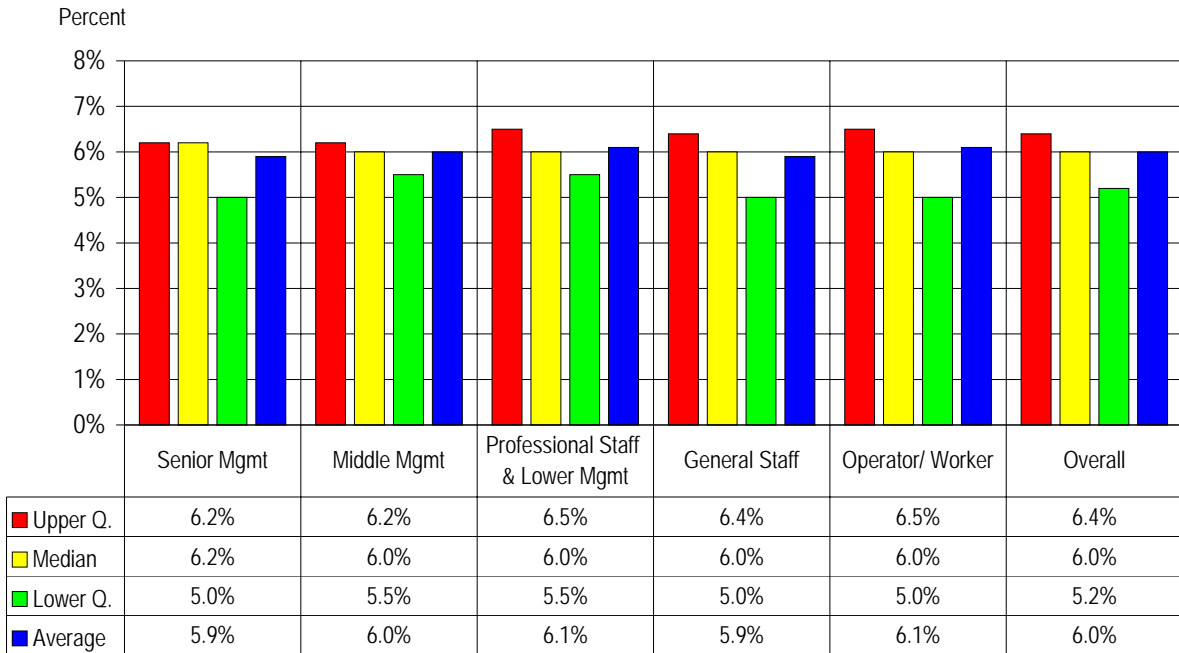
Source: MERC February 2005 Questionnaire to Survey Participants

Fig 20, above is the actual variable bonus paid in for Bangkok companies in 2004 for personnel by levels of seniority.

Fig 21

**Base Salary Increment by Up-country Companies Actual – 2005**

Percentage of Salary Increment – Average, Quartiles and Median



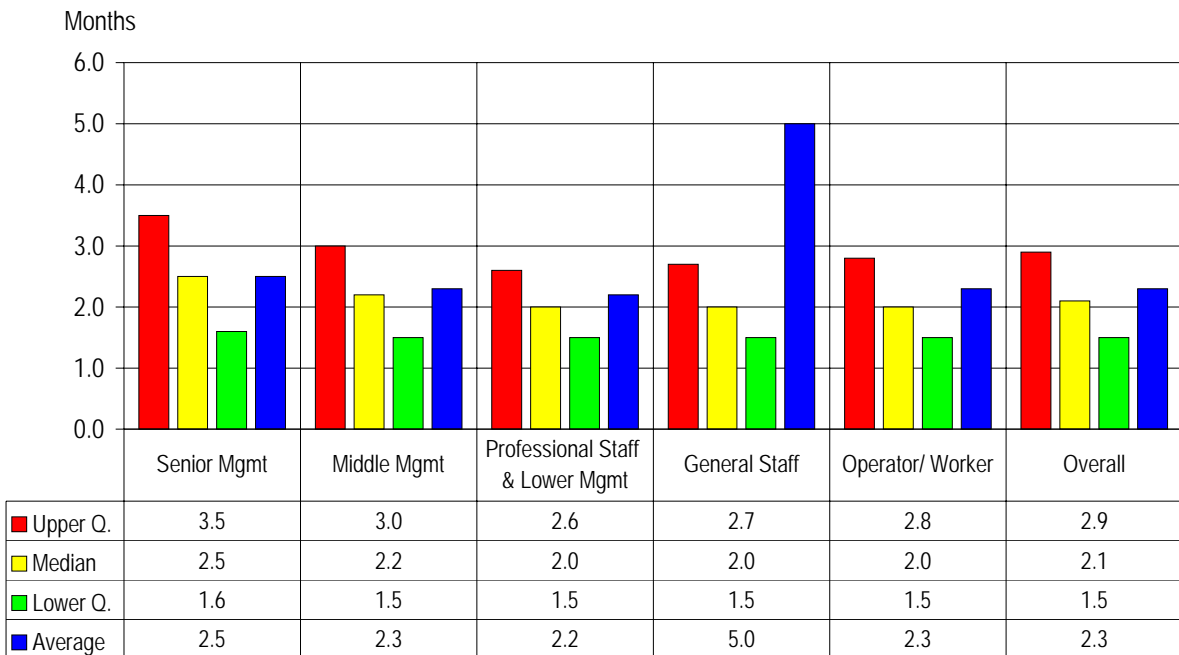
Source: MERC February 2005 Questionnaire to Survey Participants

Fig 21, is an analysis of the base salary increase for all up-country companies by levels of seniority. The overall median for all levels is 6.0%.

Fig 22

**Variable Bonus Paid 2004 Actual – Up-country Companies**

Months by Levels of Seniority – Average, Quartiles and Median

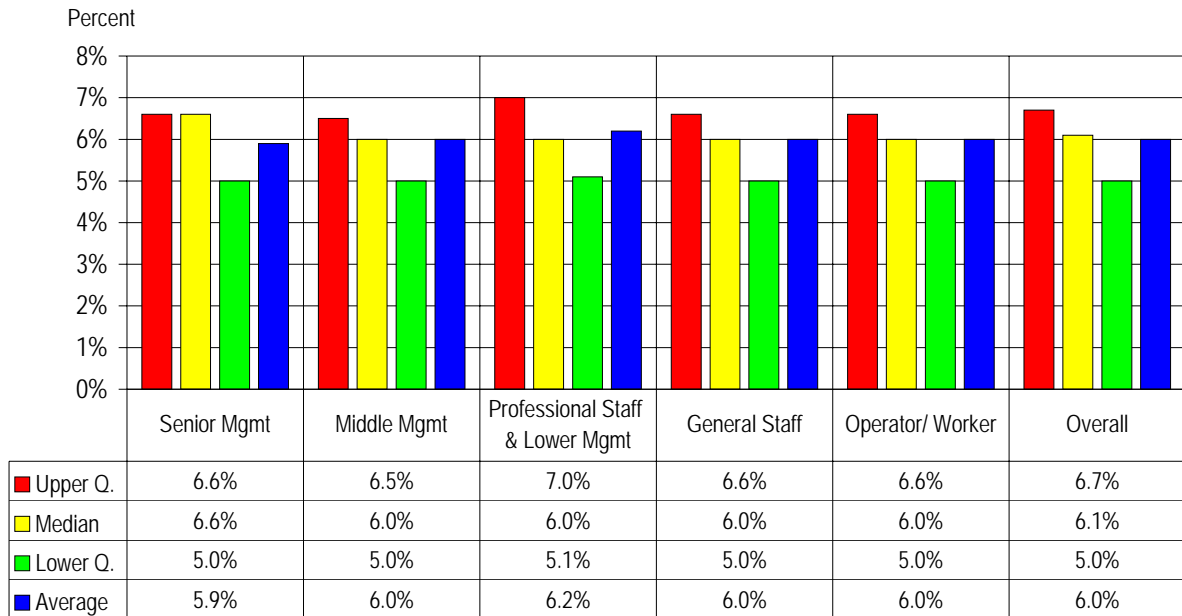


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 22, is the actual variable bonus of 2004 for up-country companies for personnel by levels of seniority.

Fig 23

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

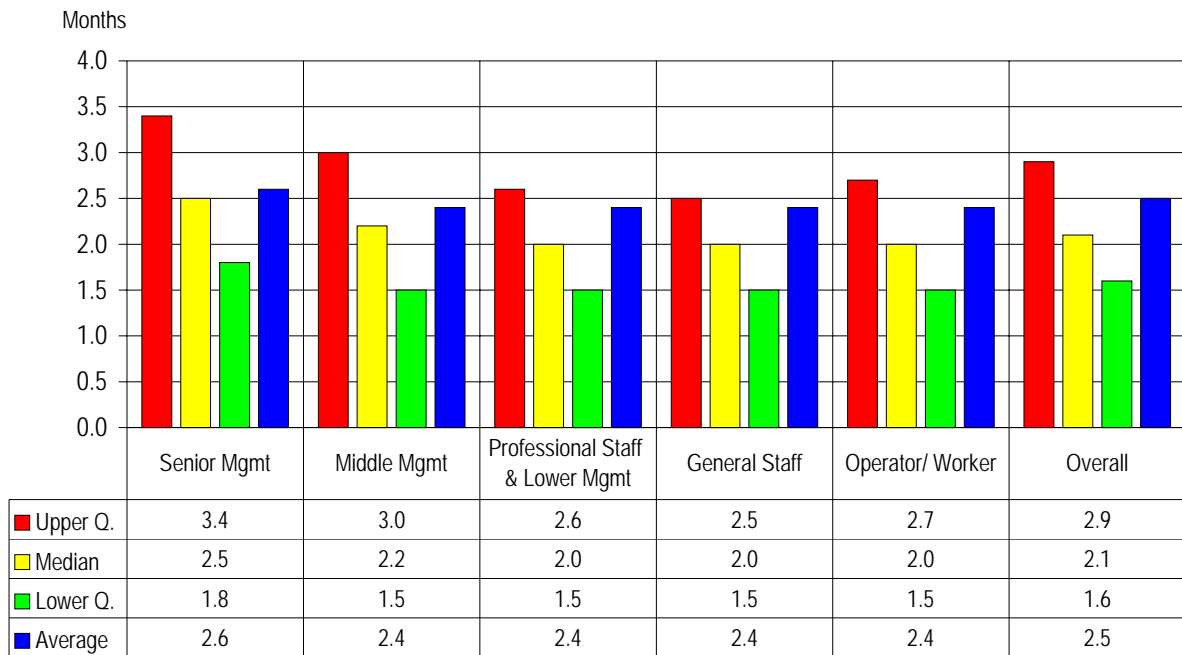


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 23, is an analysis of the base salary increase for all Manufacturing companies by seniority levels. The overall median for all levels is 6.1%.

Fig 24

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

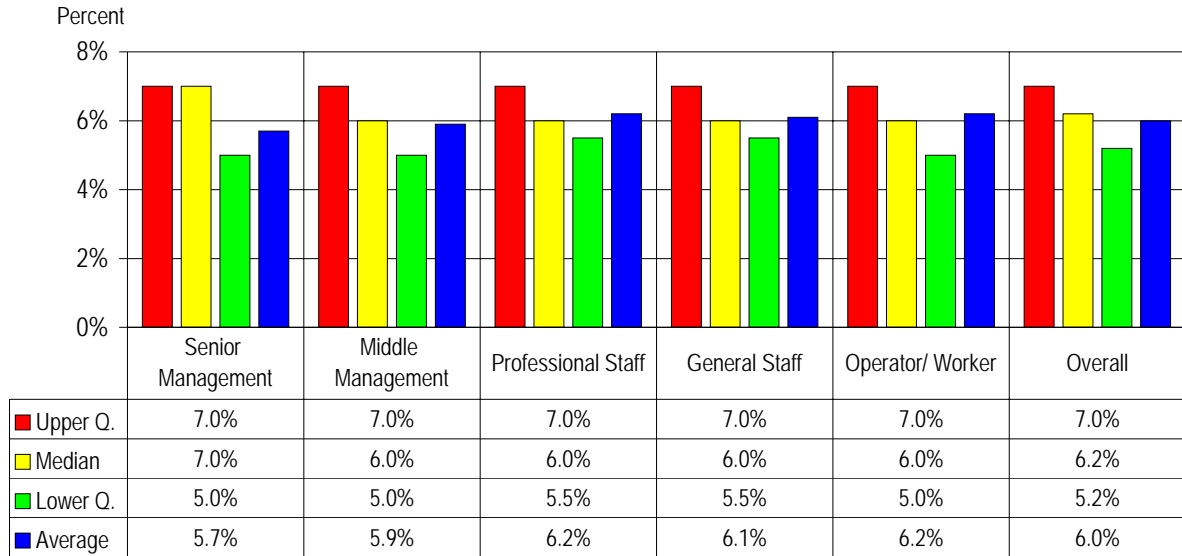


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 24, above is the actual variable bonus paid in 2004 for Manufacturing companies for personnel by levels of seniority.

Fig 25

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

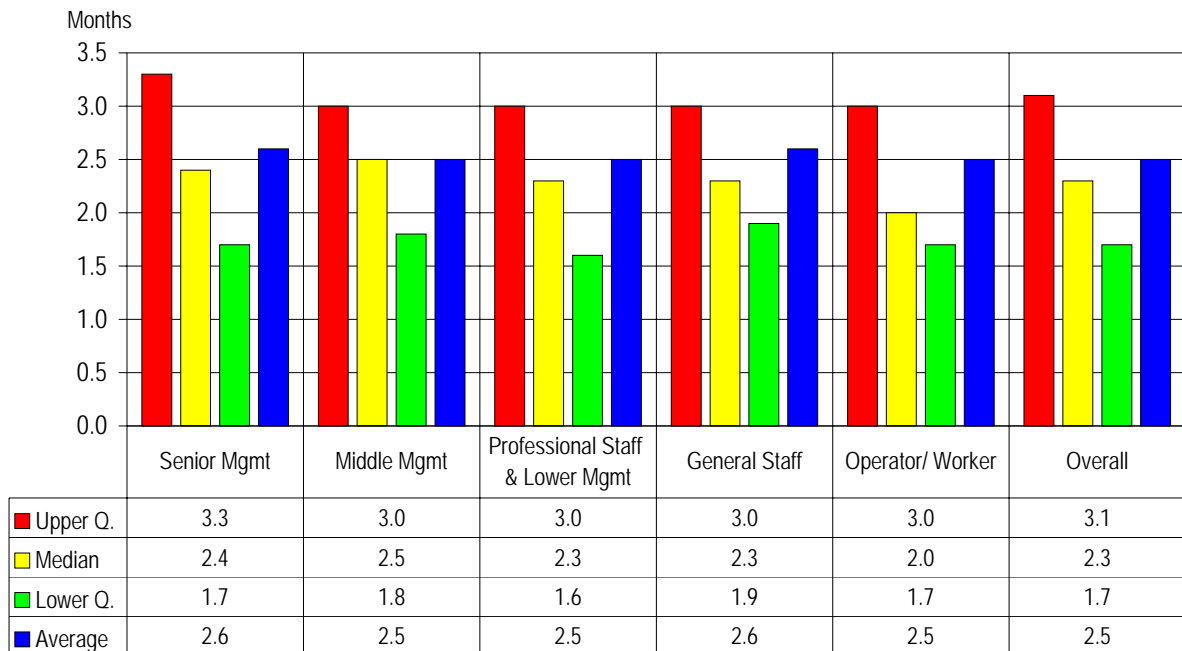


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 25, is an analysis of the base salary increase for all Non-manufacturing companies by seniority level. The overall median for all levels is 6.2%.

Fig 26

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

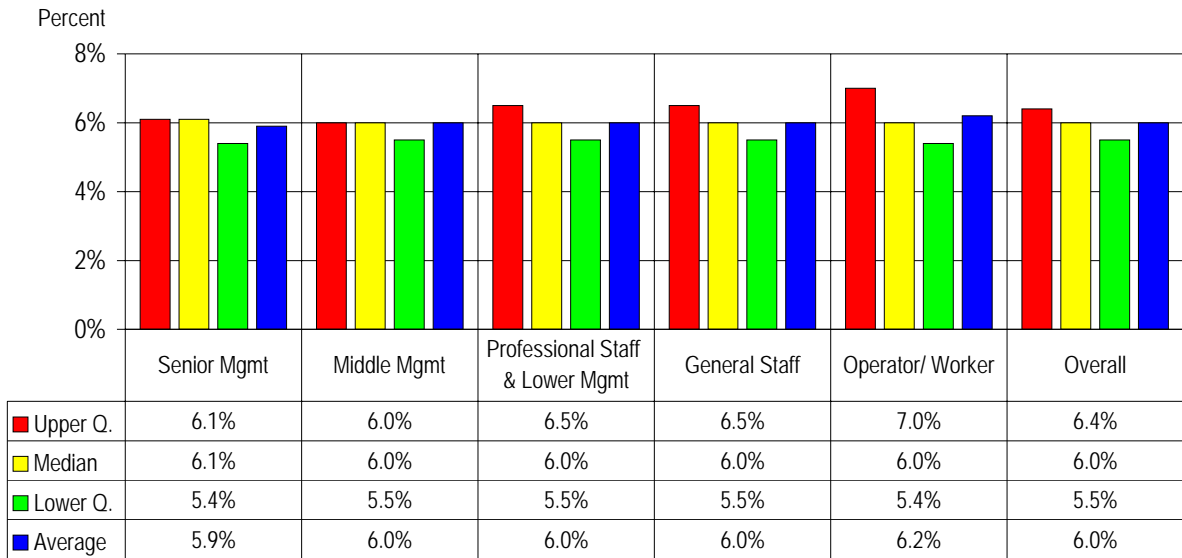


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 26, above is the actual variable bonus paid in 2004 by Non-manufacturing companies for personnel by levels of seniority.

Fig 27

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

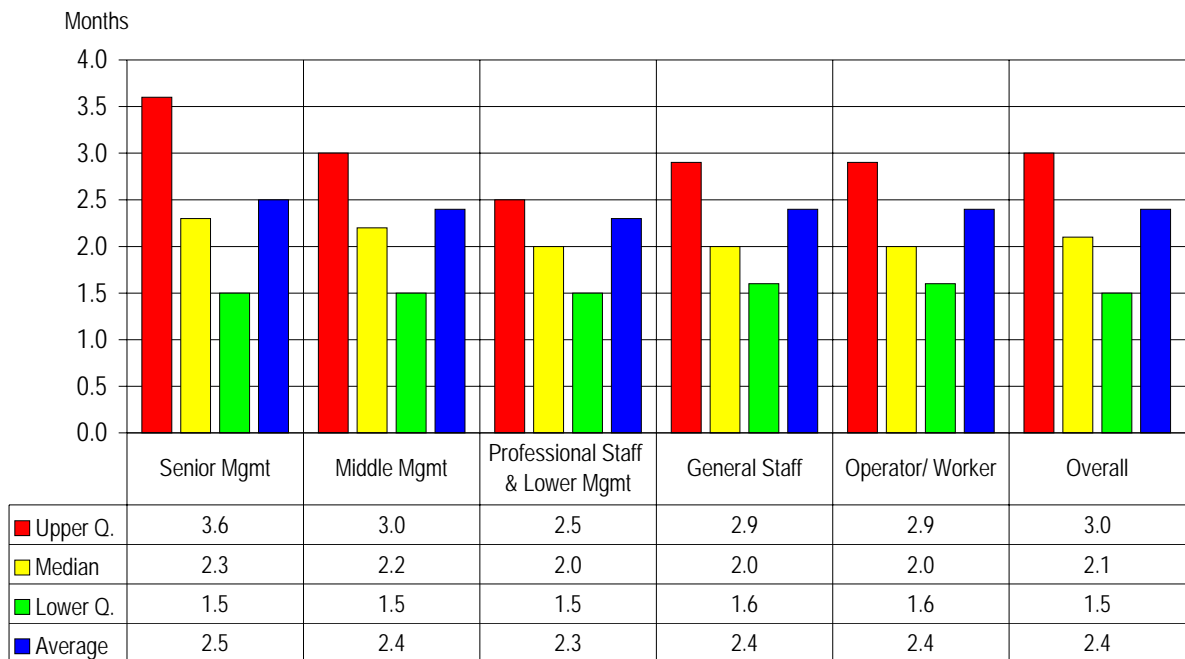


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 27, is an analysis of the base salary increase for Eastern Seaboard by seniority level. The actual median for all levels is 6.0%.

Fig 28

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

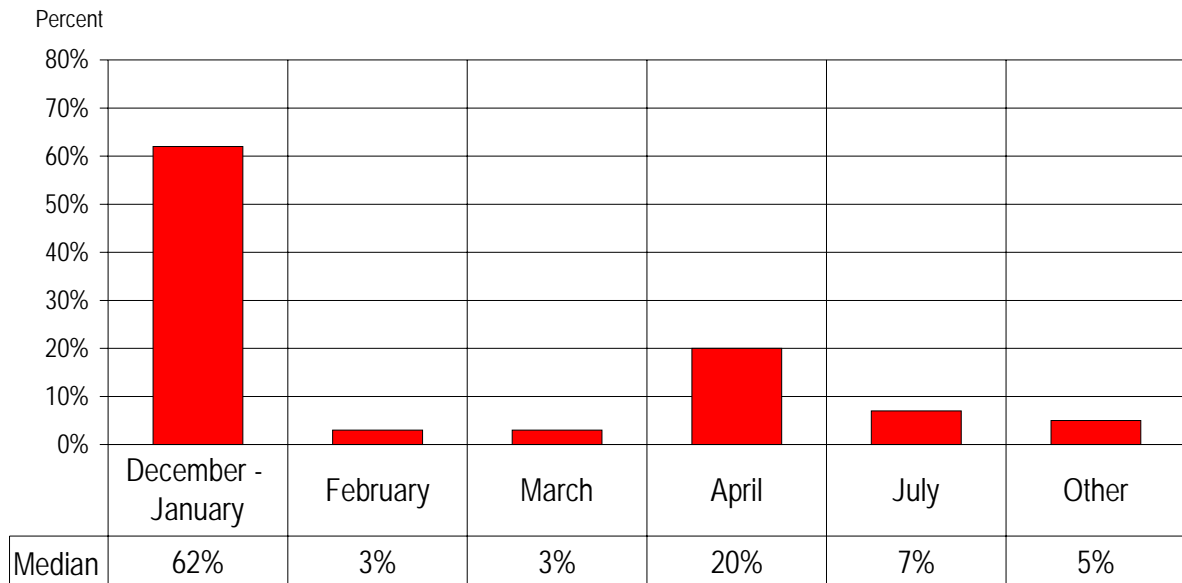


Source: MERC February 2005 Questionnaire to Survey Participants

Fig 28, above is the actual variable bonus paid in 2004 for Eastern Seaboard for personnel by levels of seniority.

Fig 29

### Annual Salary Review Date



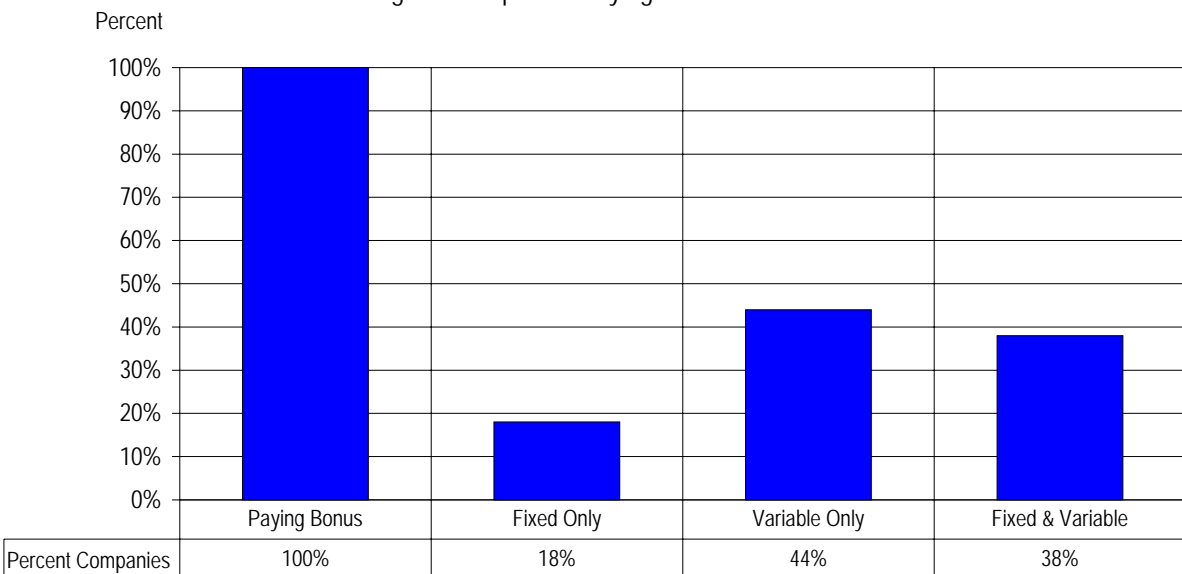
Source: MERC February 2005 Questionnaire to Survey Participants.

Fig 29, shows 62% of the participating companies have their annual salary review at the end of the calendar year (December), effective January of the following year. The major alternative during the year is April with 20%.

Fig 30

### Fixed Vs .Variable Bonus Actual 2004 – All Companies

Percentage of Companies Paying Fixed/ Variable Bonus



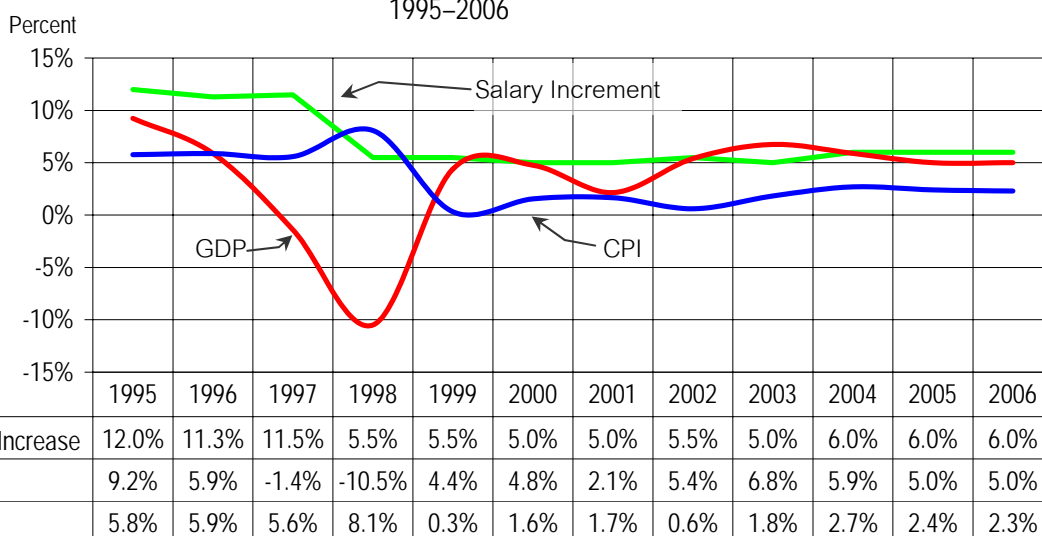
Source: MERC February 2005 Questionnaire to Survey Participants

Fig 30, above shows 100% of all companies paid bonus in 2004. It is clear that the trend is towards variable bonus. Some companies have negotiated part of the fixed bonus to be variable. Therefore the number of companies paying fixed bonus only have reduced and companies paying fixed and variable have increased.

Fig 31

### Base Salary Increment (Median) vs. GDP vs. CPI

1995-2006



Source: MERC Thailand Compensation Survey 1995-2004 and forecast 2005-2006

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 6.8% 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 around 5%.

Prime Minister Thaksin Shinawatra 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.