



UPDATE YOUR SALARY STRUCTURE FOR 2008

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The beginning of the year is a time to look at updating your salary structure in order to maintain market competitiveness. Have you updated your structure yet for 2008?

There are yearly fluctuations in the labor market to take into consideration as you make changes to your structure, and multiple factors involved in budgeting for 2008 salaries and salary adjustments. Salary budgets, salary structure increases, and merit increases all need to be reviewed. According to WorldatWork, the national average salary budget increase for 2007 was 3.90%, while salary structures moved 2.55%. Overall, WorldatWork predicts a 3.88% increase in salary budgets for 2008 and a 2.70% increase in salary structures. WorldatWork is also projecting a 3.98% salary budget increase for the San Francisco Metropolitan Area in 2008.

In California, companies with up to 300 employees are projected to have a 4% increase in their merit-based pay, according to a budget survey conducted by The Employers Group. The Employers Group is forecasting an average structure adjustment of 3.14% for companies in California with up to 100 employees, and a slightly higher but statistically significant 3.22% increase for companies with 101 - 300 employees.

Following are the basic statistics outlining the predicted movements for these factors in 2008, specific to the Greater San Francisco Bay Area. These are all general statistics. For more detailed findings for a specific industry, job level, company size, or wider geographic scope, please contact Abby Orellana at aorellana@companalysis.com.

| Predicted 2008 Average Labor Market Inflation - San Francisco Greater Bay Area | | |
|---|-------------------------|------------------------|
| Salary Budget | Salary Structure | Merit Increases |
| 3.50% – 3.98% | 2.68% - 3.50% | 3.67% - 4.50% |