



2010 US Market Pulse

April 2010



The compensation data in this report is effective as of March 1, 2010. The analyses in this report are based on preliminary data in the US Mercer Benchmark Database (MBD) as of April 12th, 2010 and may differ from the data that will be reported when the final US MBD is released in late summer.

Welcome to Mercer's first edition of the 2010 Market Pulse report. It is designed to provide you with early indicators of market movement within the 2010 US Mercer Benchmark Database. The analyses are based on preliminary data from 288 organizations, across a wide range of industries. These organizations participated in both the 2009 and 2010 surveys, allowing a close comparison of trends emerging in the year-over-year data.

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Executive Summary

- Base salary changes across all jobs are significantly lower than in prior years, with the median change in base salary at 1.6%. These figures, which are lower than they have been in prior years, likely reflect many different compensation actions taken by organizations in the past year. For example, jobs examined in this early “market pulse” are exhibiting overall base salary changes ranging from a decline of 0.9% to increases of 3.9%. This reflects a combination of actions from salary roll-backs and freezes to modest salary increases in some industries and/or job families.
- Mercer’s *2009/2010 US Compensation Planning Survey Update* was conducted in November 2009 and median base pay increases for 2010 were projected to be 2.6% (including salary freezes). The preliminary data used in this Market Pulse report suggests organizations were even more conservative than they expected to be in November 2009.
- Overall, median annual total cash compensation changes stand at 1.5%, ranging from declines of 2.3% to increases of 5.4%.

Changes by Employee Level

The table below illustrates compensation changes by employee group (career stream). Base salary and total cash compensation changes are relatively conservative and consistent across all levels.

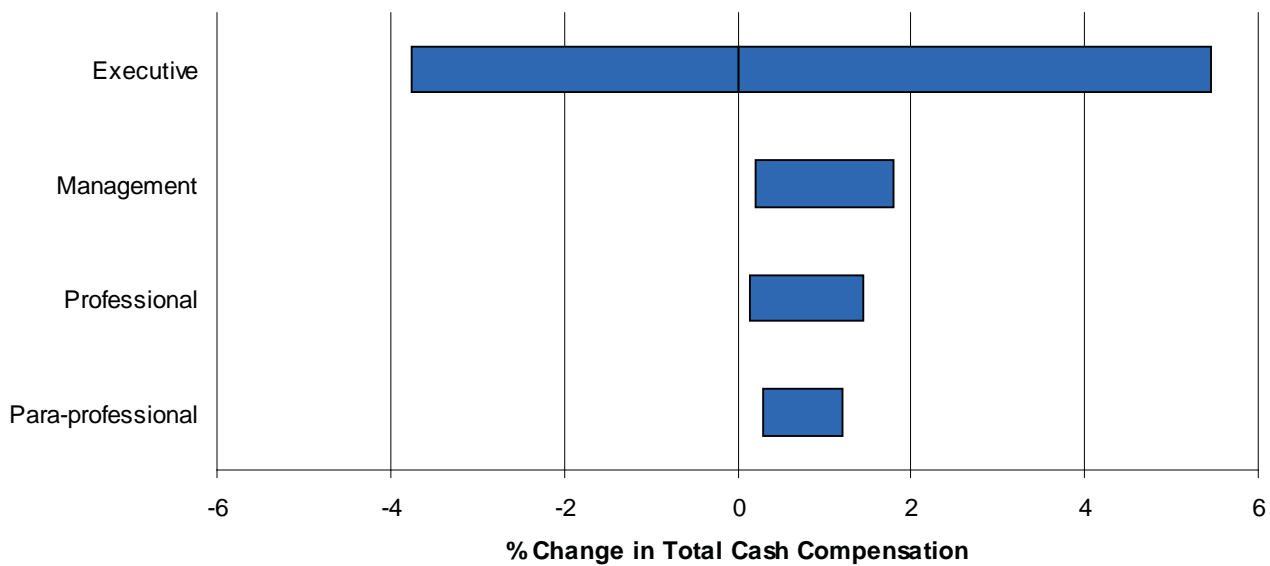
This early Market Pulse reveals a wide range of total cash changes for executives, from declines of up to 9% to increases of 13.9%. The Head of Organization roles (top executive role in a company e.g., CEO or Top Group Executive) experienced a median decrease of 6.7% in total cash compensation compared to 2009 and a 0% change in base salary. This could be indicative of a combination of lower payouts from incentive plans that are highly leveraged based on financial metrics, as well as a high prevalence of freezing top executive base pay driven by the recession in 2009.

The changes in base salary and total cash compensation for management roles are slightly higher than other career streams. Early indicators show that changes for both base salary and total cash compensation at the management level fall just shy of 2%. If you look behind the numbers reflected in the chart below, we are beginning to see that senior manager roles have thus far, experienced a total cash increase of 2.3%

Career Stream	Number of Organizations	Number of Incumbents	Median Base Salary % Change	Median Total Cash % Change
Overall	288	228,317	1.6	1.5
Executive	202	2,113	1.6	1.4
Management	275	22,195	1.7	1.8
Professional	285	91,869	1.4	1.5
Para-professional	264	112,140	1.5	1.3

Changes by Employee Level

The following graph shows the interquartile range (25th percentile and 75th percentile) by career stream for total cash compensation. The larger interquartile range for executives are likely reflective of several factors including the tighter link between rewards and performance that generally exist at more senior levels and variance in compensation practices across industries. Mercer will be analyzing the impact of these factors throughout the course of this year as more data becomes available.



Changes across Job Family

The median base salary and total cash changes are shown for employee groups across key business areas.

Overall, in terms of changes in compensation over last year, the Human Resources and Marketing functions exhibit slightly higher increases, while the Sales, Manufacturing and Top Management functions lag. Staffing levels for Sales and Top Management roles remain consistent since 2009.

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Changes across Job Family

It is likely that high scrutiny of executive compensation by governments, shareholders and the public have resulted in smaller increases for the Top Management function. The decrease in total cash compensation for the Sales function is not unexpected and is likely reflective of lower sales commissions and bonuses, as the demand for products and services declined. The Manufacturing roles experienced considerable staffing reductions in 2009, and the base salary change of 0.6% is more likely a reflection of attrition (e.g. where lower paid employees suffered higher job loss than higher paid employees) rather than actual pay increases.

Function	Number of Organizations	Number of Incumbents	Median Base Salary % Change	Median Total Cash % Change
Human Resources	248	8,106	2.1	2.6
Marketing	146	2,020	1.6	2.1
Administration	221	46,727	1.6	1.5
Finance	257	18,396	1.6	1.5
Information Technology	259	33,826	1.5	1.6
Supply & Logistics	166	28,583	1.5	.9
Engineering	107	5,205	1.4	1.0
Top Management	92	254	.6	.7
Manufacturing	61	7,175	.6	.3
Sales	85	9,758	.1	-1.0

We hope you have found our Market Pulse report helpful. Look for your next US Market Pulse report in May. The results of the US Mercer Benchmark Database will be available in late summer. For questions or feedback on this Market Pulse, please write to us at surveys@mercer.com. To learn more about Mercer products and services, please visit www.imercer.com.



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