Results of 2004 Spring Labor-Management Negotiations

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Nippon Keidanren
(Japan Business Federation)

The wage increase agreed on at this year’s negotiations averaged ¥5,378 per month (weighted average), up 1.64 percent from the previous year’s wage levels. The average amounts of the wage settlements of large enterprises remained mostly unchanged in comparison with last year’s numbers. This spring’s labor-management negotiations can be characterized by the following five attributes:

1. More companies adopted wage-setting systems based on their own ability to pay labor costs, abandoning the “follow-the-crowd” practice of setting wages in tune with those of similar firms. The rate of wage increases changed little over last year’s figures, which were the lowest ever.

2. The practice of reflecting the corporate performance in bonuses, and not annual wage increases is being well-established. In addition, a larger number of companies have introduced performance-based formula for setting bonus amounts.

3. Many unions decided not to demand a base wage increase, and the employers offered annual wage increments and maintained the wage curve in these companies.

4. The move to revamp wage-setting systems by shifting emphasis from seniority to performance is becoming remarkable.

5. Management and labor held the wide-ranging discussions not only concerning wage or bonuses but also employment, working hours, and welfare, particularly assistance for work-life balance. Some companies reached an agreement on these issues, which shows a
change in the nature of spring labor management negotiations toward comprehensive working conditions negotiations.

### Results of 2004 spring wage raise negotiations

<table>
<thead>
<tr>
<th>Industry</th>
<th>2004</th>
<th>2003</th>
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<tbody>
<tr>
<td>Number of companies</td>
<td></td>
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<tr>
<td>Amount of wage increase (yen)</td>
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<td>Rate of increase (%)</td>
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Note: (1) The survey covered 288 major companies in 22 industries, but 96 companies without average figures were excluded from the aggregate calculation.

(2) The wage raise figures include both base salary increases and annual increments.