



HardCore recognizes that loyal employees are its most important asset. This personalized compensation and benefit statement reflects our commitment to you and your dependents.

We hope that you remain part of our family for many years.

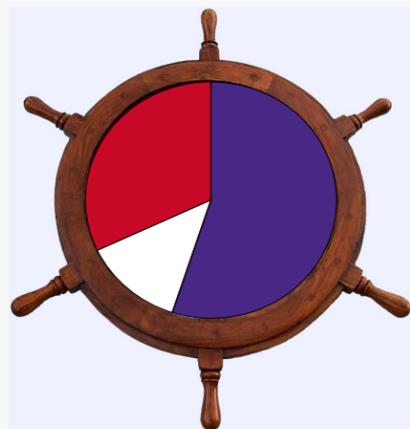
*Sincerely,
Henry Hemma
President*

Prepared for: Iam Employee

2008 Gross Wage Excluding Overtime \$47,781.23	* Projected Year 2009
Includes Christmas bonus of \$3,536.00 , and any vacation or sick leave bonus you may have received.	BASE WAGE \$45,968.00
	Christmas Bonus: \$3,536.00
	Sick leave Bonus: \$530.40
	Vacation Bonus: \$300.00
	* Projected With Bonus \$50,334.40
	* Projected does <u>not</u> mean guaranteed.

**Total Benefits are
83% of
Pay for Time Worked
or
45% of Total
Compensation**

Pay for Time Worked: Pay for Time Worked is Annualized Wage minus Vacation Days & Holidays.	\$40,664
Taxable Benefits: Taxable Benefits include Holidays, Projected Bonuses, & Vacation Days.	\$9,670
Non-Taxable Benefits: Non-Taxable Benefits include Projected Year 2008 Life, Health, Disability, Social Security, & Retirement (2008) Contributions.	\$24,083
Total Projected Compensation:	\$74,417



Health & Dental Care Plans

Medical Benefits for You and Your Family
HardCore maintains **its own** medical benefits plan. Depending on your participation in the Wellness program, employee premiums range from \$20 to \$75 per month. Family coverage is only \$120 per month. Most other companies require their employees to pay a much higher amount. This is your medical plan; especially designed and maintained for you. You can reduce your out-of-pocket costs by using designated in-network providers, and further reduce your out-of-pocket costs by taking advantage of the flexible spending account (see right). Using generic drugs instead of brand names can also reduce your costs.

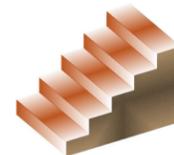
You are currently enrolled in the Hardcore Group Family Medical Plan.

Dental Benefits for You and Your Family
Dental benefits are provided without charge to employees and for only \$5 per month for dependents after you have one year of service. Teeth cleaning is covered at 100%. Other procedures are covered at 80% or 50% of usual and customary after a \$50 per person deductible to a maximum of \$1,000 per year per covered person. See your Plan Description for details.

You are currently enrolled in the Hardcore Group Family Dental Plan.

Company Contribution
\$11,100

Step 5 WHEN SHOULD YOU RETIRE (enough gas for Age 65?)



AGE 65 BASIC INFORMATION

Years to
Age 65
26.98

Social Security
Income
\$17,136

Retirement Account Type	Balance	Contribution	Value at Age 65 <small>Note that Social Security cannot be paid in a lump sum!</small>	% of your Total Need it will replace at age 65
Your 12/31/08 401k Balance	\$2,334		\$14,484	1.58%
Your 12/31/08 ESOP Balance	\$139,117		\$518,868	56.50%
Your 2008 401k contribution		\$3,444	\$205,092	22.33%
The 2008 401k Match		\$1,722	\$102,546	11.17%
Projected ESOP Contribution		\$2,298	\$117,315	12.77%
Actual ESOP Contribution	\$6,459			
Total Actual Contribution	\$11,625			
* Total "Projected" Contribution		\$7,465		
Age 65 Total Future Value			\$958,305	104.35%
Social Security Value			\$342,342	37.28%
Total Available			\$1,300,647	141.63%
Total Need			\$918,346	100%

* We have been conservative in our assumption. Note that the projected ESOP contribution is much less than the actual contribution.

This means that you should be able to retire at 141.63% of your current wage (\$65,104) per year.



Paid Time Off & Special Programs

You will be eligible for the following Paid Time Off during 2009:

10	paid holidays
20	vacation days per year.

Company Contribution
\$1,768
\$3,536

Special Programs

You may accrue **12** sick days. The figure to the right assumes that you will not use any sick days and receive a Sick Pay Bonus instead.

You are projected to receive a Christmas Bonus of **\$3,536** plus a Vacation Bonus of **\$300**.

Company Contribution
\$530
\$3,836

- | | |
|--|---|
| <p>more...
Education Assistance Program
Acquire new job related skills and be reimbursed for the cost of tuition, and activity fees, at State University rates. Up to \$500 per quarter, or \$750 per semester for dependent children to attend a college or university. Must maintain 15 or more quarter hours (12 or more semester hours), and a GPA of 2.0 or better.</p> | <p>and more...
• Employee Assistance Program
• Credit Union
• Wedding Gifts (first marriages)
• Service Awards
• Funeral Leave
• Discount Gas & Lube Oil
• Annual Company party
• Paycheck Direct Deposit
• Anniversary Gifts
• Business Casual Dress
• YMCA subsidy</p> |
|--|---|

An on-site medical clinic is available to provide free medical care to employees and spouses.



Financial Earthquakes

*When the Financial earth shifts and shakes.
And you're airborne.*

You have planned. You have saved, used the 401(k), been frugal, done things right. You made a budget - and stuck to it. You paid attention to your investments, your long term goals and now you are in mid-air, ready to start the next phase of your life.

Oops. Didn't see that coming.

Retirement is a puzzle and the pieces **DO move** before and after you make the leap. You can plan down to the nickel but no matter how careful you are, it can all change - and in a hurry.

There are four basic pieces that you need to keep your eyes on. *Under reasonable conditions, you would hope that they would 'average out'.* But *conditions aren't always reasonable* and your hopes can become irrelevant.

Be prudent and run a worst case, doom & gloom scenario. *Your options dwindle once you've made the leap.*

Financial Shock #1: Investments mid 2009 to present

The financial earth moved. Wasn't your fault and you certainly had no control over the event, but within the span of a few months, your investments were significantly eroded. The financial landscape shifted and your projected retirement was, shall we say ... less.

If this is the only shock - then you may need to accept less than you had hoped for, but you'd be able to get by if you were careful throughout retirement.

Financial Shock #2: Social Security, Medicare dwindling in recession

By
STEPHEN OHLEMACHER
AP - 5/12/2009

WASHINGTON (AP) — Social Security and Medicare are fading even faster under the weight of the recession, heading for insolvency years sooner than previously expected, the government warned Tuesday.

Medicare already is paying out more money than it receives, something that happened for the first time last year. And Social Security will be by 2016, a year sooner than had been projected, the trustees' annual report said.

Unless changes in Social Security are enacted, the retirement fund will be depleted in 2037, four years sooner than projected last year. The Medicare trust fund is in even worse shape. It is projected to become insolvent in 2017, two years earlier than expected.

More immediately, the **trustees do not expect Social Security recipients to get cost-of-living increases in 2010 or 2011, something that hasn't happened since automatic adjustments were adopted in 1975.** The Social Security Administration will set next year's cost-of-living adjustment in October, based on inflation over the previous year.

This is a problem that has been successfully ignored for decades. Not anymore.

- Decreased payouts?
- End of COLA?
- Later start date?

Financial Shock #3: Inflation

Higher interest rates and inflation go hand in hand. Plan on being squeezed.

The U.S. debt, now at \$11.27 trillion, will swell more rapidly if the Obama administration's projections prove accurate. Higher government debt can lead to higher borrowing costs for consumers -- from mortgages on houses to credit card costs. **Much of the U.S. debt is now being financed by China, Japan and other foreign countries and interest costs on the debt are costing U.S. taxpayers hundreds of billions of dollars a year.**

Financial Shock #4: Increased Taxes

All that debt will need to be paid off.

Back in mid 2001 (just before 9/11), **Tax Freedom Day** was about April the 28th. That's how long (on average) we had to "work for the government". Now, Tax Freedom Day will be April the 13th. Sound good? Sure it does, until you dig into the numbers. Here's how it looks if we include the mind-numbing Federal Budget Deficit:

**mid 2001 (Tax Freedom + Federal Budget Deficit) = April the 28th
now (Tax Freedom + Federal Budget Deficit) = May the 28th**

Politicians *might not* say the word taxes. *Probably say 'initiative', instead.*
Sounds better.

Whoa...an entire extra month? Yup, in fact **this year alone we added about 21 extra days.** We haven't seen the tax increases yet, because the Government is using its version of a Credit Card (borrowing money), but it's coming. **Keep your wallet handy. A very big hand will need to get at it for many years.**



Look before you Leap

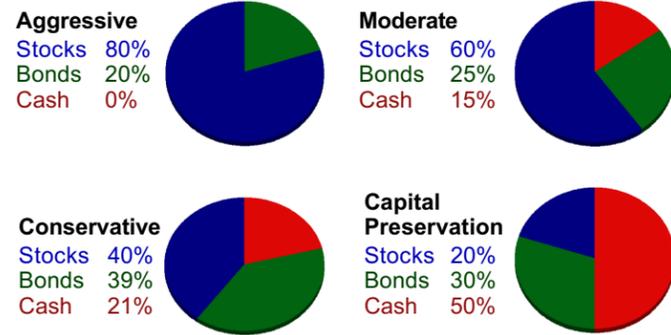
**Your Personal Employee
Benefit Statement
Prepared for: lam Employee**

Your Investment Horizon is Very Long (continued)

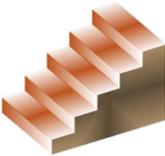
Coming Soon, New Fund Options

Fund Name	5 year fund returns (as of 3/31/2009)
SEI Stable Asset Fund	3.96%
Federated Total Return Govt InSvc	5.04%
Dodge & Cox Income Fund	2.72%
Vanguard Wellington Fund Admin.	1.00%
Eaton Vance Large Cap Value A	-1.58%
Vanguard 500 Index Signal	-4.82%
Fidelity Advisor New Insights Fund	0.87%
T. Rowe Price Mid Cap Value	-1.89%
Hartford Mid Cap A	0.31%
Neuberger Berman Genesis Ad.	0.40%
Thomburg International Value	2.23%

SAMPLE MODEL PORTFOLIOS



Step 5 WHEN SHOULD YOU RETIRE (enough gas for Age 62?)



The figures below assume that:
 Your current 401k balance and future deposits to the 401k earn 7%,
 Your ESOP and future deposits to the ESOP earn 5%.
 All projections assume that you will live to be age 90. Medical advances could make this age the norm and it's better to have too much money than fall short (just when you are getting your 2nd wind!).
 We also assumed that you will continue to contribute at your current rate of 6%, that the Company will match at 50% of the first 6% and that the Company will make a deposit to the ESOP of 5% of your current base wage each year.

How much cash would you need to retire at age 62 at your current wage if there wasn't any Social Security? If we know this hypothetical number, then we will be able to calculate how much each "piece" is worth and what % of your future retirement will be provided by each "piece".

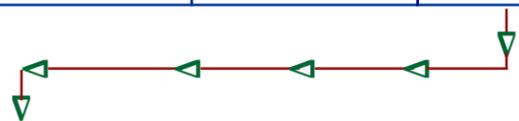
You would need **\$1,001,998** to retire at "full wage" at age 62! See your breakdown for and the % of your current income that could be provided in the table below.

AGE 62 BASIC INFORMATION

Years to Age 62: **23.98**
 Social Security Income: **\$13,836**

Retirement Account Type	Balance	Contribution	Value at Age 62 <small>Note that Social Security cannot be paid in a lump sum!</small>	% of your Total Need it will replace at age 62
Your 12/31/08 401k Balance	\$2,334		\$11,824	1.18%
Your 12/31/08 ESOP Balance	\$139,117		\$448,218	44.73%
Your 2008 401k contribution		\$3,444	\$160,178	15.99%
The 2008 401k Match		\$1,722	\$80,089	7.99%
Projected ESOP Contribution		\$2,298	\$95,082	9.49%
Actual ESOP Contribution	\$6,459			
Total Actual Contribution	\$11,625			
* Total "Projected" Contribution		\$7,465		
Age 62 Total Future Value			\$795,391	79.38%
Social Security Value			\$301,593	30.10%
Total Available			\$1,096,984	109.48%
Total Need			\$1,001,998	100%

* We have been conservative in our assumption. Note that the projected ESOP contribution is much less than the actual contribution.



This means that you should be able to retire at 109.48% of your current wage (\$50,326) per year.



Flexible Spending Account (FSA)

Paying your medical premiums, unreimbursed medical and dental expenses, and dependent child care expenses with pre-tax dollars reduces your income, which in turn reduces your taxes.

Did you know that the "rules have changed"? Over-the-counter medications are now reimbursable!

Over-the-counter medicines and drugs must meet the definition of "medical care" which includes amounts paid for the diagnosis, cure, *mitigation*, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body. For example; antacids, allergy medicine, pain relievers, cold medicine without a physician's prescription could be considered expenditures for medical care. You might say that using the Flexible Spending Account can help you *mitigate* your taxes!

Last year you saved about \$525 in income taxes by paying your dependent medical premium with pre-tax dollars. You probably could have saved even more by using the FSA to pay for your deductibles, coinsurance, prescription drug copays, vision needs and over-the-counter medicines and drugs. Think now about enrolling for this feature at end-of-year enrollment.



Sick or Accident Leave & Long Term Disability

HardCore has designed a plan for short term illness or injury that pays you while you are sick. With this plan you accumulate one day per month of employment, up to 12 days per year. You may:

- "Save" some, or all of these sick/accident days from year to year to a maximum of 130 working days of base earnings (26 weeks).
- If you are sick, use these sick days each year and receive your normal base rate of \$177 per day.
- Receive a Sick Leave Bonus of 2 hours for each unused sick day. If you do not use any days, the bonus could be as much as **\$530** for Year 2009.

The Long Term Disability insurance covers a disability that lasts for more than six months. Subject to Plan rules, this plan could pay benefits of as much as 60% of your gross salary for as long as the total disability exists up to age 65. Your calculated monthly benefit could be as much as **\$3,063**. This plan is offset by benefits you receive from Social Security or Workers' Compensation.

Company Contribution

\$545

Not including Sick leave bonus.



Life Insurance

HardCore provides Life insurance and Accidental Death & Dismemberment Insurance of approximately 2X your annual base wage. In the event of your death, your beneficiary will be entitled to receive **\$92,000**. If your death is the result of an accident, your beneficiary may be entitled to receive an additional amount of **\$92,000**.

If you are injured and that injury results in the loss of speech, hearing, sight, limb or other you would also be eligible to receive a benefit, depending upon the specific loss.

Company Contribution

\$406



Social Security and Medicare

HardCore as your employer contributes an amount equal to your own Social Security contribution. Monthly Social Security benefits may go to you and/or your dependent when you retire, become severely disabled, or in the event of death. A projection of your annual retirement benefit is included in the Planning for Retirement section of this document.

Company Contribution

\$3,851