


DIAMOND ❖ ENGINEERING
2112 State Street
Santa Barbara, CA 93101



Valued Employee Sample
Employee Address
New York, NY 10016

Your
Total
Compensation
Statement

2008

Dear Valued Employee:

We are pleased to provide you with this personal statement, which highlights your projected total compensation from Diamond Engineering for 2008. This statement was developed to show your total compensation package, including your base pay, your benefits coverage and the company's cost to provide this coverage for you.

Valued Employee, the Diamond Engineering total compensation plan includes your salary and incentives, and your benefits. In 2008, Diamond Engineering will pay approximately **\$9,809** towards your benefits as described in this statement. Your benefits package, although not as visible as your pay, significantly increases the value of your total compensation from Diamond Engineering.

We feel that the total compensation package provided by Diamond Engineering is an important way the company rewards you for your commitment, loyalty, hard work and dedication. The package is designed to not only help meet your needs today, but also to help you plan for the future.

Please review your benefits statement to learn more about your benefits. If you have any questions regarding this statement or your benefits, please contact Human Resources.

Sincerely,

Susan Diamond

Susan Diamond
President
CEO



❖ 2008 Total Compensation

Annual Base Salary	\$ 45,000.00
Commission*	\$ 12,500.00
Diamond Engineering Paid Benefits	\$ 9,809.01

Your 2008 Total Compensation

\$67,933.01

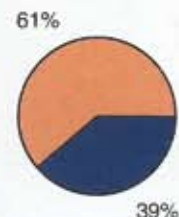
*Based on target goal

Total Benefits Cost



■ D.E.'s Benefits Cost
■ Your Benefits Cost
■ Salary & Commission

Total Compensation



❖ 2008 Benefits Package

Benefit	Your Share	D.E.'s Share
Bonus**	\$ 0.00	\$ 624.00
401(k) Company Match	\$ 0.00	\$ 1,350.00
Social Security & Medicare	\$ 4,167.26	\$ 4,167.26
Medical Plan	\$ 500.00	\$ 2,000.00
Dental Plan	\$ 500.00	\$ 800.00
Vision Plan	\$ 150.00	\$ 100.00
Short Term Disability	\$ 0.00	\$ 200.00
Long Term Disability	\$ 0.00	\$ 200.00
Supplemental LTD	\$ 100.00	\$ 0.00
State Disability	\$ 627.74	\$ 0.00
State Unemployment	\$ 0.00	\$ 435.75
Federal Unemployment	\$ 0.00	\$ 56.00
Workers' Compensation	\$ 0.00	\$ 0.00
Life and AD&D	\$ 0.00	\$ 500.00
Supplemental Life and AD&D	\$ 100.00	\$ 0.00
Dependent Life Insurance	\$ 100.00	\$ 0.00

Total Benefits Cost

\$6,245.00

\$9,809.01

**2007 Bonus paid in January, 2008



Your bridge to the future.

❖ Savings & Retirement Benefits

401(k) Plan

Through the 401(k) plan, you and Diamond Engineering work as partners to help build your financial security for retirement. When you participate, your savings grow in three ways:

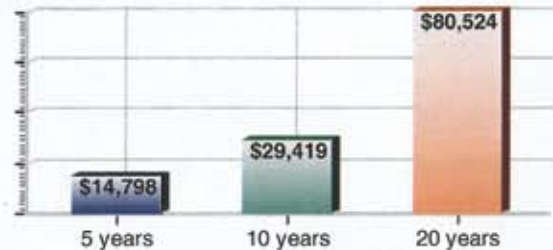
- Through your pre-tax contributions.
- Through company provided pre-tax match contributions.
- Through the investment growth of your total account.

As of December 31, 2007, your 401(k) account balance was **\$4,859.89**. You are **100%** vested in your contributions and **70%** vested in Diamond Engineering's contributions.

The maximum amount you can contribute to your account in 2008 is \$15,500 (IRS limit). If you are over the age of 50 you may make an additional catch-up contribution of up to \$5,000. You have elected to contribute **3%** of your direct pay, which totals an annual contribution of **\$1,350.00**. Diamond Engineering's estimated annual match in 2008 is **\$1,350.00**.

Future Value of Your 401(k) Account

The chart below shows the value of your account in the years ahead if you continue to contribute at your current rate.



Note: These are only estimated projections based on specific assumptions. Neither the assumptions nor the projections are guaranteed. These estimates are based on a 2% average annual increase in basic pay and average annual investment return of 5%.

Employee Stock Purchase Plan

Eligible employees may enroll in the Employee Stock Purchase Plan upon completion of 2 years of uninterrupted service as of January 1st of each year. This program allows you to contribute up to 10% of your salary (subject to the plan maximum) to obtain shares of stock at a discounted price. This price will be the lesser of the beginning of year price or the end of year price, minus 15%. Your history in the plan is as follows:

Distribution Period	Purchase Price	Value	Shares	Total Value	Total Price
12/01/06 - 07/13/07	\$7.3270	\$9.1100	170	\$1,548.70	\$1,245.59
06/01/06 - 11/30/06	\$7.2675	\$8.5500	171	\$1,462.05	\$1,242.74
12/01/05 - 05/31/06	\$13.0050	\$15.3000	96	\$1,468.80	\$1,248.48
06/01/05 - 11/30/05	\$11.4240	\$13.4400	109	\$1,464.96	\$1,245.22
11/15/04 - 05/14/05	\$9.2302	\$10.8590	135	\$1,465.97	\$1,246.08

Social Security/Medicare

Social Security is intended to replace approximately 20% to 40% of your final year's pay at retirement. Each year, you and Diamond Engineering share equally in the cost of Social Security taxes. The "FICA" entry on your 2008 payroll stubs includes Social Security taxes of 6.2% of the first \$102,000 of your total cash compensation, plus Medicare taxes of 1.45% of your total cash compensation.

Each year, the Social Security Administration sends a statement to workers age 25 and older, which summarizes the estimated benefits that you and your family may receive as a result of those earnings. The statement also gives you the opportunity to verify that your account has been properly credited each year. For more information, contact the Social Security Administration at 1-800-772-1213.



❖ Health Care Benefits

Diamond Engineering offers eligible employees comprehensive health care insurance. You have elected the following coverage for 2008:

❖ ❖ ❖	Plan Name	Coverage	Details
Medical	Blue Cross PPO	Family	\$500 annual deductible; \$2,500 annual out-of-pocket maximum; \$1,000,000 lifetime maximum
Dental	Delta DMO	Family	\$50 annual deductible; service coverage: preventive 100%, basic 80%, major 50%, orthodontics 50%
Vision	VBA Plan A	Family	Once every 12 months: \$5 vision exam co-pay; \$20 lenses co-pay. Once every 24 months: \$200 frames allowance

❖ Income Protection Benefits

Diamond Engineering offers eligible employees income protection benefits should you incur a non-occupational injury or illness. Short term disability (STD) payments will begin on the 8th day disability, and are paid for up to 13 weeks. In the event that your disability extends over 13 weeks, you may be eligible to receive long term disability (LTD) payments. Benefits are as follows:

Disability Benefits	Percent of Earnings	Benefit Amount
STD	75%	\$425.00 per week
LTD	90%	\$1,622.40 per month

You are also covered with state disability insurance, federal and state unemployment insurance and workers' compensation insurance. Contact your state's offices or Human Resources for more information.

❖ Survivor Benefits

Diamond Engineering offers eligible employees survivor benefits. Basic life insurance and AD&D insurance are provided at no cost to you. You also have the option to purchase additional coverage for yourself and your family. The table below displays your coverage amounts for 2008.

Provided Life Insurance	\$50,000
Supplemental Life Insurance	\$100,000
Spouse Life Insurance	\$10,000
Child Life Insurance	\$5,000
Provided AD&D Insurance	\$50,000
Supplemental AD&D Insurance	\$100,000

❖ Additional Benefits

Diamond Engineering offers eligible employees paid time off. In 2008, you are eligible to receive 10 paid holidays, totalling \$1,731.20 of your base salary; 6 paid sick days, totalling \$1,038.72; 10 paid vacation days, totalling \$1,731.20; and 2 paid personal days, totalling \$346.24. The total value of your paid time off is \$4,847.36.

Diamond Engineering also offers the following valuable benefits:

**Bereavement Leave • Company Picnic • Company Holiday Party • Credit Union • Direct Deposit
Educational Assistance • Employee Assistance Program (EAP) • Flexible Spending Accounts • Free Parking
Flu Shots • Gym Membership • Jury Duty • Military Leave • Physical Examination • Service Awards**

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