Patricia P. Watt

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April 17, 2005

Mr. W

Re: Marriage of R and L

Dear Mr. W:

I have reviewed the available information, and I have calculated the value of the community interest in the S, Inc. 401(k) plan account of Mr. L. This is an individual account plan whose present value is the current account balance. The date of plan participation was after the date of marriage. Contributions made during the marriage were community property. Contributions made after the date of separation are Mr.L's separate property. The earnings are both separate and community property and must be allocated.

Data Provided

The information regarding the development of the 401(k) plan was provided by S, Inc.. It consists of a series of lists of contributions, by calendar quarter, from second quarter 1997 to fourth quarter 2003. There were no account balances provided until January 1, 2004. I have also received a printout of a balance inquiry screen showing the plan totals as of January 5, 2005.

The quarterly statement for second quarter 2003 was missing. I have estimated the values for that missing period. I have noted those estimates on the attached schedule.

I have used the following information:

Date of Participation	January 1, 1997 (est.)
Date of Marriage	May 1, 1993
Date of Separation	December 15, 2001
Date of Termination	June 30, 2004 (est.)

The total of contributions to the plan, through 2003, from the employer, the employee, and the profit sharing plan was $124,037.42. The balance in the account on January 1, 2004 was $192,684.62. In order to determine the value of the community contributions relative to the separate property contributions, I have weighted each quarter's deposits by the number of days the funds were invested from the date of deposit[1] to December 31, 2003. In this way, smaller contributions on deposit for a longer period of time can be credited with a reasonable share of the earnings. Then using each period's weighted share of the contributions I have calculated the current value of each quarter's contributions as the weighted average for each quarter divided by the total of all weighted averages multiplied by the January 1, 2004 trust balance. The value of all contributions made prior to separation are community property, the rest are separate property.

[1] Since the deposits were reported quarterly, I have assumed that all quarterly deposits were actually contributions on the midpoint of the quarter. For example, all of the contributions in the second quarter of 2000 are assumed to be deposited, on average, on May 15, 2000.

From January 1, 2004 to July 2, 2004, I had a statement showing the beginning and ending balance, contributions and earnings for the period. The contributions for that interval were entirely Mr. L's separate property. The earnings for each period are allocated in proportion to the beginning balance plus one-half the contributions for the period.

The detailed calculations are attached. As of January 4, 2005 the community property in this account was $180,142.65 with one-half belonging to each spouse. The balance of this account, $43,389.18 is Mr. L's separate property.

As of 1/4/5, The Balance in the 401(k) Plan account was $223,531.83. Of this amount, $180,142.65 was Community Property, and $43,381.18 was Mr. L's separate property.

Please let me know if any of this is not clear. I look forward to hearing from you. Thank you for this opportunity to serve you.

Sincerely,

Patricia P. Watt
Fellow of the Society of Actuaries
Enrolled Actuary