What will plan do if the QDRO says "A/P is entitled to 50% of the account balance as of a Valuation Date of 6/30/06, adjusted for gains and losses until her separate account is constituted." The QDRO is entered in November of 2008 and the plan qualifies and then segregates her account as of the end of 2008.

METHOD ONE - PRIOR BALANCE METHOD

Q/E	Contribs	Earnings	Balance	% Growth	Participant (P)		Alternate Payee (A/P)	
					Balance	*%*	*Balance*	*%*
06/30/06			50,000		25,000.00	50%	25,000.00	50%
09/30/06	4,000	16,000	70,000	32.000%	37,000.00	52.857%	33,000.00	47.143%
12/31/06	4,500	15,500	90,000	22.143%	49,692.86	55.214%	40,307.14	44.786%
03/31/07	4,000	16,000	110,000	17.778%	62,527.14	56.843%	47,472.86	43.157%
06/30/07	6,000	-11,000	105,000	-10.000%	62,274.43	59.309%	42,725.57	40.691%
09/30/07	2,000	33,000	140,000	31.429%	83,846.39	59.890%	56,153.61	40.110%
12/31/07	4,000	26,000	170,000	18.571%	103,417.86	60.834%	66,582.14	39.166%
03/31/08	1,000	19,000	190,000	11.176%	115,976.33	61.040%	74,023.67	38.960%
06/30/08	7,000	13,000	210,000	6.842%	130,911.55	62.339%	79,088.45	37.661%
09/30/08	8,000	-28,000	190,000	-13.333%	121,456.68	63.925%	68,543.32	36.075%
12/31/08	4,000	6,000	200,000	3.158%	129,292.15	64.646%	**70,707.85**	35.354%

The rate of earnings is devised by (a) Earnings divided by (b) the previous balance

METHOD TWO - AVERAGE BALANCE METHOD

Q/E	Contribs	Earnings	Balance	% Growth	Participant (P)		Alternate Payee (A/P)	
					Balance	*%*	*Balance*	*%*
06/30/06			50,000		25,000.00	50%	25,000.00	50%
09/30/06	4,000	16,000	70,000	30.769%	37,307.69	53.297%	32,692.31	46.703%
12/31/06	4,500	15,500	90,000	21.453%	50,294.12	55.882%	39,705.88	44.118%
03/31/07	4,000	16,000	110,000	17.391%	63,388.75	57.626%	46,611.25	42.374%
06/30/07	6,000	-11,000	105,000	-9.735%	62,926.13	59.930%	42,073.87	40.070%
09/30/07	2,000	33,000	140,000	31.132%	84,827.66	60.591%	55,172.34	39.409%
12/31/07	4,000	26,000	170,000	18.310%	104,725.68	61.603%	65,274.32	38.397%
03/31/08	1,000	19,000	190,000	11.144%	117,451.70	61.817%	72,548.30	38.183%
06/30/08	7,000	13,000	210,000	6.718%	132,577.66	63.132%	77,422.34	36.868%
09/30/08	8,000	-28,000	190,000	-13.084%	122,707.69	64.583%	67,292.31	35.417%
12/31/08	4,000	6,000	200,000	3.125%	130,604.80	65.302%	**69,395.20**	34.698%

The rate of earnings is devised by (a) Earnings divided by
(b) the previous balance plus half of contributions during the period

METHOD THREE - TOTAL CAPITULATION FRONT LOADING METHOD

P's [Total] Vested Account Balance on Award Date	50,000.00		A
P's contributions [over period after Award Date]	44,500.00		B
P's Adjusted Account Valuation to Determine % of Earnings the Alternate Payee is to Receive	94,500.00		C
A/P's Beginning Award Amount		25,000.00	D
A/P's % of Earnings [D / C]	26.46%		E
Total Earnings	105,500.00		F
Earnings Allocated to A/P		27,910.05	G
A/P's Ending Balance		**52,910.05**	H
A/P's Ending Percentage		26%	I
COMPARING WITH METHOD ABOVE	One	Two	
Dollar Loss of Value by This Method	17,797.79	16,485.15	J
% Loss of Value by This Method	25.17%	23.76%	K

METHOD FOUR - ACTUALLY FOLLOW ALTERNATE PAYEE'S INVESTMENTS

Under this method, a spreadsheet would actually follow A/P's account balances. Let's say that one component of the account at Valuation Date was 500 shares of XYZ stock such that she got 250. In the Next Quarter, P bought 500 more shares with contributions. In the following Quarter P sold 500 shares of XYZ stock and bought 2000 shares of ABC stock with the proceeds. Here A/P would own 250 of those ABC shares while retaining 125 shares of XYZ stock.

METHOD FIVE - ASSUME ALTERNATE PAYEE INVESTMENTS STAY THE SAME

Under this "method," the investments in which the alternate payee's account was invested as of the Valuation Date are assumed to continue. Problematical in that:

(a) P may change the account composition such that the type of investment is no longer found in the account.
(b) The plan may discontinue the type of investment(s) in which the account was composed as of the Valuation Date.

(c) The A/P's balance may hypothetically exceed the entire account balance at the segregation date.

For example, what if the entire account was in company stock as of the Valuation Date. What if the stock increased by 1000% to $250,000, but on July 5, 2006, P completely divested the account of Stock. In that case, the plan would not be able to pay $250k to A/P because there would only be $200k in the account.

METHOD SIX - ASSUME ALTERNATE PAYEE INVESTED IN MONEY MARKET ACCOUNT

Once used by United Airlines, this method is artificial and over most long periods will severely depreciate A/P's share. United Airlines discontinued this practice several years ago.

EXAMPLES OF METHODS OF TRACING OF ALTERNATE PAYEE BALANCES

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