

C Corporation - Endorsement Split Dollar with Salary Continuation

For: Jennifer Dexter Bailey



Presented By: _____

[Licensed user's name appears here]

Endorsement Split Dollar with Salary Continuation Using Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Jennifer Dexter Bailey

Western Gas & Electric, Inc.

Preface

Of all the strategies used by employers to provide significant amounts of life insurance for the protection of the families of valuable executives as well as substantial retirement benefits for the executive, this variation is most efficient.

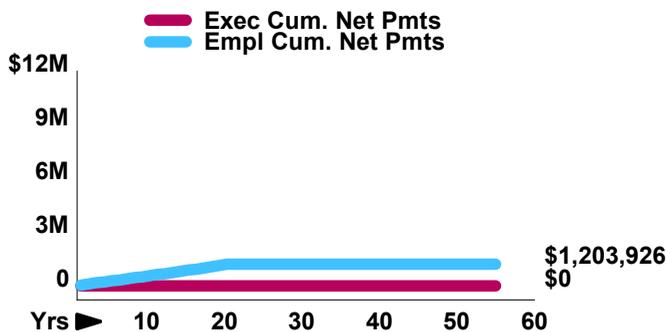
With this arrangement, the policy is issued on the executive's life and owned by the employer. Policy values and benefits are allocated as follows:

- The employer owns all cash values which are carried as an asset on its books. (The employer's outlay is simply a transfer from the firm's "cash account" to "cash value account".) The employer has access to cash values through the policy's withdrawal and/or loan provisions.
- The employer's death benefit is equal to its cumulative premiums paid or, if greater, an amount equal to the policy cash value. Through use of a policy endorsement, the executive's beneficiaries are entitled

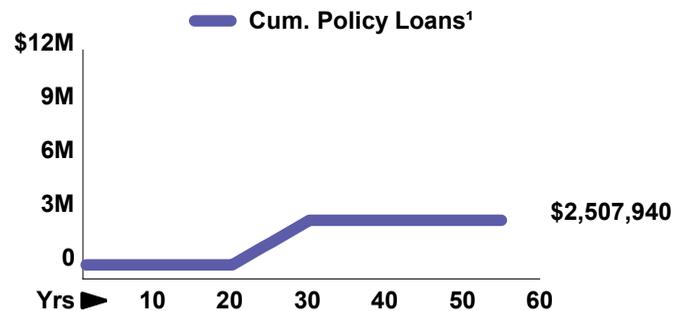
to receive a portion of the policy death benefit.

The documentation for the plan calls for the employer to pay a retirement income benefit to the executive (typically referred to as "salary continuation"). In addition to the salary continuation benefit, the arrangement may also include continuing the executive's share of the policy death benefit for a specified term of years after retirement or, in some cases, indefinitely. Alternatively, the executive's share of the death benefit may revert to the employer which, in turn, may use a portion of it to fund a survivor income benefit to the executive's family should the executive die prior to receiving all the scheduled salary continuation.

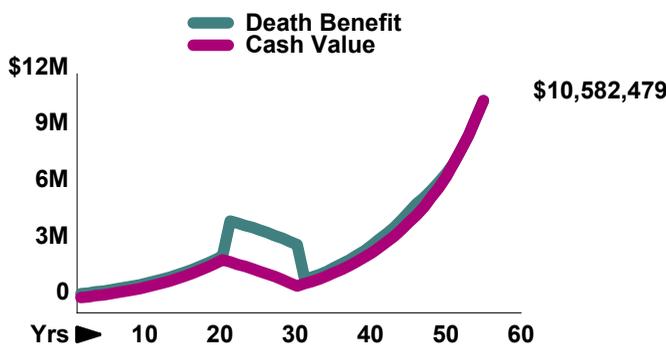
Plan Payments



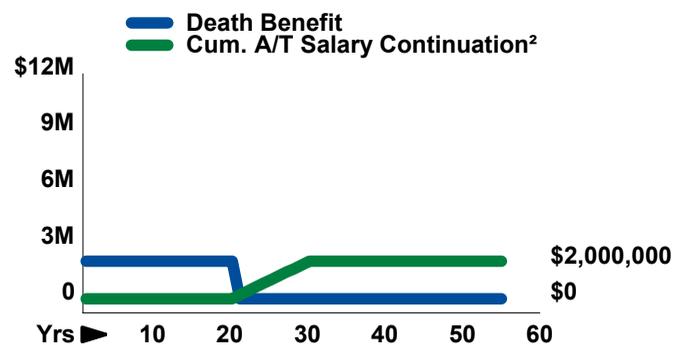
Employer's Cash Flow



Employer's Values



Executive's Values



¹To fund the executive's after tax salary continuation.

²To the executive at retirement.

Note: The after tax effects of bonuses are included in the cumulative net payments of both the employer and the executive.

Preface (continued)

Split dollar plans have yearly income tax ramifications for the covered executive. Unless an offsetting payment is made, an executive covered with this type of arrangement is in receipt of a taxable economic benefit to the extent relief is provided from paying premiums personally. Since any premium payment by the executive results in taxable income to the employer (Reg. Section 1.61-22(f)(2)(ii)), the accompanying illustration assumes that the executive pays no share of the premium. As a result, the executive will be in receipt of imputed income each year based on the attained age rates contained in Table 2001 (issued as part of IRS Notice 2001-10). This income consequence is

illustrated in the accompanying reports including a bonus from the employer to help offset the income tax that results.

Extensive life insurance coverage for the executive, combined with an impressive array of cash values for the employer, constitute a program that should be financially compelling to both employer and executive.

Note: The Final Split Dollar Regulations (68 FR 54336) issued in September 2003 should have no adverse impact on this plan as illustrated; however, in all cases, the approval of a client's legal and tax advisers must be secured regarding the implementation of any form of split dollar.

Endorsement Split Dollar with Salary Continuation Using Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Jennifer Dexter Bailey

Western Gas & Electric, Inc.

Illustration of Policy Values Funding the Plan

		Employer's Tax Bracket 21.00%	Indexed UL Interest Rate 7.00%	Initial Payment 56,000	Initial Death Benefit 2,200,000		
Year	Female Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Death Benefit	
1	45	56,000	0	45,385	45,385	2,245,385	
2	46	56,000	0	94,091	94,091	2,294,091	
3	47	56,000	0	145,835	145,835	2,345,835	
4	48	56,000	0	201,140	201,140	2,401,140	
5	49	56,000	0	260,360	260,360	2,460,360	
6	50	56,000	0	323,811	323,811	2,523,811	
7	51	56,000	0	391,920	391,920	2,591,920	
8	52	56,000	0	465,084	465,084	2,665,084	
9	53	56,000	0	543,709	543,709	2,743,709	
10	54	56,000	0	630,693	630,693	2,830,693	
11	55	56,000	0	724,375	724,375	2,924,375	
12	56	56,000	0	825,304	825,304	3,025,304	
13	57	56,000	0	942,148	942,148	3,142,148	
14	58	56,000	0	1,068,197	1,068,197	3,268,197	
15	59	56,000	0	1,204,175	1,204,175	3,404,175	
16	60	56,000	0	1,350,733	1,350,733	3,550,733	
17	61	56,000	0	1,508,704	1,508,704	3,708,704	
18	62	56,000	0	1,679,070	1,679,070	3,879,070	
19	63	56,000	0	1,862,857	1,862,857	4,062,857	
20	64	56,000	0	2,061,122	2,061,122	4,261,122	
21	65	0	250,794	2,213,725	1,950,391	4,150,391	
22	66	0	250,794	2,374,517	1,834,683	4,034,683	
23	67	0	250,794	2,543,765	1,713,606	3,913,606	
24	68	0	250,794	2,721,725	1,586,724	3,786,724	
25	69	0	250,794	2,908,616	1,453,531	3,653,531	
26	70	0	250,794	3,104,645	1,313,473	3,513,473	
27	71	0	250,794	3,310,725	1,166,660	3,366,660	
28	72	0	250,794	3,527,218	1,012,615	3,212,615	
29	73	0	250,794	3,754,496	850,830	3,050,830	
30	74	0	250,794	3,992,928	680,745	2,880,745	
		1,120,000	2,507,940				

30 Year Summary

Cum. Payments	1,120,000
Cum. Policy Loan Proceeds	2,507,940
Cash Value	680,745
Death Benefit	2,880,745

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Endorsement Split Dollar with Salary Continuation Using Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Jennifer Dexter Bailey

Western Gas & Electric, Inc.

Illustration of Policy Values Funding the Plan

		Employer's Tax Bracket 21.00%	Indexed UL Interest Rate 7.00%	Initial Payment 56,000	Initial Death Benefit 2,200,000		
Year	Female Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Death Benefit	
31	75	0	0	4,270,854	793,062	1,006,605	
32	76	0	0	4,568,462	916,781	1,145,204	
33	77	0	0	4,887,118	1,052,852	1,297,208	
34	78	0	0	5,228,267	1,202,288	1,463,701	
35	79	0	0	5,593,454	1,366,176	1,645,849	
36	80	0	0	5,984,302	1,545,660	1,844,875	
37	81	0	0	6,402,436	1,741,862	2,061,984	
38	82	0	0	6,849,635	1,956,032	2,298,514	
39	83	0	0	7,327,554	2,189,271	2,555,649	
40	84	0	0	7,837,946	2,442,749	2,834,646	
41	85	0	0	8,382,551	2,717,594	3,136,721	
42	86	0	0	8,963,601	3,015,396	3,463,576	
43	87	0	0	9,583,102	3,337,487	3,816,642	
44	88	0	0	10,242,726	3,684,831	4,196,967	
45	89	0	0	10,944,358	4,058,568	4,605,786	
46	90	0	0	11,689,866	4,459,786	5,044,280	
47	91	0	0	12,492,074	4,900,490	5,400,173	
48	92	0	0	13,357,952	5,386,789	5,787,527	
49	93	0	0	14,296,111	5,926,390	6,212,312	
50	94	0	0	15,316,985	6,528,778	6,681,948	
51	95	0	0	16,433,287	7,205,669	7,205,669	
52	96	0	0	17,633,015	7,944,017	7,944,017	
53	97	0	0	18,922,517	8,749,068	8,749,068	
54	98	0	0	20,308,627	9,626,506	9,626,506	
55	99	0	0	21,798,706	10,582,479	10,582,479	
		1,120,000	2,507,940				

The death benefit was deliberately reduced at the beginning of year 31 in order to maximize long-range cash value.

55 Year Summary

Cum. Payments	1,120,000
Cum. Policy Loan Proceeds	2,507,940
Cash Value	10,582,479
Death Benefit	10,582,479

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

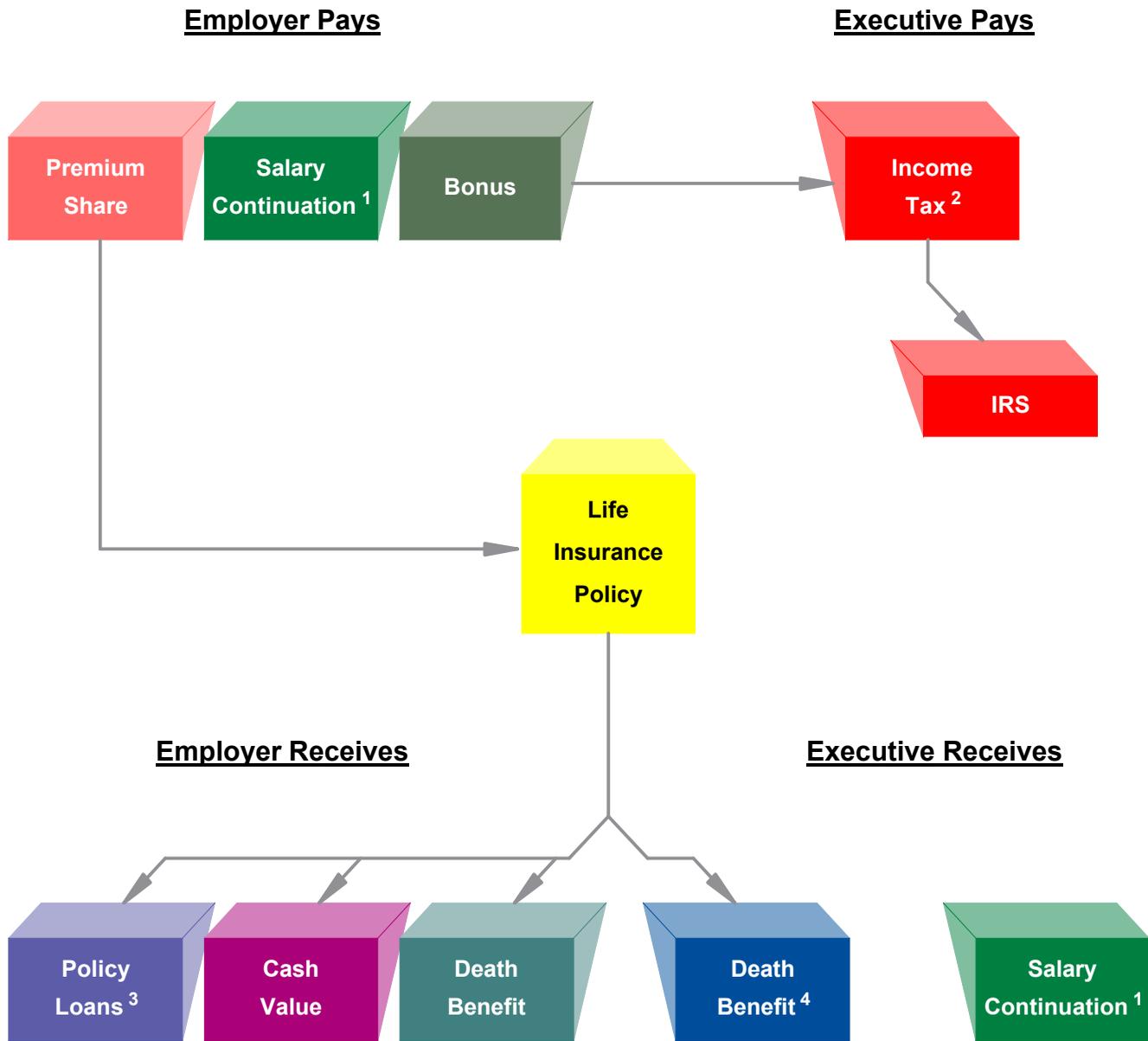
Endorsement Split Dollar with Salary Continuation Using Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Jennifer Dexter Bailey

Western Gas & Electric, Inc.

Who Pays What - Who Receives What



¹ To the executive at retirement.

² See Executive's Analysis page for details.

³ To fund the executive's after tax salary continuation.

⁴ Equal to remaining balance after employer's portion is deducted.

Endorsement Split Dollar with Salary Continuation Using Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Jennifer Dexter Bailey

Western Gas & Electric, Inc.

Summary of Costs and Benefits

		Form of Transaction (Endorsement)	Employer's Tax Bracket 21.00%	Executive's Tax Bracket 37.00%	Indexed UL Interest Rate 7.00%				
		Employer					Executive		
Year	Female Age	(1) Net Payment	(2) Cumulative Net Payments	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Share of Policy Death Benefit	(6) Net Payment	(7) After Tax Salary Continuation Income	(8) Share of Policy Death Benefit
1	45	57,420	57,420	45,385	45,385	245,385	0	0	2,000,000
2	46	57,550	114,970	94,091	94,091	294,091	0	0	2,000,000
3	47	57,699	172,669	145,835	145,835	345,835	0	0	2,000,000
4	48	57,838	230,507	201,140	201,140	401,140	0	0	2,000,000
5	49	57,977	288,484	260,360	260,360	460,360	0	0	2,000,000
6	50	58,135	346,619	323,811	323,811	523,811	0	0	2,000,000
7	51	58,338	404,957	391,920	391,920	591,920	0	0	2,000,000
8	52	58,608	463,565	465,084	465,084	665,084	0	0	2,000,000
9	53	58,970	522,535	543,709	543,709	743,709	0	0	2,000,000
10	54	59,387	581,922	630,693	630,693	830,693	0	0	2,000,000
11	55	59,851	641,773	724,375	724,375	924,375	0	0	2,000,000
12	56	60,343	702,116	825,304	825,304	1,025,304	0	0	2,000,000
13	57	60,825	762,941	942,148	942,148	1,142,148	0	0	2,000,000
14	58	61,252	824,193	1,068,197	1,068,197	1,268,197	0	0	2,000,000
15	59	61,623	885,816	1,204,175	1,204,175	1,404,175	0	0	2,000,000
16	60	62,041	947,857	1,350,733	1,350,733	1,550,733	0	0	2,000,000
17	61	62,597	1,010,454	1,508,704	1,508,704	1,708,704	0	0	2,000,000
18	62	63,387	1,073,841	1,679,070	1,679,070	1,879,070	0	0	2,000,000
19	63	64,425	1,138,266	1,862,857	1,862,857	2,062,857	0	0	2,000,000
20	64	65,660	1,203,926	2,061,122	2,061,122	2,261,122	0	0	2,000,000
21	65	0	1,203,926	2,213,725	1,950,391	4,150,391	0	200,000	0
22	66	0	1,203,926	2,374,517	1,834,683	4,034,683	0	200,000	0
23	67	0	1,203,926	2,543,765	1,713,606	3,913,606	0	200,000	0
24	68	0	1,203,926	2,721,725	1,586,724	3,786,724	0	200,000	0
25	69	0	1,203,926	2,908,616	1,453,531	3,653,531	0	200,000	0
26	70	0	1,203,926	3,104,645	1,313,473	3,513,473	0	200,000	0
27	71	0	1,203,926	3,310,725	1,166,660	3,366,660	0	200,000	0
28	72	0	1,203,926	3,527,218	1,012,615	3,212,615	0	200,000	0
29	73	0	1,203,926	3,754,496	850,830	3,050,830	0	200,000	0
30	74	0	1,203,926	3,992,928	680,745	2,880,745	0	200,000	0
		1,203,926					0	2,000,000	

Split dollar arrangement presumed terminated in year 20.

30 Year Summary

Employer's Cum. Net Payments	1,203,926
Employer's Cash Value	680,745
Employer's Death Benefit	2,880,745
Executive's Cum. Net Payments	0
Executive's Cum. A/T Salary Continuation	2,000,000
Executive's Death Benefit	0

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Endorsement Split Dollar with Salary Continuation Using Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Jennifer Dexter Bailey

Western Gas & Electric, Inc.

Summary of Costs and Benefits

		Form of Transaction (Endorsement)	Employer's Tax Bracket 21.00%	Executive's Tax Bracket 37.00%	Indexed UL Interest Rate 7.00%				
		Employer					Executive		
Year	Female Age	(1) Net Payment	(2) Cumulative Net Payments	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Share of Policy Death Benefit	(6) Net Payment	(7) After Tax Salary Continuation Income	(8) Share of Policy Death Benefit
31	75	0	1,203,926	4,270,854	793,062	1,006,605	0	0	0
32	76	0	1,203,926	4,568,462	916,781	1,145,204	0	0	0
33	77	0	1,203,926	4,887,118	1,052,852	1,297,208	0	0	0
34	78	0	1,203,926	5,228,267	1,202,288	1,463,701	0	0	0
35	79	0	1,203,926	5,593,454	1,366,176	1,645,849	0	0	0
36	80	0	1,203,926	5,984,302	1,545,660	1,844,875	0	0	0
37	81	0	1,203,926	6,402,436	1,741,862	2,061,984	0	0	0
38	82	0	1,203,926	6,849,635	1,956,032	2,298,514	0	0	0
39	83	0	1,203,926	7,327,554	2,189,271	2,555,649	0	0	0
40	84	0	1,203,926	7,837,946	2,442,749	2,834,646	0	0	0
41	85	0	1,203,926	8,382,551	2,717,594	3,136,721	0	0	0
42	86	0	1,203,926	8,963,601	3,015,396	3,463,576	0	0	0
43	87	0	1,203,926	9,583,102	3,337,487	3,816,642	0	0	0
44	88	0	1,203,926	10,242,726	3,684,831	4,196,967	0	0	0
45	89	0	1,203,926	10,944,358	4,058,568	4,605,786	0	0	0
46	90	0	1,203,926	11,689,866	4,459,786	5,044,280	0	0	0
47	91	0	1,203,926	12,492,074	4,900,490	5,400,173	0	0	0
48	92	0	1,203,926	13,357,952	5,386,789	5,787,527	0	0	0
49	93	0	1,203,926	14,296,111	5,926,390	6,212,312	0	0	0
50	94	0	1,203,926	15,316,985	6,528,778	6,681,948	0	0	0
51	95	0	1,203,926	16,433,287	7,205,669	7,205,669	0	0	0
52	96	0	1,203,926	17,633,015	7,944,017	7,944,017	0	0	0
53	97	0	1,203,926	18,922,517	8,749,068	8,749,068	0	0	0
54	98	0	1,203,926	20,308,627	9,626,506	9,626,506	0	0	0
55	99	0	1,203,926	21,798,706	10,582,479	10,582,479	0	0	0

1,203,926	0	2,000,000
-----------	---	-----------

Split dollar arrangement presumed terminated in year 20.

55 Year Summary

Employer's Cum. Net Payments	1,203,926
Employer's Cash Value	10,582,479
Employer's Death Benefit	10,582,479
Executive's Cum. Net Payments	0
Executive's Cum. A/T Salary Continuation	2,000,000
Executive's Death Benefit	0

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Endorsement Split Dollar with Salary Continuation Using Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Jennifer Dexter Bailey

Western Gas & Electric, Inc.

Employer's Analysis

		Form of Transaction (Endorsement)	Employer's Tax Bracket 21.00%	Indexed UL Interest Rate 7.00%						
Year	Female Age	(1) Split Dollar Premium Share	(2) Cum. Split Dollar Premium Share	(3) Bonus to Executive	(4) After Tax Cost of Bonus	(5) Salary Continuation Paid to Executive	(6) After Tax Cost of Salary Continuation	(7) Net Policy Loan Proceeds	(8) Net Payment (1)+(4)+(6)-(7)	(9) Cumulative Net Payments
1	45	56,000	56,000	1,797	1,420	0	0	0	57,420	57,420
2	46	56,000	112,000	1,962	1,550	0	0	0	57,550	114,970
3	47	56,000	168,000	2,150	1,699	0	0	0	57,699	172,669
4	48	56,000	224,000	2,326	1,838	0	0	0	57,838	230,507
5	49	56,000	280,000	2,502	1,977	0	0	0	57,977	288,484
6	50	56,000	336,000	2,702	2,135	0	0	0	58,135	346,619
7	51	56,000	392,000	2,960	2,338	0	0	0	58,338	404,957
8	52	56,000	448,000	3,301	2,608	0	0	0	58,608	463,565
9	53	56,000	504,000	3,759	2,970	0	0	0	58,970	522,535
10	54	56,000	560,000	4,287	3,387	0	0	0	59,387	581,922
11	55	56,000	616,000	4,875	3,851	0	0	0	59,851	641,773
12	56	56,000	672,000	5,497	4,343	0	0	0	60,343	702,116
13	57	56,000	728,000	6,108	4,825	0	0	0	60,825	762,941
14	58	56,000	784,000	6,648	5,252	0	0	0	61,252	824,193
15	59	56,000	840,000	7,118	5,623	0	0	0	61,623	885,816
16	60	56,000	896,000	7,647	6,041	0	0	0	62,041	947,857
17	61	56,000	952,000	8,351	6,597	0	0	0	62,597	1,010,454
18	62	56,000	1,008,000	9,350	7,387	0	0	0	63,387	1,073,841
19	63	56,000	1,064,000	10,665	8,425	0	0	0	64,425	1,138,266
20	64	56,000	1,120,000	12,228	9,660	0	0	0	65,660	1,203,926
21	65	0	1,120,000	0	0	317,461	250,794	250,794	0	1,203,926
22	66	0	1,120,000	0	0	317,461	250,794	250,794	0	1,203,926
23	67	0	1,120,000	0	0	317,461	250,794	250,794	0	1,203,926
24	68	0	1,120,000	0	0	317,461	250,794	250,794	0	1,203,926
25	69	0	1,120,000	0	0	317,461	250,794	250,794	0	1,203,926
26	70	0	1,120,000	0	0	317,461	250,794	250,794	0	1,203,926
27	71	0	1,120,000	0	0	317,461	250,794	250,794	0	1,203,926
28	72	0	1,120,000	0	0	317,461	250,794	250,794	0	1,203,926
29	73	0	1,120,000	0	0	317,461	250,794	250,794	0	1,203,926
30	74	0	1,120,000	0	0	317,461	250,794	250,794	0	1,203,926
		1,120,000		106,233	83,926	3,174,610	2,507,940	2,507,940	1,203,926	

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Split dollar arrangement presumed terminated in year 20.

Endorsement Split Dollar with Salary Continuation Using Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Jennifer Dexter Bailey

Employer's Analysis

Western Gas & Electric, Inc.

				Form of Transaction (Endorsement)	Employer's Tax Bracket 21.00%	Indexed UL Interest Rate 7.00%				
Year	Female Age	(1) Split Dollar Premium Share	(2) Cum. Split Dollar Premium Share	(3) Bonus to Executive	(4) After Tax Cost of Bonus	(5) Salary Continuation Paid to Executive	(6) After Tax Cost of Salary Continuation	(7) Net Policy Loan Proceeds	(8) Net Payment (1)+(4)+(6)-(7)	(9) Cumulative Net Payments
31	75	0	1,120,000	0	0	0	0	0	0	1,203,926
32	76	0	1,120,000	0	0	0	0	0	0	1,203,926
33	77	0	1,120,000	0	0	0	0	0	0	1,203,926
34	78	0	1,120,000	0	0	0	0	0	0	1,203,926
35	79	0	1,120,000	0	0	0	0	0	0	1,203,926
36	80	0	1,120,000	0	0	0	0	0	0	1,203,926
37	81	0	1,120,000	0	0	0	0	0	0	1,203,926
38	82	0	1,120,000	0	0	0	0	0	0	1,203,926
39	83	0	1,120,000	0	0	0	0	0	0	1,203,926
40	84	0	1,120,000	0	0	0	0	0	0	1,203,926
41	85	0	1,120,000	0	0	0	0	0	0	1,203,926
42	86	0	1,120,000	0	0	0	0	0	0	1,203,926
43	87	0	1,120,000	0	0	0	0	0	0	1,203,926
44	88	0	1,120,000	0	0	0	0	0	0	1,203,926
45	89	0	1,120,000	0	0	0	0	0	0	1,203,926
46	90	0	1,120,000	0	0	0	0	0	0	1,203,926
47	91	0	1,120,000	0	0	0	0	0	0	1,203,926
48	92	0	1,120,000	0	0	0	0	0	0	1,203,926
49	93	0	1,120,000	0	0	0	0	0	0	1,203,926
50	94	0	1,120,000	0	0	0	0	0	0	1,203,926
51	95	0	1,120,000	0	0	0	0	0	0	1,203,926
52	96	0	1,120,000	0	0	0	0	0	0	1,203,926
53	97	0	1,120,000	0	0	0	0	0	0	1,203,926
54	98	0	1,120,000	0	0	0	0	0	0	1,203,926
55	99	0	1,120,000	0	0	0	0	0	0	1,203,926
		1,120,000		106,233	83,926	3,174,610	2,507,940	2,507,940	1,203,926	

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Split dollar arrangement presumed terminated in year 20.

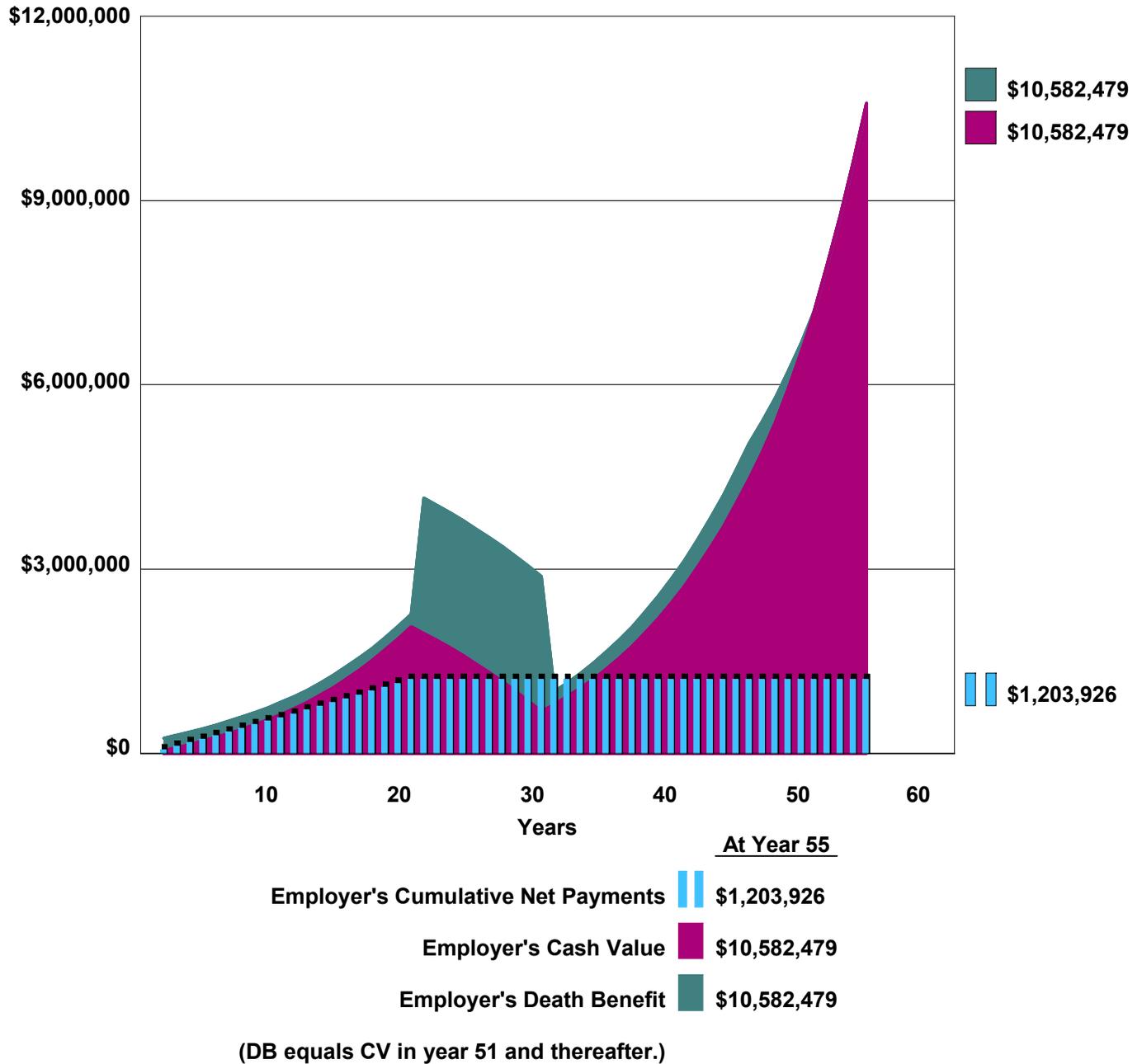
Endorsement Split Dollar with Salary Continuation Using Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Jennifer Dexter Bailey

Employer's 55 Year Analysis

Western Gas & Electric, Inc.



Note: The after tax effects of bonuses are included in the cumulative net payments of both the employer and the executive.

Endorsement Split Dollar with Salary Continuation Using Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Jennifer Dexter Bailey

Western Gas & Electric, Inc.

Executive's Analysis

		Form of Transaction (Endorsement)	Executive's Tax Bracket 37.00%	Indexed UL Interest Rate 7.00%					
Year	Female Age	(1) Taxable Value of Benefit	(2) Bonus Income Received	(3) Taxable Income (1) + (2)	(4) Income Tax Due on Col (3)	(5) Net Payment (4) - (2)	(6) Salary Continuation from Employer	(7) After Tax Salary Continuation	
1	45	3,060	1,797	4,857	1,797	0	0	0	
2	46	3,340	1,962	5,302	1,962	0	0	0	
3	47	3,660	2,150	5,810	2,150	0	0	0	
4	48	3,960	2,326	6,286	2,326	0	0	0	
5	49	4,260	2,502	6,762	2,502	0	0	0	
6	50	4,600	2,702	7,302	2,702	0	0	0	
7	51	5,040	2,960	8,000	2,960	0	0	0	
8	52	5,620	3,301	8,921	3,301	0	0	0	
9	53	6,400	3,759	10,159	3,759	0	0	0	
10	54	7,300	4,287	11,587	4,287	0	0	0	
11	55	8,300	4,875	13,175	4,875	0	0	0	
12	56	9,360	5,497	14,857	5,497	0	0	0	
13	57	10,400	6,108	16,508	6,108	0	0	0	
14	58	11,320	6,648	17,968	6,648	0	0	0	
15	59	12,120	7,118	19,238	7,118	0	0	0	
16	60	13,020	7,647	20,667	7,647	0	0	0	
17	61	14,220	8,351	22,571	8,351	0	0	0	
18	62	15,920	9,350	25,270	9,350	0	0	0	
19	63	18,160	10,665	28,825	10,665	0	0	0	
20	64	20,820	12,228	33,048	12,228	0	0	0	
21	65	0	0	0	0	0	317,461	200,000	
22	66	0	0	0	0	0	317,461	200,000	
23	67	0	0	0	0	0	317,461	200,000	
24	68	0	0	0	0	0	317,461	200,000	
25	69	0	0	0	0	0	317,461	200,000	
26	70	0	0	0	0	0	317,461	200,000	
27	71	0	0	0	0	0	317,461	200,000	
28	72	0	0	0	0	0	317,461	200,000	
29	73	0	0	0	0	0	317,461	200,000	
30	74	0	0	0	0	0	317,461	200,000	
		180,880	106,233	287,113	106,233	0	3,174,610	2,000,000	

This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Split dollar arrangement presumed terminated in year 20.

Column (1) is the imputed economic benefit in compliance with IRS Notice 2002-8. (Table 2001 rates utilized.)

Endorsement Split Dollar with Salary Continuation Using Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Jennifer Dexter Bailey

Western Gas & Electric, Inc.

Executive's Analysis

		Form of Transaction (Endorsement)	Executive's Tax Bracket 37.00%	Indexed UL Interest Rate 7.00%					
Year	Female Age	(1) Taxable Value of Benefit	(2) Bonus Income Received	(3) Taxable Income (1) + (2)	(4) Income Tax Due on Col (3)	(5) Net Payment (4) - (2)	(6) Salary Continuation from Employer	(7) After Tax Salary Continuation	
31	75	0	0	0	0	0	0	0	
32	76	0	0	0	0	0	0	0	
33	77	0	0	0	0	0	0	0	
34	78	0	0	0	0	0	0	0	
35	79	0	0	0	0	0	0	0	
36	80	0	0	0	0	0	0	0	
37	81	0	0	0	0	0	0	0	
38	82	0	0	0	0	0	0	0	
39	83	0	0	0	0	0	0	0	
40	84	0	0	0	0	0	0	0	
41	85	0	0	0	0	0	0	0	
42	86	0	0	0	0	0	0	0	
43	87	0	0	0	0	0	0	0	
44	88	0	0	0	0	0	0	0	
45	89	0	0	0	0	0	0	0	
46	90	0	0	0	0	0	0	0	
47	91	0	0	0	0	0	0	0	
48	92	0	0	0	0	0	0	0	
49	93	0	0	0	0	0	0	0	
50	94	0	0	0	0	0	0	0	
51	95	0	0	0	0	0	0	0	
52	96	0	0	0	0	0	0	0	
53	97	0	0	0	0	0	0	0	
54	98	0	0	0	0	0	0	0	
55	99	0	0	0	0	0	0	0	
		180,880	106,233	287,113	106,233	0	3,174,610	2,000,000	

This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Split dollar arrangement presumed terminated in year 20.

Column (1) is the imputed economic benefit in compliance with IRS Notice 2002-8. (Table 2001 rates utilized.)

Endorsement Split Dollar with Salary Continuation Using Indexed Universal Life

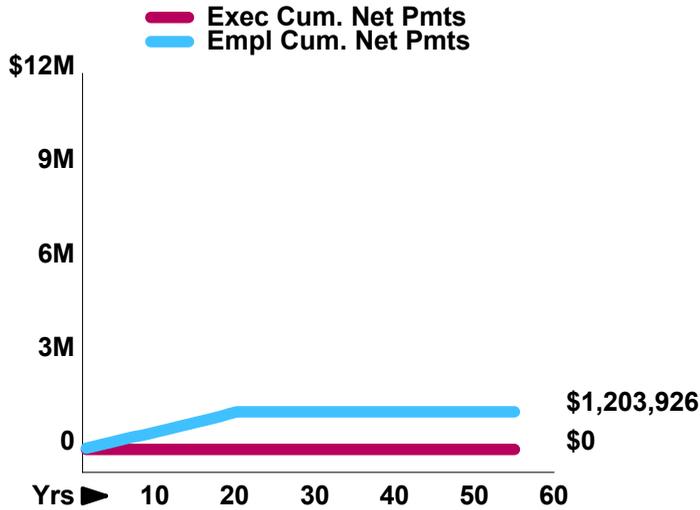
Presented By: [Licensed user's name appears here]

Insured: Jennifer Dexter Bailey

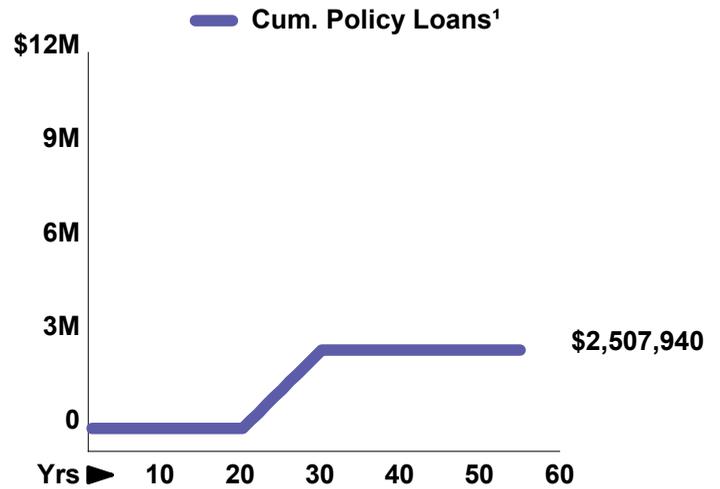
Western Gas & Electric, Inc.

55 Year Analysis

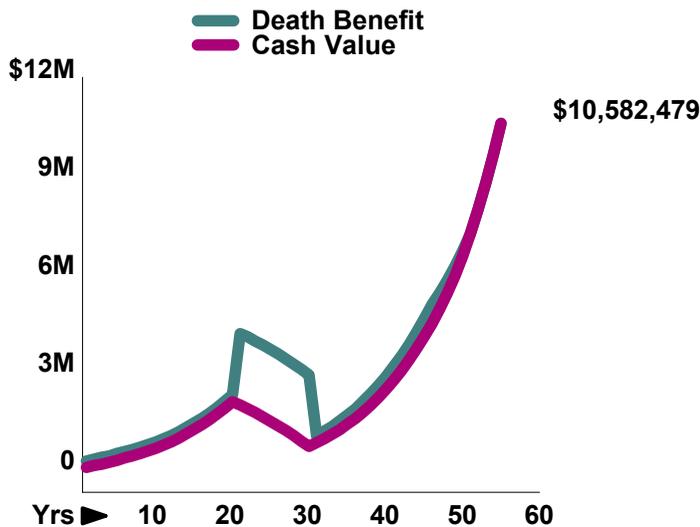
Plan Payments



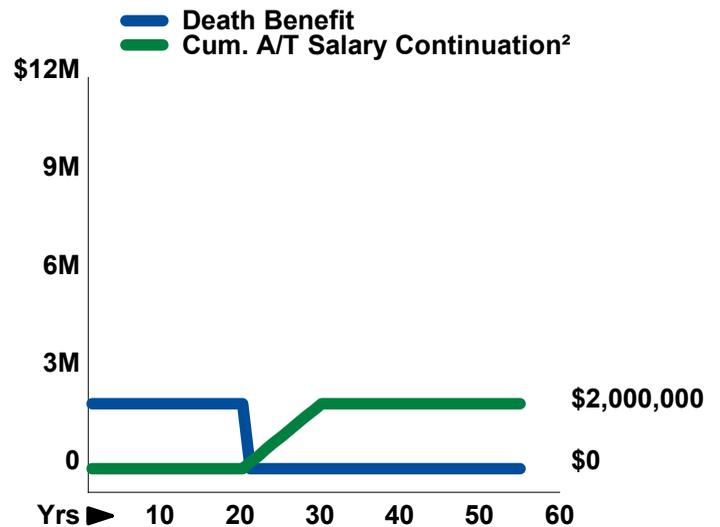
Employer's Cash Flow



Employer's Values



Executive's Values



¹To fund the executive's after tax salary continuation.

²To the executive at retirement.

Note: The after tax effects of bonuses are included in the cumulative net payments of both the employer and the executive.