Significant Index No. 4971.0000-00

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DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

FEB 15 2002

T:EP:RA:T:A1

In re: Plan X =

Plan Y =

Company =

Consulting Firm Z =

This letter constitutes notice that waivers of the 10 percent excise tax due under section 4971(f)(1) of the Internal Revenue Code have been granted with respect to the liquidity shortfall for Plan X for the second quarter of the plan year ending December 31, 1999, and with respect to the liquidity shortfalls for Plan Y for the first, second, third, and fourth quarters, for the plan year ending December 31, 1999. Hereinafter these five quarters will be known as the "Impacted Quarters".

The waivers of the 10 percent tax have been granted in accordance with section 4971(f)(4) of the Internal Revenue Code. For any quarter for which these waivers have been granted, the amount of the waiver is equal to 10 percent of the amount of the excess of (1) the liquidity shortfall of the Plan (as determined under section 412(m)(5)(E) of the Code) for the quarter, over (2) the aggregate amount of any contributions paid in the form of liquid assets which served to reduce the liquidity shortfall for the quarter and which were paid to the Plan between the last day of the quarter and the due date of the required installment under section 412(m) for such quarter.

The liquidity shortfall for Plan X arose as a result of the inability of the Company to satisfy the liquidity requirement of section 412(m)(5) of the Code for the quarter ending June 30, 1999. The liquidity shortfall for Plan Y arose as a result of the inability of the Company to satisfy the liquidity requirement of section 412(m)(5) of the Code for the quarters ending March 31, 1999, June 30, 1999, September 30, 1999, and December 31, 1999.

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The information furnished indicates that the Company was unaware that liquidity shortfalls existed for the Impacted Quarters for Plans X and Y until October 2000. At that time the Company was first informed that, in the course of preparing attachments to Schedule B of Form 5500 for Plans X and Y for the plan years ending December 31, 1999, Consulting Firm Z first discovered liquidity shortfalls for the Impacted Quarters and that the Company was liable for excise taxes of 10 percent of such shortfalls. Shortly after being informed of the liquidity shortfalls and the tax due, the Company requested a waiver of the excise tax.

Consulting Firm Z also found that no liquidity shortfall currently existed for either Plan X or Plan Y and had not since the quarters ending June 30, 1999, for Plan X, and December 31, 1999, for Plan Y. Plans X and Y have continued to satisfy the liquidity requirements since that time.

Consulting Firm Z is a well respected leading firm in the field of pension actuarial services with offices throughout the United States and had been preparing the Forms 5500 for the Company's plans for many years. Consulting Firm Z had material in its possession, before the payment due dates of the Impacted Quarters, to put it on notice of the potential for liquidity shortfalls but did not timely make any calculations, nor did it inform the Company of the potential for liquidity shortfalls in a timely manner. The other information available to the Company was not sufficient for it to determine there was a liquidity shortfall.

Based on the information above we conclude that the liquidity shortfalls experienced by Plans X and Y were due to reasonable cause and not willful neglect and that reasonable steps were taken to remedy such liquidity shortfalls.

Because the liquidity requirement of section 412(m)(5) of the Code was satisfied for Plan X for the quarter ending September 30, 1999, the 100 percent excise tax of section 4971(f)(2) does not apply with respect to the liquidity shortfall that existed for that plan for the second quarter of the plan year ending December 31, 1999. Because the liquidity requirement of section 412(m)(5) of the Code was satisfied for Plan Y for the quarter ending March 31, 2000, the 100 percent excise tax of section 4971(f)(2) does not apply with respect to the liquidity shortfall that existed for that plan for the first, second, third, and fourth quarters of the plan year ending December 31, 1999.

This ruling is being given with the understanding that all the representations made pursuant to this request are accurate. If such representations made pursuant to this request are not accurate, the Company may not rely upon this ruling letter.

This ruling letter is directed only to the taxpayer that requested it. Section 6110(k)(3) provides that it may not be used or cited by others as precedent.

A copy of this letter has been sent to the Manager, Employee Plans Classification in A copy of this letter is also being furnished to your authorized representative pursuant to a power of attorney (Form 2848) on file.

If you have any questions on this ruling letter, please contact Lawrence

Sincerely,

James E. Holland, Jr., Acting Manager
Employee Plans Technical

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