Significant Index No. 4971.00-00

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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

NOV 14 2003

T:EP:RA:T:A1

In re: Plan =

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 shortfalls for the Plan for the second, third, and fourth quarters of the plan year ending December 31, 2000 (hereinafter, the "first set of impacted quarters"), and the first and second quarters of the plan year ending December 31, 2001 (hereinafter, the "second set of impacted quarters"). This letter also constitutes notice that a waiver of the 100 percent excise tax due under section 4971(f)(2) of the Code has been granted with respect to the liquidity shortfall for the second quarter of the plan year ending December 31, 2000.

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 waiver of the 100 percent tax has been granted in accordance with section 4971(f)(4) of the Internal Revenue Code. For the quarter for which this waiver has been granted, the amount of the waiver is equal to 100 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 the Plan 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 June 30, 2000, September 30, 2000, December 31, 2000, March 31, 2001, and June 30, 2001.

The information furnished indicates that the Company was unaware that liquidity shortfalls existed for the first set of impacted quarters until August 2001, and that the Company was unaware that liquidity shortfalls existed for the second set of impacted quarters until July 2003. After being informed, in August 2001, of the liquidity shortfalls for the first set of impacted quarters (and the excise taxes due thereon) the Company immediately made a contribution to the Plan in an amount such that liquidity shortfalls did not exist for the third and fourth quarters of the plan year ending December 31, 2001. Shortly thereafter, the Company requested a waiver of the excise taxes arising from the first set of impacted quarters. Subsequently, after being informed of the excise taxes due because of the liquidity shortfalls in the second set of impacted quarters, the Company modified its request to also include waivers of the excise taxes arising from the second set of impacted quarters.

Additionally, the Company has implemented the following procedure to prevent the reoccurrence of future liquidity shortfalls.

I. Within the first five days after the end of each quarter, the Company will provide Consulting Firm Z with a preliminary asset statement as of the end of the quarter.

II. Consulting Firm Z will then perform the corresponding liquidity computations and inform the Company of the results of its testing within two business days from the date that the preliminary asset statement is received by Consulting Firm Z.

III. If Consulting Firm Z's computations reflect a liquidity shortfall for a given quarter, the Company will timely make a contribution to the Plan for purposes of covering the shortfall and provide a revised asset statement to Consulting Firm Z.

IV. If such timely contributions are required and a revised asset statement is provided to Consulting Firm Z, Consulting Firm Z will perform a new liquidity computation and immediately notify the Company in the event a liquidity shortfall still exists.

Consulting Firm Z is a well respected leading firm in the field of pension actuarial services with offices throughout the United States. Consulting Firm Z had material in its possession, before the payment due date of the quarter ending March 31, 2000, 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 it is concluded that the liquidity shortfalls experienced by the Plan 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 the Plan for the quarter ending September 30, 2001, the 100 percent excise tax of section 4971(f)(2) does not apply with respect to the liquidity shortfall that existed for the Plan for the third and fourth quarters of the plan year ending December 31, 2000, and the first and second quarters of the plan year ending December 31, 2001.

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. Furthermore, this letter does not address any possible fiduciary violations that may have occurred due to failure to limit distributions to life annuities paid by the plan as required under section 206(e) of Title I of ERISA.

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

Sincerely,

Norman Greenberg

Norman Greenberg, Manager
Employee Plans Actuarial Group 1