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Internal Revenue Service

Department of the Treasury

Significant Index No. 4971.02-00

Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply to:

TEP:RA:T:A1

Date: JUL 18 2001

In re:

This letter constitutes notice that with respect to the above-named defined benefit pension plan, conditional waivers of the 100 percent excise tax under § 4971(b) of the Internal Revenue Code have been granted for the tax years ended June 30, 1997-1999.

The conditional waivers of the 100 percent excise tax have been granted in accordance with § 3002(b) of the Employee Retirement Income Security Act of 1974 (ERISA). The amount for which these conditional excise tax waivers have been granted is equal to 100 percent of the contribution which would otherwise be required to reduce the balance in the funding standard account to zero as of the end of the plan years ending June 30, 1997-1999. Of course, because we have waived the 100% excise tax for these three years, the penalties and interest associated solely with respect to the excise taxes under § 4971(b) of the Code will be zero.

The business hardship does not appear to be temporary as evidenced by an absence of income in the last several years. The plan is being terminated. Also, the only person covered by the plan is the company president. However, these waivers are being granted subject to the following two conditions:

1. The company is to pay the 10 percent excise tax under § 4971(a) of the Code for the plan year ended June 30, 1999, and

2. The company is to file for termination of the plan within one year from the date of this letter.

You agreed to these conditions in your email message of July 9, 2001. If either of these conditions is not met, this waiver is retroactively null and void.

The minimum funding standard under Code § 412 and ERISA § 302 will apply to the plan for the three plan years ended June 30, 1997-1999. Based on the information submitted, there are accumulated funding deficiencies, as of June 30, 1997-1999 for the plan on which a 10% tax is imposed, under Code § 4971(a). The information furnished indicates that the company has paid the 10% excise tax for the plan years ended June 30, 1997 and 1998. The enclosed Form 5330 (Return of the Excise Taxes Related to Employee Benefit Plans) with instructions should be used to file the required return when paying the tax for the plan year ended June 30, 1999.

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This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that others may not use it as precedent.

We have sent a copy to the Employee Plans Classification Manager in We have also sent a copy to of the Appeals Office. We have also sent a copy to of the Tax Exempt and Government Entities Counsel, Office of Chief Counsel, in

Sincerely,

James E. Holland, Jr., Manager
Employee Plans Actuarial Group 1
Tax Exempt and Government Entities
Division

Enclosures