



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

200445027

AUG 11 2004

SE.T. EP. PA.T. A2

In re:

Company =

Consulting Firm X =

This letter replaces our letter dated July 26, 2004, that incorrectly stated the employer identification number and plan number associated with the Plan and constitutes notice that waivers of the 10 percent excise tax due under section 4971(f)(1) of the Internal Revenue Code ("Code") have been granted with respect to the liquidity shortfalls for the Plan for the fourth quarter of , the first, second and third quarters of , the first quarter of , all four quarters of , and the first quarter of . Hereinafter these quarters will be referred to as the "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 first quarter of the plan year ending December 30, .

The waivers of the 10 percent tax have been granted in accordance with section 4971(f)(4) of the 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 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 shortfalls 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 Impacted Quarters.

The information submitted indicates that the Company was unaware that the liquidity shortfalls existed for the impacted and quarters until notified by Consulting Firm X of these requirements on September 8, . The required shortfall amounts were paid by September 22, . After becoming aware of the liquidity shortfalls for the impacted and quarters, Consulting Firm X re-examined the Plan for the through plan years. Additional liquidity shortfalls were discovered for the impacted , and quarters and reported to the Company on October 17, . Between the due date for the , and liquidity shortfall amounts and the date that they were reported to the Company, the Company contributed more than the amount of the shortfalls and the Plan's liquidity shortfall had been eliminated. After becoming aware of the , and liquidity shortfall amounts, the Company requested a waiver of the excise taxes due under section 4971(f) of the Code for the Impacted Quarters.

Consulting Firm X is a well respected leading firm in the field of pension actuarial services with offices throughout the . Consulting Firm X 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.

There was no other information available to the Company that was sufficient for it to determine that there were liquidity shortfalls for the Impacted Quarters.

Based on the information above, it is concluded that the liquidity shortfalls experienced by the Plan was 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 June 30, , the 100 percent excise tax of section 4971(f)(2) does not apply with respect to the liquidity shortfalls that existed for the Plan for the second, third and fourth quarters of the plan year ending December 30, , and the first quarter of the plan year ending December 30, .

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 Employee Plans Classification Manager 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,



E. Ann Trichilo, Acting Manager
Employee Plans Actuarial Group 2