Internal Revenue Service

Significant Index No. 4971.00-00

199928038

Department of the Treasury

Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply to:
OP:E:EP:A:1

Date:

APR 19 1999

In re: Plan =

Company =

This letter constitutes notice that a waiver of the 10 percent tax under section 4971(f)(1) of the Internal Revenue Code has been granted for the above-named defined benefit plan for the third quarter of the plan year ending September 30, 1996.

The waiver of the 10 percent tax has been granted in accordance with section 4971(f)(4) of the Internal Revenue Code, which was added to the Code by the Small Business Job Protection Act of 1996, Pub. L. 104-188. 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 ending June 30, 1996, 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 arose as a result of the inability of the Company to satisfy the liquidity requirement of section 412(m)(5) of the Code during the quarter ending June 30, 1996. The plan was acquired from another company (the "seller") prior to the beginning of the plan year. Liabilities and assets of the plan were to be split between those remaining with the seller and those acquired by the Company. The information necessary to compute the amount of the liquidity shortfall was not furnished to the Company by the Seller until after the due date of the required installment under section 412(m) for the quarter.

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The Company contributed quarterly payments to the Plan for each of the first three quarters of the plan year to satisfy the quarterly contribution requirements of section 412(m) of the Code (other than the liquidity requirement of section 412(m)(5)). The liquidity shortfall of the Plan was the result, in part, of the payment of a large number of single-sum distributions that occurred because of the terminations of employees in connection with the acquisition. During the quarter ending September 30, 1996, a contribution was made to the plan that, when added to the earlier quarterly contributions, increased the funded current liability percentage (taking into account the expected increase in current liability due to benefits accruing during the plan year) to 100 percent.

We have sent a copy of this letter to the Key District Office in

Sincerely yours,

Carol D. Gold

Carol D. Gold
Director, Employee Plans Division