

number of the person making the comment or request, and (2) the nature of the person's interest in the exemption and the manner in which the person would be adversely affected by the exemption. A request for a hearing must also state the issues to be addressed and include a general description of the evidence to be presented at the hearing. A request for a hearing must also state the issues to be addressed and include a general description of the evidence to be presented at the hearing.

ADDRESSES: All written comments and request for a hearing (at least three copies) should be sent to the Pension and Welfare Benefits Administration, Office of Exemption Determinations, Room N-5649, U.S. Department of Labor, 200 Constitution Avenue, NW., Washington, DC 20210. Attention: Application No. stated in each Notice of Proposed Exemption. The applications for exemption and the comments received will be available for public inspection in the Public Documents Room of Pension and Welfare Benefits Administration, U.S. Department of Labor, Room N-5507, 200 Constitution Avenue, NW., Washington, DC 20210.

Notice to Interested Persons

Notice of the proposed exemptions will be provided to all interested persons in the manner agreed upon by the applicant and the Department within 15 days of the date of publication in the **Federal Register**. Such notice shall include a copy of the notice of proposed exemption as published in the **Federal Register** and shall inform interested persons of their right to comment and to request a hearing (where appropriate).

SUPPLEMENTARY INFORMATION: The proposed exemptions were requested in applications filed pursuant to section 408(a) of the Act and/or section 4975(c)(2) of the Code, and in accordance with procedures set forth in 29 CFR Part 2570, Subpart B (55 FR 32836, 32847, August 10, 1990). Effective December 31, 1978, section 102 of Reorganization Plan No. 4 of 1978 (43 FR 47713, October 17, 1978) transferred the authority of the Secretary of the Treasury to issue exemptions of the type requested to the Secretary of Labor. Therefore, these notices of proposed exemption are issued solely by the Department.

The applications contain representations with regard to the proposed exemptions which are summarized below. Interested persons are referred to the applications on file with the Department for a complete

statement of the facts and representations.

Phillips Petroleum Company (Phillips), Located in Bartlesville, OK; Proposed Exemption

[Application No. D-09909]

The Department is considering granting an exemption under the authority of section 408(a) of the Act and section 4975(c)(2) of the Code and in accordance with the procedures set forth in 29 CFR Part 2570, Subpart B (55 FR 32836, 32847, August 10, 1990). If the exemption is granted, the restrictions of sections 406(a), 406 (b)(1) and (b)(2) of the Act and the sanctions resulting from the application of section 4975 of the Code by reason of section 4975(c)(1) (A) through (E) of the Code, shall not apply to (1) The proposed making of interest-free loans to the Thrift Plan of Phillips Petroleum Company (the Plan) by Phillips, the Plan sponsor pursuant to the terms of a credit facility arrangement; and (2) the proposed repayment of such loans by the Plan to Phillips.

This proposed exemption is conditioned on the following requirements:

(a) Each loan executed under the proposed credit facility arrangement provides short-term funds to the Plan in connection with inter-fund transfers, withdrawals and participant loans and permits the orderly disposal of Phillips common stock.

(b) Each loan made under the proposed credit facility arrangement is unsecured and no interest, commissions or expenses are paid by the Plan.

(c) In the event of a loan default or delinquency, Phillips has no recourse against the Plan.

(d) Each loan is initiated, accounted for and administered by an independent fiduciary who monitors the terms and conditions of the exemption, if granted.

Summary of Facts and Representations

1. Phillips, which maintains its principal place of business in Bartlesville, Oklahoma, was incorporated in the State of Delaware on June 13, 1917. Phillips is engaged in various business activities ranging from worldwide petroleum exploration and production to the production and distribution of chemicals. Phillips is also a leader in research and development and it holds 3,400 patents in technology that support company business lines. As of December 31, 1993, Phillips had assets of approximately \$10.9 billion, liabilities of approximately \$7.8 billion, annual revenues totaling \$12.5 billion and net income of \$243 million. As of

September 30, 1994, Phillips had 74,300 shareholders and 18,796 employees.

2. The Plan, of which Phillips is the sponsor, is a defined contribution plan having 15,394 participants and total assets of \$1.27 billion as of May 16, 1994. The trustee of the Plan (the Trustee) is Bankers Trust Company of New York, New York.

3. The Plan permits participants to direct the investment of their account balances among several investment funds (the Funds) and to receive participant loans from their accounts. Generally, any regular employee on the payroll of Phillips is eligible to participate in the Plan except non-managerial retail outlet marketing employees. Plan participants may have up to 15 percent of their pay deposited in the Plan each month. The first 5 percent is designated as regular deposits with any excess being designated as supplemental deposits. Deposits may be further designated by a participant as "before-tax" or "after-tax" deposits. Before-tax deposits represent participant contributions made pursuant to an election by the participant under section 401(k) of the Code to have his or her salary reduced in exchange for the contribution. Before-tax deposits are participant contributions to the Plan that are made from participant earnings prior to the payment of Federal or state taxes. After-tax deposits are Plan contributions made by a participant from the participant's pay after Federal and state taxes have been paid. Plan participants are allowed to change their investment directions and deposit rates only during designated enrollment periods.

4. Employee deposits are placed in a special investment fund called the "Temporary Investment Fund." The deposits are initially invested in certain short-term securities for up to 45 days after receipt by the Trustee. Then, the deposits and earnings thereon are paid into four other Funds, namely, Funds A, B, E or F as directed by the participant, and invested as follows:

a. In Fund A, a commingled trust government/corporate bond index fund held by Wells Fargo Institutional Trust Company.

b. In Fund B which holds Phillips common stock.

c. In Fund E, a Standard and Poor's equity index commingled fund held by the Trustee.

d. In Fund F, a commingled money market fund managed by the Trustee.¹

¹ The applicant represents that investments by the Plan in Fund E and Fund F are covered by and comply with section 408(b)(8) of the Act. However,