Dear EDWARD,

Thank you for the information dated April 20, 2004 about your income tax return for the year shown above. We considered it carefully and took the following action:

☐ We used the information you gave us and reduced the tax increase we proposed previously. We’ve enclosed two copies of the examination report showing our changes.

☐ We did not make changes to the tax increase we proposed previously, because the information you gave us didn’t justify a change. Please see the attached examination report which shows the amount you owe.

☐ See 886-A for explanation.

If you agree with our findings, please sign, date, and return the following:

☒ One copy of the consent page of our examination report.

☐ One copy of the agreement.

If you do not agree with our findings, you may file a petition to ask the United States Tax Court to redetermine the amount of tax you owe. The time involved in responding to your inquiry and in reconsidering the issues questioned on the tax year shown above, doesn’t extend your time to file a petition with the United States Tax Court.

In the Notice of Deficiency we sent you, we gave you instructions on filing a petition, including the date by which you must file your petition. If you don’t file your petition on time, we’ll make our proposed changes and send you a bill.

(over)

Lettcr 555 (SC) (Rev. 12-2001)
Cat. No. 405360
If you have any questions about this letter, you can call the contact person whose telephone number and contact hours appear in the heading of this letter. You can also write or fax us at the address/fax number shown in the heading of this letter. When you write or fax to us, please include a copy of this letter with your response.

If you want us to discuss this letter with your authorized representative, please enclose Form 2848, Power of Attorney and Declaration of Representative, with your reply. You can get Form 2848 by calling 1-800-TAX-FORM (1-800-829-3676), accessing our website at www.irs.gov, contacting your tax advisor, or visiting your public library.

Sincerely yours,

Carolyn Levy
Operations Manager, Examination

Enclosures:
☐ Agreement Form
☐ Examination Report (2)
Copy of this letter
Envelopes
We have prepared this report because we have no record of receiving your Form 1040, U.S. Individual Income Tax Return, for the tax year shown. We have computed your tax, penalties, and interest based on information available to us. This computation may not give you full credit for exemptions, deductions, or credits. Your best course of action is to file your own tax return now to claim your credits and deductions as allowed by law.

If you need a list of the payers and amounts of the income reported to the Internal Revenue, you may request this information in writing.

SE AGI Adjustment

<table>
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<tr>
<th>Tax Period</th>
<th>Per Return</th>
<th>Per Exam</th>
<th>Adjustment</th>
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<td>(1,641.00)</td>
<td>(1,641.00)</td>
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</table>

Your self-employment tax has changed as a result of adjustments made to your net income from self-employment as shown in this report. The self-employment tax deduction has been adjusted to one-half of the recomputed amount.

The computation of all penalties reflected in this report was previously sent to you on January 12, 2004.

In order to expedite the processing of the tax return for this year, please use the enclosed return envelope.

Please note that the enclosed Statutory Notice of Deficiency is being revised to correct the issues shown on page 1 of the Form 4549. We apologize for any inconvenience that this may have caused.