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Internal Revenue Service

Department of the Treasury

Significant Index No. 0412.06-00

Washington, DC 20224

Third Party Contact: February 1999 – Employee of the Company

Person to Contact:

Telephone Number:

Refer Reply to:

T:EP:RA:T:A2, Room 2557

Date:

SEP 06 2000

Re:

This letter constitutes notice that your request of February 12, 1999, for a waiver of the minimum funding standard for the above-named defined benefit plan for the plan year ending November 30, 1998 has been granted subject to the following conditions:

(1) A contribution in the amount necessary to satisfy the minimum funding standard for the plan year ending November 30, 1999 must be made by September 8, 2000.

(2) The excise tax under § 4971(a) of the Internal Revenue Code (Code) on the accumulated funding deficiency in the plan's funding standard account for the plan year ending November 30, 1997 must be paid in full by September 30, 2000.

(3) In the event that the contribution described in paragraph (1) is not made on or before August 15, 2000, the excise tax under § 4971(a) of the Code on the accumulated funding deficiency in the plan's funding standard account for the plan year ending November 30, 1999, must be paid in full by September 30, 2000.

You agreed to these conditions. If they are not satisfied, the waiver is retroactively null and void.

This conditional waiver has been granted in accordance with section 412(d) of the Code and section 303 of the Employee Retirement Income Security Act of 1974 (ERISA). Except for the amount determined under section 412(b)(2)(C) of the Code, the amount for which this waiver has been granted is the contribution that would otherwise

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be required to reduce the balance in the funding standard account to zero as of November 30, 1998.

The plan sponsor is primarily a and . The plan sponsor began experiencing substantial financial hardship in the early 1990's as its customers moved away from products to products, which the plan sponsor did not have the capacity to handle. Additional financial setbacks occurred as a result of disruptions caused by the installation, start up, and repeated breakdowns of a new that was to replace the plan sponsor's . These disruptions resulted in the loss of six of the plan sponsor's top-ten customers by the end of 1997.

However, the problems with the new have been resolved, and the plan sponsor's financial outlook has improved during 2000. The plan sponsor has entered into a debt-refinancing agreement that will result in a lowering of the plan sponsor's interest payments on outstanding long-term debt. As a result of these savings, the plan sponsor has indicated that it will be able to begin funding the plan at the current time, and has agreed to the conditions described above. Hence, this conditional waiver of the minimum funding standard for the plan year ending November 30, 1998 has been granted.

The plan had accumulated funding deficiencies for the plan years ending November 30, 1995, November 30, 1996, and November 30, 1997. Based on information submitted with the request, excise taxes under § 4971(a) have been paid by the plan sponsor for the tax years associated with these plan years.

Your attention is called to the following:

(1) Section 412(f)(1) of the Code describes the consequences which result in the event the plan is amended to increase benefits, to change the rate in the accrual of benefits, or to change the rate of vesting while any portion of the waived funding deficiency remains unamortized.

(2) Section 412(d) of the Code, as amended by section 9306(c)(1) of the Omnibus Budget Reconciliation Act of 1987, provides that the amortization charge described in section 412(b)(2)(C) must be computed by using an interest rate equal to the greater of the plan's valuation rate or 150% of the federal mid-term rate. This provision is applicable to a request for a waiver made after December 17, 1987.

(3) Section 412(b)(2)(C) of the Code, as amended by section 9307(a)(1) of the Omnibus Budget Reconciliation Act of 1987, requires that, for plan years beginning after December 31, 1987, each waived funding deficiency must be

amortized by equal annual installments over a period of 5 years. This provision is applicable to an amortization base established in a plan year beginning after December 31, 1987, as in this case for the waiver granted for the plan year ending November 30, 1998.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Internal Revenue Code provides that it may not be used or cited by others as precedent.

When re-filing Form 5500 for the plan year ending November 30, 1998, the date of this letter should be entered on Schedule B (Actuarial Information). For this reason, we suggest that you furnish a copy of this letter to the individual who is responsible for the completion of the Schedule B.

A copy of this letter is being sent to the Area Office in as well as to your authorized representative pursuant to a power of attorney (Form 2848) on file. If you have any questions concerning this ruling, please contact the individual referenced above.

Sincerely yours,

Martin L. Pippins

Martin L. Pippins, Manager
Employee Plans Actuarial Group 2
Tax Exempt & Government Entities
Division

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