Internal Revenue Service

Department of the Treasury

199936051

Significant Index No. 0412.06-00

Washington, DC 20224

Third Party Contact: Participants

Contact Person:

Telephone Number:

In Reference to:
OP:E:EP:A:1

Date: JUN 15 1999

In re:

This letter constitutes notice that with respect to the above-named defined benefit pension plan we have granted a conditional waiver of the minimum funding standard for the plan year ending September 30, 1998.

The conditional waiver for the plan year ended September 30, 1998 has been granted in accordance with section 412(d) of the Internal Revenue Code and section 303 of the Employee Retirement Income Security Act of 1974 (ERISA). The waived amount is the contribution which would otherwise be required to reduce the balance in the funding standard account to zero as of the end of the plan year for which this conditional waiver has been granted.

The company has experienced a substantial business hardship as shown by negative net worth in its two fiscal years ended December 31, 1997-1998 and by net losses in its three fiscal years ended December 31, 1996-1998. The company has undertaken numerous cost-cutting measures that have resulted in a return to profitability as evidenced by a net profit of nearly $70,000 for the four-month period ended April 30, 1999. This represents an improvement of approximately $155,000 compared to the four-month period ended April 30, 1998. Based on the information submitted, funding deficiencies exist for the plan years ended September 30, 1994, 1995, 1996 and 1997, on which a 10% tax is imposed, under section 4971(a) of the Code.

However, the plan is underfunded and the financial improvement of the company is still uncertain. Accordingly, this waiver is subject to the following conditions: (1) within 60 days from the date of this letter, the company is to contribute to the plan an amount of no less than $50,000 (2) the contribution required to satisfy the minimum funding standard (taking into account this waiver) for the plan year ended September 30, 1999, is to be made to the plan not later than June 15, 2000 and (3) within six months from the date of this letter, the company is to have an agreement with the Key District of the Service to pay the excise taxes under section 4971(a) of the Code for the six plan years ended September 30, 1992 through 1997.

282

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

Your attention is called to section 412(f) of the Code which describes the consequences which would result in the event the plan is amended to increase benefits, change the rate in the accrual of benefits or to change the rate of vesting, while any portion of the waived funding deficiency remain unamortized.

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

When filing Form 5500 for the plan year ended September 30, 1998, the date of this letter should be entered on the Schedule B (Actuarial Information). A copy of this letter should also be sent to the enrolled actuary for the plan. We have sent a copy of this letter to the Key District Director in

Sincerely yours,

James E. Holland, Jr.
Chief, Actuarial Branch 1

Enclosure

282