Internal Revenue Service

Department of the Treasury

Washington, DC 20224

200030032

Significant Index No. 0412.06-00

Person to Contact:

Telephone Number:

Refer Reply to:
T:EP:RA:T:A1

Date: MAY 01 2000

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 December 31, 1999.

This conditional waiver for the plan year ended December 31, 1999, 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 Sponsor has a calendar year fiscal year. For the 1997 and 1998 fiscal years, the sponsor had negative working capital and net worth. For its 1997 and 1998 fiscal years, the sponsor had net operating losses. In the 1999 fiscal year, the sponsor had a de minimis profit and positive working capital. However, the sponsor has insufficient cash-on-hand to meet both routine operating expenses and to contribute the minimum funding requirement.

The sponsor is working with an outside consulting service to effect a recovery. As a result, the sponsor has had a reduction in staff, reduced contracted services and vendors, and improved its collection of account receivables. Other measures have been taken as well so that the Sponsor went from a large operating loss in 1997 to a de minimis profit in 1999 even though revenues remained constant. As these measures continue to take hold, the sponsor expects its cash flow position to improve and to resume funding the plan.

As of January 1, 1999, the value of the assets of the plan was equal to 83% of the plan's current liability. However, because the prospects for recovery are uncertain and because the plan is under-funded, we are granting this waiver subject to the following condition:

> The contributions required to satisfy the minimum funding standard for the plan years ended December 31, 2000 and 2001, are to be timely made as defined in section 412(c)(10) of the Code.

If this condition is not satisfied, the waiver is retroactively null and void. You agreed to this condition in a letter dated April 28, 2000.

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Your attention is called to section 412(f) of the Code and section 304(b) of ERISA which describe the consequences that 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 remains unamortized. Please note that any amendment to other retirement plans maintained by the company or to the company's profit sharing plan, to increase the liabilities of those plans would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA.

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 December 31, 1999, the date of this letter should be entered on Schedule B (Actuarial Information). A copy of this letter is being sent to your authorized representative in accordance with a Form 2848 (Power of Attorney) on file. We have sent a copy of this letter to the Acting Area Manager for Employee Plans for the Key District in

Sincerely,

James E. Holland, Jr., Manager
Employee Plans Actuarial Group 1
Tax Exempt and Government Entities
Division

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