Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Significant Index No. 0412.06-00

Person to Contact:

Telephone Number:

199918064

Refer Reply to:

OP:E:EP:A:2

Date:

FEB 10 1999

In re:

This letter constitutes notice that (1) conditional waivers of the 100 percent tax under section 4971(b) of the Internal Revenue Code have been granted for the above-named plan for the plan years ended October 31, 1997, and 1998, and (2) we will not consider your request for a waiver of the minimum funding standard for the plan year ended October 31, 1997. The waiver request was submitted August 10, 1998, more than six months after the deadline of January 15, 1998.

The waivers of the 100 percent tax have been granted in accordance with section 3002(b) of the Employee Retirement Income Security Act of 1974 (ERISA). The amounts for which the waivers have been granted are equal to 100 percent of the accumulated funding deficiency in the funding standard account as of the end of each plan year for which the waivers have been granted to the extent such funding deficiency has not been corrected.

(the "Company") has experienced temporary substantial business hardship as evidenced by a net loss in income for the fiscal year ended October 31, 1997. Sales of the Company have generally declined from the fiscal year ended March 31, 1991. The Company is 100 percent owned by The Plan was terminated on August 8, 1998. The Plan has an accumulated funding deficiency for the plan year October 31, 1997. It has been determined to be in the participants' best interest, in the aggregate, to grant the waiver subject to the following conditions:

(1) On or before July 15, 1999, the Company will make contributions to the plan for all participants in the plan (except that contributions for are not required to be made). The amount of contributions required for such participants other than is approximately $22,498.

(2) On or before April 15, 1999, the Company will pay the ten percent excise tax imposed under section 4971(a) of the Code on the accumulated funding deficiency as of October 31,

1997. This ten percent tax is approximately $3,256. The enclosed Form 5330 (Return of Excise Taxes Related to Employee Benefit Plans) with instructions should be used to file the required return when paying the tax.

If these conditions, which you agreed to, are not met, these waivers are retroactively null and void.

When filing Form 5500-C/R for the plan year ended October 31, 1998, a copy of this letter should be attached. A copy of this letter has been sent to the Key District Office in

Sincerely yours,

Kathryn Marticello

Kathryn Marticello
Chief, Actuarial Branch 2

Enclosure