Significant Index No. 0412.06-00

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

200229049

APR 2 3 2002

T:EP:RA:T:A1

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 ended September 30,

This conditional waiver for the plan year ended September 30, , 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 a June 1 to May 31 fiscal year. For the fiscal year ending May 31, and through the first months of the fiscal year ending May 31, the Company has had negative earnings. In addition, net sales have been in a declining pattern for the last years and, through the first months of the fiscal year ending May 31, are trending toward their lowest level in the last years.

The company previously received a waiver for this plan for the plan year ending September 30, The company's management at that time represented that it had undertaken numerous cost cutting measures to affect a recovery. These measures were successful as the company, after receiving the waiver. recorded consecutive years of positive earnings. To affect a recovery from its current financial difficulties, the company's management (which includes the same top officers who led the company years ago) has again undertaken an aggressive cost reduction program and, to increase revenues, set a corporate objective of increasing sales to non-domestic customers.

As of October 1, the value of the assets of the plan was equal to % of the plan's current liability. 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 ending September 30, and are to be timely made as defined in section 412(c)(10) of the Code (without a waiver being granted for such years).

If this condition is not satisfied, the waiver is retroactively null and void. You agreed to this condition in a letter dated April 19, 2002.

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.

The Company and the Union representing the plan's participants entered into a new collective bargaining agreement that provided for prospective increases in the plan's normal retirement benefit formula, to be effective on October 1, and October 1, Because these benefit increases were negotiated prior to the date of submission of the request for this waiver, such increases would not conflict with section 412(f) of the Code.

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, 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 power of attorney (Form 2848) on file. A copy of this letter has also been sent to the Manager, Employee Plans Classification in A copy of this letter should be furnished to the enrolled actuary for the plan.

If you have any questions on this ruling letter, please contact

Sincerely,

James E. Holland, Jr., Manager
Employee Plans Actuarial Group 1