internal Revenue Service

Significant Index No. 0412.06-00

Department of the Treasury

Washington. DC 20224 200148061

Contact Person:

Telephone Number:

In Reference to:

T:EP:RA:T:A1

Date:

JUL 18 2001

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, 2000.

This conditional waiver for the plan year ended December 31, 2000, 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 (taking into account all contributions through the date of this letter except for the quarterly contribution made for the first quarter of the 2001 plan year).

The company has a calendar year fiscal year. For the 1999 and 2000 fiscal years, the company had negative net earnings. Between year-end 1998 and year-end 2000 the company experienced an 85 percent decrease in net worth and a 75 percent decrease in working capital.

The company has taken several steps to effect a recovery. In mid-1999, the company filed an anti-dumping suit with the United States International Trade Commission against its chief foreign competitor. The company was ultimately victorious in this action and in mid-2000, the United States Commerce Department issued an anti-dumping order implementing duties effectively doubling the cost of this foreign competitor's exports to the United States. Since this order was issued the company has been gradually increasing prices and market share, reducing accounts payable, and rebuilding inventories. Other measures have been taken as well so that the company anticipates a return to profitability in 2001 and by year-end 2002, a three hundred percent increase in net worth from that of year-end 2000.

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As of January 1, 2000, the value of the assets of the plan was equal to 65% 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 December 31, 2001 and 2002, 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 July 12, 2001.

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, 2000, 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 copy of this letter should be furnished to the enrolled actuary for the plan.

Sincerely,

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

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