Significant Index No. 0412.06-00 Third Party Contacts – Employees of the Company (Jan. 2003)

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

**200336037**

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

JUN 1 1 2003

T:EP:RA:T:A2

In re: Request for waiver of the minimum funding standard for

EIN:

Company =
Subsidiary =

Dear .

This letter constitutes notice that a conditional waiver of the minimum funding standard has been granted for the above-named pension plan for the plan year ending .

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

The Company, through its wholly-owned subsidiary (Subsidiary), a in addition to operating a The Company and other In the the Company embarked on a plan to narrow its operating focus and the Subsidiary emerged as the primary operating subsidiary of the Company. The Company and its Subsidiary were reorganized in a leveraged recapitalization in and the Company acquired another business in connection with the recapitalization, both of which resulted in indebtedness for the Company. During the subsequent , the Company pursued a strategy to grow through acquisition, which greatly expanded the Company's national presence in the business and the but resulted in additional indebtedness. As a result of high prices paid for acquisitions, over-leveraged debt burdens, and poor execution of integration, the Company had increasing difficulty in meeting debt obligations and defaulted on a number of bank covenants. The Company has experienced temporary substantial business hardship as evidenced by operating losses in the fiscal year ending and both negative working capital and negative net worth for the fiscal years ending and The Company, Subsidiary, and several of its affiliates filed a pre-negotiated concurrently filing a pre-negotiated Plan of Reorganization.

The Company emerged from on , with a restructured balance sheet and a greatly reduced debt load. During the filing period, the Company continued to honor all customer commitments and paid all pre-petition claims of trade creditors in the ordinary course of business as well as satisfying all other vendor claims in full at the end of the proceedings. As a result of the the Company lost some of its business to and that had previously extended the length of time that the Company had to began to demand prompt payment or payment in advance, both negatively affecting the Company's cash flow.

As part of its recovery efforts the Company has recruited senior management talent, realigned the sales organization to eliminate management layers and hold sales accountability to a single point of contact, consolidated or and audited under-performing branches to enhance profitability, terminated poor sales performers, and effected a reduction in force of approximately The Company believes that its financial performance has been essentially restored during the fiscal years and and management has positioned the Company to focus on a disciplined growth path. The Company experienced positive working capital and net worth for the fiscal years ending and had positive income from operations in the fiscal year ending

The above-named defined benefit Plan was originally adopted and effective on . A decline in the market value of assets, an increase in the Plan's current liability, and a decline in the Plan's gateway percentage resulted in the Plan being subject to an additional funding charge (§ 412(l) deficit reduction contribution) for the plan year of the waiver that is more than two times the minimum funding requirement for the same plan year when calculated without the additional funding charge. The amount of the requested waiver only slightly exceeds the additional funding charge for the year. According to information submitted, the market value of assets is approximately of the present value of benefits calculated as though the Plan terminated, and approximately of the present value of vested benefits.

This waiver has been granted subject to the following condition, which you have agreed to:

> Within 90 days from the date of this letter, all necessary documents to provide an arrangement to secure the repayment of the waived amount satisfactory to the PBGC will be executed.

If the Company fails to meet the above condition, this waiver is retroactively null and void.

Your attention is called to section 412(f) of the Code and section 304 of ERISA which describes the consequences which result in the event the plan is amended to increase benefits, to change the rate in the accrual of benefits, or to change the rate of vesting while any portion of the waived amount remains unamortized.

This ruling is directed only to the organization 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 ending the date of this letter should be entered on Schedule B (Actuarial Information). We have sent a copy of this letter to the , , and to your authorized representatives (Form 2848) on file with this office.

If you have any questions concerning this letter, please contact (Employee I.D. No at In any correspondence relating to this letter, please refer to as well.

Sincerely,

Carol D. Gold
Director, Employee Plans