Significant Index No. 0412.06-00

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

200518036

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

FEB 1 0 2005

SE:T:EP:RA:T:A2

In re:

Company =

ESOP =

Subsidiaries =

This letter constitutes notice that a waiver of the minimum funding standard for the above-named plan for the plan year ending June 30, 2004, has been granted subject to the condition that the Company will make contributions to the Plan in amounts sufficient to meet the minimum funding requirements for the Plan for the plan years ending June 30, 2005, by March 15, 2006. Your authorized representative agreed to this condition in a letter dated February 8, 2005. If this condition is not satisfied, the waiver is retroactively null and void.

This conditional waiver 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 amount for which this conditional waiver has been granted is the contribution that would otherwise be required to reduce the balance in the funding standard account to zero as of June 30, 2004.

The Company, which has done business for over 120 years in the wholesale floral industry, is an "S" corporation and [redacted]% owned by the ESOP. The Company's controlled group consists of the Company and its two wholly owned Subsidiaries.

The Company's hardship is due to several factors, the first of which is the increased minimum required contribution for the plan year ending [redacted] The funding requirements for the plan years ending [redacted] were approximately $[redacted] and $[redacted] respectively. The funding requirement for the plan year ending [redacted] is approximately $[redacted]. The increased required contribution for [redacted] includes an additional funding charge of approximately $[redacted], a charge that was not applicable in the prior year. The Company expects that the minimum required contribution for the plan year ending [redacted] will be in the range of the [redacted] required contribution.

The Company has also incurred significant increases in its expenses for commercial insurance, partly attributable to the aftermath of September 11th. Combined with these increased expenses, the Company had an unexpected decline in sales of approximately $[redacted] ([redacted]%) from fiscal year [redacted] to fiscal year [redacted] For the fiscal year ended [redacted] the Company (including Subsidiaries) experienced a loss of $[redacted] compared to profits of $[redacted] and $[redacted] for the fiscal years ended [redacted], and [redacted] respectively.

The Company's efforts to endure the combination of increased expenses and reduced sales were significantly hampered by the destruction by fire of its headquarters and main operating facility on [redacted]. The Company has attempted to service both sales areas from a much smaller operating facility located approximately [redacted] miles from its headquarters and main operating facility. The combined sales for both facilities for the fiscal year ended [redacted] were approximately $[redacted] million. The combined sales for both facilities for the fiscal year ended [redacted] the year in which the headquarters and main operating facility was destroyed, were approximately $[redacted] a decrease of $[redacted]

The Company's total sales, for all facilities (excluding the Subsidiaries' sales), for the fiscal year ended [redacted], were approximately $[redacted] The Company's total sales, for all facilities, for the fiscal year ended [redacted] fell to approximately $[redacted] The Company sales decrease of approximately $[redacted] consisted almost entirely of the $[redacted] decrease in combined sales.

In order to improve its financial situation, the Company has changed its management team and taken steps to increase sales and reduce costs. The Company's gross profit has increased, and expenses have decreased, since the Company changed its management team in [redacted] The Company has also hired a consultant to assist in its recovery efforts.

The Company expects to receive substantial insurance proceeds from the loss of its property ($[redacted] has been received through [redacted]. In [redacted] the Company took a significant step in its recovery efforts by closing on the acquisition of a new property, which will serve as the Company's combined headquarters and operating facility. The replacement facility will accommodate the combined operations of both sales areas. The replacement facility is in the process of being refurbished to the Company's specifications. The Company expects its headquarters staff to move into the new facility in late [redacted] or [redacted] with operations commencing in [redacted]

Financial information provided by the Company shows that it could have endured the increased required contributions to the Plan, increases in insurance costs, and the decline in sales for [redacted] had the fire not destroyed is headquarters and main operating facility. The fire is a one time event that had a significant impact on the Company, and the Company has taken steps to recover from this hardship. Given time to get the replacement facility up and running, it appears that the Company should be able to recover from this hardship soon. However, the Plan is only [redacted]% funded on a current liability basis as of [redacted] Hence, the waiver for the plan year ending [redacted] has been granted, subject to the conditions set forth above.

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 a profit sharing plan or any other retirement plans (covering employees covered by this plan) maintained by the Company, 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. Similarly, the establishment of a new profit sharing plan or any other retirement plan by the Company (covering employees covered by this plan) 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 ending [redacted], the date of this letter should be entered on Schedule B (Actuarial Information). For this reason, we suggest that you furnish a copy of this letter to the enrolled actuary who is responsible for the completion of the Schedule B.

We have sent a copy of this letter to the Manager, EP Classification in , to the Manager, EP Compliance Unit in and to your authorized representative pursuant to a power of attorney on file in this office.

If you have any questions concerning this matter, please contact

Sincerely yours,

Lawrence E. Baack
for Donna M. Prestia

Donna M. Prestia, Manager
Employee Plans Actuarial Group 2