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TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

MAR 02 2004

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, 2001.

This conditional waiver for the plan year ended September 30, 2001, 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.

This letter also constitutes notice that with respect to the above-named defined benefit pension plan, conditional waivers of the 100 percent excise tax under section 4971(b) of the Internal Revenue Code have been granted for the excise taxes that would otherwise apply with respect to the plan years ended September 30, 1997, September 30, 1998, September 30, 1999, and September 30, 2000.

The waivers of the 100 percent excise tax have been granted in accordance with section 3002(b) of the Employee Retirement Income Security Act of 1974 (ERISA). The amount for which these excise tax waivers have been granted is equal to 100 percent of the contribution which would otherwise be required to reduce the balance of the funding standard account to zero as of the end of each of the applicable plan years for which a waiver is granted to the extent such deficiency has not been corrected. Of course, because we have waived the 100% excise tax for these four years, the penalties and interest associated with respect to the excise taxes under section 4971(b) of the Code will be zero.

The company has a June 1 to May 31 fiscal year. The information furnished indicates that the Company had negative earnings for the fiscal years ended May 31, , May 31, , and May 31, . In response to these losses the Company has begun the implementation of a business strategy focused simultaneously on improvements in its gross margins through adding value to the products it already makes and sells into niche markets, and the pursuit of markets that take advantage of recently acquired licenses received from a large multinational corporation in combination with supporting technologies developed by the Company.

Please be advised that these waivers are granted subject to the following conditions:

- (1) The contributions required to satisfy the minimum funding standard for the plan years ending September 30, 2003, and 2004, are to be timely made as defined in section 412(c)(10) of the Code (without a waiver being granted for such years).
- (2) The Company either pays or makes arrangements with the appropriate IRS office to pay the 10% excise taxes applicable under section 4971(a) of the Internal Revenue Code associated with the funding deficiencies for the four plan years ended September 30, through September 30,

If these conditions are not satisfied, the funding waiver for the plan year ended September 30, , and the waivers of the 100 percent excise taxes associated with the plan years ended September 30, through September 30, , are retroactively null and void. You agreed to these conditions in a letter dated February 23, 2004.

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.

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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 also being 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,



Norman Greenberg, Manager
Employee Plans Actuarial Group 1