Significant Index No. 0412.06-00

200402024

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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

OCT 14 2003

T:EP:RA:T:A2

In re:

Company =

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 beginning January 1, 2002.

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 conditional 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 2002 plan year.

The Plan is sponsored by the Company, and operates on a calendar year basis. The Plan is a collectively bargained defined benefit plan that provides benefits based on dollar amounts multiplied by credited service, with the dollar amounts determined by an employee's experience level in the industry. As of January 1, 2002, the Plan's accrued liability was $36,345,915 and the market value of Plan assets was $32,550,405. The Plan's current liability as of January 1, 2002 was $38,295,493.

The Company manufactures and sells color glass containers of various types, designs and sizes to customers mainly in the
s in the . The Company operates three furnaces with five glass-forming machines, and employs over 350

people, most of whom are represented by the Glass, Molders, Pottery, Plastics & Allied Workers International Union and the American Flint Glass Workers Union.

From June 1999 until February 2002, the Company was owned by other corporate entities engaged in the same line of business. The Company showed a profit of approximately $400,000 in 2000. Since that time, however, the Company has experienced significant net losses of $4.1 million in 2001, and $259,000 in 2002. The Company's working capital was negative $8.3 million for 2000, negative $9.8 million for 2001, and negative $8.1 million for 2002. Net worth for 2002 was negative $21 million.

The financial hardship experienced by the Company was primarily attributable to the Company's inability to control its own operation and finances, added expenses involved in labor costs to stay competitive with other larger glass manufactures, increased utility costs, and the eventual bankruptcies of the two corporate entities that, until February 2002, owned the Company.

The Company's principal sources of liquidity for 2003 are operations-derived funds and borrowed funds. Continued liquidity from these sources is dependent on improving operating performance and resolving the current default status under the Company's credit facility. The Company is continuing its cost reduction efforts, one of which was a 5% wage and salary reduction agreed to as a part of an April 2003 collective bargaining agreement between the Company and its largest labor union. The Company is in the process of renegotiating its debt and anticipates the receipt of a capital contribution, which will aid efforts to bring the Company's remaining furnace back online, thus increasing production and generating additional revenue.

Financial projections provided by the Company show that a net loss of $1.7 million is expected for 2003. The Company contends that its product market is strong, its management sound, and that the only obstacle is the remnants of its financial leveraging which has left the Company without the ability to borrow enough funds to satisfy both its capital expenditure needs and meet its other financial obligations. The Company forecasts that beginning in 2004, when it expects to refinance its debt and bring its remaining furnace back online, it will show net profits of $1.6 million in 2004, and $1.9 million in 2005.

Despite the significant financial hardship under which the Company operated during the last several years, the Company has remained in business. The debt incurred by the Company is being renegotiated, and opportunities exist for the Company to become more productive and profitable. Accordingly, this waiver has been granted subject to the following condition:

By January 15, 2004, all necessary documents to provide an arrangement to secure the repayment of the waived amount satisfactory to the Pension Benefit Guaranty Corporation shall be executed.

The Company has agreed to this condition. Nothing precludes the Company from subsequently requesting a modification of this condition. If the Company fails to meet this condition (as stated above or as modified later), this waiver is retroactively null and void.

Your attention is called to section 412(f) of the Code and section 304(b) 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. Please note that any amendment to other pension or profit sharing plans 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.

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 December 31, 2002, the date of this letter should be entered on Schedule B (Actuarial Information). We have sent a copy of this letter to the Manager, EP Classification, in Baltimore, Maryland, and a copy to your authorized representative (Form 2848) on file with this office.

If you have any questions concerning this letter, please contact
In any correspondence relating to this letter, please refer to SE:T:EP:RA:T:A2 as well.

Sincerely yours,

Carol D. Gold, Director
Employee Plans