the rate of 8.70 percent per annum on the principal amount of the GIC for the period from April 4, 1994, to the date of the Sale.

Summary of Facts and Representations

1. The sponsoring employer of the Plan is Bassett-Walker, Inc., a Virginia corporation headquartered in Martinsville, Virginia. It is engaged primarily in the manufacturing and marketing of high-quality fleece and printwear. Bassett-Walker, Inc. was incorporated on September 24, 1984, and is wholly-owned by VF Corporation, the proposed purchaser of the GIC.

VF Corporation, a Pennsylvania corporation headquartered in Wyomissing, Pennsylvania, was incorporated on December 4, 1899, and has its securities publicly traded on the New York and Pacific stock exchanges. It is engaged primarily in the domestic and international manufacturing and marketing of jeanswear, casual/sportswear, and intimate and other types of apparel.

2. The Plan is a profit sharing plan that maintains individual accounts for its participants and is intended to satisfy the qualification requirements of sections 401(a) and 401(k) of the Code. The net assets of the Plan were \$27,158,367, as of December 31, 1993. There are currently approximately 5,547 participants and beneficiaries of the Plan

The applicant represents that the Plan is administered by a committee (the Committee) which is appointed by the sponsoring employer pursuant to the terms of the Plan. The Committee has the discretionary responsibility for the overall administration of the Plan, including the appointment of legal counsel, accountants, and the trustee for the Plan. The current members of the Committee are Carl Reynolds (Chairman), Steven Fritz and Margaret Bouldin (Secretary), who are employees of the sponsoring employer of the Plan, and Louis J. Fecile, an officer of VF Corporation, the proposed purchaser of

The applicant also represents that UMB Bank, N.A. (formerly known as United Missouri Bank, N.A.) was appointed trustee (the Trustee), for the Plan, effective February 2, 1993. The Trustee is located in Kansas City, Missouri. It acts as custodian of the assets of the Plan, ensures that the assets of the Plan are held in trust as required by the Act, and oversees the establishment and maintenance of investment and disbursement accounts of the Plan.

3. The GIC was acquired by the Plan, effective April 4, 1990, pursuant to \$1.5 million tendered by the Plan to Confederation on April 3, 1990.7 Under the terms of the GIC, simple interest was to be paid by Confederation to the Plan at a guaranteed rate of interest in the amount of 8.70 percent per annum through April 3, 1995. All annual interest payments through April 3, 1994, have been paid by Confederation, leaving only the interest yield that accrued since April 4, 1994, remaining to be paid to the Plan. Under the terms of the GIC, the Plan may not deposit additional amounts to nor withdraw amounts from its initial \$1.5 million investment. As of August 31, 1994, the GIC was valued at \$1,514,315 and represented approximately 5.04 percent of the total value of Plan assets.

On August 12, 1994, the Ingham
County Circuit Court, Lansing, Michigan
placed Confederation in conservatorship
and rehabilitation, causing
Confederation to suspend all payments
on its contracts, including the GIC. The
applicant represents that it is not known
whether, when, or under what
circumstances Confederation will
resume interest payments under the
terms of the GIC or whether it will be
permitted to pay the principal amount
of the GIC to the Plan upon the maturity
of the GIC.

4. In order to eliminate the risk associated with continued investment in the GIC and to allow the Plan to distribute or otherwise invest the assets of the Plan currently invested in the GIC in more stable investments that produce a return to the Plan, VF Corporation proposes to purchase the GIC from the Plan.⁸ The applicant represents that the Sale would eliminate the risks inherent in the continued investment in the GIC by the Plan and would be in the best interests of the Plan and its participants and beneficiaries.

The Trustee in a letter dated November 10, 1994 also has represented that the Sale as proposed is in the best interests of the Plan and its participants and beneficiaries and that the proposed transaction is protective of the rights of the Plan participants and beneficiaries.

The applicant states that the Sale would be a one-time transaction for cash and the Plan would not incur any

expenses from the Sale nor experience any loss. The applicant also states that the Plan would receive as consideration for the Sale the greater of either the fair market value of the GIC as determined by the Trustee on the date of the Sale, or the amount of funds expended by the Plan in acquiring the principal amount of the GIC plus any interest accrued and not paid on the GIC until the date of the Sale.

5. In summary, the applicant represents that the proposed transaction will satisfy the criteria for an exemption under section 408(a) of the Act because (a) the Plan will receive from the Sale in a one-time transaction cash in amount that is not less than the fair market value of the GIC as determined by the Trustee, or an amount that is equal to the total amount paid by the Plan for the GIC plus earnings the GIC would have paid to the date of the Sale if Confederation had not been placed under conservatorship and rehabilitation by the Circuit Court of Michigan; (b) the transaction will enable the Plan and its participants and beneficiaries to eliminate any risk from continued holding of the GIC and invest the funds from the transaction in more stable and paying investments; (c) the Plan will not incur any loss nor expense from the proposed transaction; and (d) the Trustee of the Plan has determined that the proposed transaction is in the best interests of the Plan and its participants and beneficiaries as well as protective of the rights of the participants and beneficiaries.

FOR FURTHER INFORMATION CONTACT: Mr. C. E. Beaver of the Department, telephone (202) 219–8881. (This is not a toll-free number.)

Employee Profit Sharing-Savings Plan and Trust Agreement of Modern Globe, Inc. (the Plan) Located in Wyomissing, Pennsylvania; Proposed Exemption

[Application No. D-09893]

The Department is considering granting an exemption under the authority of section 408(a) of the Act and section 4975(c)(2) of the Code and in accordance with the procedures set forth in 29 CFR Part 2570, Subpart B (55 FR 32836, 32847, August 10, 1990). If the exemption is granted the restrictions of sections 406(a) and 406 (b)(1) and (b)(2) of the Act and the sanctions resulting from the application of section 4975 of the Code, by reason of section 4975(c)(1) (A) through (E) of the Code shall not apply to the proposed cash sale (the Sale) of the Guaranteed Investment Company Contract No. 62580 (the GIC), issued by Confederation Life Insurance of Atlanta,

⁷The Department notes that decisions to acquire and hold the GIC are governed by the fiduciary responsibility provisions of Part 4 of Title I of the Act. In this regard the Department is not proposing relief for any violations of Part 4 which may have arisen as a result of the acquisition and holding of the GIC.

^{*}Section 3.04 of the GIC provides that the GIC may not be assigned. The applicant represents that it is negotiating with Confederation to obtain a waiver of the assignment restriction.