MEMORANDUM

DATE: January 5, 2005
TO: All Pace Employees
FROM: Loniese Russ, Manager of Payroll
SUBJECT: FICA Taxes

This is to inform you of the Federal Insurance Contribution Act (FICA) changes effective January 1, 2005. The total tax rate remains unchanged at 7.65%. The individual components of FICA are affected as follows:

- The OASDI (Social Security) maximum wage base is $90,000.00. With the tax rate of 6.2% the maximum payable will be $5,580.00. The payroll deduction will appear on your stub as Fica-SS.

- The HI (Medicare) tax rate remains at 1.45%, and is applicable to all wages earned. The payroll deduction will appear on your stub as Fica-HI.

Should you have any questions concerning FICA taxes or other tax withholdings please contact Ms. Loniese Russ, Manager of Payroll at extension 2898.