Significant Index No. 0412.06-00

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TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

OCT 01 2002

T:EP:RA:T:A1

In re:

Company =

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 December 31, 2001.

This conditional waiver for the plan year ended December 31, 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.

The Company had net losses in 2000 and 2001 and a sharp decline in sales in 2001. Through the first six months of 2002, the Company reported a de minimus net profit and flat sales. In order to affect a recovery the Company is focusing sales efforts on niche markets where the Company holds a competitive advantage and has employed outside consultants to help redesign production flow to more efficiently produce low volume quantities at competitive costs. This new production flow, when fully implemented in late 2002, will substantially reduce indirect handling costs and set up costs, and reduce manufacturing cycle time. The Company is forecasting that sales will remain flat through the remainder of 2002, and then increase in 2003 to the levels experienced in 1999 and 2000. The Company is also forecasting a substantial increase in 2003, in earnings before interest, taxes, depreciation, and amortization (EBITDA). However, the prospects for recovery are uncertain.

As of January 1, 2001, the value of the assets of the plan was equal to 70% of the plan's current liability. Because the prospects for recovery are uncertain and because the plan is under-funded, we are granting this waiver subject to the following conditions:

(1) The contributions required to amortize the waived funding deficiency for the plan year ending December 31, 2001, are to be timely made over a period of five plan years.

(2) The contributions required to satisfy the minimum funding standard for the plan year ending December 31, 2003, are to be timely made as defined in section 412(c)(10) of the Code (without a waiver being granted for such years).

If these conditions are not satisfied, the waiver is retroactively null and void. You agreed to these conditions in a letter dated September 23, 2002.

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.

When filing Form 5500 for the plan year ended December 31, 2001, the date of this letter should be entered on Schedule B (Actuarial Information). A copy of this letter is being sent to your authorized representative in accordance with a power of attorney (Form 2848) on file. A copy of this letter has also been 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,

James E. Holland, Jr., Manager
Employee Plans Technical