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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

T:EP:RA:T:A2

SEP 12 2002

In re:

Dear

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 ending December 31, 2001.

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 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 plan year for which the waiver has been granted.

(the "Company" , a privately held company, serves as a capital equipment supplier to the industry. Today, the Company only has one operating division, with two sales offices located in the manufactures machinery for two different markets: (1) machinery for the manufacture of 2) machinery to apply

The (the "Plan") became effective January 1, 1985. Prior to January 1, 2001, all salaried and hourly employees, not covered under collective bargaining (unless bargaining agreement provides otherwise), were eligible to participate in the Plan. As of December 31, 2001 there were participants in the Plan.

The Company experienced temporary substantial business hardship as evidenced by net losses in income for the fiscal years ending March 31, 2000 and 2001 along with a net loss in income for the nine-month period ending December 31, 2001. During the period from April 1, 1999 through December 31, 2001, the Company's losses exceeded $. As a result, the Company experienced a significant decline in working capital.

The major underlying reasons for the business hardship are dramatic falls in sales and unfavorable currency conversion conditions for exports. In the 4th quarter of 2001, total expenditures dropped % from the previous quarter. This has been part of consecutive quarter drop in overall capital expenditures of the industry, on which depends for their major customers. Based on the information received, this has resulted in more than half of competitors having been forced out of business. For the fiscal year ending March 31, , the Company is projecting sales to be approximately % lower than the average sales of the prior four fiscal years.

The reduction in the number of potential machinery suppliers, coupled with a slow recovery in the marketplace, has enabled to experience an increase in order intake in the first quarter of 2002. The Company has also implemented a cost reduction program including reductions in personnel and related expenses. Effective December 31, 2001, benefit accruals under the Plan were frozen, and no new participants have been allowed into the Plan since January 1, 2001. The Company has made a radical reduction in office expenses that have taken place from March 31, 1999 to March 31, 2002. In addition, a detailed series of action plans have been put in place, in which specific members of the Company have committed to reduce costs and increase profits by specific actions and dates in the coming fiscal year.

This waiver has been granted subject to the following condition, which you have agreed to:

(1) Within 90 days from the date of this letter, all necessary documents to provide an arrangement to secure the repayment of all waived amounts satisfactory to the PBGC will be executed.

If the Company fails to meet the above condition, this waiver is retroactively null and void.

Your attention is called to section 412(f) of the Code and section 304 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.

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 as others as precedent.

When filing Form 5500 for the plan year ending December 31, 2001, the date of this letter should be entered on Schedule B (Actuarial Information). We have sent a copy of this letter to the Area Manager in and to the authorized representatives listed on the power of attorney (Form 2848) on file with this office.

If you have any questions concerning this matter, please contact

Sincerely,

Carol D. Gold, Director
Employee Plans