Significant Index No. 0412.06-00

200402030

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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

OCT 15 2003

In re:

Company =

Parent =

Products A =

Industries B =

Date1 =

Dear

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, 2002.

This conditional waiver for the plan year ended December 31, 2002, 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 is a wholly owned subsidiary of the Parent. The parent was established in Date1 as a vehicle to acquire (through a combination of equity and bank debt financing) suppliers of Products A to Industries B. The Parent prepares financial statements on a consolidated basis. (The financial statements of the Company on a stand-alone basis do not substantively differ from that of the Parent).

The Parent had net losses in 2000, 2001 and 2002, and in December 2002, defaulted on its senior debt. Subsequently the Parent and its lenders entered into negotiations with regard to this default on a restructuring in which the lenders will accept equity positions in the Parent in exchange for writing-off certain portions of the Parent's loan amounts. The Parent represents that tentative agreement has been reached on such a restructuring.

In 2001 and 2002, the Parent had positive operating income. The Parent is forecasting that, if the restructuring agreement described above is finalized (thus, significantly reducing the Parent's annual interest expense) the Parent will experience de minimis positive net earnings in 2004, and more significant positive earnings thereafter. However, the prospects for recovery are uncertain.

As of January 1, 2002, the value of the assets of the plan was equal to 72% 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:

> The contributions required to satisfy the minimum funding standard for the plan years ending December 31, 2003, and December 31, 2004, 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 October 10, 2003 (which was transmitted by facsimile).

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, 2002, 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,

Norman Greenberg

Norman Greenberg, Manager
Employee Plans Actuarial Group 1