Significant Index No. 0412.06-00

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

200621022

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

SE:T:EP:RA:T:A1

FEB 2 8 2006

In re:

Company =

This letter constitutes notice that a waiver of the minimum funding standard for the above-named plan for the plan year ending July 31, , has been granted subject to the following conditions:

(1) The Company makes contributions to the Plan totaling the amount of the quarterly contributions originally due on November 15, , and February 15, , for the plan year ending July 31, , by February 16, .

(2) The Company makes the required quarterly contributions to the Plan due on May 15, , and August 15, , for the plan year ending July 31, , in a timely manner, and meets the minimum funding standard for the Plan for the plan year ending July 31, , by April 15, .

(3) The Company makes the required quarterly contributions to the Plan due on November 15, , February 15, , May 15, , and August 15, , for the plan year ending July 31, , in a timely manner, and meets the minimum funding standard for the Plan for the plan year ending July 31, , by April 15, .

You agreed to these conditions in letter sent via facsimile dated February 10, . If any one of these conditions is not satisfied, the waiver is retroactively null and void.

This conditional waiver 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 amount for which this conditional waiver has been granted is the contribution that would otherwise be required to reduce the balance in the funding standard account to zero as of July 31, 2005.

The Company's primary business is the production of large and complicated assembly machines and equipment used by other manufacturers.

The current financial hardship was brought on by a reduction in customer orders. The primary customer base for the Company is other manufacturers. When the economy slowed in the early part of the decade, the manufacturers invested less in capital equipment. As the economy improved, many manufacturers moved production outside of the United States, thus reducing demand in the Company's primary market. The Company's revenues fell from in fiscal year ending October 31, , to in the year ending October 31, . However, in the year ending October 31, , the revenues increased to . The Company had a loss of in the year ending October 31, . For the years ending October 31, , and , the Company had losses of , and . For the year ending October 31, , the Company had a profit of .

In order to effect a recovery of its business, the Company has taken a number of steps to firm up its financial situation. Among these steps is an agreement in November , with the Company's labor force that has eliminated costs that will allow the Company to be competitive in the smaller machine markets. The Company has also developed a new product for which the Company expects to receive a flow of new orders. The initial machine is expected to be in production at the customer's plant in early fall of , although payment for this machine is not expected to be received until early . An order for a second machine is expected upon the successful installation of the first machine.

Because the actions taken by the Company have improved its financial position, the waiver for the plan year ending July 31, , has been granted, subject to the conditions set forth above.

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 a profit sharing plan or any other retirement plans (covering employees covered by this plan) maintained by the Company, 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. Similarly, the establishment of a new profit sharing plan or any other retirement plan by the Company (covering employees covered by this plan) 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 ending July 31, , the date of this letter should be entered on Schedule B (Actuarial Information). For this reason, we suggest that you furnish a copy of this letter to the enrolled actuary who is responsible for the completion of the Schedule B.

We have sent a copy of this letter to the Manager, EP Classification in to the Manager, EP Compliance Unit in and to your authorized representative pursuant to a power of attorney on file in this office.

If you require further assistance in this matter, please contact

Sincerely yours,

Donna M. Prestia, Manager
Employee Plans Actuarial Group 2