



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

SE:T:EP:RA:T:A1

NOV 17 2005

Company =

Parent =

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

- (1) the Company makes the required quarterly contribution to the Plan that is due October 15, , by October 31, ;
- (2) the Company makes the required quarterly contribution to the Plan that is due January 15, , in a timely manner;
- (3) the Company makes the required quarterly contributions to the Plan that are due April 15, , July 15, , October 15, , and January 15, , for the plan year ending December 31, , in a timely manner; and;
- (4) the Company makes contributions to the Plan in amounts sufficient to meet the minimum funding requirements for the Plan for the plan year ending December 31, , by September 15, (without applying for a waiver of the minimum funding standard).

Proof that the payments were made to the Plan will be provided to this office at the address listed below within 30 days of the due date of the payment.

Internal Revenue Service

You agreed to these conditions in letter dated October 24, , sent via facsimile. 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 December 31,

The Company manufactures . All of the stock in the Company is owned by the Parent. The Company, as well as the Parent and two other companies owned by the Parent, filed for Chapter 11 bankruptcy protection on February 12, . On April 1, , the Company emerged from bankruptcy, with the assets and liabilities of all the companies merged with Parent.

The current financial hardship was brought on by a reduction in sales. The sales have dropped from \$ in , to \$ in , \$ in , and \$ in . Interim financial information indicates that the Company has lost money every month since it emerged from bankruptcy.

In order to effect a recovery, the Company has consolidated manufacturing at one facility, and eliminated production at two facilities. One of these facilities has been sold, with the money used to reduce debt. The Company has eliminated over two-thirds of salaried employees. The Company has negotiated a new union contract for all hourly employees that will reduce all hourly wages by one dollar per hour. While in bankruptcy, the Company successfully negotiated the termination of two other plans with the PBGC. The Company also negotiated with other creditors that reduced outstanding debt. These actions have already had an impact by greatly improving the Company's financial position. Hence, the waiver of the minimum funding standard for the Plan for the plan year ending December 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.

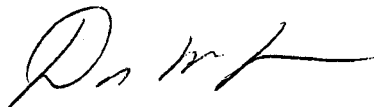
This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

When filing Form 5500 for the plan year ending December 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 , and to the Manager, EP Compliance Unit in .

If you require further assistance in this matter, please contact

Sincerely yours,



Donna M. Prestia, Manager
Employee Plans Actuarial Group 2