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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

SEP 27 2007

T: EP: RA: T: A2

Re:

Dear

This letter constitutes notice that your request for 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) beginning with the required quarterly contribution due on October 15, 2007, for the plan year ending December 31, 2007, the Company makes the required quarterly contributions due on October 15, 2007, January 15, 2008, April 15, 2008, July 15, 2008, October 15, 2008, and January 15, 2009, in a timely manner; and

(2) the Company makes sufficient contributions to meet the minimum funding standard for the Plan for the plan years ending December 31, 2007, and December 31, 2008, by September 15, 2008, and September 15, 2009, respectively, without applying for a waiver of the minimum funding standard.

Your authorized representative agreed to these conditions in a letter dated September 13, 2007. If any one of the conditions is not met, the waiver for the plan year ending December 31, , is retroactively null and void.

This conditional waiver has been granted in accordance with section 412(d) of the Internal Revenue Code ("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 equal to the contribution that would otherwise be required to reduce the balance in the funding standard account to zero as of December 31, 2006.

The Company is a manufacturer of replacement propellers for recreational boats in the United States. The Company manufactures a wide-range of custom-crafted marine propellers, from small inboard and fixed-pitch propellers, to a complete line of aluminum and steel propellers for outboard and stern-drive applications.

The current business hardship was brought on starting in 2003 by competition in the replacement propeller market from Asia. These inexpensive imported propellers were being sold at prices below the Company's cost for manufacturing its propellers. As a result, the Company lost a significant market share in the replacement propeller industry. Furthermore, the Plan's minimum funding standard increased 300% from 2004 to 2006. The foreign competition, coupled with a general downturn in the marine industry itself and increased pension costs, led to a decline in the Company's sales, which in turn had a negative impact on the Company's cash flow.

The Company is confident that its long-term prospects are good. It has taken steps to reduce costs by streamlining its manufacturing and operations, and the Company has also taken steps to restructure its workforce. The Company has introduced its product to new foreign markets, expanded its product lines, and negotiated a new contract with a division of a major corporation. Furthermore, the Company's shareholder-owners contributed $1.7 million of additional equity in 2005 to finance operations and effect a business turnaround.

These steps have already had an impact on the Company's financial position. From 2005 to 2006, the Company increased sales by 5% and reduced losses by nearly $2 million. Furthermore, its cash flow nearly doubled. Market analysts also predict a significant upturn for the marine industry starting in 2008.

It is obvious from the financial information provided by the Company that it has experienced a substantial business hardship. The Company suffered significant financial losses from 2004 through 2006. Furthermore, the significant increase in pension costs for the Plan since 2004 has strained the Company's financial resources. The Company's financial situation seems to have turned around somewhat during 2006. Furthermore, the Company has resumed funding the plan for the Plan year ending December 31, , by making the required quarterly contributions that were due on April 15, 2007, and July 15, 2007. These facts indicate that the Company's hardship is temporary. However, because the Plan is only 78.75% on a current liability basis, and the prospects for the Company's recovery are uncertain, the request for a waiver of the minimum funding standard for the Plan for the plan year ending December 31, , has been granted subject to the conditions described 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 the 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 the 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

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 at

Sincerely yours,

Donna M. Prestia
Manager, Actuarial Group 2