Significant Index No. 0412.06-00

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

200851041

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

SEP 24 2008

T:EP:RA

Company =

Dear

This letter constitutes notice that your request for a waiver of the minimum funding standard for the Plan for the plan year ending , has been granted subject to the condition that the Company makes sufficient contributions to meet the minimum funding standard for the Plan for the plan years ending , through , 2012 (without requesting a waiver of the minimum funding standard), by , through , respectively.

You agreed to this condition in a letter dated July 14, 2008. If the condition is not met, the waiver for the plan year ending , is retroactively null and void.

This conditional waiver has been granted in accordance with section 412(d) of the 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 .

The Company received a waiver of the minimum funding standard for the Plan for the plan year ending , subject to the condition that contributions required to satisfy the minimum funding standard for the Plan for the plan years ending , and , be timely made. Documentation provided with the current request shows full compliance with this condition.

The Company is a manufacturer of narrow fabric products, both elastic and non-elastic, primarily for the intimate apparel industry. Its major customers are multinational apparel companies. The current financial hardship was brought on by a decline during the last decade in demand by the intimate apparel market for domestically produced textiles. from increased from $ in to $ in . The Company's sales volume fell 47% from to due in part to the bankruptcy of two customers.

In order to affect a recovery of its business, the Company has taken a number of steps to improve its financial condition. These steps included:

(1) a reduction in production, personnel and expenses estimated to save more than $ on an annual basis;

(2) a broadening of its product mix;

(3) new marketing initiatives aimed toward new medical and industrial markets;

(4) a widening of its customer base; and

(5) the amendment of the Plan to cease benefit accruals as of .

The Company's cash-flow projections show stabilized sales and a positive net income in future years. The Company believes it has a reasonable plan in place for keeping the business successful. Furthermore, current economic conditions in the U.S., where the dollar is at historic lows relative to foreign currencies, should improve the marketability of products manufactured domestically.

It is obvious from the financial information provided by the Company that it has experienced a substantial business hardship. While it is not clear that a financial turnaround will take place, it is clear that the Company will not be able to meet the minimum funding standard for the plan year ending , without compromising its ability to maintain ongoing operations. Because the Company's financial recovery is not certain, and because the plan is only % funded on a current liability basis, the request for a waiver of the minimum funding standard for the Plan for the plan year ending , has been granted subject to the condition 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 deficiencies remain 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 September 30, , 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, to the Manager, , 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,

David M. Ziegler
Manager, EP Actuarial Group 2