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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

JAN 2 8 2009

T:EP:RA:A2

Re:

Associated Businesses

Company =

Customer =

Retail Division =

Real Estate Holding Company =

Dear

This letter constitutes notice that a waiver of the minimum funding standard for the above-named Plan for the plan year ending November 30, , has been granted subject to the following conditions:

(1) The Company meets the minimum funding standard for the Plan for the plan years ending November 30, 2008, through November 30, 2012 (without applying for a waiver of the minimum funding standard).

(2) The Company makes all required quarterly contributions under section 430(j) of the Internal Revenue Code to the Plan for the plan years ending November 30, 2009, through November 30, 2012, in a timely manner.

The Company's Chief Financial Officer agreed to these conditions in a letter dated November 25, 2008. If these conditions are 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 November 30, 2007.

The Company manufactures cutlery products, and the Customer provides all of the sales, marketing, and distribution functions. The Retail Division operates two stores, and the Real Estate Holding Company owns the property where the Company and associated businesses operate.

In 1999, the Customer began to expand its product lines with outside vendors and purchased and/or invested substantial capital to grow the business. In 2003, the Customer relocated to a separate location with a plan to expand this facility to eventually accommodate the manufacturing functions. This location was under a lease to buy agreement, and in 2005, the building was purchased, with a mortgage taken out to finance the building. Shortly thereafter, sales and profits began to decline and the expense of carrying two facilities began to hinder cash flow. This property is currently listed for sale with the intent of relocating office and distribution functions to the current manufacturing location. The proceeds of the sale will first go to pay off the mortgage on the property and then to correct a default overdraft position with the operating line of credit.

In December 2006, a physical inventory was performed, and a large six-figure inventory discrepancy shortfall was discovered. Amended financial results were prepared, and tax refunds were received by the Company and the president. These funds were applied toward the minimum funding requirements of the Plan for the plan year that ended November 30, 2006.

Employees with all of the Associated Business have been laid-off to reduce wage costs. Product lines have been reviewed for profitability, and two product lines purchased from outside vendors that were not profitable have been discontinued. Slow moving inventory on hand has been reduced through discounted bulk purchase programs to generate cash, and inventory levels in general have been reduced to conserve cash.

Supplier costs have been reviewed and as a result less expensive sources that will improve margins have been identified. Extended payment terms have been implemented with several key vendors. The Company has worked closely with its bank, and since 2007, the bank has extended additional funds to the Company's credit facility. This additional credit has been used to support the rebuilding of the Company in 2007 and will need to be repaid in 2008.

It is obvious from the financial information provided by the Company that it has experienced, and continues to experience, a substantial business hardship. Plan benefit accruals ceased in the third quarter of 2003, and future funding requirements that became effective January 1, 2008, under section 430 of the Code, (which will first apply to the plan year that begins December 1, 2008) will not include any contributions attributable to additional future benefits. Because the Plan will only be required to fund the amounts of the waived funding deficiency for the plan year ended November 30, , and the shortfall between assets and liabilities calculated under section 430 of the Code as of December 1, 2008, and subsequent valuation dates (the "funding shortfall") if the Plan can make the future contributions, it should be well funded within 7 years. Hence the funding waiver for the plan year ending November 30, , 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 November 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

If you require further assistance in this matter, please contact

Sincerely yours,

David M. Ziegler, Manager
Employee Plans Actuarial Group 2