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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

MAY - 8 2014

UIL Code: 402.06-00

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Re: ***

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Dear ***:

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

(1) The waiver must be amortized over a period of five (5) plan years beginning with the succeeding plan year as described in section 430(e) of the Code and must be paid as stated in section 412(c)(1)(C) of the Code.

(2) Collateral acceptable to the Pension Benefit Guaranty Corporation ("PBGC") be provided to the Plan for the full amount of the *** waiver within sixty (60) days of the receipt of this ruling letter.

(3) Any contributions made during *** that are allocated to the *** Plan Year will reduce the waived amount for *** and as such cannot be used to create a prefunding balance.

(4) Starting with the contribution due on ***, Company makes the required quarterly contributions to the Plan in a timely fashion while the Plan is subject to a waiver of the minimum funding standard. For this purpose, the total amount of each quarterly contribution will be determined in accordance with section 430(j)(3)(D) and section 430(j)(3)(E) of the Code, and can be comprised of several installments made prior to the respective due date of the quarterly contribution;
   a. Until full amortization of the waived amount, Company will provide verification of each quarterly contribution to the PBGC within five (5) business days of the payment.

b. Any missed quarterly minimum required contributions will void this agreement.

(5) Company makes contributions to the Plan in amounts sufficient to meet the minimum funding requirements for the Plan for the plan years ending ***, respectively; Company must provide verification of the contribution to PBGC within five (5) business days of the payment.

Under section 412(c)(7) of the Code, Company is restricted from amending the Plan to increase benefits or plan liabilities while any portion of the waived funding deficiency remains unamortized; with only certain exceptions as defined in Section 412(c)(7)(B). The Company will copy PBGC on any correspondence with the Internal Revenue Service (IRS) regarding notification of our application for such an exception.

(6) Company provides proof of payment of all contributions described above in a timely manner to the IRS and to the PBGC using the fax numbers or addresses below:

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You agreed to these conditions in a letter dated ***. If any one of these conditions is not met, the waivers of the minimum funding standard granted for the Plan for the plan year ending ***, are retroactively null and void.

The conditional waivers granted for the Plan for the plan year ending ***, has been approved in accordance with section 412(c) of the Code and section 303 of Employee Retirement Income Security Act of 1974 ("ERISA"). The amount for which these waivers have been granted is equal to the amount that is needed to satisfy the minimum funding standard for the plan year ending ***.

The Company, created in ***, and headquartered in ***, is a ***. The Company is *** to over *** locations and approximately *** customers in the United States including ***, *** and ***. The Company primarily services the *** and *** markets, distributing *** and *** products.

The Company's temporary business hardship arose as a result of the prolonged economic downturn in the United States ***. The Company's sales depend heavily on the strength of new ***; ***; and *** markets in all major *** areas. These markets have been significantly depressed due to high unemployment, ***, general economic uncertainty, ***, and an ***. Consequently, the Company has been operating at an economic loss since ***, with corresponding declines in its sales, gross margins and net income, particularly in ***, ***, and ***, when the United States *** were at historically low levels.

In response to its temporary business hardship, the Company has implemented several cost containment initiatives such as consolidating its corporate headquarters and sales center to one building from two buildings; selling its *** facility; re-negotiating its mortgage pre-payment terms to eliminate pre-payment penalties; and restructuring operations.

The Company believes, and as its most recent financials depict, that the Company is on the upside of the *** recovery, with recent upticks in sales and net income. Although, its cash flows have not improved significantly to fund the Plan and the working capital it needs for operations, the Company has demonstrated that it is committed to maintaining the current health of its Plan. The Company has planned prudently to meet its future minimum funding obligations. Accordingly, it appears that the Company's business hardship is temporary, and granting the funding waivers supports the continuation of the Plan and is in the best interest of plan participants.

Your attention is called to section 412(c)(7) of the Code and section 302(c)(7) of the 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 plan (covering employees covered by this Plan) maintained by the Company, to increase, or any action by the Company or its authorized agents or designees (such as the Board of Directors or the Board of Trustees) that has the effect of increasing the liabilities of those plans would be considered an amendment for purposes of section 412(c) of the Code and section 302(c)(7) of the 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(c)(7) of the Code and section 302(c)(7) of the 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 ***, the date of this letter should be entered on Schedule SB (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 SB.

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 *** at *** .

Sincerely,

William Hulteng, Manager
Employee Plans Technical

cc: *****

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Control Number *****