Significant Index No. 0412.06-00

200511026

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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEC 2 0 2004

In re:

Company =

This letter constitutes notice that a waiver of the minimum funding standard has been granted for the above-named plan for the plan year ending April 17, 2004.

This waiver of the minimum funding standard 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 April 17, 2004.

The Company is a manufacturer of . Its primary product is which are used to form The Company sells its products domestically and in , with a small portion exported to other foreign countries. The Company's customers include the automotive, agricultural equipment, and aeronautical industries, as well as small machine shops.

The current financial hardship was brought on by the general downturn in the economy which affected the Company's customer base, particularly the automotive and aeronautical industries, which in turn led to declining sales. Sales have declined from for the fiscal year ending to in , and in both and Because the Company's has relatively fixed manufacturing costs associated with its mostly union workforce, profit margins declined dramatically as well. The decrease in profit margins has affected the Company's cash flow, making it difficult for the Company to fund operations and the Plan at the same time.

In order to effect a recovery of its business, the Company has taken a number of steps to firm up its financial situation. Among these steps were a reduction in payroll costs through layoffs of both union and non-union employees, the replacement of its primary supplier with a new lower cost supplier, and an aggressive marketing campaign to expand its customer base and increase sales. These steps have allowed the Company's financial situation to improve. While sales dropped dramatically from to , sales leveled off in and the Company has drastically reduced expenses, which allowed it to post a profit for the fiscal year ended

The Company has also shown its determination to fund the Plan by continuing to make contributions totaling o the Plan for the plan year ending despite filing for a waiver of the minimum funding standard. Furthermore, on the Plan was merged into another plan sponsored by the Company to reduce administrative expenses associated with maintaining the plans and to improve the overall funded status of the plans. Hence, the waiver of the minimum funding standard for the plan year ending has been granted.

Your attention is called to section 412(f)(1) 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, to 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 the establishment of another retirement plan, or any amendment to other retirement plans 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.

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 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 your authorized representative pursuant to a power of attorney (Form 2848) on file in this office.

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If you require further assistance in this matter, please contact

Sincerely yours,

Donna M. Prestia, Manager
Employee Plans Actuarial Group 2