



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

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NOV 17 2004

SC: T: EP: PA: T: A1

This letter constitutes notice that with respect to the A Plan we have granted a conditional waiver of the minimum funding standard for the plan year ending [REDACTED]. The A Plan merged into the Merged Plan effective as of the close of business on [REDACTED].

This conditional waiver for the plan year ending [REDACTED] 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 waived amount is the contribution which would otherwise be required to reduce the balance in the funding standard account to zero as of the end of the plan year for which this conditional waiver has been granted.

The Company has an [REDACTED] to [REDACTED] fiscal year and has experienced net losses in each of its last six fiscal years. On Date 1, the Company and three of its wholly owned subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the federal bankruptcy laws. On Date 2, two months later than originally planned, the Company emerged from bankruptcy through a plan in which its debt and interest costs were substantially reduced. In addition, the Company continued implementing a plant rationalization and overhead reduction program, as well as certain lean manufacturing and strategic sourcing initiatives.

The Company is a manufacturer of Product. Shortly before its emergence from bankruptcy the cost of its primary raw material spiked upward to an amount approximately twice that of historical levels and has remained at that increased amount. The resultant increased expense in raw materials along with the costs associated with the two month delay in the Company's emergence from bankruptcy has resulted in a short-term liquidity crisis for the Company.

The Company has a substantial market presence in the sale and manufacture of Product and forecasts a return to profitability in Fiscal [REDACTED] and a return to positive cash flows in Fiscal [REDACTED] even after the impact of the required pension payments (including the amortization of the waived amounts).

As of January 1, 2003, the value of the assets of the A Plan was equal to 51% of the plan's current liability. Because the prospects for recovery are uncertain and because the plan is under-funded, we are granting this waiver subject to the following conditions:

- (1) The contributions required to satisfy the minimum funding standard for the Merged Plan for the plan years ending [REDACTED] and [REDACTED] shall be timely made within the meaning of section 412(c)(10) of the Code (without waivers being granted for such years).
- (2) The waiver of the minimum funding standard for the A Plan for the plan year ended [REDACTED] shall be secured, within sixty days of the date of this letter, in a manner acceptable to the Pension Benefit Guaranty Corporation (PBGC).
- (3) The PBGC shall be reimbursed by the Company for any costs associated with getting the security in place such as appraisals, outside legal work, etc.

If these conditions are not satisfied, this waiver is retroactively null and void. You agreed to these conditions in a letter dated October 27, 2004 (which was transmitted by facsimile).

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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, 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 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 [REDACTED], the date of this letter should be entered on Schedule B (Actuarial Information). A copy of this letter is being sent to your authorized representative in accordance with a power of attorney (Form 2848) on file. A copy of this letter is also being sent to the Manager, Employee Plans Classification in [REDACTED]. A copy of this letter should be furnished to the enrolled actuary for the plan.

If you have any questions on this ruling letter, please contact [REDACTED]

Sincerely,



Carol D. Gold
Director, Employee Plans