Significant Index No. 0412.06-00
Third-party contact – participant inquiry

200549011

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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

SEP 1 5 2005

T:EP:RA:T:A2

Re:

This letter constitutes notice that a waiver of the minimum funding standard for the above-named plan for the plan year ending December 31, [redacted], has been granted subject to the following conditions:

1. The company directs the actuary to credit the March 2005 contribution in the amount of $185, 201 to the [redacted] funding standard account.

2. The Company makes contributions to the Plan in amounts sufficient to meet the minimum funding standard for the Plan for the plan year beginning January 1, [redacted] (without applying for a waiver), by September 15, [redacted] and for the plan year beginning January 1, [redacted] by September 15, [redacted].

3. Company makes all required quarterly payments by the appropriate deadlines for the [redacted] and [redacted] plan years.

4. The Company makes additional contributions for the [redacted] plan year in the amount necessary to amortize the funding waiver over a four-year period beginning January 1, [redacted]. One-quarter of the annual payment is made no later October 15, [redacted] and another one-quarter of the annual payment is made no later than January 15, [redacted]. The balance of the annual amount required for the plan year beginning January 1, [redacted], is paid by September 15, [redacted]. Each amount may be reduced by the portion of the corresponding payment (addressed in paragraphs 2 and 3, above), if any, which is directly attributable to amortization of the funding waiver granted for the [redacted] plan year.

5. The Company continues making additional payments in the amount necessary to amortize the funding waiver over the four-year period beginning January 1, [redacted], with one-quarter of the annual amount paid on or before each of the due dates for quarterly contributions, beginning April 15, [redacted] and continuing through January 15, [redacted]. These additional contributions may be offset by the portion of the corresponding regular quarterly contributions directly attributable to the amortization of the funding waiver.

6. At the end of each of the plan years beginning January 1, [redacted] through January 1[redacted] a credit balance is maintained in the funding standard account of the plan that is not less than the difference between:

   1. The outstanding balance of the amortization base with respect to the waived amount that is established and maintained under section 412(b)(2) of the Internal Revenue Code (amortized over 5 years beginning January 1, [redacted]), and
   2. The outstanding balance of the same amortization base, but calculated as if it is amortized over a four-year period beginning January 1, [redacted]

You agreed to these conditions in a letter dated September 15, [redacted] If any one of these conditions is 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 December 31, [redacted]

The Company is privately held, and manufactures a proprietary line of used for construction in the . Approximately 70% of the Company's product is sold directly to subcontractors, with the remaining 30% purchased by an independent wholesale distributor network. The majority of the Company's sales and marketing efforts are concentrated in the , but the Company also has strategic accounts in the

The Company made a number of heavy investments, in the belief that the market would remain strong. These investments included the purchase and installation of a new extrusion line, new computer systems and new machining equipment, and the recruitment and training of new operations personnel. Unfortunately, the domestic economy then entered a recessionary period which negatively impacted and impaired the profitability of the industry. This caused significant operating losses for the Company in [redacted].

In addition, the Company moved its operations in order to take advantage of lower labor and freight costs. Although this proved to be a very positive move for the Company, the cost of the move and resulting early retirement window retirements caused a significant loss in the Company's net worth and negatively affected its financing arrangements.

In response, the management team aggressively examined ways to lower controllable costs and made a number of improvements, the most significant of which was the relocation of its fabrication operations. This proved to be a very positive move, which not only met the objective of reducing labor costs but also boosted productivity and service levels. Based on this and other cost-cutting moves, the Company reports significant improvement in its financial results from [redacted] to [redacted], and shows a modest profit in its year-to-date financial results as of July 31, [redacted].

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 that increases the liabilities of a profit sharing plan or any other retirement plans (covering employees covered by this plan) maintained by the Company 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 December 31, [redacted], 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 , 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

Sincerely yours,

Donna M. Prestia, Manager
Employee Plans Actuarial Group 2