

200635011



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

T:EP:RA:T:A2

JUN 07 2006

In re:

Company =

Holding Company =

This letter constitutes notice that a waiver of the minimum funding standard for the above-named plan for the plan year beginning April 1, 2004, has been granted subject to the following conditions:

1. The Company makes 18 monthly contributions to the Plan of \$ each, with the first installment due by July 15, and the last such installment due by December 15,
2. The Company pays the 10% excise tax under section 4971(a) of the Internal Revenue Code (Code) on deficiencies in the funding standard account for the plan years ending March 31, , March 31, , and March 31, , within 180 days after the date of this letter. Furthermore, the Company agrees to the extension of any statutes of limitation as necessary to avoid the expiration of such statutes prior to the date these excise taxes are paid, and will timely execute any agreements necessary to effect such extensions.
3. At the end of each of the plan years beginning April 1, , through April 1, , a credit balance is maintained in the funding standard account of the plan that is not less than the amount of the advance funding attributable to the monthly payments described in Item 1, above. The advance funding amount will be determined by calculating the credit balance in the funding standard account as of March 31, , that would result if (a) the only contributions to the Plan between July 15, , and December 31, , were the \$ installments described above, and (b) if all such contributions were credited to

the funding standard accounts for the plan years ending March 31, , and March 31, . The actual amount of the advance funding will be calculated by the actuary based on the results of the April 1, , valuation of the Plan. Notwithstanding the above, this credit balance is not required for any plan year in which the contributions to the Plan (with applicable interest) are at least as large as the full-funding limit under section 412(c)(7) of the Code, or for any year thereafter. For this purpose, the full-funding limit is calculated without reducing plan assets by the amount of the credit balance.

4. Starting with the plan year beginning April 1, , the Company makes all required quarterly payments by the appropriate deadlines while the waiver for the plan year beginning April 1, , is in effect.
5. The Company provides proof of payment of all contributions and excise taxes described above to of this office, by facsimile at : or to the following address:

You agreed to these conditions in a facsimile dated . 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 March 31,

Since April , the Company has been privately held by the Holding Company, a Company formed solely for the purpose holding the common stock of the Company and with no other assets than those related to the Company. The Company was originally formed in under another owner, with the consolidation of three wholly owned businesses with operations in . The Company experienced severe financial difficulties, and filed for : protection in March . As a result of the : to continue. The surviving operation produces and imports commercial products for the : and appliance industries in the

The Company obtained significant relief through the March reorganization, but retained responsibility for the Plan and for debt to former creditors. The surviving

rubber operation has continued to experience difficulty, losing two major pieces of business (accounting for approximately \$2.5 million or 25% of its sales revenue) shortly after the bankruptcy. It has had to request a 12-month moratorium on the notes to former creditors, and was in technical default of these notes three times between July and February

However, the Company believes it is on the way to recovery, based on significant increases in sales revenue and reductions in controllable costs. It is developing additional business opportunities in _____ and hopes that this will help to further increase its sales; at the same time, it is outsourcing low-margin, low-volume products to other manufacturers to continue reducing its costs. The Company has also reduced costs by moving the manufacture of certain parts to _____ and by using an expatriate employee instead of a _____ broker to assist it with the distribution of its product. The Company is also working to obtain additional financing through new equity investment.

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.

Form 5500 for the plan year ending March 31, _____, must be refiled to reflect this waiver of the funding standard account, and the date of this letter entered on Schedule B (Actuarial Information). We have sent a copy of this letter to the enrolled actuary for the Plan, who is your authorized representative pursuant to a power of attorney on file in this office.

We have also sent a copy of this letter to the Manager, EP Classification in _____, and to the Manager, EP Compliance Unit in _____.

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If you require further assistance in this matter, please contact

Sincerely yours,

A handwritten signature in black ink, appearing to read 'D. Prestia', with a stylized flourish at the end.

Donna M. Prestia, Manager
Employee Plans Actuarial Group 2