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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

OCT 14 2003

T:EP:RA:T:A2

In re:

Company =

This letter constitutes notice that a waiver of the minimum funding standard has been granted for the above-named pension plan for the plan year beginning January 1, 2002.

The waiver has been granted in accordance with section 412(d) of the Internal Revenue Code (the "Code") and section 303 of the Employee Retirement Income Security Act of 1974 (ERISA). The amount for which the waiver has been granted is the contribution that would otherwise be required to reduce the balance in the funding standard account of the plan to zero as of the end of the 2002 plan year.

In 1997, the Plan was closed to new participants, and benefit accruals for existing participants were frozen. As of January 1, 2002, there were approximately 294 participants in the Plan, 50 of whom were active employees, 105 of whom were terminated vested employees, and 135 of whom were either retired employees or surviving spouses. As of January 1, 2002, the Plan's accrued liability was $5,233,591, and the current liability as of the same date was $5,272,851. The market value of Plan assets has been declining over the recent years, from $5,210,519 on January 1, 2000, to $4,586,263 on January 1, 2001, to $3,635,487 on January 1, 2002, due primarily to losses in Plan investments.

The Company designs and manufactures : , I products, including premium used in cleanroom environments in the semiconductor, microelectronics, and biotechnology industries. The Company is based in and maintains a manufacturing facility in A : plant was permanently closed in the first quarter of 2001.

A significant portion of the Company's revenue derives from sales to the electronics industry. The economic downturn beginning in 2000 affected this industry and caused an overall 33% decline in Company revenues. As a result, the Company has experienced temporary substantial business hardship as evidenced by net losses in income of approximately $890,000 in 2000, $1.1 million in 2001, and $340,000 in 2002. Despite the losses, the Company has maintained positive net worth and working capital during this three-year period. Due to low cash flow, however, the Company was not able to meet the minimum funding requirement for the 2002 plan year.

The Company has taken several steps to increase revenues and reduce costs. These steps included the permanent closure of a manufacturing facility in South Carolina, a 22% staff salary reduction at the Company's headquarters, a 17% productivity increase at the Company's Tennessee plant, the development of a new product lines, and the opening of negotiations with a foreign company for the purpose of obtaining world-wide product distributions in a much larger market. In addition, there has been a recent rebound in the electronics industry that should further enhance product sales.

Projections made by the Company anticipate an approximate 20% increase in revenues in 2003. The joint venture with the foreign company is expected to produce additional sales of $275,000 in 2003, and approximately $2.5 million in 2004. Overall, the Company projects net profits of $1.2 million for 2003, and $1.4 million for 2004.

Your attention is called to section 412(f) of the Code and section 304(b) of ERISA which describes the consequences which 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 amount remains unamortized. Please note that any amendment to other pension or profit sharing 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 organization 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, 2002, the date of this letter should be entered on Schedule B (Actuarial Information). We have sent a copy of this letter to the Manager, EP Classification, in and a copy to your authorized representative (Form 2848) on file with this office.

If you have any questions concerning this letter, please contact . In any correspondence relating to this letter, please refer to SE:T:EP:RA:T:A2 as well.

Sincerely yours,

Martin L. Pippins

Martin L. Pippins, Manager
Employee Plans Actuarial Group 2