Significant Index No. 0412.06-00

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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

200451037

SEP 23 2004

SE:T:EP:RA:T:A1

In re:

Dear

This letter constitutes notice that with respect to the above-named defined benefit pension plan we have granted a conditional waiver of the minimum funding standard for the plan year ended [redacted].

This waiver for the plan year ended [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 a calendar year end. The Company's revenues have steadily declined from [redacted] to [redacted]. The Company has embarked on a plan to return the company to profitability. The key components of the plan are reducing the company's contribution for health insurance, outsourcing, hard turning rotary products, and increasing internal manufacturing efficiencies.

As of [redacted], the value of the assets of the plan was equal to [redacted]% of the plan's current liability. Because the prospects for recovery are uncertain and the plan is under-funded, we are granting this waiver subject to the condition that the contributions required to satisfy the minimum funding standard for the plan years ending [redacted] and [redacted], are to be timely made as defined in section 412(c)(10) of the Code (without a waiver being granted for such years).

If this condition is not satisfied, the waiver is retroactively null and void. You agreed to these conditions in a letter dated [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 to other retirement plans maintained by the company or to the company's profit sharing plan, 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 ended [redacted], the date of this letter should be entered on Schedule B (Actuarial Information). A copy of this letter is being sent to the Manager, Employee Plans Classification in
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

Sincerely,

Norman Greenberg
Manager, Actuarial Group 1