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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 A =

Company B =

This letter constitutes notice that (1) a conditional waiver of the minimum funding standard has been granted for the above-named pension plan for the plan year beginning January 1, 2002, and (2) a waiver of the 100 percent tax under section 4971(b) of the Internal Revenue Code have been granted for the above-named pension plan for the tax year associated with the plan year beginning January 1, 2001.

The conditional funding waiver has been granted in accordance with section 412(d) of the Internal Revenue Code (Code) and section 303 of the Employee Retirement Income Security Act of 1974 (ERISA). The amount for which the conditional funding 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 plan year for which the waiver has been granted.

The waiver of the 100 percent tax has been granted in accordance with section 3002(b) of ERISA. The amount for which the excise tax waiver has been granted is equal to 100 percent of the accumulated funding deficiency in the funding standard account as of the end of the plan year for which the excise tax waiver has been granted to the extent such funding deficiency has not been corrected.

Company A, through its subsidiaries, is in the business of manufacturing and distributing . Company A has experienced temporary substantial business hardship as evidenced by a negative net worth on a consolidated basis for the fiscal years ending September 28, 1999, September 29, 2000, and September 28, 2001. The Company's net income experienced a steep decline from $4,134,000 for the fiscal year ending September 29, 2000, to $3,417,000 for the fiscal year ending September 28, 2001, to $66,000 for the period ending December 28, 2002. Company B, a subsidiary of Company A, and its subsidiary have ceased manufacturing , and are currently being liquidated. The segment of the business is currently Company A's primary revenue generating segment in the :

Company A is expecting recovery in the to begin in late 2003 or early 2004, although such recovery is affected by the general state of the economy. Company A has embarked on a plan to reduce debt in its after market parts business. In order to improve cash flow and reduce debt, Company A has sold property in the , and has instituted work force reductions. Company A has also begun to close branches to reduce lease expenses, and is selling such branches to dealers. Company A continues to explore any viable mergers or acquisitions that would improve its financial condition.

The Plan no longer has any active participants. The only employees that have participated in the Plan are the union employees at Company B's plant, which was closed in December 2001. As of January 1, 2002, the ratio of plan assets to current liability was approximately 61.4 percent.

This waiver has been granted subject to the following conditions, which you have agreed to:

1. The Company will contribute the minimum funding requirement for the 2003 plan year by September 15, 2004.
2. The excise tax under section 4971(a) of the Code associated with the accumulated funding deficiency for the plan year ended December 31, 2001, will be paid by January 15, 2004.
3. By January 15, 2004, all necessary documents to provide an arrangement to secure the repayment of the waived amount satisfactory to the PBGC will be executed.

If the Company fails to meet the above conditions, this waiver is retroactively null and void.

The enclosed Form 5330 (Return of Excise Taxes Related to Employee Benefit Plans) with instructions should be used to file the required return when paying the tax under section 4971(a).

Your attention is called to section 412(f) of the Code and section 304 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.

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 beginning January 1, 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 to your authorized representatives (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,

Carol D. Gold, Director
Employee Plans