Significant Index No. 0412.06-00

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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

200447043

AUG 26 2004

SE:T:EP:RA:T:A2

In re:

Company =

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

The conditional 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 conditional 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 conditional waiver has been granted.

The Company designs,

The Company's believes that its current financial hardship is a result of the downturn of the energy business since the September 11, 2001, terrorist attacks, the August 2003 Northeast power failure, and deterioration in pricing due to foreign competition, all of which have contributed to a decline in the Company's market share. The Company experienced net losses for , , and . While the Company had a negative net profit after taxes for , an extraordinary item (debt forgiveness net of taxes and direct expenses) resulted in a positive net income. The Company experienced negative working capital for the and fiscal years, and a negative net worth for the fiscal year.

Efforts to effect a recovery in the Company's financial position include:

- Freezing the defined benefit pension plans for both union and salaried employees;
- The salary and hourly workforce has been downsized;
- Management has aggressively reduced overhead, capital expenditures and all discretionary spending;
- All product lines are being reviewed to identify alternative, less costly sourcing;
- Utilized state funded workforce maintenance funding programs;
- Applied for and received federal grant money for employee training programs to support productivity improvement programs;
- Retooled components of their product line to reduce production costs and improve margins in an increasingly competitive marketplace;
- Established and grown sourcing alliances with global porcelain producers to meet increased import competition;
- Increased communication and collaboration with their banks to ensure security of their lines of credit during this period;
- Implemented aggressive energy conservation and productivity programs.

The Plan, originally effective April 30, , was amended to cease benefit accruals and years of service used for benefit purposes, effective May 1. For the plan year, the Plan's current liability funded percentage is %. Approximately % of the Plan's required minimum funding requirement for the plan year is the additional funding requirement under Code section 412(l).

This conditional waiver has been granted subject to the following conditions:

1. The Company will contribute the minimum funding standard to the plan by the period described in § 412(c)(10) of the Code for the plan years beginning January 1, ., and January 1, (i.e., by September 15 of the following year), including the amortization payments for the conditional waiver granted for the plan year.

2. Within 180 days from the date of this letter, the Company will provide security to the Plan to secure the repayment of the waived amount that is acceptable to the PBGC.

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

Your attention is called to section 412(f) of the Code and section 304 of ERISA which describe 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 retirement plans maintained by the company to increase the liabilities of those plans, or the establishment of new 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 beginning January 1, , 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

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