Internal Revenue Service

Department of the Treasury

200049043

Washington, DC 20224

Significant Index No. 0412.06-00

Contact Person:

Telephone Number:

In Reference to:
T:EP:RA:T:A2

Date:
SEP 15 2000

In re:

Company D =
Company T =

This letter constitutes notice that a conditional waiver of the minimum funding standard has been granted for the plan year ending December 31, 1999. This letter also modifies condition (2) in our letter dated December 19, 1996, in which a conditional waiver of the minimum funding standard for the plan year ending December 31, 1995, was granted.

Condition (2) of our letter of December 19, 1996, is modified to read as follows:

(2) The Company will make all required quarterly contributions in a timely manner for the plan years ending December 31, 1997, and December 31, 1998.

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

Company D manufactures equipment and replacement parts for these and other machines. Company D is a fully-owned subsidiary of Company T, located in Southeast Asia. The acquisition by Company T of Company D in 1996 was to have opened up new markets for both companies, and provided Company D with an opportunity to grow. However, the value of the currency in the country in which Company T is located dropped dramatically in July

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1997, and the country went into economic crisis, leaving Company T unable to fund Company D's operation. On a consolidated basis, the controlled group experienced negative net income and negative working capital for the nine months ended September 30, 1998 and 1999. In order to effect recovery, both Company D and Company T have reduced personnel and overhead expenses. Recovery is expected as the economic condition improves, assuming the United States markets continue their current course.

The above-named defined benefit plan, maintained by Company D (Company), ceased benefit accruals upon the plant closing effective March 14, 1994. The ratio of Plan assets to the present value of accrued benefits as of January 1, 1998, is approximately 70.5 percent. Minimum funding waivers for the plan were previously granted with respect to the 1984, 1985, and 1995 plan years.

This waiver has been granted subject to the following conditions.

(1) The Company will contribute not less than the sum of the amortization payments required for the 1999 plan year for the 1984, 1985, and 1995 minimum funding waivers by September 15, 2000.

(2) The Company will meet the minimum funding requirement for the plan year ending December 31, 2000, by September 15, 2001. That is, there will be no accumulated funding deficiency in the plan's funding standard account for the 2000 plan year.

You have agreed to these conditions. Failure to comply with these conditions will cause this waiver to be retroactively null and void.

Your attention is called to section 412(f) of the Code which describes the consequences which could result in the event the plan is amended to increase benefits, to change the rate of accrual of benefits, or to change the rate of vesting, while any portion of a waived funding deficiency for the plan 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.

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When filing Form 5500 for the plan year ending December 31, 1999, the date of this letter should be entered on the Schedule B (Actuarial Information). A copy of this letter is being sent to the Office in and to your authorized representative (Form 2848).

Sincerely yours,

Martin L. Pippins

Martin L. Pippins, Manager
Employee Plans Actuarial Branch 2
Tax Exempt and Government
Entities Division