



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JOHN ENGLER
GOVERNOR

DOUGLAS B. ROBERTS
STATE TREASURER

May 6, 2002

Robert C. Rozycki
Vice President and Chief Tax Officer
Federal-Mogul Piston Rings, Inc.
200 South Maple Street
Sparta, MI 49345

Account #ME-0150293

Dear Mr. Rozycki:

Please excuse our delay in responding to your correspondence of November 27, 2001. The Revenue Division of the Michigan Department of Treasury hereby authorizes Federal-Mogul Piston Rings, Inc. to operate under a direct pay permit for Michigan sales and use taxes. This becomes effective November 27, 2001.

This letter is your "direct pay" permit. This represents your authority to report sales and use tax liabilities directly to the Department of Treasury, and is limited to purchases of tangible personal property. In addition, the following are excluded from your direct pay authorization:

1. Materials furnished by, or supplied to, construction contractors in the performance of a contract to construct, alter, repair or improve real estate.
2. Vehicles purchased, leased or rented for highway use and requiring a license and title.
3. Aircraft.
4. Watercraft.
5. Services subject to use tax including communication services and motel rentals.
6. Petty cash purchases made by company employees on behalf of the company.
7. Prepayment of sales tax on gasoline.
8. Tangible personal property consumed by a person performing any service activity for your company.

The purchase of power, steam, gas, etc. and capital appropriation items may be included under your direct pay procedure.

When claiming exemption from sales and use taxes on purchases of tangible personal property, other than those transactions stated above, you should state on your purchase orders to vendors this notation: Authorized to pay sales or use taxes on purchases of tangible personal property directly to the State of Michigan under Account Number "ME-0150293."

You may furnish a copy of this letter to any vendor who questions your direct pay authority.

If you have any questions, please write or call this office at (517) 241-3650.

Sincerely,

Dale P. Vettel, Administrator
Technical Services Division

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