Significant Index No. 401.00-00

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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

200604036

NOV 0 3 2005

SE:T:EP:RA:T:A2

Employer =

Date 1 =

Date 2 =

Date 3 =

Plan C =

Plan D =

Plan E =

Plant Y =

This letter constitutes notice that, with respect to the above-named defined benefit pension plan, the three amendments described below are reasonable and provide for de minimis increases in plan liabilities of the Plan within the meaning of section 401(a)(33)(A) of the Internal Revenue Code (Code) and section 204(i)(1) of the Employment Retirement Income Security Act of 1974 (ERISA).

Section 401(a)(33)(A) of the Code provides that a plan is not a qualified plan if there is an amendment that increases the liabilities of a plan where the plan is maintained by a debtor in a case under title 11 of the United States Code. However, section 401(a)(33)(B)(ii) provides an exception to section 401(a)(33)(A) if the plan, were such amendment to take effect, would have a funded current liability percentage (as defined in section 412(l)(8)) of at least 100 percent or if the Secretary determines

that such amendment is reasonable and provides for only de minimis increases in the liabilities of the plan with respect to employees of the debtor. Section 401(a)(33)(B)(iv) also provides an exception to section 401(a)(33)(A) if the amendment is required as a condition of qualification.

Section 204(i)(1) of the ERISA prohibits a plan amendment that increases the liabilities of a plan maintained by an employer that is a debtor under title 11 of the United States Code. Section 204(i)(2)(A) of ERISA provides an exception to section 204(i)(1) of ERISA if the Secretary of the Treasury determines that the amendment is reasonable and provides for only de minimis increases in the liabilities of the plan with respect to employees of the debtor. Section 204(i)(2)(C) of ERISA also provides an exception if the amendment is required as a condition of qualification under Part I of subchapter D of chapter 1 of the internal Revenue Code. Section 204(i)(3) of ERISA provides that that subsection shall only apply to plans (other than multiemployer plans) covered under section 4021 of ERISA for which the funded current liability percentage is less than 100 percent after taking into account the effect of the amendment.

On Date 1, the Employer filed for protection under Chapter 11 of the United States Bankruptcy Code. The Employer has not yet been reorganized. On Date 2, the Employer received a favorable ruling letter (the " Prior Ruling") indicating that certain plan amendments were reasonable and provided for de minimis increases in plan amendments. On Date 3, the Employer received a favorable ruling letter (the " Prior Ruling") indicating that certain additional plan amendments, when aggregated with the amendments adopted pursuant to the Prior Ruling, were reasonable and provided for de minimis increases in plan amendments.

The Plan is a defined benefit plan, with salaried and non-union hourly employees generally accruing benefits under a pay credit cash balance formula, and bargained employees generally accruing benefits as varying flat dollar amounts per year of service. However, there are a small number of non-union hourly employees and bargained employees that accrue benefits under service credit cash balance formulas. (In this context, a pay credit formula is a formula that calculates credits to participants' cash balance accounts as percentages of salary and a service credit formula is a formula that calculates such credits as flat dollar amounts per month of service).

The Plan consists of a Preamble, two Schedules (A and B) and Attachments representing the formerly separate plans that merged to form the Plan. The Plan is a single plan within the meaning of Code section 414(l) and section 1.414(l)-1(b)(1) of the Income Tax Regulations.

Schedule A provides special transfer and rehire rules that are applicable for all of the Attachments. Schedule B provides the names, and dates of merger, of the plans that merged to form the Plan. Except for Schedules A and B, each Attachment is self-controlling and governs all terms of participation of individuals covered by the part of the Plan represented by the particular Attachment.

The three largest of the Attachments (Attachments 1, 2, and 3) are known respectively as the C Plan, the D Plan and the E Plan. Schedule A.4 of the Plan concerns transfers of employees' coverages from the D Plan or E Plan to the C Plan.

Schedule A.4 provides that when an employee formerly covered under the D Plan or E Plan transfers coverage to the C Plan, the employee's accrued benefit is converted to an opening account value where he subsequently becomes eligible for pay or service credits, as applicable, and interest credits in accordance with the terms of the C Plan.

There is one pay credit formula (the "Permanent Pay Credit Formula") provided under the C Plan. That formula provides for contributions to the participants' accounts equal to two percent of pay plus an additional two percent for pay above the Integration Level (defined in the C Plan as one half of the Social Security Wage Base). There are nine different service credit formulas provided in the C Plan.

Two of the amendments approved in the Prior Ruling affected, on a temporary basis, the benefits provided under the C Plan. The first amendment changed the pay credit formula, for the period from July [redacted] through June [redacted] to a formula (the "Temporary Pay Credit Formula") providing for [redacted] percent of pay for all compensation (i.e. for pay both above and below the Integration Level). The second amendment, for the period from July [redacted] through June [redacted] substituted the Temporary Pay Credit Formula for the applicable service credit formulas for certain non-union hourly participants at certain of the Employer's facilities (the "Temporary Pay Credit for Service Credit Substitution").

The Employer proposes three additional amendments to the Plan, subject to the restrictions of Code section 401(a)(33). The amendments are described below.

AMENDMENT 1

The C Plan would be amended to extend the sunset provisions of the Temporary Pay Credit Formula and the Temporary Pay Credit for Service Credit Substitution from June 2005 to June [redacted]

The Employer states that the business reasons for this amendment are to continue to provide higher plan benefits to plan participants and to continue to maintain consistency among plan benefits among its non-union hourly employees (many of whom are already entitled to receive pay credits under the Plan without regard to the proposed amendment).

AMENDMENT 2

Schedule A.4 would be amended with regard to participants who were formerly covered under the D Plan to provide that the benefit of a transferred employee would, at any time subsequent to the transfer, be the greater of (1) the benefit currently provided by the Plan and (2) a benefit determined as the sum of the employee's accrued benefit under the D Plan at the time of transfer and the actuarial equivalent of the employee's account determined using an opening account value (i.e. at time of transfer) of zero.

The Employer states the business reason for this amendment is that it is having difficulty recruiting employees covered under the D Plan to fill positions covered under the C Plan because, under the current terms of the Plan, the transfer can result in reduced pension accruals.

AMENDMENT 3

The Plan would be amended to provide benefits to the salaried employees at Plant Y under the C Plan.

The Employer states that the business reason for this amendment is to maintain competitive benefit levels as compared with other similar situated employee groups, both within and outside its business. Currently, the small group of employees covered by this amendment is not accruing pension benefits.

After the amendments described above, the Plan has a funded current liability percentage that is less than 100 percent and the Employer is a debtor in possession in a case under title 11 of the United States Code. Merely because the amendments were negotiated in the context of broader collective bargaining processes does not cause them to be considered reasonable. However, the Employer believes that the amendments will help it to remain competitive. Furthermore, upon receipt of this ruling letter, the Employer will contribute to the Plan an amount equal to the increase in current liability resulting from all of the proposed amendments. Accordingly, if such contribution is made, the amendments are considered reasonable.

The actuarial information furnished indicates that the sum of the increase in current liability resulting from the proposed amendments plus the amendments adopted pursuant to the and Ruling Letters is less than three percent (3%). Similarly, the sum of the increase in accrued liability resulting from the three proposed amendments plus the amendments adopted pursuant to the and Ruling Letters is less than three percent (3%).

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Internal Revenue Code provides that it may not be used or cited by others as precedent.

The Employer has not requested a ruling as to whether any of the proposed amendments, in particular AMENDMENT 2 above, meet the exception provided under section 401(a)(33)(B)(iv) of the Code and section 204(i)(2)(C) of ERISA. Accordingly, we have not addressed whether any of the proposed amendments would otherwise be required as a condition of qualification.

A copy of this letter is being furnished to your authorized representative pursuant to a power of attorney (Form 2848) on file. A copy of this letter is also being sent to the Manager, Employee Plans Classification in Baltimore, Maryland and the Manager, Employee Plans Compliance Unit in Chicago, Illinois.

If you have any questions on this ruling letter, please contact

Sincerely,

James E. Holland, Jr., Manager
Employee Plans Technical