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

200646024

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

T:EP:RA:A2

AUG 25 2006

In re:

V = 25

W = 54.7

X = 3.6

Y = 3.1

Z = 1.5

This letter constitutes notice that conditional approval has been granted for your request for a 10-year extension for amortizing certain of the Plan's unfunded liabilities described in section 412(b)(2)(B) of the Internal Revenue Code ("Code") and section 302(b)(2)(B) of the Employee Retirement Income Security Act of 1974 ("ERISA"). In particular, the extension is granted with respect to amortization period for the charge base that arose from the Plan's experience loss for the plan year ended November 30, 2002. The request is for the plan year beginning December 1, 2002.

The extension of the amortization period of this unfunded liability of the Plan has been granted in accordance with section 412(e) of the Code and section 304(a) of ERISA. Section 412(e) of the Code and section 304(a) of ERISA authorize the Secretary to extend the period of time required to amortize any unfunded liability (described in section 412(b)(2)(B) of the Code and section 302(b)(2)B) of ERISA) of a plan for a period of time (not in excess of 10 years) if the Secretary determines that such extension would carry out the purposes of ERISA and would provide adequate protection for participants under the plan and their beneficiaries and if the Secretary determines that the failure to permit such extension would (1) result in (A) a substantial risk to the voluntary continuation of the plan, or (B) a substantial curtailment of pension benefit levels or employee compensation, and (2) be adverse to the interests of plan participants in the aggregate.

Section 101 of Reorganization Plan No. 4 of 1978, 1979-1 C.B. 480, transferred the authority for issuing rulings under section 304(a) of ERISA from the Secretary of Labor to the Secretary of the Treasury. Accordingly, the amortization periods for the unfunded liabilities of the Plan are extended as described above under section 412(e) of the Code and section 304(a) of ERISA.

The application for this extension was filed before June 30, 2005. Accordingly, the interest rate applicable for the remaining amortization period of the amortization base for which the extension has been granted is determined under section 6621(b) of the Code.

The Plan is a multiemployer plan. The Plan was 110% funded on a market value basis as of December 1, 1999 (the "1999 Plan Year"). However, subsequent to three years of poor investment returns, Plan costs more than doubled, increasing from $V million in the 1999 Plan Year to $W Million in the 2002 Plan Year. In response, the Plan increased employer contribution rates and reduced benefit accrual rates (in steps) from X% for earnings up to $50,000 and Y% for earnings above that amount before December 1, 2002, to Z% of earnings, effective December 1, 2004. However, the Plan is currently projected to have a funding deficiency at the end of the 2008 plan year. This is the case even though the Plan's funding ratios are projected to steadily increase as a result of the increases in employer contribution rates and decreases in benefit accrual rates.

If, however, the requested amortization period extension was to be granted, projections of the Funding Standard Account would show no future funding deficiencies. Accordingly, failure to permit the extensions would result in a substantial risk to the voluntary continuation of the Plan and would be adverse to the participants in the aggregate. However, because the prospects for recovery are uncertain, we are granting the extension subject to the conditions listed below:

(1) A notional credit balance is maintained such that the credit balance is at least as large as the accumulation (at the plan's valuation rate) of the amortized (at the Plan's valuation rate over a period of 15 years) differences between the amortization payments of the extended bases (amortized at the section 6621(b) rate) and the amortization payments of such bases had such bases been extended and amortized at the Plan's valuation rate.

(2) The Plan's funded ratio, calculated by dividing the Plan's market value of assets by its actuarial accrued liability (computed using the unit credit method and the Plan assumptions as of December 1, 2004) is:

(a) no less than 94% for each valuation date from December 1, 2004, through December 1, 2009, inclusive;

(b) for each valuation date from December 1, 2010, through December 1, 2014 inclusive, no less than 1% greater than the floor funded ratio as of the previous valuation date. (For example, because the floor funded ratio as of December 1, 2009, is 94%, the funded ratio must be at least 95% as of December 1, 2010, and 96% as of December 1, 2011);

(c) for each valuation date subsequent to December 1, 2014, no less than 100%.

(3) For each plan year that the extension remains in effect, starting with the plan year beginning December 1, 2005, a copy of the actuarial valuation report for each plan year will be provided by March 15 of the second following calendar year to the address listed below:

Your authorized representative accepted these conditions in a letter August 21, 2006. If any one of these conditions is not satisfied, the approval to extend the amortization periods for amortizing the unfunded liabilities would be retroactively null and void. However, the Service will consider modifications of these conditions especially in the event that unforeseen circumstances beyond the control of the Plan may cause the actual experience of the Plan to fail the funded ratio condition. An example of such an unforeseen circumstance would be market fluctuations which affect the value of the Plan's assets. Of course, any request for a modification is considered another ruling request and would be subject to an additional user fee.

Your attention is called to section 412(f) of the Code and section 304(b) of ERISA, which describe the consequences that would result in the event the Plan is amended to increase benefits, change the rate in the accrual of benefits or to change the rate of vesting, while the amortization extension remains in place.

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Please note that any amendment that increases liabilities for a profit sharing plan or any other retirement plan (whether qualified or unqualified) maintained by the Trustees for the Plan and covering participants of the Plan to which this ruling applies, would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA. Similarly, the establishment of a new profit sharing plan or any other retirement plan (whether qualified or unqualified) maintained by the Trustees for the Plan and covering participants of the Plan to which this ruling applies, would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA.

We have sent a copy of this letter to the Manager, EP Classification in , to the Manager, EP Compliance Unit in , and to your authorized representative pursuant to a power of attorney on file in this office.

If you require further assistance in this matter, please contact

Sincerely yours,

James E. Holland Jr

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