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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

JUN 2 6 2008

T:EP:RA:T:A2

Re:

Plan =

Former Parent =

Union =

Dear

This letter constitutes notice that, with respect to the above-named defined benefit pension plan, section 401(a)(33) of the Internal Revenue Code ("Code") and section 204(i)(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), do not apply to the proposed amendment to the Plan as described below.

Section 401(a)(33)(A) of the Code provides that a plan is not a qualified plan if an amendment is adopted while the employer is a debtor in a case under title 11, United States Code, or similar Federal or State law, and such amendment increases liabilities of the plan by reason of (i) any increase in benefits, (ii) any change in the accrual of benefits, or (iii) any change in the rate at which benefits become nonforfeitable under the plan, with respect to employees of the debtor, and such amendment is effective prior to the effective date of such employer's plan of reorganization.

Section 401(a)(33)(B) of the Code provides that section 401(a)(33) will not apply to any plan amendment if (i) the plan, were such amendment to take effect, would have a funded current liability percentage of 100 percent or more, (ii) the Secretary of the Treasury 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, (iii) such amendment only repeals an amendment described in subsection 412(c)(8), or (iv) such amendment is required as a condition of qualification under this part.

Section 204(i)(1) of 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, or similar Federal or State law, by reason of (A) any increase in benefits, (B) any change in the accrual of benefits, or (C) any change in the rate at which benefits become nonforfeitable under the plan, with respect to employees of the debtor, and such amendment is effective prior to the effective date of such employer's plan of reorganization.

Section 204(i)(2) of ERISA provides that section 204(i)(1) shall not apply to any plan amendment that (A) the Secretary of the Treasury determines to be reasonable and that provides for only de minimis increases in the liabilities of the plan with respect to employees of the debtor, (B) such amendment only repeals an amendment described in section 302(c)(8), (C) is required as a condition of qualification under the Code, or (D) was adopted prior to, or pursuant to a collective bargaining agreement entered into prior to, the date on which the employer became a debtor in a case under Title 11 of the United States Code, or similar Federal or State law.

Section 204(i)(3) of ERISA provides that section 204(i)(1) only applies to plans (other than multiemployer plans), for which the funded current liability percentage is less than 100 percent after taking into account the effect of the amendment.

The Company is a U.S.-based global supplier of electronics, components, integrated systems and modules, and other electronic technology with a network of manufacturing sites, technical centers, sales offices, and joint ventures in every major region of the world. The Company supplies products to original equipment manufacturers worldwide, and its customer base includes customers in the communications, computer, consumer electronics, energy, and medical devices industries.

In October , the Company filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code. The Company continues to operate its business as debtor-in-possession. Soon after filing for Chapter 11 bankruptcy protection, the Company announced its intention to cease benefit accruals for most participants under the Plan before or soon after its emergence from Chapter 11 bankruptcy protection.

Prior to or soon after its emergence from Chapter 11 bankruptcy protection, and prior to or soon after benefit accruals to the Plan cease, the Company plans to sell or otherwise divest certain non-core business units, and certain of its hourly employees may return to employment at the Former Parent. It is anticipated that such divestitures or returns to the Former Parent will involve the transfer of current participants in the Plan to new employers.

In 2007, the Company negotiated new collective bargaining agreements with each of the principal unions representing its hourly employees in the U.S. As part of these agreements, the Company and each respective union addressed the issue of legacy liabilities between the unions and the Former Parent. Specifically, each union agreed to a cessation of future benefit accruals to the Plan. In exchange, the Company's U.S. hourly employees will begin to receive cash balance and/or defined contribution pension benefits upon cessation of benefit accruals to the Plan. Furthermore, the Company and each union reached agreed on how the Company's U.S. hourly employees would be treated for pension purposes in the event an hourly employee was transferred to a buyer of one of the Company's business units. In particular, Plan participants who are transferred to a buyer as part of the sale of a business unit are to continue to accrue eligibility and vesting service from the Plan following the sale of the business. The Former Parent also agreed to provide such participants with up to seven years of credited service under a plan sponsored by the former parent for benefit accrual purposes once benefit accruals to the Plan ceased.

The Company has not yet emerged from Chapter 11 bankruptcy protection. Consequently, benefit accruals to the Plan have not ceased, affected U.S. hourly employees have not commenced receiving cash balance and/or defined contribution pension benefits, and the period during which the Former Parent will grant the affected employees up to seven years of benefit accrual service has not yet started. Nevertheless, the Company has proceeded with the sale of certain of its business units. Because these sales have occurred prior to the cessation of benefit accruals to the Plan and because the terms of the sales call for the buyers to provide only cash balance and/or defined contribution pension benefits, this has resulted in a potential shortfall in expected pension benefits from the Plan for the affected hourly employees for the period of time from the date of the sale until the date benefit accruals to the Plan actually cease. Such a shortfall would be inconsistent with the collective bargaining agreements reached with the principal union representing the Company's U.S. Hourly employees.

In order to address the shortfall, the Company agreed with the applicable unions and buyers to lease to the buyers the affected hourly employees during the timeframe from the date of the sale until the date benefit accruals to the Plan ceased. These lease arrangements permit the affected hourly employees to continue to accrue credited service for all purposes under the Plan.

The leasing arrangements were intended to be a short-term fix until the Company emerged from Chapter 11 bankruptcy protection. While the Company expected to emerge by the end of the first quarter of , this did not occur, and the Company does not currently have a specific target date for emergence. Consequently, the Company would like to re-examine the lease arrangements so that the affected hourly employees can be transferred to the buyers of the Company's business units, while maintaining its commitments to the hourly employees and the unions representing them under the terms of the collective bargaining agreements reached in . Accordingly, the Company is proposing to amend the Plan to recognize credited service for purposes of benefit accruals following an affected hourly employee's transfer to the buyer of one of the Company's business units.

The proposed amendment would provide that participants in the Plan transferred to a successor employer as part of the divestiture of one of the Company's business units would have their accrued benefits under the Plan adjusted by the same amount as if the participant had remained employed by the Company and continued to earn benefit accrual service under the Plan. The benefit adjustments would continue until the earlier of (a) the participant's termination of employment with the divested unit (or for a successor employer), or (b) the date of the cessation of benefit accruals under the Plan.

In a letter ruling dated September 13, 2007, the Company received a ruling that section 401(a)(33) of the Code and section 204(i)(1) of ERISA do not apply to a similar amendment to the Plan. Under that amendment, service performed by former participants transferred to the Former Parent or to another successor employer as part of the divestiture of a business unit of the Company is recognized for purposes of eligibility and vesting to the extent negotiated with the unions representing these participants.

After the amendment described above, the Plan will have a current liability percentage that is less than 100 percent, and the Company will still be a debtor in possession in a case under Title 11 of the United States Code. The amendment will be adopted prior to the Company's date of reorganization to (a) reach agreement with the unions representing its employees and with the buyers of the Company's non-core business units, (b) provide the buyers of the non-core business units with a viable workforce, and (c) to administer the Plan in accordance with past practice.

These reasons in and of themselves are not sufficient to consider the amendment reasonable. However, the Company has a unique history with its Former Parent. Prior to the Company's spin-off from its Former Parent, the Former Parent's plans were typically amended to continue to recognize post-divestiture service with the buyer for purposes of eligibility. As a result, the Company's employees have longstanding expectations regarding their treatment in the event that they are transferred to a buyer of their operation. Consequently, the amendment would be consistent with the Company's long-term established business practice and would provide an economic benefit to the Company by enabling it to consummate divestiture of non-core businesses and reach consensual agreements with the unions representing it workforce. Hence, the amendment is reasonable.

According to information provided by the enrolled actuary for the Plan, the proposed amendment to the Plan will have a negligible impact on the total annual cost to the

Company, and any increases in liabilities or costs to the Plan, or the minimum required contributions to the Plan, will be virtually nil. Accordingly, the amendment is de minimis.

Hence, because the proposed amendment to the Plan is reasonable and provides for only de minimis increases in plan liabilities, section 401(a)(33) of the Code and section 204(i)(1) of ERISA do not apply to the proposed amendment to the Plan.

This ruling considers only the application of section 401(a)(33) of the Code and section 204(i)(1) of ERISA to the amendment described above and does not consider any other issues that may arise in connection with the Plan or the proposed amendment.

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

We have sent a copy of this letter to the Manager, to the Manager, 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,

Frances V Sloan

for Carlton A. Watkins, Acting Manager
Employee Plans Technical