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

201234036

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

December 8, 2009

UIL: 401.00-00

T:EP:RA:A2

Re:

Plan =

Local A =

Local B =

Local C =

Local D =

Dear

This is in response to a request for a letter ruling dated August 13, 2009, submitted on behalf of the Company by its authorized representative, requesting a determination that the proposed amendments to the Plan are reasonable and provide for only de minimis increases in Plan liabilities within the meaning of Section 401(a)(33) of the Internal Revenue Code (the "Code") and Section 204(i) of the Employee Retirement Income Security Act of 1974 ("ERISA").

The following facts and representations have been submitted under penalty of perjury in support of the ruling requested.

The Taxpayer is a manufacturer, supplier, and recycler of paper and corrugated packaging products. The Taxpayer has locations throughout the country and negotiates with a variety of unions with respect to the level of benefits under the Plan.

On January 26, 2009, the Taxpayer filed a voluntary petition under Chapter 11 of the US Bankruptcy Code. The Taxpayer continues to operate its business as debtor-in-possession. The Taxpayer has current and future liabilities under the Plan.

The Plan is a single plan, consisting of six plan documents and supplements thereto. Benefit factors for a location are determined pursuant to collective bargaining between the Taxpayer and the union representing the employees at that location. As part of the collective bargaining process the Taxpayer and applicable unions enter into a Memorandum of Agreement ("MOA") which is a binding amendment to a collective bargaining agreement that has been approved by the Taxpayer and the applicable union(s).

On January 29, 2009, the Taxpayer entered into a MOA covering Local A. The Local A MOA eliminated Plan benefits for employees hired after January 1, 2009, changed to a medical plan that is less costly and made work rule changes such as eliminating double time on Sunday. Additionally, it increased the benefit factor for applicable employees.

On February 11, 2009, the Taxpayer entered into a MOA covering Local B. The Local B MOA eliminated Plan benefits for employees hired after March 1, 2009, changed to a medical plan that is less costly and made work rule changes such as eliminating double time on Sunday. In addition, it increased the benefit factor for applicable employees.

On March 12, 2009, the Taxpayer entered into a MOA covering Local C. The Local C MOA provides that employees hired after February 1, 2012, will not be eligible to participate in the Plan. Further, it changed to a medical plan that is less costly and made work rule changes such as eliminating double time on Sunday. In addition, it increased the benefit factor for applicable employees.

On May 1, 2009, the Taxpayer entered into a MOA covering Local D. The Local D MOA provides that employees hired after March 1, 2009, are not eligible to participate in the Plan. Further, it changed to a medical plan that is less costly and made work rule changes such as eliminating double time on Sunday. In addition, it increased the pension benefit factor for applicable employees, contingent upon the Secretary's approval.

Information submitted with the request indicates that the aggregate increase in target liability attributable to the amendments is less than 0.04%, and the aggregate increase in target normal cost is 0.16%.

Section 204(i)(1) of ERISA provides that in the case of a plan maintained by an employer that is a debtor under title 11, United States Code, or similar Federal or State law, no amendment of the plan which increases the liabilities of the plan 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, shall be 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 certain plan amendments, including any plan amendment that 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.

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, if such amendment increases liabilities of the plan by reason of (i) any increase in benefits, (ii) any change in 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 organization.

Section 401(a)(33)(B) of the Code provides that Section 401(a)(33) will not apply to certain plan amendments, including (in accordance with section 401(a)(33)(B)(ii)) any plan amendment if the Secretary for the Treasurer 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 206(g)(2) of ERISA and section 436(c) of the Code impose additional restrictions on amendments to underfunded plans. In general, these restrictions prevent amendments to the plan if such amendments would cause relevant funding levels to drop below 80%.

The information presented and the documentation submitted by the Taxpayer are consistent with their claim that the amendments are reasonable. The increases in the benefit factors were negotiated within the collective bargaining process during which the parties agreed to changes in other benefits and work rules that will result in a net savings to the Taxpayer.

The actuarial information provided indicates that the aggregate increase in target liability and in target normal cost attributable to the amendments is negligible.

Based on the information submitted, the amendments outlined in this letter are reasonable and, in aggregate, provide for only de minimis increases in the liabilities of the Plan with respect to the employees of the Company. Therefore, the prohibition on benefit increases while the plan sponsor is in bankruptcy under section 204(i)(1) of ERISA and section 401(a)(33) of the Code does not apply to these amendments.

This ruling considers only the application of section 204(i)(1) of ERISA and section 401(a)(33) of the Code to the amendments described above, and does not consider any other issues that may arise in connection with the Plan or the proposed amendment. Specifically, this ruling does not address whether the Plan is in compliance with restrictions on plan amendments under section 206(g)(2) of ERISA or section 436(c) of the Code.

This ruling letter is directed only to the taxpayer requesting it. Code section 6110(k)(3) provides that it may not be used or cited as precedent.

Pursuant to the power of attorney on file with this office, a copy of this letter ruling is being sent to your authorized representative. If you wish to inquire about this ruling, please contact

Sincerely,

David M. Ziegler
Manager, EP Actuarial Group 2