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

TAX EXEMPT AND GOVERNMENT ENTITIES DIVISION

T:EP:RA:T:A1

JUN 15 2006

In re:

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Taxpayer = ,

Industry =

Union =

This letter constitutes notice that conditional approval has been granted for your request for a 5-year extension for amortizing 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"). The extension is granted for the amortization period for amortizing unfunded liabilities of the Plan for the plan year beginning April 1, 2003.

The extensions of the amortization periods of the unfunded liabilities of the Plan have 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 Plan is a multiemployer plan. The Plan's contributing employers consist of a variety of companies in various aspects of the Industry. As of April 1, the Plan's actuarial value of assets was greater than the Plan's actuarial accrued liability. However, the Plan experienced significant asset losses over the next three plan years and, as a result, was only 75% funded as of April 1, In response, the Union and certain of the larger contributing employers negotiated a settlement in which contribution rates were increased by approximately 67 percent and accrual rates were decreased (prospectively) by approximately 33 percent and a funding policy (the "Funding Policy") was agreed to, which provided the following:

> Beginning April 1, , with each annual actuarial valuation, a projection of the Funding Standard Account is to be made to determine if the minimum funding requirements will be met during the projection period. If a funding deficiency is projected, the Taxpayer is to reduce prospective benefit accrual rates as much as is needed to remove the projected funding deficiency.

For the plan year beginning April 1, , absent the requested extension, the Funding Policy would require significant additional benefit accruals reductions in order to forestall funding deficiencies that would otherwise within the projection period. This is the case even though the funded status of the plan (i.e. the ratio of the market value of assets to the unit credit actuarial accrued liability) was projected to steadily increase without any reductions in prospective accrual rates.

If, however, the requested amortization period extensions were to be granted, projections of the Funding Standard Account would show no future funding deficiencies and thus, no additional benefit accrual reductions would be required. Accordingly, because failure to permit the extensions would result in a substantial curtailment of benefit levels. the requested extensions would not be adverse to the participants in the aggregate. However, we are granting these extensions subject to the conditions listed below:

(1) A 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 actuarial accrued liability (computed using the unit credit method and the Plan assumptions as of April 1, by the market value of Plan assets as of the Plan's valuation date, is:

(a) no less than for each valuation date from April 1, 2005, through April 1, inclusive;

(b) no less than % as of April 1,

(c) for each valuation date subsequent to April 1, 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 April 1, is 82%, the funded ratio must be at least 83% as of April 1, and 84% as of April 1, and

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

You accepted these conditions in a letter dated May 17, 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 any portion of the waived funding deficiency remains unamortized. Please note that any amendment to a profit sharing plan or any other retirement plans (covering employees covered by this plan) maintained by the trustees of this Plan, to increase the liabilities of those plans 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 by the trustees of this Plan (covering employees covered by this plan) 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., Manager
Employee Plans Technical