



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

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

JUL 08 2005

*T:EP:RA:A2*

Savings Plan =

Company =

This letter constitutes notice that § 412(f)(1) of the Internal Revenue Code ("Code") and § 304(b)(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") do not apply to the amendment to the Salaried Plan combined with the amendment of the Savings Plan as described below.

Section 412(f)(1) of the Code and section 304(b)(1) of ERISA provide that if a waiver of the minimum funding standard under section 412(d) of the Code and section 303 of ERISA is in effect with respect to a plan that is amended to increase the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate at which benefits become nonforfeitable, such extension shall not apply to any plan year ending on or after the date on which such amendment is adopted. Section 412(f)(2)(A) of the Code and § 304(b)(2)(A) of ERISA provide that section 412(f)(1) of the Code and section 304(b)(1) of ERISA shall not apply to any plan amendment which the Secretary of Labor determines to be reasonable and which provides only de minimis increases in the liabilities of the plan.

Reorganization Plan No. 4, which became effective December 31, 1978, transferred the authority indicated in section 412(f)(2) from the Secretary of Labor to the Secretary of Treasury.

The Salaried Plan is a defined benefit pension which received a conditional waiver of the minimum funding standard in accordance with section 412(d) of the Code and section 303 of ERISA, effective for the plan year beginning January 1, 2003. The Savings Plan is a defined contribution profit-sharing plan with a qualified cash or deferred arrangement under section 401(k) of the Code.

The Company proposes to amend the Salaried Plan to cease future accruals and to add a new employer contribution benefit under the Savings Plan.

The amendment to cease accruals to the Salaried Plan would be effective as of the last day of the first calendar month in which all of the following conditions are satisfied:

- (a) As determined by the Vice President Employee Benefits, the plan administrator has made a good faith effort to deliver the notice required by section 204(h) of ERISA to the participants and alternate payees who are entitled to such notice and the applicable advance notice period (i.e., 45 days) has expired.
- (b) As determined by the Vice President Employee Benefits, all requirements to give prior notice to the Service, the Department of Labor, the Pension Benefit Guaranty Corporation or any other governmental agency have been met, all required waiting periods have elapsed, and all required approvals and permissions have been obtained (e.g., a favorable ruling under section 412(f) of the Code).

After the cessation of accruals, participants would not accrue any additional Salaried Plan benefits based on future service or compensation, nor would any participant be permitted to retire under the Salaried Plan's disability retirement provisions unless the Participant had substantially completed a disability retirement application prior to the cessation date. However, as required by section 411(d)(6) of the Code, the ability of a participant to become eligible for an early retirement benefit would be protected, as would all optional forms of payment under the Salaried Plan. In addition, service for vesting purposes would continue to be recognized and interest credits would continue to be credited to existing cash balance accounts after the date accruals cease, pursuant to the Salaried Plan's existing interest crediting provisions.

The amendment to the Savings Plan would be effective as of the first day of the calendar month after accruals to the Salaried Plan cease. Under the amendment, the Company would implement a new employer contribution under the Savings Plan. The contribution to be made on behalf of each participant would be determined under a formula that would mirror the current cash balance pay credit formula under the Salaried Plan, which is based on a participant's combined number of years of age and service. The amount of the employer contribution, if any, that could not be contributed to a participant's Savings Plan account due to Code limitations would be paid directly to the

employee as taxable wages. Certain employees who are disabled would also be eligible for an employer contribution. Absent a further amendment of the Savings Plan, the amount that is contributed to the Savings Plan is based on a set formula and is not discretionary on the part of the Company.

The actuarial and other financial information furnished for the remaining years of the Salaried Plan's waiver amortization period show the amendment ceasing benefit accruals to the Salaried Plan will decrease required contributions to that plan by \$30 million for 2006, \$33 million for 2007, and \$33 million for 2008, and the Savings Plan amendment will increase contributions to that plan by only \$28 million for 2006, \$28 million for 2007, and \$29 million for 2008. Thus, the cessation of benefit accruals in the Salaried Plan and the establishment of a new benefit in the Savings Plan result in savings to the Company of approximately \$2 million, \$5 million, and \$4 million for plan years 2006, 2007, and 2008 respectively, as compared to the amount of employer contributions required to be made to the Savings Plan if the proposed changes were not made. Over all three relevant plan years, the cost effect is a savings of 4.8%. Thus, cessation of accruals to the Salaried Plan and the Savings Plan benefit increase do not produce an overall increase in plan liabilities during the remaining amortization period of the funding waiver.

Because the total amount of the new employer contribution to the Savings Plan, when added to the required contributions under section 412 to Salaried Plan, does not exceed the required contribution to the Salaried Plan prior to the cessation of benefit accruals, there will not be an increase in liabilities. Hence, section 412(f)(1) of the Code and section 304(b) of ERISA do not apply in this situation.

This ruling considers only the application of section 412(f) of the Code and section 304(b)(2) of ERISA to the amendments described above and does not consider any other issues that may arise in connection with the Salaried Plan or Savings Plan, or these amendments.

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.

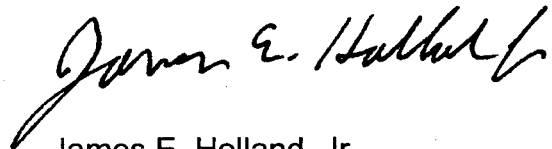
We have sent a copy of this letter to the Manager, EP Classification in \_\_\_\_\_, to the Manager, EP Compliance Unit in \_\_\_\_\_ and to your authorized representative pursuant to a power of attorney on file in this office.

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If you require further assistance in this matter, please contact

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James E. Holland, Jr.", written in black ink.

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