



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

SEP 05 2005

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This letter constitutes notice that your request for a 7-year extension for amortizing the 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") for the plan year beginning October 1, 2002, has been approved subject to the following conditions:

- (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 October 1, 2002) by the market value of Plan assets as of the Plan's valuation date, is:
 - (a) no less than 67% for each valuation date from October 1, 2002, through October 1, 2005, inclusive;
 - (b) no less than 70% for each valuation date from October 1, 2006, through October 1, 2008, inclusive;
 - (c) no less than 75% for each valuation date from October 1, 2009, through October 1, 2011, inclusive; and

- (d) for each valuation date subsequent to October 1, 2011, 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 October 1, 2011, is 75%, the funded ratio must be at least 76% as of October 1, 2012, and 77% as of October 1, 2013); and
- (3) For each plan year that the extension remains in effect, starting with the plan year beginning October 1, 2005, a copy of the actuarial valuation report for each plan year will be provided to this office by eight and one half months (8½) after the end of the plan year at the address below:

You agreed to these conditions in a letter dated August 30, 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 Fund cause the actual experience of the Plan to fail the funded ratio condition. An example of such an unforeseen circumstance would include a market fluctuation affecting 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.

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 defined benefit plan. The interest rate applicable for the remaining amortization periods of the amortization bases for which extensions would be granted is the rate determined under section 6621(b) of the Code.

Contributions for the plan year beginning October 1, 2002, 2003, and 2004 were _____ and _____ respectively. The Plan's unfunded liability was _____ as of October 1, 2002, based on the market value of assets.

As of October 1, 2002, the Plan covered 911 employees and 3,132 retirees, survivors and deferred vested participants. The contributing employers consist of a variety of companies in various aspects of the steel industry.

The Plan's funded status has substantially deteriorated in recent years, primarily as a result of severe investment losses. Absent an extension, contribution rates would have had to be increased by approximately _____ for the plan year beginning October 1, 2003, to avoid an accumulated funding deficiency. The accumulated funding deficiency for the plan year beginning October 1, 2003, without the extension, is approximately _____

If the contribution rate increases discussed below, which are conditioned on our granting the extension, are factored in, the Plan has a credit balance of _____ for the plan year beginning October 1, 2003, and does not report an accumulated funding deficiency until the plan year beginning October 1, 2005. The accumulated funding deficiency for the plan year beginning October 1, 2005, is projected to be approximately _____.

To deal with the funding problems, the following steps have been taken:

- (1) Effective October 1, 2005, contribution rate increases of _____, annually, compounded, for the remaining life of current collective bargaining agreements have been negotiated with contributing employers. Future collective bargaining agreements must continue the annual increases of _____ compounded, or the agreements will not be accepted by the Trustees.
- (2) Benefit accrual rates for service on or after October 1, 2003, have been reduced by _____

According to information submitted with the request, if the extension is not granted, the potential increases in employer contributions necessary to avoid funding deficiencies, and the excise taxes that would result if funding deficiencies are not avoided, would severely harm the majority of the contributing employers to the Plan and lead to the withdrawal of many contributing employers from the Plan. This would result in a substantial risk to the voluntary continuation of the Plan. Also, it would be adverse to

the interest of Plan participants because the curtailment of pension accruals and other drastic measures would need to be implemented to correct the situation.

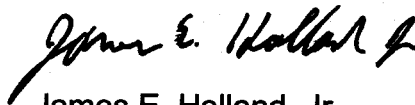
Accordingly, extensions would not be adverse to the participants in the aggregate. Moreover, the Fund's authorized representative has submitted a scenario which incorporates 7-year amortization extensions and 15 years to amortize the decreases that occur each year in the minimum contribution requirements resulting solely from differences between the valuation rate and the 6621(b) rate. This scenario meets the conditions provided above. However, because the prospects for recovery are uncertain and because the Plan is under-funded, we are granting these extensions subject to the conditions provided above.

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