

**§ 1.1032-3 Disposition of stock or stock options in certain transactions not qualifying under any other nonrecognition provision.**

\* \* \* \* \*

(c) \* \* \*

(1) The acquiring entity acquires stock of the issuing corporation directly or indirectly from the issuing corporation in a transaction in which, but for this section, the basis of the stock of the issuing corporation in the hands of the acquiring entity would be determined, in whole or in part, with respect to the issuing corporation's basis in the issuing corporation's stock under section 362(a) or 723 (provided that, in the case of an indirect acquisition by the acquiring entity, the transfers of issuing corporation stock through intermediate entities occur immediately after one another);

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**Cynthia E. Grigsby,**

*Chief, Regulations Unit, Assistant Chief Counsel (Corporate).*

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**PENSION BENEFIT GUARANTY CORPORATION**

**29 CFR Parts 4022 and 4044**

**Benefits Payable in Terminated Single-Employer Plans; Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing and Paying Benefits**

**AGENCY:** Pension Benefit Guaranty Corporation.

**ACTION:** Final rule.

**SUMMARY:** The Pension Benefit Guaranty Corporation's regulations on Benefits Payable in Terminated Single-Employer Plans and Allocation of Assets in Single-Employer Plans prescribe interest assumptions for valuing and paying benefits under terminating single-employer plans. This final rule amends the regulations to adopt interest assumptions for plans with valuation dates in July 2000. Interest assumptions are also published on the PBGC's web site (<http://www.pbgc.gov>).

**EFFECTIVE DATE:** July 1, 2000.

**FOR FURTHER INFORMATION CONTACT:** Harold J. Ashner, Assistant General Counsel, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005, 202-326-4024. (For TTY/TDD users, call the Federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4024.)

**SUPPLEMENTARY INFORMATION:** The PBGC's regulations prescribe actuarial assumptions—including interest assumptions—for valuing and paying plan benefits of terminating single-employer plans covered by title IV of the Employee Retirement Income Security Act of 1974. The interest assumptions are intended to reflect current conditions in the financial and annuity markets.

Three sets of interest assumptions are prescribed: (1) A set for the valuation of benefits for allocation purposes under section 4044 (found in Appendix B to Part 4044), (2) a set for the PBGC to use to determine whether a benefit is payable as a lump sum and to determine lump-sum amounts to be paid by the PBGC (found in Appendix B to Part 4022), and (3) a set for private-sector pension practitioners to refer to if they wish to use lump-sum interest rates determined using the PBGC's historical methodology (found in Appendix C to Part 4022). (See the PBGC's two final rules published March 17, 2000, in the **Federal Register** (at 65 FR 14752 and 14753). Effective May 1, 2000, these rules changed how the interest assumptions are used and where they are set forth in the PBGC's regulations.)

Accordingly, this amendment (1) adds to Appendix B to Part 4044 the interest assumptions for valuing benefits for allocation purposes in plans with valuation dates during July 2000, (2) adds to Appendix B to Part 4022 the interest assumptions for the PBGC to use for its own lump-sum payments in plans with valuation dates during July 2000, and (3) adds to Appendix C to Part 4022 the interest assumptions for private-sector pension practitioners to refer to if they wish to use lump-sum interest rates determined using the PBGC's historical methodology for valuation dates during July 2000.

For valuation of benefits for allocation purposes, the interest assumptions that the PBGC will use (set forth in Appendix B to part 4044) will be 7.40 percent for the first 25 years following the valuation date and 6.25 percent thereafter. These interest assumptions represent an increase (from those in effect for June 2000) of 0.30 percent for the first 25 years following the valuation date and are otherwise unchanged.

The interest assumptions that the PBGC will use for its own lump-sum payments (set forth in Appendix B to part 4022) will be 5.50 percent for the period during which a benefit is in pay status, 4.75 percent during the seven-year period directly preceding the benefit's placement in pay status, and 4.00 percent during any other years preceding the benefit's placement in pay

status. These interest assumptions represent an increase (from those in effect for June 2000) of 0.25 percent for the period during which a benefit is in pay status and for the seven-year period directly preceding the benefit's placement in pay status and are otherwise unchanged.

For private-sector payments, the interest assumptions (set forth in Appendix C to part 4022) will be the same as those used by the PBGC for determining and paying lump sums (set forth in Appendix B to part 4022).

The PBGC has determined that notice and public comment on this amendment are impracticable and contrary to the public interest. This finding is based on the need to determine and issue new interest assumptions promptly so that the assumptions can reflect, as accurately as possible, current market conditions.

Because of the need to provide immediate guidance for the valuation and payment of benefits in plans with valuation dates during July 2000, the PBGC finds that good cause exists for making the assumptions set forth in this amendment effective less than 30 days after publication.

The PBGC has determined that this action is not a "significant regulatory action" under the criteria set forth in Executive Order 12866.

Because no general notice of proposed rulemaking is required for this amendment, the Regulatory Flexibility Act of 1980 does not apply. See 5 U.S.C. 601(2).

**List of Subjects**

**29 CFR Part 4022**

Employee benefit plans, Pension insurance, Pensions, Reporting and recordkeeping requirements.

**29 CFR Part 4044**

Employee benefit plans, Pension insurance, Pensions.

In consideration of the foregoing, 29 CFR parts 4022 and 4044 are amended as follows:

**PART 4022—BENEFITS PAYABLE IN TERMINATED SINGLE-EMPLOYER PLANS**

1. The authority citation for part 4022 continues to read as follows:

**Authority:** 29 U.S.C. 1302, 1322, 1322b, 1341(c)(3)(D), and 1344.

2. In appendix B to part 4022, Rate Set 81, as set forth below, is added to the table. (The introductory text of the table is omitted.)

**Appendix B to Part 4022—Lump Sum Interest Rates for PBGC Payments**

|          | *                               | *      | *                                | *                            | *     | *     | *     |       |
|----------|---------------------------------|--------|----------------------------------|------------------------------|-------|-------|-------|-------|
| Rate set | For plans with a valuation date |        | Immediate annuity rate (percent) | Deferred annuities (percent) |       |       |       |       |
|          | On or after                     | Before |                                  | $i_1$                        | $i_2$ | $i_3$ | $n_1$ | $n_2$ |
| 81       | *                               | *      | *                                | *                            | *     | *     | *     |       |
| .....    | 7-1-00                          | 8-1-00 | 5.50                             | 4.75                         | 4.00  | 4.00  | 7     | 8     |

3. In appendix C to part 4022, Rate Set 81, as set forth below, is added to the table. (The introductory text of the table is omitted.)

**Appendix C to Part 4022—Lump Sum Interest Rates for Private-Sector Payments**

|          | *                               | *      | *                                | *                            | *     | *     | *     |       |
|----------|---------------------------------|--------|----------------------------------|------------------------------|-------|-------|-------|-------|
| Rate set | For plans with a valuation date |        | Immediate annuity rate (percent) | Deferred annuities (percent) |       |       |       |       |
|          | On or after                     | Before |                                  | $i_1$                        | $i_2$ | $i_3$ | $n_1$ | $n_2$ |
| 81 ..... | *                               | *      | *                                | *                            | *     | *     | *     |       |
|          | 7-1-00                          | 8-1-00 | 5.50                             | 4.75                         | 4.00  | 4.00  | 7     | 8     |

**PART 4044—ALLOCATION OF ASSETS IN SINGLE-EMPLOYER PLANS**

Authority: 29 U.S.C. 1301(a), 1302(b)(3), 1341, 1344, 1362.

table. (The introductory text of the table is omitted.)

4. The authority citation for part 4044 continues to read as follows:

5. In appendix B to part 4044, a new entry, as set forth below, is added to the

**Appendix B to Part 4044—Interest Rates Used to Value Benefits**

| For valuation dates occurring in the month— | The values of $i_t$ are: |          |       |          |       |          |
|---|--------------------------|----------|-------|----------|-------|----------|
|   | $i_t$                    | for $t=$ | $i_t$ | for $t=$ | $i_t$ | for $t=$ |
|   |                          |          |       |          |       |          |
| July 2000                                   | .0740                    | 1-25     | 0625  | >25      | N/A   | N/A      |

Issued in Washington, DC, on this 8th day of June 2000.

David M. Strauss,

Executive Director, Pension Benefit Guaranty Corporation.

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**ENVIRONMENTAL PROTECTION AGENCY****40 CFR Part 300**

[FRL-6711-8]

**National Oil and Hazardous Substance Pollution Contingency Plan; National Priorities List**

AGENCY: Environmental Protection Agency.

ACTION: Notice of Partial Deletion of Moton Elementary School, including Mugrauer Playground (Operable Unit 4) and Groundwater (Operable Unit 5) of the Agriculture Street Landfill Superfund Site from the National Priorities List.

**SUMMARY:** The Environmental Protection Agency (EPA) Region 6 announces the deletion of Moton Elementary School, including Mugrauer Playground (Operable Unit 4) and Groundwater (Operable Unit 5) of the Agriculture Street Landfill Superfund Site from the National Priorities List (NPL).

The NPL, promulgated pursuant to section 105 of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980, as amended, constitutes Appendix B of 40 CFR Part 300 which is the National Oil and Hazardous Substances Pollution Contingency Plan (NCP). This partial deletion is consistent with the EPA's Notice of Policy Change: Policy Regarding Partial Deletion of Sites