



2004 ACTUARIAL REPORT

Pension Benefit Guaranty Corporation

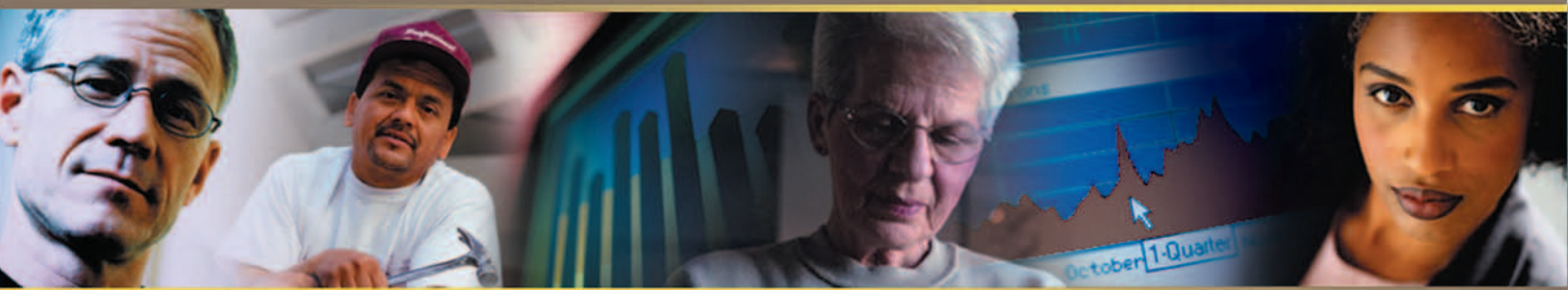


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ACTUARIAL VALUATION REPORT - 2004 FISCAL YEAR

The 2004 Annual Report of the Pension Benefit Guaranty Corporation (PBGC) contains a summary of the results of the September 30, 2004 actuarial valuation. The purpose of this separate Actuarial Valuation Report is to provide greater detail concerning the valuation of future benefits than is presented in PBGC's Annual Report.

Overview

PBGC calculated and validated the present value of future benefits (PVFB) for both the single-employer and multiemployer programs and of nonrecoverable financial assistance under the multiemployer program. These calculations reflect the present value of claims as of the date of the financial statements. They present a snapshot of the liabilities as of a point in time and do not include liability projections over the period subsequent to the date of the financial statements.

For the single-employer program, the liability as of September 30, 2004 consisted of:

- (1) \$44.95 billion for the 3,469 plans that have terminated; and
- (2) \$30.95 billion for the 45 probable terminations.

Liabilities for "probable terminations" reflected reasonable estimates of the losses for plans that are likely to terminate in a future year. These estimated losses were based on conditions that existed as of PBGC's fiscal year-end. Management believes it is likely that one or more events subsequent to PBGC's fiscal year-end will occur, confirming the fact of the loss. In addition, the liability for reasonably possible terminations has been calculated and is discussed in Note 7 to the financial statements on pages 33-34 of PBGC's 2004 Annual Report. A discussion of PBGC's potential claims and net financial condition over the next ten years is presented on pages 11-12 of that report.

For the multiemployer program, the liability as of September 30, 2004 consisted of:

- (1) \$3 million for 10 pension plans that terminated before the passage of the Multiemployer Pension Plan Amendments Act (MPPAA) and of which PBGC is trustee; and
- (2) \$1,295 million for probable and estimable post-MPPAA losses due to financial assistance to 67 multiemployer pension plans that were, or were expected to become, insolvent.

The results of the valuation (the present value of future benefits and nonrecoverable financial assistance) are presented in Table 1 and are displayed in the graphs on pages 7 and 8.

Table 1:
Present Value of Future Benefits and Nonrecoverable Future Financial Assistance - 2004

	Number of Plans	Number of Participants (in thousands)	Liability (in millions)
I. Single-Employer Program			
A. Terminated plans			
1. Seriatim at fiscal year-end (FYE)	2,952	374	\$11,531
2. Seriatim at DOPT, adjusted to FYE	59	55	2,577
3. Nonseriatim ¹	458	514	30,807
4. Rettig Settlement (seriatim) ²	--	*	1
5. Missing Participants Program (seriatim) ³	--	18	36
Subtotal	3,469	961	\$44,952
B. Probable terminations (nonseriatim) ⁴	45	335	30,953
Total ⁵	3,514	1,296	\$75,905
II. Multiemployer Program			
A. Pre-MPPAA termination (seriatim)	10	*	\$ 3
B. Post-MPPAA liability (net of plan assets)	67	100	1,295
Total	77	100	\$1,298

* Fewer than 500 participants

Notes:

- 1) The liability for terminated plans has been increased by \$65 million for settlements.
- 2) The Rettig Settlement refers to the liability for benefits that PBGC incurred due to the settlement of a class action lawsuit that increased benefits for some participants and provided new benefits to others. The remaining participants not yet paid are valued seriatim.
- 3) The Missing Participants Program refers to a liability that PBGC assumed for unlocated participants in standard plan terminations.
- 4) The net claims for probable plans reported in the financial statements include \$431 million for not-yet-identified probable terminations. The assets for these probable plans, including the expected value of recoveries on employer liability and due-and-unpaid employer contributions claims, are \$14,027 million. Thus, the net claims for probables as reported in the financial statements are \$30,953 million less \$14,027 million, or \$16,926 million.
- 5) The PVFB in the financial statements (\$60,836 million) is net of estimated plan assets and recoveries on probables (\$14,027 million), estimated recoveries on terminated plans (\$364 million), and estimated assets for plans pending trusteeship (\$678 million), or, \$75,905 million less \$14,027 million less \$364 million less \$678 million = \$60,836 million.

Single-Employer Program

PBGC calculated the single-employer program's liability for benefits for each of the terminated plans and for each of the plans considered to be a probable termination using one of three methods:

- (1) seriatim at fiscal year-end (FYE);
- (2) seriatim at date of plan termination (DOPT), adjusted to FYE; and
- (3) nonseriatim.

In addition, PBGC included liabilities for incurred but not reported (IBNR) plans, for the Rettig Settlement, for the Missing Participants Program, and for the Collins Settlement.

Seriatim at FYE Method

The liability for each participant's benefit was calculated separately at FYE for plans for which PBGC had sufficiently complete and accurate data. This was termed the seriatim at FYE method. PBGC selected plans to be valued using the seriatim at FYE method according to two criteria:

- (1) completeness - whether PBGC's computer system contained enough of the plan's participant records and whether enough of those records had been finalized; and
- (2) accuracy - whether the participant's record contained enough of the critical elements of data that were necessary to perform an actuarial valuation.

For this valuation, these criteria were met by 2,952 pension plans (84% of the single-employer plans) representing \$11,531 million (15%) in liabilities and about 374,000 (29%) participants. This was an increase of 127 plans over the 2,825 plans valued seriatim at FYE last year.

For the seriatim plans in the aggregate, PBGC's computer system contained almost 100

percent of the participant records. Approximately one percent of the benefit records had data fields containing critical errors. While the critical error rates for some pension plans were over 5 percent, the overall error rate for the group of 2,952 seriatim plans was under 1 percent.

Seriatim at DOPT Method

There were 59 plans for which a final seriatim valuation as of date of plan termination (DOPT) had been completed, but the Insurance Operations Department of PBGC had not finished processing the case as of year-end (e.g., participant data had not been fully loaded into PBGC's computer database, or the data lacked too many critical elements to be valued by the seriatim at FYE method). When PBGC benefit calculations were finalized but not ready for seriatim valuation as of fiscal year-end, PBGC valued the plan's liability seriatim as of the plan's termination date and brought the total amounts forward to September 30, 2004 using the nonseriatim method outlined below. Because PBGC had finalized and valued these benefits for each participant and valued them using PBGC assumptions and regulations as of each plan's date of termination, these amounts are more accurate than similar calculations for plans whose benefits are not final.

Nonseriatim Method

If calculations of benefits guaranteed by PBGC were not final, PBGC based the liability calculation on the plan's most recent actuarial valuation performed before the termination date that is available to PBGC. For the 458 terminated plans valued nonseriatim, PBGC obtained the liability for each plan as of the most recent available actuarial valuation date for each category of participant: retired, active, or terminated vested. These liabilities were adjusted to reflect such factors as:

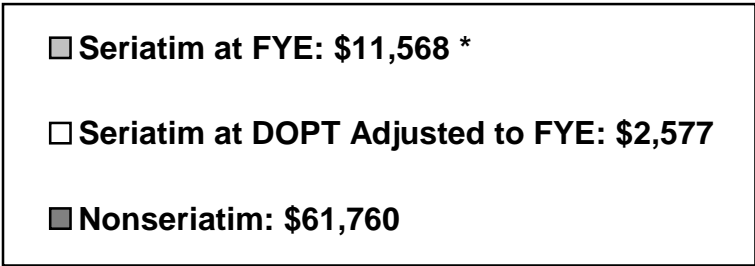
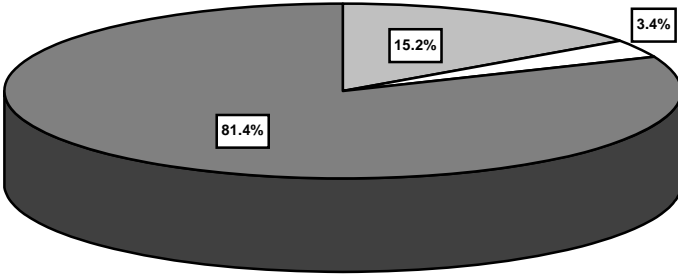
- (1) benefits accrued between the valuation and plan termination dates;
- (2) differences between the interest rates assumed by the plans' actuaries and those assumed by PBGC;
- (3) differences between the mortality, retirement age, and expense assumptions used by the plans' actuaries and those used by PBGC; and
- (4) the effect on the liability of time elapsed between the valuation date and September 30, 2004.

PBGC based the adjustment factors used in the nonseriatim procedure on its experience in routinely estimating the liability for benefits for administrative purposes.

For each of the 45 probable terminations, PBGC calculated the liability as of September 30, 2004 using the nonseriatim method with an assumed date of plan termination.

Distribution of FYE04 Single-Employer Liability by Method of Calculation

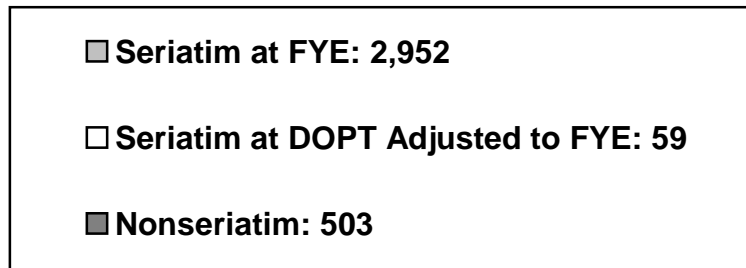
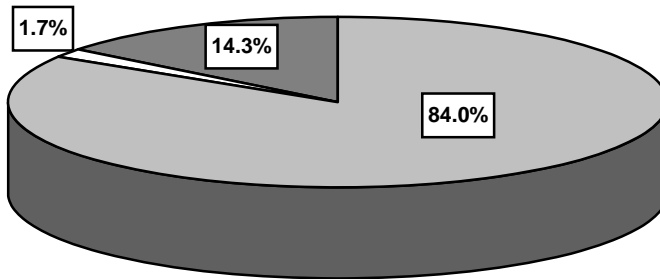
Liability for Benefits: \$75,905
(Dollars in Millions)



*Seriatim at FYE includes the Rettig Settlement and the Missing Participants Program

**Distribution of FYE04 Single-Employer Plans by
Method of Calculation**

Total Plans: 3,514



Rettig Settlement

The Rettig Settlement refers to the liability for benefits that PBGC incurred as a result of the settlement of a class action lawsuit in 1984. This settlement resulted in an increase in benefits for some participants and new benefits for other participants. The benefits provided to most participants under the Rettig Settlement are in the form of lump sum payments. The payment of these benefits typically results in an annual decrease in liability. Currently, since most of these benefits have been paid, the remaining unpaid benefits are valued seriatim.

Missing Participants Program

The Missing Participants Program refers to a responsibility that PBGC has assumed under the Retirement Protection Act of 1994 to act as a clearinghouse for unlocated participants in standard plan terminations. As with other parts of the PVFB, only the liabilities are shown here. Because plan administrators have transferred a corresponding asset amount to PBGC, the net increase in liabilities of PBGC due to this program, if any, will be negligible.

Collins Settlement

The Collins Settlement refers to the liability for benefits that PBGC incurred as a result of the settlement of a class action lawsuit during fiscal year 1996. This settlement provides benefits for participants in plans which terminated between January 1, 1976 and December 31, 1981 without having been amended to conform to ERISA's vesting requirements. The liability under this settlement is included in the nonseriatim portion of the liability.

Multiemployer Program

There were a total of 10 pre-MPPAA terminations, 9 of which were granted discretionary coverage under the provisions of ERISA as passed in 1974. The remaining plan terminated when coverage under Title IV was mandatory (from August 1, 1980 until September 25, 1980). PBGC calculated the liability for these 10 terminations under the seriatim at FYE method using the same assumptions as for the single-employer program.

The post-MPPAA portion of the liability represented the present value, as of September 30, 2004, of net losses that PBGC expected to incur from non-recoverable future financial assistance to 67 pension plans, that were, or were expected to become, insolvent. The liability for each plan was calculated (using the cash flow method) as the present value of future guaranteed benefit and expense payments, net of the present value of future employer contributions and withdrawal liability payments. This liability was determined as of the later of September 30, 2004 and the actual or projected date of insolvency, and then discounted back to September 30, 2004 using interest only. The most recent available actuarial reports and information provided by representatives of the affected plans served as the basis for the valuations.

Projected benefit payments were estimated based on liabilities, current benefit payments and estimated average ages for actives, terminated vesteds and retirees from the most recent actuarial reports, combined with assumptions of retirement ages and of future rates of mortality and termination. Projected expense payments were estimated as a constant percentage of the projected benefit payments; this percentage is equal to the ratio of current expense payments to current benefit payments. The projected date of insolvency was then established using a cashflow model with initial assets, expense payments, contributions, projected benefit and withdrawal liability payments as inputs, estimated when necessary.

The post-MPPAA liability as of September 30, 2004 is about \$45 million higher than it was a year earlier. In addition to a small net increase due to the passage of time, data changes, and the changes in the liability discount rate and mortality assumptions, this increase in liability is mostly attributable to a net increase of five plans in the post-MPPAA probable plans in FY 2004.

Actuarial Assumptions, Methods, and Procedures

PBGC continues to review the actuarial assumptions used in the valuation to assure that they remain consistent with current market conditions in the insurance industry and with PBGC's experience. The actuarial assumptions, which are used in both the single-employer and multiemployer valuations, are presented in Table 2A. Assumptions concerning data that were not available are discussed in the data section of this report.

As in previous valuations, the select and ultimate interest factors used to value PBGC's liabilities were derived using an assumed underlying mortality basis and current annuity purchase prices. The interest factors so determined for the 2004 valuation were 4.8% for the first 25 years after the valuation date and 5.0% thereafter. For the 2003 valuation the interest factors were 4.4% for the first 20 years and 4.5% thereafter. These interest rates are dependent upon PBGC's mortality assumption which changed from FY 2003 to FY 2004 (see below).

Beginning with the FY 2004 valuation, the mortality assumptions were updated by adopting the recommendations from a study by an independent consulting firm. The study recommended that, when conducting valuations for its financial statements, the PBGC use the male and female 1994 Group Annuity Mortality Tables, set forward one year, for healthy males and females. This table replaced the male and female 1994 Group Annuity Mortality Tables, set forward two years, for healthy males and females used in the September 30, 2003 valuation. Changes were also made to the tables for valuing disabled lives mortality. The study also recommended that continuing mortality improvements be taken into account by using Projection Scale AA to project these tables a fixed number of years. At each valuation date the fixed number of years will be determined as the sum of the elapsed time from the date of the table (1994) to the valuation date, plus the period of time from the valuation date to the average date of payment of future benefits (the duration). This is an approximation to a fully projected table. Thus, the mortality table used for healthy lives in the 2004 valuation is the 1994 Group Annuity

Mortality Table, set forward one year, projected 20 years to 2014 using Scale AA. The 20 years recognizes the 10 years from 1994 to 2004 plus the 10 year duration of the 9/30/03 liabilities. The 2003 assumption incorporated an 18 year projection, determined as the sum of the 9 years from 1994 to 2003 and the 9 year duration of the 9/30/02 liabilities.

The model used to determine the reserve for future administrative expenses was updated in FY 2000 based on a study by an independent consultant. The same model was used in FY 2004. The factors used in the expense reserve formula are shown in Table 2C.

Retirement age assumptions were not changed.

The SPARR (Small Plan Average Recovery Ratio) assumptions as shown in Table 2B were updated to reflect the SPARR calculated for FY 2002 (9.60%). The SPARRs for subsequent years are assumed to equal the FY 2002 SPARR.

A major accomplishment in fiscal year 2004 was the completion of our work in time to meet the accelerated (November 15) deadline for PBGC's financial statements. We note a major change in calculation procedure for FY2004. For both the single-employer and multiemployer probable plans, we developed a standard rate of return calculation program. The program computes annualized rates of return between two dates based on the blend of stocks and bonds the user selects. The calculation system was modified to use this program when calculating asset rate of returns.

Additional enhancements in FY2004 included the addition of both a general cash flow projection capability and a computerized system to track the receipt of multiemployer information. We continued our ongoing efforts to improve the quality of the seriatim data and, as in other years, made various changes to improve the accuracy, speed, security and auditability of the calculations and to integrate with the evolving PBGC computer environment.

Table 2A
Actuarial Assumptions

	Previous Valuation as of 9/30/03	Current Valuation as of 9/30/04
Interest Factors	Select & Ultimate: 4.4% for 20 years, 4.5% thereafter	Select & Ultimate: 4.8% for 25 years, 5.0% thereafter
Mortality	<p>Healthy Lives 1994 Group Annuity Mortality Static Table (with margins), set forward two years, projected 18 years to 2012 using Scale AA</p> <p>Disabled Lives Not Receiving Social Security Healthy Lives Table set forward 3 years</p> <p>Disabled Lives Receiving Social Security Social Security disability table as described in subpart B of PBGC regulations on Allocation of Assets in Single-Employer Plans for persons up to age 64, adjusted to parallel the table for disabled lives not receiving Social Security benefits for ages above 64.</p>	<p>1994 Group Annuity Mortality Static Table (with margins), set forward one year, projected 20 years to 2014 using Scale AA</p> <p>Healthy Lives Table set forward 7 years</p> <p>Healthy Lives Table set forward 7 years</p>
SPARR	Calculated SPARR for fiscal years for which it has been calculated. The most recent calculated SPARR is assumed for years for which the calculation is not yet completed (FY 2001= 4.94%).	Calculated SPARR for fiscal years for which it has been calculated. The most recent calculated SPARR is assumed for years for which the calculation is not yet completed (most recent SPARR: FY 2002= 9.60%). See Table 2B for values.
Retirement Ages	<p>(a) Earliest possible for shutdown companies.</p> <p>(b) Expected retirement age (XRA) tables from 29 CFR 4044 for ongoing companies.</p> <p>(c) Participants past XRA are assumed to be in pay status.</p> <p>(d) Unlocated participants past normal retirement age (NRA) are phased out over 3 years to reflect lower likelihood of payment.</p>	Same
Expenses	All terminated plans and single-employer probable terminations: 1.18% of the liability for benefits plus additional reserves as shown in Table 2C for cases where plan asset determinations, participant database audits and actuarial valuations were not complete.	Same

Table 2B**Small Plan Average Recovery Ratio (SPARR) Assumptions**

Fiscal Year	Value	Status
1991	.1201	Calculated
1992	.0773	Calculated
1993	.0744	Calculated
1994	.0704	Calculated
1995	.0722	Calculated
1996	.0790	Calculated
1997	.0598	Calculated
1998	.0684	Calculated
1999	.0801	Calculated
2000	.0458	Calculated
2001	.0494	Calculated
2002	.0960	Calculated
2003	.0960	Assumed
2004	.0960	Assumed

The SPARR is used in the calculation of the liability for benefits determined under section 4022(c) of ERISA, which provides participants with a portion of PBGC's recoveries. The SPARR is determined by PBGC for terminations initiated in a given fiscal year based on actual recoveries and unfunded benefit liabilities for plan terminations initiated during the preceding 5 years. As of the end of fiscal year 2004, the SPARR had been calculated for plan terminations initiated in fiscal years 1991-2002. Because subsequent SPARRs have not been calculated, the 2002 SPARR is assumed for fiscal years 2003 and 2004.

Table 2C

Reserve Factors For Expenses*

Large Plans (more than 100 participants)							
	Plan Asset Determination	Participant Database	Actuarial Valuation				Interim Benefits Administration
Years Since Trusteeship	Per Large Plan	Per Large Plan	Per Large Plan	Per Participant for the First 100 Participants in Plan	Per Participant for the Next 400 Participants in Plan	Per Participant for the Remaining Participants in Plan	Per Participant
0<=y<1	\$8,700	\$76,000	\$68,600	\$790	\$390	\$60	\$290
1<=y<2	6,000	50,000	48,800	560	280	40	200
2<=y<3	3,800	34,700	32,900	380	190	30	140
3<=y<4	1,900	26,800	19,600	220	110	20	80
4<=y	1,100	9,900	6,400	70	40	10	30

Small Plans (100 or fewer participants)							
	Plan Asset Determination	Participant Database	Actuarial Valuation				Interim Benefits Administration
Years Since Trusteeship	Per Small Plan	Per Small Plan	Per Small Plan	Per Participant for the First 100 Participants in Plan	Per Participant for the Next 400 Participants in Plan	Per Participant for the Remaining Participants in Plan	Per Participant
0<=y<1	\$5,100	\$18,600	\$68,600	\$790	N/A	N/A	\$290
1<=y<2	3,500	12,900	48,800	560	N/A	N/A	200
2<=y<3	2,200	11,700	32,900	380	N/A	N/A	140
3<=y<4	1,100	10,200	19,600	220	N/A	N/A	80
4<=y	600	3,400	6,400	70	N/A	N/A	30

* In addition to the reserve factors shown, an expense reserve equal to 1.18% of the liability for benefits applies to both Large Plans and Small Plans.

Data Sources and Assumptions

The seriatim portion of this valuation was based on participant data maintained by PBGC's Insurance Operations Department. For the seriatim liability, benefit amounts have been determined for each participant using plan documents, together with ERISA and PBGC regulations relating to guaranteed benefits and the allocation of assets. If specific data were not available for deferred vested participants under the seriatim method, participants were assumed to be married and to elect the qualified Joint and Survivor (J&S) benefit; wives were assumed to be four years younger than their husbands. When certain other data elements for a participant were missing, they were replaced by the average for the plan. When the plan average was not available, the average for all plans valued seriatim was used.

The nonseriatim liability was based on the plan's most recent actuarial valuation performed before the termination date that is available to PBGC. The valuation information generally was obtained from actuarial reports or Schedule B filings. For nonseriatim plans and probable terminations, provision generally has been made to reduce benefits to guaranteed levels. Attained ages for active participants, terminated vested participants, and retired participants were assumed to be ages 50, 50 and 65 respectively for new nonseriatim plans when plan data were unavailable. For post-MPPAA multiemployer plans, the assumed ages are 55, 57 and 65, respectively.

Auditors' Opinion

PBGC's 2004 financial statements have received an unqualified opinion from PBGC's auditors, Pricewaterhouse Coopers, LLP. The Present Value of Future Benefits and Nonrecoverable Future Financial Assistance and its underlying data are covered by this opinion. The auditors performed numerous tests of both data and procedures to support this opinion.

Valuation Statistics

The FY 2004 valuation for the single-employer program included approximately 961,000 participants owed future payments in terminated plans as of September 30, 2004 and approximately 335,000 participants in plans that will probably terminate. For the multiemployer program, the FY 2004 valuation included, as of September 30, 2004, 369 participants in terminated pre-MPPAA plans and approximately 100,000 participants in plans receiving or expected to receive financial assistance. Of these, about 507,000 participants from terminated single-employer plans and 350 participants from terminated multiemployer plans were receiving benefits from PBGC at fiscal year-end.

The average monthly benefit, including supplemental benefits, paid by PBGC for participants in pay status during FY 2004 was \$501 for the single-employer program and \$120 for the multiemployer program. The average benefit paid was \$500 for both programs combined.

Tables 3 through 6 summarize the detailed results of the seriatim and nonseriatim valuations for both the single-employer and multiemployer programs.

**Table 3:
Liability for Pay-Status Recipients in "Seriatim at FYE" Method**

Single-Employer						Multiemployer			
Age	Number of Benefit Recipients**	Average Monthly Benefit	Average Supplemental Monthly Benefit	Liability (Millions)	Percent of Liability	Number of Benefit Recipients	Average Monthly Benefit	Liability (Millions)	Percent of Liability
Under 50	626	\$220	\$79	\$25	***	0	-	\$0	0%
50-54	1,835	267	151	95	1	0	-	0	0
55-59	13,747	242	154	598	7	0	-	0	0
60-64	29,409	312	140	1,489	17	0	-	0	0
65-69	42,711	333	49	2,054	23	1	165	*	1
70-74	44,702	325	65	1,803	21	3	84	*	1
75-79	43,403	315	70	1,414	16	36	136	*	18
80-84	35,710	298	73	884	10	69	133	1	26
85-89	18,800	255	75	308	4	106	143	1	35
Over 89	7,635	200	74	71	1	137	91	*	19
TOTAL	238,578	\$304	\$78	\$8,741	100%	352	\$120	\$3	100%

* Less than 0.5% or less than \$500,000

** Approximately 13% of participants are receiving supplemental benefits.

Note: The liability in this table does not include the liabilities for the Rettig Settlement or the Missing Participants Program.

**Table 4:
Liability for Deferred Participants in "Seriatim at FYE" Method**

Single-Employer						Multiemployer			
Age	Number of Benefit Recipients**	Average Monthly Benefit	Average Supplemental Monthly Benefit	Liability (Millions)	Percent of Liability	Number of Benefit Recipients	Average Monthly Benefit	Liability (Millions)	Percent of Liability
Under 40	1,970	\$195	\$72	\$22	1%	0	-	\$0	0%
40-44	5,348	191	29	80	3	0	-	0	0
45-49	13,411	196	42	266	10	0	-	0	0
50-54	23,288	206	91	622	22	0	-	0	0
55-59	23,758	224	125	868	30	0	-	0	0
60-64	13,526	221	102	592	21	0	-	0	0
Over 64	1,641	195	82	74	3	0	-	*	0
Other***	52,298	--	--	266	10	17	-	*	100
TOTAL	135,240	\$211	\$103	\$2,790	100%	17	-	\$*	100%

* Less than 0.5% or less than \$500,000

** Approximately 2% of participants (not including others) will receive supplemental benefits.

*** "Other" refers to participants scheduled at year-end for lump sum payments.

Note: The liability in this table does not include the liabilities for the Rettig Settlement or the Missing Participants Program.

**Table 5:
Seriatim at DOPT and Nonseriatim Liability**

Plans with Final DOPT Benefits			
	Number of Plans	Liability (millions)	Percent of Liability
A. Large	11	\$2,471	3.9%
B. Other	<u>48</u>	<u>\$106</u>	<u>0.1%</u>
Subtotal	59	\$2,577	4.0%
Plans with Non-Final DOPT Benefits			
	Number of Plans	Liability (millions)	Percent of Liability
A. Large	158	\$29,921	46.9%
B. Other	<u>300</u>	<u>\$821</u>	<u>1.3%</u>
Subtotal	458	\$30,742	48.2%
Probable Plans			
	Number of Plans	Liability (millions)	Percent of Liability
A. Large	35	\$30,459	47.7%
B. Other	<u>10</u>	<u>\$63</u>	<u>0.1%</u>
Subtotal	45	\$30,522	47.8%
Total	562	\$63,841	100%

Notes:

- 1) Final DOPT benefits refer to those benefits that PBGC has determined and valued seriatim as of DOPT for the plan. Non-Final DOPT benefits are estimates of these final DOPT benefits.
- 2) Large Plans in this table are those whose present value of Title IV benefits at DOPT equals or exceeds \$10 million.
- 3) The liability shown in this table does not include the liability for settlements.
- 4) The liability for probable plans is shown as a gross amount (i.e., plan assets and collections on employer liabilities are not subtracted from the liability for benefits). Also, the numbers in this table do not include the liability for not yet identified probable terminations.

Table 6A:**Distribution of Single-Employer Liability (including 4022(c)) by Trusteeship Status, Recipient Status, and Valuation Method**
(Dollars in millions)

Recipient Status	Seriatim/ Missing Participants	Nonseriatim/ IBNR/Collins	Rettig	Total Terminated Liability	Probables	Total Liability	Percent of Total Liability
Receiving Payments							
Trusteed	\$8,740	\$16,053	\$0	\$24,793	\$0	\$24,793	32.6%
Pending Trusteeship	<u>1</u>	<u>562</u>	<u>0</u>	<u>563</u>	<u>14,430</u>	<u>14,993</u>	<u>19.8%</u>
Total	\$8,741	\$16,615	\$0	\$25,356	\$14,430	\$39,786	52.4%
Not Receiving Payments							
Trusteed	\$2,826	\$15,886	\$1	\$18,713	\$0	\$18,713	24.7%
Pending Trusteeship	<u>0</u>	<u>883</u>	<u>0</u>	<u>883</u>	<u>16,523</u>	<u>17,406</u>	<u>22.9%</u>
Total	\$2,826	\$16,769	\$1	\$19,596	\$16,523	\$36,119	47.6%
All Payment Statuses							
Trusteed	\$11,566	\$31,939	\$1	\$43,506	\$0	\$43,506	57.3%
Pending Trusteeship	<u>1</u>	<u>1,445</u>	<u>0</u>	<u>1,446</u>	<u>30,953</u>	<u>32,399</u>	<u>42.7%</u>
Total	\$11,567	\$33,384	\$1	\$44,952	\$30,953	\$75,905	100.0%
Percent of Terminated	25.7%	74.3%	*	100.0%			
Percent of Total	15.2%	44.0%	*	59.2%	40.8%	100%	

* Less than .05%

Notes:

- 1) Recipient status for Seriatim, Missing Participants, IBNR, Collins and Rettig liabilities refers to status as of 9/30/04. For Nonseriatim and Probable liabilities, recipient status refers to the status as of the most recent actuarial valuation report (date of plan termination if benefits are "final"). The term "final" is defined in the notes to Table 5.
- 2) The Probable liabilities are shown as gross amounts (i.e., plan assets and collections on employer liabilities are not subtracted from the liability for benefits).

Table 6B:
Distribution of Single-Employer Populations (including 4022(c)) by Trusteeship Status, Recipient Status, and Valuation Method
(Populations in thousands)

Recipient Status	Seriatim/ Missing Participants	Nonseriatim	Rettig	Total Terminated Population	Probables	Total Population	Percent of Total Population
Receiving Payments							
Trusteed	239	255	0	494	0	494	38.1%
Pending Trusteeship	<u>0</u>	<u>13</u>	<u>0</u>	<u>13</u>	<u>145</u>	<u>158</u>	<u>12.2%</u>
Total	239	268	0	507	145	652	50.3%
Not Receiving Payments							
Trusteed	153	280	*	433	0	433	33.4%
Pending Trusteeship	<u>0</u>	<u>21</u>	<u>0</u>	<u>21</u>	<u>190</u>	<u>211</u>	<u>16.3%</u>
Total	153	301	*	454	190	644	49.7%
All Payment Statuses							
Trusteed	392	535	*	927	0	927	71.5%
Pending Trusteeship	<u>0</u>	<u>34</u>	<u>0</u>	<u>34</u>	<u>335</u>	<u>369</u>	<u>28.5%</u>
Total	392	569	*	961	335	1,296	100.0%
Percent of Terminated	40.8%	59.2%	*	100.0%			
Percent of Total	30.2%	43.9%	*	74.2%	25.8%	100%	

* Fewer than 500 participants or less than .05%

Notes:

- 1) Recipient status for Seriatim, Missing Participants and Rettig liabilities refers to status as of 9/30/04. For Nonseriatim and Probable liabilities, recipient status refers to the status as of the most recent actuarial valuation report (date of plan termination if benefits are "final"). The term "final" is defined in the notes to Table 5.
- 2) Participant counts for IBNR and Collins are not included.

Reconciliation of Results

Table 7 reconciles the FY 2004 valuation with the FY 2003 valuation. It shows that the \$26,496 million increase in the liability for the single-employer program was the net effect of:

- (1) increased liability for probable plans -- \$21,259 million;
- (2) new plan terminations -- \$6,924 million as of the beginning of the year;
- (3) expected interest on the liability -- \$1,881 million;
- (4) decreased liability from change in interest rates -- (\$1,619) million;
- (5) change in mortality assumptions -- \$1,539
- (6) actual benefit payments -- (\$3,006) million;
- (7) other changes -- (\$482) million.

The multiemployer columns reconcile both the liability for the pre-MPPAA terminated plans and the liability for the post-MPPAA financial assistance to insolvent plans.

Table 7:
Reconciliation of the Present Value of Future Benefits (dollars in millions)

	Total Single Employer	Pre-MPPAA Multiemployer	Post-MPPAA Multiemployer
1. Liability at BOY (09/30/03)			
(a) Present Value of Future Benefits for all Plans	\$49,409	\$3	\$1,250
(b) Liability for Probable Plans (gross liability including unreported)	(9,694)	0	(1,197)
(c) Liability for Unreported Terminated Plans and other settlements	(108)	0	0
(d) 09/30/03 Liability for Terminated Plans (a + b + c)	\$39,607	\$3	\$53
2. Change in Valuation Software			
(a) Effect on Liability as of DOPT	(\$4)	\$0	\$0
(b) Projection of (a) from DOPT to BOY + post-DOPT changes	(1)	0	0
(c) Total (a + b)	(\$5)	\$0	\$0
3. Net New Plans and Missing Participant Liability			
(a) New Missing Participant Liability	\$2	\$0	\$0
(b) New Termination Inventory as of DOPT	6,386	0	103
(c) Deletions as of DOPT	0	0	0
(d) Projection of (b + c) from DOPT to BOY	538	0	0
(e) Total (a + b + c + d)	\$6,926	\$0	\$103
4. Nonseriatim Data Changes and Effect of DOPT Seriatim Valuation			
(a) Effect on Liability at DOPT	(\$282)	\$0	(\$1)
(b) Projection of (a) from DOPT to BOY	(145)	0	0
(c) Total (a + b)	(\$427)	\$0	(\$1)
5. Actuarial Charges/Credits			
(a) Expected Interest	\$1,881	\$0	\$7
(b) Change in Interest Rate (from 4.4% for 20 years; 4.5% thereafter to 4.8% for 25 years; 5.0% thereafter)	(1,619)	0	(4)
(c) Change in Mortality Assumption	1,539	0	8
(d) Change in Method (Current Year: Seriatim at DOPT to Seriatim at FYE)	(89)	0	0
(e) Effect of Experience*	185	1	(1)
(f) Change in Other Assumptions (SPARR)**	18	0	0
(g) Total (a + b + c + d + e + f)	\$1,915	\$1	\$10
6. Expected Expense Payments	(\$123)	\$0	\$0
7. Actual Benefit Payments	(\$3,006)	(\$1)	(\$10)
8. Liabilities at End of Period (9/30/04)			
(a) Liability for all Terminated Plans = (1d) + (2c) + (3e) + (4c) + (5g) + (6) + (7)	\$44,887	\$3	\$155
(b) Liability for Unreported Terminated Plans and other settlements	65	0	0
(c) Liability for all Terminated Plans (a + b)	44,952	3	155
(d) Liability for Probable Plans (gross liability including unreported) ***	30,953	0	1,140
(e) 9/30/04 Present Value of Future Benefits for all Plans (c + d)	\$75,905	\$3	\$1,295

Notes:

* Includes change from expected benefits (\$2,803.3 million) to actual benefits (\$3,005.9 million) in Total Single Employer.
Includes change from expected benefits (\$0.6 million) to actual benefits (\$0.7 million) in Pre-MPPAA Multiemployer.
Includes change from expected benefits (\$10.1 million) to actual benefits (\$9.8 million) in Post-MPPAA Multiemployer.
Actual does not include payments made by employers.

** Includes \$17.7 million increase for SPARR assumption change

*** Includes \$431 million for unidentified probable terminations. Financial statements show a probable liability of \$30,953 million, less assets of \$14,027 million, for a net claim of \$16,926 million.

Statement of Actuarial Opinion

This valuation has been prepared in accordance with generally accepted actuarial principles and practices and, to the best of my knowledge, fairly reflects the actuarial present value of the Corporation's liabilities for the single-employer and multiemployer plan insurance programs as of September 30, 2004.

In preparing this valuation, I have relied upon information provided to me regarding plan provisions, plan participants, plan assets, and other matters.

In my opinion, (1) the techniques and methodology used for valuing these liabilities are generally acceptable within the actuarial profession; (2) the assumptions used are appropriate for the purposes of this statement and are individually my best estimate of expected future experience discounted using current settlement rates from insurance companies; and (3) the resulting total liability represents my best estimate of anticipated experience under these programs.

Joan M. Weiss, FSA, EA
Chief Valuation Actuary, PBGC
Member, American Academy of Actuaries

February 3, 2005



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