



Pension Benefit Guaranty Corporation
1200 K Street, N.W., Washington, D.C. 20005-4026



JUN 24 2005

Re: Bethlehem Steel Corporation Pension Plan, Case # 196603

Dear

The Appeals Board reviewed your appeal of PBGC's May 19, 2004 determination that you are not entitled to a Rule-of-65 Retirement under the Bethlehem Plan. As explained below, we changed PBGC's determination by finding that you are entitled to a Rule-of-65 Retirement.

PBGC's Determination and Your Appeal

PBGC's letter said that Rule-of-65 eligibility under paragraph 2.7 of the 1999 Pension Agreement between Bethlehem and the United Steelworkers of America requires, in addition to specific age and service, that an employee has not been offered suitable long-term employment as defined in Appendix A of the Agreement. Paragraph 2.7 further provides that "if at the time of application for retirement his Employing Company has not yet determined whether the participant will be offered suitable long-term employment, the participant will not be eligible to retire until the earlier of the date on which the Employing Company advised the participant that he will not be offered suitable long-term employment or the date on which the participant incurs a break in continuous service." An employee breaks continuous service for pension purposes at the end of two years' absence because of layoff.

PBGC also explained that, for a benefit to be guaranteeable under Federal law and PBGC regulations, a participant must have met the eligibility requirements for the benefit on the date of plan termination (December 18, 2002, for the Bethlehem Plan). Although PBGC concluded that you met the age and service requirements, PBGC determined you are not entitled to a Rule-of-65 Retirement because, as of December 18, 2002, Bethlehem had not advised you that you would not be offered suitable long-term employment and you had not incurred a break in continuous service under the 2-year layoff provision as of that date.

Your June 5, 2004 appeal cited a number of reasons why you believe you are entitled to a Rule-of-65 Retirement.

Discussion

The Bethlehem Plan terminated, effective December 18, 2002, without sufficient assets to provide all benefits PBGC guarantees under Title IV of the Employee Retirement Income Security Act (ERISA). Approximately 14 months earlier, on October 15, 2001, Bethlehem had filed for reorganization under Chapter 11 of the Bankruptcy Code. Bethlehem was unable to reorganize in bankruptcy as an ongoing company and, in 2003, it sold substantially all of its business assets to International Steel Group.

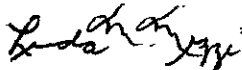
The provisions of the 1999 Bethlehem Plan for the Steel Division for represented hourly employees apply to you. Paragraph 2.7 sets forth the specific age, service and employment conditions that a participant must meet to be eligible for a Rule-of-65 Retirement. As noted in PBGC's May 19, 2004 determination, the records PBGC's auditors obtained from the former Plan Administrator show that (1) your last day worked was September 30, 2001, the date Bethlehem shut down the coke operations at the Lackawanna Plant, (2) at the time of the shutdown, you had met the age and service requirements for a Rule-of-65 Retirement, (3) you elected to be placed on layoff status as a result of the permanent shutdown, and (4) you were not offered suitable long-term employment after the shutdown. The Appeals Board further notes that employment opportunities at Bethlehem following the shutdown of the Lackawanna Plant appear to have been extremely limited due to the company's financial condition, and that the company in 2002 had determined for two other employee groups that suitable long-term employment was unavailable.

Decision

Having applied the law, the provisions of the Plan and PBGC policy to the very particular facts in this case, the Appeals Board found that you are entitled to a Rule-of-65 Retirement. We will forward a copy of this letter to PBGC's Benefits Administration and Payment Department, the group responsible for calculating and paying benefits. They will send you a new determination of your benefit amount and annuity starting date, with a new 45-day appeal right for matters not decided in this letter.

Meanwhile, if you have questions, please call PBGC's Customer Contact Center at 1-800-400-7242.

Sincerely,



Linda M. Mizzi
Member, Appeals Board