Bethlehem Non-Represented Salaried Employee Benefits
Shutdown Benefits

Salaried employees affected by the partial shutdown of the salaried non-represented workforce will be eligible for shutdown benefits. A brief summary of the Bethlehem benefits you may be eligible for follows.

I. Pensions

A. The basic types of retirement are as follows:

SHUTDOWN PENSIONS

	Eligibility Requirements	Type of Pension
1.	Age - before age 55 Service - 20 years of service as of last day worked. Age plus service at least 65 but less than 80 **and the Company has not offered suitable long-term employment.**	Rule-of 65 90-day waiting period* (Special Payment made)
2.	Age - 55 – 62 Service - 15 years Age plus service at least 70	Rule-of-70 No waiting period (Special Payment made)
3.	Age - before age 55 Service - 15 years Service plus age at least 80	Rule-of-80 No waiting period (Special Payment made)

SOLE OPTION PENSIONS – NO WAITING PERIOD

	Eligibility Requirements	Type of Pension
4.	Age - before 62 Service - 30 years	30-year pension (Special Payment made)
5.	Age - 62 to 65 Service - 15 years	62/15 pension (Special Payment made)

*90 days from last day worked/paid.

6. Age – 60 to 62 Service - 15 years but less than 30	60/15 pension Actuarially Reduced (Special Payment made) Note: Under shutdown, retiree would be a Rule-of-70.
7. Age - 65 or more Service - 5 years or more	Normal Retirement (Special Payment made) Must have 10 years of service for retiree life; 15 years of service for retiree health coverage.

DEFERRED VESTED PENSIONS

8. Age - any age Service - 5 years (not eligible for any other type of pension)	Deferred Vested (No Special Payment made) 40/15-Payable at age 62 Otherwise payable at 65 No Retiree Life or Health Coverage

B. Calculation of benefits

Your pension is automatically calculated under three formulas. A fourth formula is applicable if you are age 58 with 30 years service. **The highest of the applicable calculations is the amount payable to you.** The formulas are:

1. Minimum pension formula:

   - up to 15 years of continuous service - \$26.50 multiplied by years of service;
   - more than 15 years through 30 years - \$397.50 plus \$28.00 multiplied by years of service in excess of 15;
   - more than 30 years - \$817.50 plus \$29.50 multiplied by years of service in excess of 30

2. Percent pension formula (1.2%, 1.5%, 1.6%):

   - 1.2% x average monthly earnings x years of service up to 20, plus;
   - 1.5% x average monthly earnings x years of service from 20 to 30, plus;
   - 1.6% x average monthly earnings x years of service over 30

3. Total retirement benefit pension - to qualify for this calculation you must have 60 months of salaried service, including the last 12 months:

   - 1.575% x average monthly earnings x service up to 30 years, plus;

   - 1.6% x average monthly earnings x service over 30 years

   Prior to age 62 the regular monthly pension is reduced by 3% for each year prior to age 62; at age 62 there is a reduction for Social Security.

4. Lifetime minimum pension - an amount equal to $2,000 per month for a participant who retires at 58 years of age or greater and at least 30 years of service.

C. Special Initial Pension Payment

The Special Payment is a single payment for the first 3 calendar months following the month in which you retire. It is equal to 13 weeks of vacation pay (14 weeks if you are entitled to more than 4 weeks of vacation) reduced by any weeks of vacation taken or paid for in the year of retirement. The Special Payment is <u>not</u> paid in cases of permanent incapacity pensions and deferred vested pensions.

D. Retirement Account Balance Election

At the time you retire, you have the option of receiving a pension based on all your years of continuous service and earnings as of the date of retirement and foregoing the Retirement Account Balance or you can elect to receive a distribution of your Retirement Account Balance and receive a monthly pension which is reduced by the annuity value of your balance.

E. 5-Year Term Certain (Not applicable to deferred vested pensions)

The 5-Year Term Certain provision ensures that your full monthly pension will be paid to your surviving spouse if you are married, otherwise to a named beneficiary, or your estate if your death occurs during the first five years of your retirement. The full monthly pension will be paid for the balance of the 5-Year period following your death.

F. Surviving Spouse's Benefit (not applicable to Deferred Vested Pensions)

You qualify for this benefit if you have at least 15 years of service when you retire and you retire on other than a Deferred Vested Pension. You do not have to elect this benefit -- it is part of your Pension Plan.

The Surviving Spouse's Benefit equals 50% of the pension you are receiving at your death, including any future scheduled changes in your benefit amount. When your spouse reaches age 60, the benefit is reduced by 50% of the Social Security Widow(er)'s benefit.

G. Survivor Options

When you retire, you will have an opportunity to accept or to revoke four Survivor Options:

1. Automatic 50% Spouse Option
2. 50% Spouse Option with Automatic Cancellation
3. 100% Co-Pensioner Option, or
4. 50% Co-Pensioner Option

These Options are in addition to the Surviving Spouse's Benefit described above.

These Options can provide benefits to your spouse or someone other than your spouse. If you elect one of these Options, following the 5-Year Term Certain period, described in E. above, your monthly pension benefit will be actuarially reduced to provide the additional benefit.

Spouse Options

1. Automatic 50% Spouse Option

The Automatic 50% Spouse Option provides benefits to the surviving spouse of a married participant. This Option will, by law, apply automatically to your pension unless you revoke it -- with your spouse's written consent -- when you retire.

If you accept the Automatic 50% Spouse Option -- your monthly pension will be actuarially reduced based on the difference between your age and your spouse's age. After you die, a benefit equal to 50% of your reduced pension will be paid for the rest of your spouse's life. Any benefit paid under the Automatic 50% Spouse Option is in addition to any Surviving Spouse's Benefit to which your spouse may be entitled.

2. 50% Spouse Option with Automatic Cancellation

The 50% Spouse Option with Automatic Cancellation provides benefits to a surviving spouse of a married participant. Choosing this option means your monthly pension will be actuarially reduced based on the difference between your age and your spouse’s age. After you die, a benefit equal to 50% of your reduced pension will be paid for the rest of your spouse’s life. Any benefit paid under the 50% Spouse Option with Automatic Cancellation is in addition to any Surviving Spouse’s Benefit to which your spouse may be entitled. Should your spouse die before you, your monthly pension will revert back to the unreduced amount.

Co-Pensioner Options

If you are married and do not want the Automatic 50% Spouse Option or the 50% Spouse Option with Automatic Cancellation, you may elect a Co-Pensioner Option.

Your Co-Pensioner may be your spouse or another individual. However, if you are married and designate a Co-Pensioner other than your spouse, your spouse must consent in writing. If you elect either Co-Pensioner Option, your monthly pension will be actuarially reduced based on the difference between your age and your Co-Pensioner's age. (The actuarial factors differ for the 100% and 50% Co-Pensioner Option calculations.)

3. 100% Co-Pensioner

If you elect this Option and your spouse is eligible for a Surviving Spouse's Benefit, your monthly benefit will equal:

- 50% of your unreduced monthly benefit, PLUS
- 50% of the actuarially reduced monthly pension amount.

After you die, your Co-Pensioner will receive 100% of the actuarially reduced portion of your monthly pension amount.

If you do not have a spouse eligible for a Surviving Spouse's Benefit you will receive 100% of the actuarially reduced pension amount. After you die, your Co-Pensioner will continue to receive the actuarially reduced monthly pension amount.

4. <u>50% Co-Pensioner</u>

If you elect this Option and your spouse is eligible for a Surviving Spouse's Benefit, your monthly benefit will equal:

- 50% of your unreduced monthly benefit, PLUS
- 50% of the actuarially reduced monthly pension amount.

After you die, your Co-Pensioner will receive 50% of the actuarially reduced portion of your monthly pension amount.

If you do not have a spouse eligible for a Surviving Spouse's Benefit you will receive 100% of the actuarially reduced pension amount. After you die, your Co-Pensioner will receive 50% of the actuarially reduced monthly pension amount.

II. Severance

Severance is a lump sum payment based on years of service (see schedule below). A week of severance allowance is equal to one week's pay based on your regular earnings as of your last day worked.

Completed Years of Continuous Service As of Last Day Worked	Severance Allowance
3 or more but less than 5 years	4 weeks
5 or more but less than 7 years	6 weeks
7 or more but less than 10 years	7 weeks
10 or more but less than 12 years	8 weeks
12 or more but less than 15 years	10 weeks
15 years or more	1 week for each year of service

As a result of federal legislation entitled The Older Workers' Benefit Protection Act, an individual who is eligible for immediate pension cannot be denied severance allowance. However, the severance allowance payable to them will be reduced by (1) the value of enhanced pension benefits or (2) the value of retiree health care or both (1) and (2). In practice, most pension-eligible employees' severance allowance payments will be totally offset.

III. Savings Plan

Your options under the Savings Plan during retirement, severance or layoff are discussed below.

Contributions cease as of your last day worked.

Retirement or Severance

If at the time of retirement or severance, your account balance is $5,000.00 or less, you will receive an automatic lump sum distribution of your account balance. If your account balance is greater than $5,000.00, you can request an immediate lump-sum distribution of your account 30 days after your retirement or termination date by calling 1-877-230-4015 and speaking with a Fidelity Service Representative.

No action is required to defer your distribution to a year not later than April 1 of the year following the year in which you attain age 70-1/2.

You can elect monthly, quarterly or annual installments to a maximum of 20 years.

You may **not** make withdrawals or apply for a loan. If you elect to defer your lump sum distribution or receive installments, however, you can use the voice response system or the Internet to obtain account balances or to transfer among investment funds.

If you are a retiree or an employee that elected severance who has an outstanding loan balance and you wish to defer distribution of your account, you must elect either to pay off the outstanding loan or to continue loan repayments by calling a Fidelity Service Representative.

Layoff

Your account balance is eligible for distribution when you retire (or sever while on layoff) or at the end of a two-year layoff period.

You can also defer your distribution or receive it in installments as described above.

If you have an outstanding loan, you must make payments to Fidelity during the layoff period by certified check or money order. If payments are missed for a period of 3 months, your loan will be considered in default. You will be deemed to receive a distribution of the unpaid loan amount. The deemed distribution will result in taxable income.

You may apply for an in-service or a financial hardship withdrawal during layoff. In-service or hardship withdrawals are process via representative, the voice response system or the Internet. **You may not apply for a loan while on layoff.** As long as you maintain your account under the Plan you will continue to receive statements and be credited with applicable interest and earnings (or losses) on the invested funds.

IV. IRS Tax Consequences

Your monthly pension is fully taxable. The distribution of your Special Payment, Retirement Account Balance and Savings Plan account are all considered "eligible rollover distributions." This means they are subject to the mandatory 20% Federal income tax withholding and are fully taxable unless you elect to make a direct rollover to an IRA or to another employer's qualified plan.

In addition, your Special Payment or a lump-sum distribution of your Retirement Account Balance or Savings Plan account may be subject to an additional 10% penalty tax if no rollover is made. This occurs if you do not reach age 55 by the end of the year in which the distribution is made or no rollover is made.

V. Program of Insurance Benefits

Retirement

Health Insurance - if you retire with 15 years of service on other than a deferred vested pension, you can continue your coverage.

Dental and Vision Care coverages can be continued through COBRA if you were enrolled in Dental and/or Vision Care as an active employee.

Individual Flexible Spending Account (IFSA) - contributions cease as of your last day worked. You can file claims for expenses incurred through your last day worked. IFSA may be continued through COBRA on an after-tax basis through the end of the current plan year. After tax contributions may be used for reimbursement of expenses incurred through the end of the current plan year.

Basic Life Insurance - continues for all types of retirement except Deferred Vested and Normal Retirements with less than 10 years of service. The amount of Basic Life Insurance you chose during Open Enrollment in the year prior to retirement is the amount you are eligible to continue after you retire. The amount at retirement reduces at 10% per year beginning at age 65 until the first month after your 71st birthday.

Optional Life Insurance may continue for all types of retirement except Deferred Vested through pension deduction. It also reduces 10% per year like Basic Life.

Dependent Life terminates at retirement and may be converted to a personal policy with Met Life.

AD&D Insurance terminates upon retirement - no conversion available.

Universal Life is portable and can be continued on an employee paid basis thru pension payroll deductions. For more information, call Bankers Security directly at 1-800-537-5024 (Policy Holder Services)

Long Term Disability (LTD) coverage terminates at retirement. If you are receiving an LTD benefit, it is offset by your pension.

Severance

All coverage under the Program of Insurance Benefits terminates as of the date you elect severance allowance.

Health Insurance - you can continue coverage through COBRA.

Dental and Vision Care coverages - if you were enrolled for such coverages as an active employee, you can continue coverage through COBRA.

Basic Life Insurance, Dependent Life Insurance and Optional Life Insurance - can be continued through a conversion privilege directly from Met Life.

AD&D Insurance - cannot be converted.

Universal Life - is portable and can be continued on an employee paid basis thru pension payroll deductions. For more information, call Bankers Security directly at 1-800-537-5024 (Policy Holder Services)

IFSA - contributions cease as of your last day worked. You can file claims for expenses incurred up to your last day worked.

LTD - coverage terminates as of your last day worked. If you are on LTD at the time of shutdown, benefits will continue.

Layoff

Health Insurance - continued according to a schedule (see page 9) based on years of continuous service provided you make the appropriate contributions. After coverage expires, you may continue coverage through COBRA up to a maximum of 18 months from your last day worked. Any company-paid extension of benefits, however, will count toward the 18 month COBRA entitlement.

Dental and Vision Care coverage - if you were enrolled in Dental and/or Vision Care, your coverage will continue according to a schedule based on years of continuous service, provided you make the appropriate contributions. When your coverage expires, you can elect to continue coverage through COBRA. Again, any company-paid extension of benefits will count toward the COBRA entitlement.

IFSA - contributions cease as of your last day worked. IFSA may be continued through COBRA on an after-tax basis through the end of the current plan year. After tax contributions may be used for reimbursement of expenses incurred through the end of the current plan year.

Basic Life Insurance - coverage will continue according to a schedule based on years of continuous service, (see page 9) and extended coverage requires employee contributions.

Optional Life and Dependent Life can be carried during layoff with employee contributions, but only if Basic Life is also carried.

Following the extended coverage period, Basic Life, Optional Life and Dependent Life can be continued by applying for conversion directly from Met Life.

AD&D Insurance is continued on the same basis as Basic Life Insurance; however AD&D cannot be converted.

Universal Life can be carried with you upon termination since it is employee-paid. You can call Bankers Security directly at 1-800-537-5024.

LTD - coverage terminates as of your last day worked. If you are on LTD at the time of shutdown, however, your benefits will continue.

Disability Absence Allowance - ceases as of the date of shutdown or last day worked.

SCHEDULE OF INSURANCE COVERAGE PERIODS - LAYOFF

Service	Health	Dental/ Vision Care	LTD Coverage	Basic Coverage Life, Optional, Dependent, and AD&D	Extended Coverage Life, Optional, Dependent, and AD&D-- Requires Employee Contribution
less than 2 years	end of month	end of month	last day worked	6 months from end of month last worked	18 months
2 but less than 10 years	6 months from end of month last worked	6 months from end of month last worked	last day worked	6 months from end of month last worked	18 months
over 10 years	1 year from end of month last worked	1 year from end of month last worked	last day worked	1 year from end of month last worked	1 year

Retiree Medical Coverage

Your medical insurance contributions may change (increase or decrease) each year. Check the health insurance contribution amount on your Open Enrollment Fact Sheet mailed to you each year during the fall. This will advise you of your medical insurance contribution rate for the following year and any other medical options, e.g., HMOs, available to you.

Your medical insurance contributions will also change in the month in which you or your spouse become Medicare eligible.

If you, your spouse or one of your dependents becomes eligible for Medicare coverage because of age or disability, you must enroll in both Medicare Parts A and B at the time of initial eligibility. To delay enrollment in Medicare Part B may subject you to late enrollment penalties of 10% per year and only secondary coverage through your Bethlehem Steel medical insurance.

The provisions of the plan documents applicable to these benefits will govern in all circumstances. Eligibility for benefits depends on the employee satisfying the requirements of the plans.