

# News Release



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Contact: Sharon Morrissey  
Phone: (202) 693-8664

## **Labor Department Proposes Exemption For U.S. Steel Corporation on In-Kind Pension Contribution**

**WASHINGTON**—The U.S. Department of Labor's Employee Benefits Security Administration (EBSA) today announced a proposed exemption that, if granted, would allow the United States Steel Corporation (U.S. Steel) to contribute the timber rights on two parcels of land owned by the corporation in lieu of cash to its defined benefit pension plan.

U.S. Steel, headquartered in Pittsburgh, Pa., currently sponsors two defined benefit plans. The plans are expected to merge on Nov. 30, 2003, and will have combined assets over \$7.2 billion and cover approximately 120,500 participants and beneficiaries. The proposed contribution is expected to represent less than one percent of the plan's assets.

The Employee Retirement Income Security Act (ERISA) generally prohibits in-kind contributions, except in certain statutory exceptions. The law gives the department authority, however, to grant exemptions that protect the interests of plan participants and beneficiaries.

The department has used its exemption authority to grant relief for similar types of transactions in the past. The department is willing to consider such exemption applications when the value of the contributed assets can be independently determined and the plan receives actual ownership rights to those assets.

The exemption would allow in-kind contribution of the timber rights that were independently appraised at approximately \$60 million, as of Sept. 2, 2003. The timber rights would give the plan the right to grow, cut and harvest timber on approximately 170,000 acres of land located near Birmingham, Ala., for a period of 99 years. All decisions regarding the timber rights will be made by the qualified independent fiduciary. The independent fiduciary will select an independent appraiser to perform ongoing valuations of the timber rights.

The proposed exemption also would permit transactions between the plan and U.S. Steel arising from the corporation's underlying ownership of the property.

The proposed exemption is scheduled to be published in the Nov. 14, 2003, *Federal Register*. Comments on the proposal and any requests for a public hearing should be submitted to Silvia M. Quezada by Dec. 18, 2003, by mail to the Office of Exemption Determinations, Employee Benefits Security Administration, Room N-5649, U. S. Department of Labor, 200 Constitution Ave., N.W., Washington, D.C. 20210. Copies of the proposal will be available after publication on EBSA's Web site at [www.dol.gov/ebsa](http://www.dol.gov/ebsa).

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