

Robert S. Miller
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Keilin & Company, llc
200 Park Avenue
58th Floor
New York, New York 10 166

Robert S. Miller
Chairman and Chief Executive Officer
Bethlehem Steel Corporation
1170 Eighth Avenue Bethlehem, PA 18016-7699

Re: Reorganization of Bethlehem Steel Corporation

Dear Mr. Miller:

We write to confirm the parties' agreement (the "Agreement") concerning our compensation for furnishing investment banking, financial advisory and related services to the United Steelworkers of America ("USWA") in connection with the reorganization, restructuring, sale, transfer or combination of Bethlehem Steel Corporation (the "Company"), its assets or operations (any such transaction, a "Restructuring"), pursuant to the Letter Agreement between the USWA and the Company dated November 5, 2001 for reimbursement of the USWA's professionals ("Letter Agreement"). As used in this Agreement, "we" and "our" refer to Keilin & Co, LLC; "you" or "your" refer to the Company; and the "Union" refers to the United Steelworkers of America.

1. ***Financial Advisory Services.*** As the Union's financial advisors in connection with the Restructuring, we will:

- a. analyze financial and operational information relating to the Company and the Restructuring;
- b. work with the Company and the Union (i) to determine an appropriate asset configuration, cost structure, and capital structure for a restructured Company, (ii) to identify potential third party purchasers, lenders and/or investors, (iii) to identify potential business combinations and (iv) and to create financial
- d. work with the Company and the Union to perform other financial advisory services related to the Restructuring as may be reasonably requested of us.

2. ***Compensation.*** Subject to the terms of the Letter Agreement, the Company agrees to pay us as follows:

- a. Monthly Work Fee. The Company will pay us a monthly work fee of \$100,000 per month for an initial six-month period commencing October 15, 2001. For the periods October 15 - 31, 2001, and April 1 - 15, 2002, the monthly work fee shall be in the amount of \$50,000 due and paid by the Company on the first calendar day of each period. Otherwise, the monthly fee of \$100,000 shall be due and paid by the Company on the first calendar day of each month. Upon the request of the USWA, Company will continue to pay us the monthly work fee beyond April 15, 2001 for services rendered under the terms of this Agreement, subject to the terms of the Letter Agreement.
- b. Expenses. The Company will reimburse us on a monthly basis for reasonable travel, office, and other out of pocket expenses ("Expenses") that we incur in connection with the services performed under this Agreement. We will maintain reasonable and customary documentation of such expenses and provide documentation to the Company as required by the guidelines for professional compensation adopted by the Bankruptcy Court for the Southern District of New York.
- c. Investment Banking Fee. The Company agrees to pay us a success fee ("Success Fee") of \$5 million, less any amount of the monthly work fee actually paid to us under paragraph 2.a above. The Success Fee will be payable upon approval of the USWA, and the effective date of either a confirmed plan of reorganization for the Company or the sale of all or substantially all of the Company's operating assets to a third party (either, a "Success Fee Event"). In the event our services under this Agreement terminate prior to the effective date of a Success Fee Event, the Company will pay us the Success Fee so long as the Company completes a transaction that implements a Restructuring at any time within eighteen months following termination.

3. **Indemnity.** The Company will indemnify and hold harmless Keilin & Co. and any of its directors, officers, employees, consultants or agents (an "Indemnified Person") from and against any losses, claims, damages, expenses or liabilities arising in any manner out of or in connection with the Company, Restructuring or our services under this Agreement (any such event, a "Claim") except to the extent that a Claim is finally determined by a court of competent jurisdiction to have resulted from the gross negligence, bad faith or intentional misconduct of such Indemnified Person. In addition, the Company will reimburse all Indemnified Persons for the reasonable legal or other costs, fees or expenses they are incur in connection with investigating, preparing to defend or defending any investigation, lawsuit, claim, proceeding or any appeal involving a Claim except to the extent that such expenses are finally determined by a court of competent jurisdiction to have resulted from the gross negligence, bad faith or intentional misconduct of such Indemnified Person.

4. **Term.** This Agreement will commence as of October 15, 2001 and will continue through the earlier of the confirmation of a plan of reorganization concerning the Company or our termination by the USWA at any point after April 15, 2002. In the event our services are terminated by the USWA following April 15, 2002, we shall provide prompt written notice to the Company.

5. **Complete Agreement.** This Agreement (subject to the terms of the Letter Agreement) constitutes the entire agreement between the parties concerning our engagement in connection with the Restructuring and supersedes all prior agreements and understandings (both written and oral) on that subject; cannot be assigned to any other person or entity without the written consent of each party; and will be governed by and construed in accordance with the internal laws of the State of New York applicable to contracts to be performed wholly within the state and without giving effect to choice of law provisions.

If this letter correctly sets forth our agreement, please so indicate by signing in the space provided below and returning the signed letter to us.

Very truly yours,

Keilin & Co., llc.

By: _____
Eugene J. Keilin
Principal

Accepted and Agreed to
As of This ___ Day of November, 2001:

Bethlehem Steel Corp.

By: _____
Name:

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Title:

United Steelworkers Of America

By: _____
Name:
Title: