

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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<b>In re</b>	:	<b>Chapter 11 Case Nos.</b>
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<b>BETHLEHEM STEEL CORPORATION,</b>	:	<b>01-15288 (BRL) through</b>
<b>et al.</b>	:	<b>01-15302, and</b>
	:	<b>01-15308 through</b>
	:	<b>01-15315 (BRL)</b>
<b>Debtors.</b>	:	<b>(Jointly Administered)</b>
	:	
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**ORDER PURSUANT TO SECTIONS 105(a) AND 363(b)  
OF THE BANKRUPTCY CODE AUTHORIZING  
THE DEBTORS TO REIMBURSE CERTAIN  
PROFESSIONAL FEES AND EXPENSES OF  
THE UNITED STEEL WORKERS OF AMERICA**

Upon the motion dated November 29, 2001 (the "Motion")<sup>\*</sup> of Bethlehem Steel Corporation and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), pursuant to sections 105(a) and 363(b) of title 11 of the United States Code (the "Bankruptcy Code"), for authorization to reimburse certain professional fees and expenses of the United Steelworkers of America ("USWA"), as collective bargaining agent and representative of approximately 80% of the Debtors' current employees as well as certain retirees, all as more fully described in the Motion, and the Court having jurisdiction to determine the Motion in accordance with 28 U.S.C. § 1334, and due notice of the Motion having been provided to the United States Trustee for the Southern District of New York, the respective attorneys for the Debtors' pre-chapter 11 lenders and post-chapter 11 lenders, the attorneys for the

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<sup>\*</sup> Capitalized terms used but not defined herein have the respective meanings ascribed to them in the Motion.

statutory committee of unsecured creditors (the “Creditors’ Committee”), the USWA, and any party who has filed a notice of appearance and request for service of papers in these chapter 11 cases, and it appearing that no other or further notice need be made, and after a hearing held on December 19, 2001 and consideration of the Objection of the United States Trustee, dated December 17, 2001, the Response of the Creditors’ Committee, dated December 18, 2001, and the appearances of interested parties having been noted in the record and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED, ADJUDGED AND DECREED:

1. It is in the best interests of the Debtors and all parties in interest that the Motion be, and, it hereby is granted and Debtors be, and, they hereby are authorized pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code to reimburse USWA for its reasonable professional costs and expenses in accordance with the terms of the USWA Letter attached to the Motion as Exhibit “A1,” and the letter of Keilin & Company llc (“Keilin”) attached to the Motion as Exhibit “A2” (the “Keilin Letter”) in an aggregate amount not to exceed \$1.4 million exclusive of any Success Fee, provided, however, that the USWA Letter is deemed amended:

(a) on Attachment A, to delete as reimbursable the professional fees and costs of “International Union In-House Professionals (Legal Department, Research and Benefits Department, Assistants to International Officers, etc.)” for “Labor, Bankruptcy and ERISA Matters; Financial Analysis and Bargaining Matters”;

(b) to delete from the USWA Letter all references to the professionals and matters set forth in subparagraph (a) hereof;

(c) to change all references in the USWA Letter as to the aggregate reimbursable amount of \$1.5 million for professional fees and expenses to \$1.4 million; and

(d) to require that all statements for reimbursement of professional fees and expenses made by USWA together with the statements of the particular professionals performing services on behalf of the USWA shall be submitted to the attorneys for the agent for pre-chapter 11 lenders in addition to the entities set forth in the USWA Letter.

2. The Debtors be, and, they hereby are authorized pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code to pay to Keilin, the investment banker employed by the USWA, a Success Fee of up to \$5 million in accordance with the terms and conditions of the Keilin Letter, Exhibit “A2,” but only upon the service and filing of an application for the payment of such Success Fee, and the occurrence of:

(a) confirmation of a plan of reorganization for the Debtors or consummation of a sale of all or substantially all of the Debtors’ assets which is, in any case, supported by the USWA; and

(b) review and determination of the application by the Court pursuant to Section 330 of the Bankruptcy Code, after the confirmation or sale.

3. The indemnification provisions of the Keilin Letter, Exhibit “A2”, are subject to the following:

(a) All requests of Keilin for indemnity, contribution or otherwise pursuant to the indemnification provisions of the Keilin Letter, Exhibit “A2”, shall be by means of an application therefor (interim or final, as the case may be) (“Application”)

and shall be subject to review by the Court to assure that such payment conforms to the terms of the Keilin Letter, Exhibit "A2", and is reasonable based upon the circumstances of the litigation or settlement as to which indemnity is requested; provided, however, that in no event shall Keilin be indemnified or receive contribution if it is determined that Keilin acted in bad faith, engaged in self-dealing or breached its fiduciary duty, if any, or committed gross negligence or willful misconduct; and

(b) In no event shall Keilin be indemnified or receive contribution or other payment under the indemnification provisions of the Keilin Letter, Exhibit "A2", if the Debtors, their estates, or the Creditors' Committee, asserts a claim for, and the Court determines by final order that such claim arose out of, Keilin's own bad faith, self-dealing, breach of fiduciary duty, if any, gross negligence or willful misconduct; and

(c) If Keilin seeks reimbursement for attorneys' fees from the Debtors pursuant to the Keilin Letter, Exhibit "A2", the invoices and supporting time records for such attorneys shall be included in Keilin's Application for indemnification and such invoices and time records shall be subject to the United States Trustee's Guidelines for Compensation and Reimbursement and Expenses and the approval of the Bankruptcy Court under the standards of sections 330 and 331 of the Bankruptcy Code without regard to whether such attorneys have been retained under section 327 of the Bankruptcy Code; and

(d) To the extent this order is inconsistent with the Keilin Letter, Exhibit "A2", the terms of this order shall govern.

4. The Court shall retain exclusive jurisdiction to construe and enforce the terms of the Keilin Letter, Exhibit "A2", any Application made by Keilin and this order.

5. If any Application for indemnification or reimbursement of attorneys' fees is made by Keilin, the Debtors shall serve a notice of such Application and any hearing to consider such Application upon all of their creditors for the purposes of providing such creditors an opportunity to timely object to the Application.

6. The requirement under Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York as to the filing of a memorandum of law is waived.

Dated: New York, New York  
January 7, 2002

/s/ Burton R. Lifland  
UNITED STATES BANKRUPTCY JUDGE