

# Bethlehem Steel Corporation

NOV 14 2001

1170 EIGHTH AVENUE  
BETHLEHEM, PA 18016-7699

ROBERT S. MILLER, Jr.  
CHAIRMAN OF THE BOARD  
CHIEF EXECUTIVE OFFICER



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November 5, 2001

Mr. Leo W. Gerard  
International President  
United Steelworkers of America  
Five Gateway Center  
Pittsburgh, PA 15222

Dear Mr. Gerard:

The following will confirm our understanding regarding those professionals that the USWA intends to utilize to undertake the due diligence and analysis that will be required in order for the Union to participate in discussions regarding the restructuring of the Company, including, but not limited to, negotiations regarding possible modifications to the existing labor and benefits agreements with the USWA.

The Company agrees, subject to the approval of the Bankruptcy Court, which approval the Company agrees to promptly seek, to reimburse the Union for the work performed by the professionals listed on Attachment A during the period of the Company's bankruptcy. The reimbursement would be based on each professional's usual and customary rates (in the case of the Union's in-house professionals, rates would be based on the cost of comparable professional services), subject to an overall cap of \$1.5 million for the period commencing October 15, 2001, and ending April 15, 2002, or upon payment of \$1.5 million, whichever occurs later. Each professional and the Union shall submit to the Company and any committee of creditors appointed by the Office of the United States Trustee, consistent with the guidelines for professional compensation adopted by the United States Bankruptcy Court for the Southern District of New York, a written statement describing the professional services performed, the persons who performed the services, the time expended by each such person together with that person's billing rate, and a detailed explanation for all disbursements for which reimbursement is requested. If no objection is interposed to the submitted statement, the Company shall pay the reimbursement requested. If any objection is interposed to any portion of a submitted statement, pending resolution of that objection, the Company shall not pay the disputed item. The Company and interested parties shall make every effort to amicably resolve any disputes as soon as practicable. If the dispute is not resolved within five business days after any objection is interposed, any party may request that the Bankruptcy Court resolve the dispute.

In addition, subject to the approval of the Bankruptcy Court, which approval the Company agrees to promptly seek, the Company agrees to pay an investment banking success fee of \$5.0. million (less any amount received under their monthly retainer) to the Union's investment banker, **Keilin & Co.**, payable upon approval by the USWA, and the occurrence of the effective date of a confirmed plan of reorganization for the Company. The Company agrees upon the request of the USWA, to support the payment of said Success Fee.

Sincerely,



Accepted and agreed to  
this 13<sup>th</sup> day of ~~October~~ NOV. 2001:

United Steelworkers of America

By Leo W. Gerard  
Leo W. Gerard  
International President

**Attachment A**

<b>Keilin &amp; Co.</b>	<b>Financial Analysis/Investment Banking</b>
<b>The Segal Company</b>	<b>Actuarial Analysis</b>
<b>Cohen, Weiss &amp; Simon</b>	<b>Labor Law/Bankruptcy Legal Matters</b>
<b>Arnold &amp; Porter</b>	<b>Corporate Legal Matters</b>
<b>(To Be Determined)</b>	<b>Operational and Financial Analysis</b>
<b>Bredhoff &amp; Kaiser</b>	<b>ERISA, Labor and Bankruptcy Law</b>
<b>(To Be Determined)</b>	<b>Local Labor and Bankruptcy Counsel</b>
<b>The Groom Group</b>	<b>ERISA/PBGC Matters</b>
<b>International Union In-House Professionals (Legal Department, Research and Benefits Department, Assistants to International Officers, etc.)</b>	<b>Labor, Bankruptcy, and ERISA Legal Matters; Financial Analysis and Bargaining Matters</b>