

Michael A. Kramer
Greenhill & Co., LLC
300 Park Avenue, 23rd Floor
New York, NY 10012
(212) 389-1500
Financial Advisors to the Debtors

Docket #: 1280

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re:)	
	)	Chapter 11 Case Nos.
BETHLEHEM STEEL CORPORATION	)	01-15288 (BRL) through
et al.	)	01-15302, 01-15308 through
	)	01-15315 (BRL)
Debtors.	)	(Jointly Administered)

**SUMMARY COVER SHEET FOR
FIFTH AND FINAL APPLICATION OF GREENHILL & CO., LLC
AS FINANCIAL ADVISOR TO THE DEBTORS FOR FINAL ALLOWANCE OF
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED
FROM FEBRUARY 1, 2003 THROUGH MAY 31, 2003**

Name of Applicant:	Greenhill & Co., LLC
Role in Case:	Financial Advisor to the Debtors

Fees Previously Requested:	\$2,575,000.00
Fees Previously Awarded:	\$2,575,000.00

Expenses Previously Requested:	\$169,006.58
Expenses Previously Awarded:	\$169,006.58

Fees Requested:	\$4,475,000.00
Expenses Requested:	\$ 6,078.52

Professional and Hours Incurred:	Robert F. Greenhill (Chairman)	10.0 Hours
	Michael A. Kramer (Managing Director)	12.0 Hours
	Nancy C. Turner (Vice President)	84.0 Hours
	Jonathan M. Amiel (Analyst)	<u>50.0 Hours</u>
	Total:	156.0 Hours

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**FIFTH AND FINAL APPLICATION OF GREENHILL & CO., LLC
AS FINANCIAL ADVISOR TO THE DEBTORS FOR FINAL ALLOWANCE OF
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED
FROM FEBRUARY 1, 2003 THROUGH MAY 31, 2003**

TO THE HONORABLE BURTON R. LIFLAND
UNITED STATES BANKRUPTCY JUDGE:

This fifth and final application (the "Application") of Greenhill & Co., LLC ("Greenhill") as financial advisor to Bethlehem Steel Corporation and certain subsidiaries, debtors and debtors in possession in these Chapter 11 cases (collectively, the "Debtors") for allowance of final compensation for professional services and reimbursement of expenses incurred in connection with such services from February 1, 2003 through May 31, 2003 (the "Application Period") pursuant to Sections 330(a) and 331 of Title 11 of the United States Code (the "Bankruptcy Code") and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), respectfully represents:

SUMMARY OF APPLICATION

1. By this application, Greenhill seeks allowance of final compensation for professional services rendered to the Debtors during the Application Period in the aggregate amount of \$4,475,000 and for reimbursement of expenses incurred and recorded in connection with the rendition of such services in the aggregate amount of \$6,078.52. During the Application Period, Greenhill professional expended a total of 156 hours for which compensation is requested.

2. Greenhill does not maintain, in the normal course of providing financial advisory services to its clients, detailed written time records. However, in this case, Greenhill maintained written records of the time expended by Greenhill professionals in the rendition of their professional services to the Debtors. A summary schedule setting forth the number of hours expended by each of the professionals who rendered services to the Debtors, is hereby attached as Exhibit A. A summary schedule of the expenses for which Greenhill is seeking reimbursement and the total amount for each such expense category are attached hereto as Exhibit B.
3. In preparing this Application, Greenhill has complied with the Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the "Local Guidelines"), the United States Trustee Guidelines for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 adopted on January 30, 1996 (the "UST Guidelines"), and the Court's Order to Establish Procedures For Interim Compensation and Reimbursement of Chapter 11 Professionals and Committee Members dated October 16, 2001 (the "Administrative Order" and, collectively with the Local Guidelines, and the UST Guidelines, the "Guidelines"). Greenhill believes that all applicable time and disbursement charges for the Compensation Period have been included herein. However, to the extent expenses were incurred in connection with services rendered during the Application Period, but were not presented and processed prior to the preparation of this Application, Greenhill reserves the right to request reimbursement of such expenses in a future application.

JURISDICTION AND VENUE

4. The Court has jurisdiction to consider the Application pursuant to 28 U.S.C. §§ 157 and 1334, and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 10, 1984 (Ward, Acting C.J.). Consideration of the Application is a core proceeding pursuant to 28 U.S.C. § 157. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

5. On October 15, 2001 (the "Filing Date"), the Debtors herein filed a petition for reorganization under Chapter 11 of the Bankruptcy Code. In addition, on the Filing Date, the Debtors filed their application to retain Greenhill as Financial Advisors and Investment Bankers (the "Retention Application").
6. On December 19, 2001, the Court entered an order granting the Retention Application (the "Retention Order") barring any objections filed by February 5, 2002. As there were no objections filed, the Court's Retention Order became final on February 5, 2002, approving Greenhill's retention as financial advisor to the Debtors *nunc pro tunc* to October 15, 2001. A copy of the Retention Application is attached as Exhibit C to the Application and incorporated herein by reference. A copy of the Retention Order is attached hereto as Exhibit D. Greenhill amended the terms of its engagement on September 6, 2002 (*nunc pro tunc* to July 15, 2002). A copy of the Revised Retention Application is attached as Exhibit E to the Application and incorporated herein by reference. A copy of the Revised Retention Order is attached hereto as Exhibit F. As set forth more fully in the Retention Application, Greenhill has extensive

experience in representing statutory Debtors in Chapter 11 cases, as part of its prominent financial restructurings and bankruptcy expertise.

7. On April 22, 2003, the Court approved the sale of substantially all of the Debtors' assets to the International Steel Group. The sale closed on May 7, 2003.

PRIOR ALLOWANCES

8. Greenhill has received no payment or promise of payment for services rendered in this case other than pursuant to the Retainer Agreement.
9. Pursuant to the Retainer Agreement, Greenhill has received \$2,575,000 in Monthly Advisory Fees and has been reimbursed for \$169,006.58 in out-of-pocket expenses.
10. Out-of-pocket expenses incurred by Greenhill are charged to a client if expenses are incurred for the client or are otherwise necessary in connection with services rendered for such particular client. Greenhill limits its incurred expenses to the actual amounts billed by third parties and does not factor general overhead expenses into disbursements charged to clients in connection with Chapter 11 cases.

PROFESSIONAL SERVICES RENDERED DURING THE APPLICATION PERIOD

11. Greenhill has been selected by the Debtors because of its extensive knowledge and reputation in this field, because of its familiarity with the issues involved in this case and because the Debtors believe that Greenhill possesses the requisite resources and is well qualified to represent the Debtors in these cases.
12. The services that Greenhill has been required to perform and has performed have been substantial and necessary in this Chapter 11 case. Greenhill has attempted to perform such services with the minimum amount of duplication of effort with the Debtors' other advisors.
13. Throughout the duration of Greenhill's retention by the Debtor, Greenhill has staffed the engagement consistent with the Debtor's objectives and in a manner that provided for thorough and efficient representation of the interests of the Debtors.
14. During the time period covered by this Application, Greenhill has worked extensively with the Debtors, the Official Committee of Unsecured Creditors (the "Creditors' Committee"), the professionals retained by the Creditors' Committee and the Debtors, and other parties in interest in the Case. This work has covered a broad variety of financial and operational issues and other matters relevant to this Case and the efforts to analyze and implement a reorganization of the Debtors. The following summary of services rendered during the Application Period is not intended to be a detailed description of the work performed, as those day-to-day services and the time expended in performing such services are fully set forth in Exhibit A. Rather, it is merely an attempt to highlight certain of those areas in which services were rendered to the Debtors, as well as to identify some of the problems and issues that Greenhill was required to address.
15. In summary, Greenhill has provided financial advisory services to the Debtors in the following, among other, categories:

Financial Due Diligence

Prior to the commencement of the Debtors' case, Greenhill undertook an extensive financial due diligence process to understand and assess the operational and financial position of the Debtors. This process included an in-depth review and analysis of significant amounts of historical and projected financial information, Debtors' communication with their bank group, SEC filings, Company operating reports, business plans, and bankruptcy court filings. Projects since the commencement of the Debtors' case have included an ongoing review of the Debtors' performance vs. plan, analysis of the Debtors' revised projections and new business plan, and due diligence at the Debtors' facilities.

Financial Data Analysis

Greenhill reviewed and analyzed the impact of changing market conditions, industry conditions and macroeconomic conditions on the Debtors' original business plan and revised forecasts. Additionally, Greenhill analyzed the Debtors' interim operating reports and discussed with the Debtors and factors that led to variance from the business plan. As necessary, Greenhill also analyzed the impact of various strategic alternatives on the Debtors' financial state and analyzed transactions involving the Debtors' competitors for their impact on the Debtors' affairs.

Debtor-in-Possession ("DIP") Financing

Prior to the commencement of the Debtors' case, Greenhill worked with several financial institutions to structure and confirm DIP financing for the Debtor. Since the commencement of the Debtors' case, Greenhill has tracked the Debtors' use of the DIP facility and has considered the effect of any strategic alternatives on the Debtors' DIP financing facility.

Employee Benefits/Pension Obligations Analysis

Along with Debtors' bankruptcy counsel, Greenhill reviewed and discussed various issues relating to the Debtors' obligations to their active and retired employees. Greenhill also analyzed the impact of several alternative restructurings of these employee benefits and pension obligations on the Debtors' estate.

Meetings of Creditors and Meetings of the Debtors' Board of Directors

Greenhill has prepared materials for and attended numerous meetings of the Creditors' Committee and the Debtors' Board of Directors to discuss the Debtors' case and its progress.

Marketing and Sale Process

Greenhill worked with Bethlehem to identify and contact companies potentially interested in acquiring all or a portion of Bethlehem's assets. Through the marketing process, the Company, Greenhill and CSFB engaged in discussions with nine potential acquirors. Following due diligence efforts with several prospective acquirors, the International Steel Group Inc. ("ISG") became the leading prospective acquiror because of its interest in acquiring substantially all of Bethlehem's assets and because it submitted a formal proposal to acquire those assets.

Greenhill, in conjunction with Bethlehem and its other advisors and other advisors, carefully evaluated and analyzed the terms of ISG's proposal and engaged in numerous rounds of negotiations among Bethlehem's management, its other advisors, and ISG.

FEE APPLICATION PREPARATION

16. During the Application Period, Greenhill compiled time and expense descriptions of the services it provided, and performed other tasks in order to comply with the Administrative Order. Greenhill made every effort to minimize the amount of time and fees incurred for these activities. The amount of the fees and expenses sought in this Application are consistent with market practices both in and out of a bankruptcy context. Greenhill has never billed its clients based on the number of hours expended by its professionals. Accordingly, Greenhill does not have hourly rates for its professionals and Greenhill professionals generally do not maintain detailed time records of the work performed for its clients. In the Debtors' case, however, Greenhill has maintained contemporaneous time records in compliance with the Guidelines.

DISBURSEMENTS

17. Greenhill has disbursed \$6,078.52 as expenses incurred and recorded in providing professional services during the Application Period. These charges are intended to cover Greenhill's direct costs, which costs are not incorporated into the Greenhill monthly fees. Greenhill is seeking reimbursement for expenses incurred exclusively on behalf of the Debtors and in connection with the Debtors' cases.
18. Due to the nature of the Debtors' businesses, the location of their various offices and facilities, as well as the location of members of the Debtors and their professionals, frequent long distance telephone calls have been required. On several occasions, overnight delivery of documents and other materials was required as a result of urgent needs necessitating the use of such express services.
19. The time constraints imposed by the circumstances of these cases have required Greenhill's professionals to devote time during the evening and on weekends to the performance of financial services on behalf of the Debtors. These extraordinary services were only performed when essential in order to meet deadlines, react timely to the changing financial condition of the Debtors, and satisfy the demands of the Debtors in providing high-quality financial services. Greenhill does not charge for any overtime expense, but, in accordance with the provisions of the Guidelines, Greenhill seeks reimbursement for expenses related to working meals and transportation consistent with the provisions of the Guidelines.
20. Greenhill respectfully submits that the actual expenses incurred in providing professional services for which reimbursement is sought in this Application were necessary, reasonable, and justified under the circumstances to serve the needs of the Debtors in fulfilling their statutory obligations.
21. Attached hereto as Exhibit B is a summary of reasonable out-of-pocket expenses incurred by Greenhill during the Application Period in the aggregate of \$6,078.52.

THE REQUESTED COMPENSATION SHOULD BE ALLOWED

22. Greenhill respectfully submits that the services for which it seeks compensation in this Application were necessary for and beneficial to the Debtors and are fully justified and reasonable given (a) the amount of time expended in performing such services, (b) the

complexity of the issues presented, and (c) the importance and nature of the problem, issue or task involved.

23. Greenhill's professionals performed these services without unnecessary duplication of effort.
24. The compensation sought by Greenhill is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under the Bankruptcy Code.
25. For all of the foregoing reasons, Greenhill respectfully requests compensation, pursuant to the Retention Order, in the amount of \$4,475,000 for services rendered by Greenhill. This amount reflects a \$6,000,000 transaction fee (the "Sale Transaction Fee") as provided for in the Retention Order and a credit of \$1,900,000 for Monthly Advisory Fees after April 15, 2002 as provided for in the Retention Order and \$375,000 of monthly advisory fees for the period of February 1, 2003 to May 31, 2003.

STATEMENTS OF GREENHILL

26. No agreement or understanding prohibited by Section 504 of the Bankruptcy Code exists between Greenhill and any other person for a sharing of compensation received or to be received for services rendered in or in connection with these Chapter 11 cases, nor shall Greenhill share or agree to share the compensation paid or allowed from the Debtors' estate for such services with any other person in contravention of Section 504 of the Bankruptcy Code. Greenhill has made no agreement or understanding prohibited by 18 U.S.C. § 155.
27. Pursuant to Bankruptcy Rule 2016, Greenhill states that no payments have heretofore been made or promised to Greenhill for services rendered or to be rendered in any capacity in connection with these Chapter 11 cases.
28. Copies of this Application have been provided to: (i) Steven J. Selden, Bethlehem Steel Corporation, (ii) Terry Graffis, Creditors' Committee and (iii) the U.S. Trustee.

WAIVER OF MEMORANDUM OF LAW

29. Pursuant to Local Bankruptcy Rule for the Southern District of New York 9013-1(b), because there are no novel issues of law presented by this Application, Greenhill respectfully requests that the Court waive the requirement that Greenhill file a memorandum of law in support of this Application.

NOTICE

30. Copies of this Application have been provided to the members of the Joint Fee Review Committee as appointed by the Order Approving Appointment of Joint Fee Review Committee dated January 23, 2002.

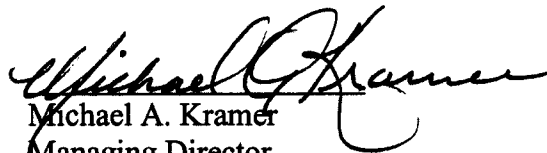
WHEREFORE, Greenhill respectfully requests that this Court enter an order awarding Greenhill an final allowance of compensation and expense reimbursement for the period of February 1, 2003 through May 31, 2003 in the amounts set forth below and provide such other and further relief as may be just and equitable.

Professional Fees Requested
Reimbursement of Expenses

\$4,475,000.00
\$6,078.52

Dated: New York, NY
June 26, 2003

GREENHILL & CO., LLC

By: 
Michael A. Kramer
Managing Director
300 Park Avenue, 23rd Floor
New York, NY 10022

Financial Advisor to the Debtors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re:)	
	)	Chapter 11 Case Nos.
BETHLEHEM STEEL CORPORATION	)	01-15288 (BRL) through
et al.	)	01-15302, 01-15308 through
	)	01-15315 (BRL)
Debtors.	)	(Jointly Administered)

**EXHIBIT A TO THE
FIFTH AND FINAL APPLICATION OF GREENHILL & CO., LLC
AS FINANCIAL ADVISOR TO THE DEBTORS FOR FINAL ALLOWANCE OF
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED
FROM FEBRUARY 1, 2003 THROUGH MAY 31, 2003**

The following is a summary schedule setting forth the number of hours expended by each of the professionals who rendered services to the Debtors and a detailed compilation showing the name of the professional, the date on which the services were performed and the amount of time spent in performing the services during the Application Period:

Period	Hours	Detail
2/1/03 - 2/28/03	96.0	Robert F. Greenhill (3), Michael A. Kramer (3), Nancy C. Turner (64) and Jonathan M. Amiel (26).
3/1/03 - 3/31/03	36.0	Robert F. Greenhill (3), Michael A. Kramer (3), Nancy C. Turner (20) and Jonathan M. Amiel (10).
4/1/03 - 4/30/03	5.0	Robert F. Greenhill (2), Michael A. Kramer (3), Nancy C. Turner (0) and Jonathan M. Amiel (0).
5/1/03 - 5/31/03	19.0	Robert F. Greenhill (2), Michael A. Kramer (3), Nancy C. Turner (0) and Jonathan M. Amiel (14).
TOTAL	156.0	Robert F. Greenhill (10), Michael A. Kramer (12), Nancy C. Turner (84) and Jonathan M. Amiel (50).

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re:)
)
BETHLEHEM STEEL CORPORATION) **Chapter 11 Case Nos.**
et al.) **01-15288 (BRL) through**
) **01-15302, 01-15308 through**
) **01-15315 (BRL)**
Debtors.) **(Jointly Administered)**

**EXHIBIT B TO THE
FIFTH AND FINAL APPLICATION OF GREENHILL & CO., LLC
AS FINANCIAL ADVISOR TO THE DEBTORS FOR FINAL ALLOWANCE OF
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED
FROM FEBRUARY 1, 2003 THROUGH MAY 31, 2003**

The following is a summary schedule of the expenses for which Greenhill is seeking reimbursement and the total amount for each such expense category:

Category	Amount
Business Meals (Detail on Next Page)	\$553.91
Car Service	4,095.07
Cellular	232.79
Information Services	976.45
Overtime Meals (Detail on Next Page)	115.71
Postage / Delivery	41.59
Taxi	63.00
Total	\$6,078.52

Detail of Meals Included in Reimbursable Expenses

Date	Category	Description	Employee	Amount
1/31/2003	Business Meals	Catering - 30 Meals		553.91
1/23/2003	Overtime Meals	Overtime Meals (5)	Amiel	100.00
3/12/2003	Overtime Meals	3 Meals	Turner	15.71
TOTAL				\$669.62

EXHIBIT C

WEIL, GOTSHAL & MANGES LLP
Attorneys for the Debtors
767 Fifth Avenue
New York, New York 10153
(212) 310-8000
Harvey R. Miller (HM 6078)
Jeffrey L. Tanenbaum (JT 9797)
George A. Davis (GD 2761)

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

<hr/>		X
In re	:	Chapter 11 Case Nos.
	:	
BETHLEHEM STEEL CORPORATION,	:	01-___ (___) through
et al.	:	01-___ (___)
	:	
Debtors.	:	(Jointly Administered)
	:	
<hr/>		X

**APPLICATION OF THE DEBTORS FOR ENTRY OF
AN ORDER PURSUANT TO SECTIONS 327(a) AND 328(a) OF
THE BANKRUPTCY CODE AUTHORIZING THE EMPLOYMENT
OF GREENHILL & CO., LLC AS FINANCIAL ADVISORS**

Bethlehem Steel Corporation and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), respectfully represent:

Jurisdiction

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

2. On the date hereof (the "Commencement Date"), each of the Debtors commenced a case under chapter 11 of title 11, United States Code (the

“Bankruptcy Code”). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. The Debtors employ approximately 13,200 persons (collectively, the “Employees”), approximately 80% of whom are covered by one master collective bargaining agreement and a number of plant specific agreements and settlement agreements with the United Steel Workers of America (collectively, the “Represented Employees”).

4. Bethlehem Steel Corporation is a Delaware corporation, which, along with its subsidiaries and affiliates, manufactures and sells a wide variety of steel mill products including hot-rolled, cold-rolled and coated sheets, tin mill products, carbon and alloy plates, rail, specialty blooms, carbon and alloy bars and large diameter pipe. Its principal markets include automotive, construction, machinery and equipment, appliance, containers, service centers, rail and pipe.

5. Bethlehem Steel Corporation is the second largest integrated steelmaker in the United States. Its principal operations are comprised of three divisions – Burns Harbor, Sparrows Point, and Pennsylvania Steel Technologies. The Burns Harbor Division operates facilities in Indiana on Lake Michigan and in Lackawanna, New York on Lake Erie. The Sparrows Point Division operates a facility on the Chesapeake Bay, near Baltimore, Maryland and two facilities in Pennsylvania – Coatesville and Conshohocken. Sales of products produced at the Burns Harbor and Sparrows Point Divisions, primarily steel sheet and plate, generate approximately 95% of Bethlehem Steel Corporation’s revenues. The Pennsylvania Steel Technologies Division,

the nation's largest rail producer and a manufacturer of specialty blooms, carbon and alloy bars and large diameter pipe, operates a facility in Steelton, Pennsylvania.

6. In addition to Bethlehem Steel Corporation's steel production and manufacturing facilities, the Debtors (i) own former industrial sites and redevelop, market and sell such sites as commercial, industrial, light industrial and mixed-use properties, (ii) through subsidiaries, operate eight shortline and switching railroads, and trucking and intermodal facilities and provide logistics services, (iii) have residual interests in formerly owned plants and facilities, (iv) participate in a number of joint ventures, partnerships and limited liability companies that own and operate iron ore mines and reserves, sheet steel coating and processing facilities, metal product fabrication facilities, heavy machinery and rolling mill grinding facilities, and clinics for providing healthcare services to employees and retirees, (v) own shutdown coal mines and coal reserves in Pennsylvania, West Virginia and Kentucky and (vi) operate Great Lakes ore carrying vessels.

7. For the fiscal year ended December 31, 2000, Bethlehem Steel Corporation and its consolidated subsidiaries reported net sales of approximately \$4.2 billion and a net loss of approximately \$118 million. As of September 30, 2001, Bethlehem Steel Corporation's books and records reflected, on a consolidated basis, approximately \$4.2 billion in assets and total liabilities of approximately \$4.5 billion in accordance with generally accepted accounting principles. Bethlehem Steel Corporation and its consolidated subsidiaries reported net sales of \$2.6 billion and incurred a net loss of approximately \$1.4 billion for the nine months ended September 30, 2001.

8. The Debtors sponsor several tax-qualified noncontributory defined benefit pension plans that provide benefits for substantially all of the Employees. The Debtors annually fund the minimum amount required by the Employee Retirement Income Security Act of 1974, as amended, plus additional amounts as appropriate based on liquidity and business outlook. The Debtors also provide other post-employment benefits ("OPEB") for health care and life insurance to most retirees and their dependents, and to surviving spouses of many deceased employees and retirees. In respect of retiree health and medical benefits in 2000, after using trust funds of approximately \$64 million, Bethlehem Steel Corporation and its consolidated subsidiaries paid directly \$130 million. Bethlehem Steel Corporation projects that it together with its consolidated subsidiaries will pay \$175 million for retiree health and medical benefits in 2001, in addition to payments from trust funds of approximately \$28 million. Bethlehem Steel Corporation and its consolidated subsidiaries estimate that their 2002 cash requirements for OPEB will be in the range of \$205 to \$215 million. Using September 30, 2001 market values and interest rates, Bethlehem Steel Corporation and its consolidated subsidiaries' unfunded pension and OPEB obligations of approximately \$1.85 billion and \$3 billion, respectively, increase Bethlehem's total liabilities, on a pro forma basis, to approximately \$6.75 billion.

9. Despite nearly \$300 million in net costs reductions since the middle of 1998, the Debtors have not been able to overcome the injury caused by record levels of unfairly traded steel imports that have severely reduced production, shipments and prices and reduced revenues by approximately \$1.3 billion annually. The resulting

operating losses of approximately \$500 million and negative cash flow since the middle of 1998 has severely impaired the Debtors' financial condition.

10. The entire domestic steel industry is suffering from the onslaught of record steel imports since 1998, resulting in over twenty (20) prior bankruptcy filings. The events of September 11, 2001 have contributed to a further weakening of demand for consumer products that rely on steel, such as automobiles, appliances and new homes.

11. The Debtors are seeking protection under Chapter 11 of the Bankruptcy Code to provide the necessary time to stabilize their finances and develop and implement a strategic plan to return their businesses to sustained profitability. Key objectives of the plan will include improving the Debtors' capital structure, working with the United Steelworkers of America ("USWA") to improve productivity and further reduce costs, particularly employment and healthcare costs, and finding a solution to their approximate \$3 billion retiree healthcare obligation. While in Chapter 11, the Debtors will continue to work with the federal government to remedy unfair trade practices, reduce excess global steel capacity and foster domestic steel industry consolidation.

Retention of Greenhill & Co., LLC

12. Subject to approval of this Court, the Debtors have employed the firm of Greenhill & Co., LLC ("Greenhill") as their financial advisors in connection with their chapter 11 cases. Pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, the Debtors request the Court to approve the employment of Greenhill to provide financial advisory services and other related services in their chapter 11 cases, effective as of the Commencement Date of these cases.

13. The Debtors have selected Greenhill as their financial advisors because of the firm's extensive experience with and knowledge of the Debtors' businesses and financial affairs. Greenhill has been performing financial advisory services for the Debtors since June 15, 2001. Since that time Greenhill has perform a number of services for the Debtors (the "Prepetition Services"), including, among other things, review and analysis of the business, operations, properties, financial condition and prospects of the Debtors, evaluation of the Debtors' debt capacity in light of their projected cash flows, and assistance in the determination of an appropriate capital structure for the Debtors. As a consequence, Greenhill is extremely familiar with the Debtors' businesses and affairs and has the necessary background to assist the Debtors in dealing effectively with many of the needs and problems of the Debtors that may arise in the context of these chapter 11 cases.

14. Greenhill is well qualified to serve as the Debtors' financial advisors. Greenhill's restructuring professionals have extensive experience in advising debtors and other constituents in chapter 11 cases and have served as consultants and financial advisors to numerous debtors and creditors in restructurings involving, among others, Amresco, Regal Cinemas, Inc., United Artists Theatre Circuit, Inc., AmeriServe Food Distribution, Inc., US Office Products, Inc. and Weblink Wireless, Inc. Given Greenhill's background, expertise, and historical performance, the Debtors believe that Greenhill is both well qualified and uniquely able to perform the necessary financial advisory services to the Debtors in their chapter 11 cases in a most efficient and timely manner.

15. The services of Greenhill are necessary to enable the Debtors to execute faithfully their duties as debtors and as debtors-in-possession. Subject to further order of the Court, Greenhill will be engaged to render the following financial advisory services, in each case to the extent requested by the Debtors:

a. General Financial Advisory Services.

- i. to the extent it deems necessary, appropriate and feasible, review and analyze the business, operations, properties, financial condition and prospects of the Debtors;
- ii. evaluate the Debtors' debt capacity in light of its projected cash flows;
- iii. assist in the determination of an appropriate capital structure for the Debtors;
- iii. determine a range of values for the Debtors on a going concern basis and on a liquidation basis;
- iv. advise and attend meetings of the Debtors' Boards of Directors;
- v. if necessary, participate in hearings before the Court with respect to matters upon which Greenhill has provided advice, including, as relevant, coordinating with the Debtors' counsel with respect to testimony in connection therewith.

b. Restructuring Services. If the Debtors pursue a Restructuring (as defined in the Retention Letter):

- i. provide financial advice and assistance to the Debtors in developing and seeking approval of a chapter 11 plan (the "Plan");
- ii. in connection therewith, provide financial advice and assistance to the Debtors in structuring any new securities, other consideration or other inducements to be offered and/or issued under the Plan;
- iii. assist the Debtors and/or participate in negotiations with entities or groups affected by the Plan; and
- iv. assist the Debtors in preparing documentation required in connection with the Plan.

- c. Sale Services. If the Debtors pursue a Sale (as defined in the Retention Letter):
- i. provide financial advice and assistance to the Debtors in connection with a Sale, identify potential acquirors and, at the Debtors' request, contact such potential acquirors;
 - ii. assist the Debtors in preparing a memorandum (with any amendments or supplements thereto); and
 - iii. assist the Debtors and/or participate in negotiations with potential acquirors.

16. Greenhill has stated its desire and willingness to act in these cases and to render the necessary professional services as financial advisors for the Debtors.

17. To the best of the Debtors' knowledge, information and belief, Greenhill is a "disinterested person," as such term is defined in section 101(14) of the Bankruptcy Code and, other than in connection with these cases, Greenhill has no connection with, and holds no interest adverse to, the Debtors, their estates, their creditors, or any other party in interest herein, or their respective attorneys, in the matters for which Greenhill is proposed to be retained, except as disclosed in the Affidavit of Michael A. Kramer, a Managing Director of Greenhill, sworn to on the 14th day of October, 2001 (the "Kramer Affidavit"), a copy of which is annexed hereto as Exhibit "A." The Debtors' knowledge, information and belief regarding the matters set forth in this Application are based, and made in reliance upon, the Kramer Affidavit.

18. Prior to the filing of these cases, the Debtors paid to Greenhill approximately \$810,000 in the aggregate for the Prepetition Services rendered and expenses incurred in connection therewith.

19. Greenhill intends to apply to the Court for allowance of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and the Local Rules of the United States Bankruptcy Court for the Southern District of New York (the "Local Rules").

20. The terms of Greenhill's proposed retention are set forth in an engagement letter, dated October 12, 2001 (the "Retention Letter"), a copy of which is annexed hereto as Exhibit "B." The Debtors in accordance with the Retention Letter, and subject to the provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, propose to pay Greenhill a Monthly Advisory Fee (as defined in the Retention Letter) of \$175,000, a Transaction Fee (as defined in the Retention Letter) of \$12 million and, in the event of a sale of all or a substantial portion of the Debtors' assets, a Sale Transaction Fee (as defined in the Retention Letter), which may be credited against the Transaction Fee.

21. Notwithstanding any provision in the Retention Letter to the contrary, with respect to Greenhill's pre-bankruptcy conduct and its provision of postpetition services, Greenhill hereby irrevocably and unconditionally submits to the exclusive jurisdiction of this Court over any suit, action or proceeding arising out of or relating to the Retention Letter or the Order attached hereto, and over the approval of its request for any fees and expenses (including any request for indemnification) accruing through confirmation of a plan of reorganization in these chapter 11 cases or, in the event that no plan of reorganization is confirmed in the cases, fees and expenses accruing prior to the last day of Greenhill's employment pursuant to the Retention Letter. This Court

will retain jurisdiction to construe and enforce the terms of the Application, the Retention Letter, and the proposed Order attached hereto.

22. The retention of Greenhill as the Debtors' financial advisors on the terms and conditions set forth herein and in the Retention Letter is necessary, essential, and in the best interest of the Debtors' estates and should be approved.

23. No trustee, examiner, or creditors' committee has been appointed in the Debtors' chapter 11 cases. Notice of this Application has been given to the United States Trustee, the attorneys for the Debtors' prepetition lenders and proposed postpetition lenders and to the holders of the thirty (30) largest claims against the Debtors. In light of the nature of the relief requested, the Debtors respectively submit that no further notice need be given.

24. Pursuant to Local Bankruptcy Rule for the Southern District of New York 9013-1(b), because there are no novel issues of law presented herein, the Debtors respectfully request that the Court waive the requirement that the Debtors file a memorandum of law in support of this Application.

25. No prior application for the relief requested herein has been made to this or any other court.

WHEREFORE the Debtors respectfully request entry of an order granting the relief requested herein and such other and further relief as is just.

Dated: Bethlehem, Pennsylvania
October 15, 2001

Bethlehem Steel Corporation, et al.
Debtors in Possession

By: /s Leonard M. Anthony
Leonard M. Anthony
Senior Vice President
Chief Financial Officer and Treasurer

EXHIBIT D

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

In re	:	Chapter 11 Case Nos.
	:	
BETHLEHEM STEEL CORPORATION,	:	01-15288 through
et al.	:	01-15302 (BRL), and
	:	01-15308 through
	:	01-15315 (BRL)
Debtors.	:	(Jointly Administered)
	:	
	:	

**SUPPLEMENTAL ORDER PURSUANT TO SECTIONS 327(a)
AND 328(a) OF THE BANKRUPTCY CODE AUTHORIZING
THE EMPLOYMENT OF GREENHILL & CO., LLC AS
FINANCIAL ADVISORS FOR THE DEBTORS**

Upon consideration of the application dated October 15, 2001 (the “Application”) of Bethlehem Steel Corporation and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), seeking an order pursuant to sections 327(a) and 328(a) of title 11, United States Code (the “Bankruptcy Code”) authorizing and approving the employment and retention of Greenhill & Co., LLC (“Greenhill”) as their financial advisors effective as of the commencement of these cases; and upon the affidavit annexed to the Application of Michael A. Kramer, a Managing Director of Greenhill, sworn to on the 14th day of October, 2001 (the “Kramer Affidavit”); and on October 15, 2001 the Court having entered an order approving the Application on an interim basis; and the Court being satisfied that Greenhill represents no interest adverse to the Debtors’ estates with respect to the matters upon which it is to be engaged and is disinterested as that term is defined under section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and that the employment of Greenhill is necessary and would be in the best interests of the Debtors and their estates; and it appearing that due notice of the

Application has been given to the Office of the United States Trustee, the attorneys for the Debtors' prepetition lenders and proposed postpetition lenders and to the holders of the thirty (30) largest unsecured claims against the Debtors, and it further appearing that, subject to the Court's determination of any timely objection to the Application as provided below, Greenhill does not have or represent any interest materially adverse to the interests of the Debtors, or their estates, creditors or interest holders, and that Greenhill is a "disinterested person" as defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and that the retention and employment of Greenhill is necessary and in the best interests of the Debtors and their estates, and that the terms of the Greenhill engagement as set forth in the Application, and the retention letter, annexed as Exhibit A hereto (the "Retention Letter") are reasonable for purposes of section 328(a) of the Bankruptcy Code, and that (except as provided below) no other or further notice need be given and sufficient cause appearing therefor, it is

ORDERED that, in accordance with sections 327(a) and 328(a) of the Bankruptcy Code, the Debtors, be, and they hereby are, authorized to employ Greenhill as their financial advisors upon the terms and conditions set forth in the Application, and Retention Letter effective as of the commencement date of these cases; and it is further

ORDERED that, subject to the Court's determination of any timely objection to the Application pursuant to this Order, the fees to be paid to Greenhill pursuant to the terms of the Retention Letter, as approved, and shall be subject to the standard of review provided in section 328(a) of the Bankruptcy Code and not subject to any other standard of review under section 330 of the Bankruptcy Code; provided,

however, that any Restructuring Fee or Sale Transaction Fee (each as defined in the Retention Letter) in excess of \$8,000,000 shall be subject to review under section 330 of the Bankruptcy Code; and it is further

ORDERED that the Office of the United States Trustee retains all rights to object to Greenhill's interim and final fee applications (including expense reimbursement) on any basis it deems appropriate including, but not limited to, the reasonableness standard provided for in section 330 of the Bankruptcy Code; and it is further

ORDERED that, subject to the foregoing, Greenhill shall be compensated in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code and such Federal Rules of Bankruptcy Procedure as may then be applicable from time to time, and such procedures as may be fixed by order of this Court; and it is further

ORDERED that, subject to the Court's determination of any timely objection to the Application pursuant to this Order, the indemnification provisions of the Retention Letter are approved, subject to the following:

(a) all requests of Greenhill for payment of indemnity, contribution or otherwise pursuant to the indemnification provisions of the Retention Letter shall be made by means of an application (interim or final, as the case may be) and shall be subject to review by the Court to ensure that such payment conforms to the terms of the revised Retention Letter and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is requested; provided, however, that in no event shall Greenhill be indemnified or receive contribution if it is determined that it

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 Greenhill be indemnified or receive contribution or other payment under the indemnification provisions of the Retention Letter if the Debtors, the estates, or the statutory committee of unsecured creditors, asserts a claim for, and the Court determines by final order that such claim arose out of, Greenhill's own bad faith, self-dealing, breach of fiduciary duty, if any, gross negligence, or willful misconduct; and

(c) in the event Greenhill seeks reimbursement for attorneys' fees from the Debtors pursuant to the Retention Letter, the invoices and supporting time records for such attorneys shall be included in Greenhill's own applications (both interim and final), and such invoices and time records shall be subject to the United States Trustee's guidelines for compensation and reimbursement of 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 Retention Letter, the terms of this order shall govern; and it is further

ORDERED that this Court shall retain exclusive jurisdiction to construe and enforce the terms of the Application, the Retention Letter and this Order; and it is further

ORDERED that the Debtors shall serve a copy of the notice of the Application annexed hereto as Exhibit B upon all creditors of their estates for the purpose

of providing such creditors an opportunity to object to the indemnification provisions contained in the Retention Letter and/or the provisions of this Order authorizing Greenhill's retention pursuant to section 328 of the Bankruptcy Code; and it is further

ORDERED that if timely objections are received there shall be a hearing held on February 5, 2002 at 10:00 a.m. (the "Final Hearing") to consider such objections and such objections shall be filed with the Court, One Bowling Green, New York, New York 10004-1408, by no later than January 31st, 2002 at 4:00 p.m. and served on the Office of the United States Trustee, 300 Whitehall Street, 21st Floor, New York, New York 10004, Attention: Carolyn Schwartz, Esq., and Weil, Gotshal & Manges LLP, Attorneys for the Debtors, 767 Fifth Avenue, New York, New York 10153, Attention: George A. Davis, Esq. so as to be actually received by such filing deadline; and it is further

ORDERED that objections, if any, to the relief requested in the Application shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and Local Rules and Orders of the Bankruptcy Court, shall set forth the name of the objecting party, the nature and amount of claims or interests held or asserted against the Debtors' estates or properties, the basis for the objection, and the specific grounds therefor; and it is further

ORDERED if no objections are timely filed, served, and received in accordance with this Order, this Order shall be deemed a final order without further notice or hearing and Greenhill's retention shall be effective nunc pro tunc to the date of the commencement of these chapter 11 cases.

DATED: New York, New York
December 19, 2001

/s/Burton R. Lifland
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT E

HEARING DATE AND TIME: September 26, 2002 at 10:00 a.m.
OBJECTION DEADLINE: September 20, 2002 at 4:00 p.m.

WEIL, GOTSHAL & MANGES LLP

**Attorneys for the Debtors
and Debtors in Possession
767 Fifth Avenue
New York, New York 10153
(212) 310-8000
Jeffrey L. Tanenbaum (JT 9797)
George A. Davis (GD 2761)**

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

<hr/>		X
In re	:	Chapter 11 Case Nos.
	:	
BETHLEHEM STEEL CORPORATION, et al.	:	01-15288 (BRL) through 01-15302, 01-15308
	:	through 01-15315 (BRL)
Debtors.	:	(Jointly Administered)
	:	
<hr/>		X

**MOTION OF THE DEBTORS PURSUANT TO SECTIONS 327(a)
AND 328(a) OF THE BANKRUPTCY CODE FOR AUTHORITY TO
(i) EMPLOY CREDIT SUISSE FIRST BOSTON CORPORATION AS ADDITIONAL
FINANCIAL ADVISOR, *NUNC PRO TUNC*, TO JULY 15, 2002 AND
(ii) AMEND THE TERMS OF THE EMPLOYMENT OF GREENHILL & CO., LLC
AS FINANCIAL ADVISOR, *NUNC PRO TUNC*, TO OCTOBER 12, 2001**

TO THE HONORABLE BURTON R. LIFLAND,
UNITED STATES BANKRUPTCY JUDGE:

Bethlehem Steel Corporation (“Bethlehem”) and its affiliated debtors
(collectively, the “Debtors” or “Bethlehem”), pursuant to sections 327(a) and 328(a) of title 11,
United States Code (the “Bankruptcy Code”), seek authority to employ Credit Suisse First
Boston Corporation (“CSFB”) and amend the terms of employment of Greenhill & Co., LLC
(“Greenhill”), and in support thereof state:

Background

1. On October 15, 2001 (the “Commencement Date”), each of the Debtors commenced a case under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. Bethlehem is a Delaware corporation, which, along with its subsidiaries and affiliates, manufactures and sells a wide variety of steel mill products including hot-rolled, cold-rolled and coated sheets, tin mill products, carbon and alloy plates, rail, specialty blooms, carbon and alloy bars and large diameter pipe. Its principal markets include automotive, construction, machinery and equipment, appliance, containers, service centers, rail and pipe.

3. Bethlehem is one of the largest integrated steelmakers in the United States. Its principal operations are comprised of three divisions: Burns Harbor Division, Sparrows Point Division, and Pennsylvania Division. The Burns Harbor Division operates facilities in Indiana on Lake Michigan and in Lackawanna, New York on Lake Erie. The Sparrows Point Division operates a facility on the Chesapeake Bay, near Baltimore, Maryland. Sales of products produced at the Burns Harbor and Sparrows Point Divisions, primarily steel sheet, generate approximately 80% of Bethlehem’s revenues. The Pennsylvania Division, which encompasses Pennsylvania Steel Technologies, operates three facilities in Pennsylvania – Coatesville, Conshohocken and Steelton.

4. Bethlehem commenced the chapter 11 cases to provide the necessary time to stabilize its business operations and to develop and implement a strategic plan to return its businesses to sustained profitability. Key objectives of the plan

will include restructuring the Debtors' capital structure, seeking the cooperation of the United Steel Workers of America ("USWA"), the representative of approximately 80% of their employees, to improve productivity and reduce costs, particularly employment and healthcare costs, and finding a solution to their approximate \$3 billion retiree healthcare obligation. While in chapter 11, the Debtors will continue to work with the federal government to remedy unfair trade practices, reduce excess steel capacity and foster domestic steel industry consolidation.

Jurisdiction

5. This Court has jurisdiction to consider this application (the "Application") pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

The Need for Additional Financial Advisory Services

6. By order dated December 19, 2001, the Court authorized the Debtors' employment of Greenhill as their exclusive financial advisor. At that time, Bethlehem was pursuing a strategy for reorganization that contemplated a series of potential joint ventures or possible consolidations of operations that appeared preferable to the concept of a stand alone plan of reorganization and the immediate need to radically modify its existing collective bargaining agreements and labor policies. Unfortunately, it does not appear that such strategy can be implemented in a timely fashion. Accordingly, in the beginning of July 2002, Bethlehem announced that it had determined to actively pursue a stand alone plan of reorganization. Although the pursuit of the stand alone reorganization has a first priority, Bethlehem is not abandoning its prior strategy. Bethlehem remains open to consideration of potential consolidations, mergers, and joint

ventures. However, given the time constraints imposed by the President's directive that steel companies "get their houses in order," and the looming employee benefit payments for pension plan contributions and retiree health and medical costs ("OPEB") that may be required in 2003, Bethlehem concluded that it must now pursue a stand alone reorganization.

7. In order to effectively and diligently pursue a stand alone reorganization, it is necessary that Bethlehem employ an additional financial advisor to assist it in determining the necessary restructuring of its operations, costs, and capital structure in connection with negotiating a new collective bargaining agreement with the USWA. The anticipated negotiations with the USWA will require extensive diligence, data production, and related services with a specific focus on the steel industry. In that respect, Bethlehem has selected CSFB as an additional financial advisor to complement Greenhill. CSFB has a specific expertise in the steel industry and is devoting substantial resources to the Bethlehem project.

8. Bethlehem recognizes the need for cost controls in the administration of the chapter 11 cases. Therefore, it negotiated with CSFB and Greenhill to limit the compensation payable to both financial advisors so that the aggregate potential cost for such financial advisory services would be within the potential cost of the original Greenhill engagement to the extent practicable. Under the original Greenhill engagement, the potential cost of Greenhill's professional services, assuming the payment of reorganization and/or other transactional fees, was projected to amount to slightly over \$13 million. Of that amount, \$12 million was allocated to transactional fees

and all monthly fees after the first six months were to be credited against any transactional fees.

9. The employment arrangement with CSFB takes into account the original cost projection for financial advisory services to be incurred by Bethlehem. CSFB and Greenhill have agreed to compensation arrangements which represent concessions by each of them to accommodate Bethlehem and its need for cost control. As a consequence, the aggregate transactional fees for both financial advisors will not exceed \$12 million, with a cap of \$6 million for each of CSFB and Greenhill. The monthly charge for financial advisory services under the original Greenhill engagement was \$175,000. Pursuant to the arrangement with CSFB and Greenhill, each financial advisor will receive a monthly fee of \$150,000 (with Greenhill's monthly fee reduced from \$175,000 as of September 2002). All the monthly fees paid to Greenhill after the first six months will be creditable against any transactional fees. Commencing with the thirteenth month, any monthly fees paid to CSFB thereafter for services rendered will be creditable against any restructuring transactional fees.

10. As a consequence of the arrangements described above and set forth in the respective engagement agreements annexed hereto as Exhibits "A" and "B," the potential cost of financial advisory services performed on behalf of Bethlehem by both CSFB and Greenhill is essentially consistent with the original Greenhill engagement, other than the noncreditable CSFB monthly fees for the first twelve months of its engagement. The arrangements made by Bethlehem with CSFB and Greenhill are fair and reasonable and represent significant concessions from the original proposals

made by each financial advisor. The engagements are necessary to enable Bethlehem to pursue its reorganization under chapter 11.

11. The engagement of CSFB and the revision of Greenhill's employment have been reviewed with the statutory Creditors' Committee and the representatives of Bethlehem's secured lenders. The Creditors' Committee and such representatives support the instant Motion.

Engagement of CSFB

12. Subject to the granting of this Motion, Bethlehem has employed CSFB as additional and principal financial advisor to its Senior Management to complement the continuing financial advisory services to be performed by Greenhill. The Debtors request authorization for the employment of CSFB, *nunc pro tunc*, to July 15, 2002, as a financial advisor pursuant to sections 327(a) and 328(a) of the Bankruptcy Code in accordance with the terms of the Engagement Letter, dated July 15, 2002, a copy of which is annexed hereto as Exhibit "A" (the "CSFB Engagement Letter").

13. As stated, CSFB is particularly well suited for the unique financial advisory services required by Bethlehem because it is a leading steel sector investment bank and is one of the world's leading corporate finance and investment banking firms. CSFB has been involved in many major steel sector transactions during the last several years. CSFB has raised more capital for steel companies than any other investment bank.

14. CSFB's professionals have provided restructuring and/or valuation services to debtors and other constituents in distressed situations involving steel companies. CSFB's professionals have assisted those entities through mergers and acquisitions ("M&A"), and by raising debt and equity capital. In M&A transactions,

CSFB advised (i) Corus Group (“Corus”) in its acquisition of Cia Siderurgica Nacional; (ii) BHP Billiton Limited in its de-merger of BHP Steel; (iii) USX Corporation in its de-merger of United States Steel Corp. (“USS”); and (iv) AK Steel Holding Corporation (“AK Steel”) in its acquisition of Armco Inc. As to debt capital raising, CSFB acted as (i) lead manager in the issuance of AK Steel’s \$550,000,000 7.75% senior notes due 2012; (ii) joint bookrunner in the issuance of Earle M. Jorgenson Co.’s \$250,000,000 9.75% senior secured notes due 2012; (iii) joint bookrunner in the issuance of UCAR Finance Inc.’s \$550,000,000 10.25% senior notes due 2012; (iv) sole bookrunner in the issuance of USS’s \$535,000,000 10.75% senior notes due 2008; and (v) lead manager for Corus in connection with its issuance of 3.0% senior convertible bonds due 2007. As to equity capital raising, CSFB acted as (i) joint bookrunner in connection with the issuance of USS’s 10,925,000 shares; (ii) lead manager for Reliance Steel & Aluminum in connection with its issuance of 6,325,000 shares; and (iii) lead manager for Ispat International in connection with its issuance of 28,750,000 shares. In addition to its representation of steel companies in capital raising transactions, CSFB’s pending steel-related restructuring assignments include Ispat Mexicana, Hylsamex, and Acindar.

15. Given CSFB’s background, expertise, and historical performance in steel transactions, Bethlehem believes that CSFB is both well qualified and uniquely able to perform the necessary financial advisory services for Bethlehem in a most efficient and timely manner. As more fully described in the CSFB Engagement Letter, CSFB has been engaged to provide the following services to Bethlehem:¹

¹ This summary is qualified in its entirety by reference to the provisions of the Engagement Letter. All defined terms not otherwise defined herein shall have the meanings ascribed thereto in the CSFB Engagement Letter.

- the resolution of the Debtors' needs to restructure their operating costs and, in particular, the attainment of a new Collective Bargaining Agreement with the USWA or other resolution of labor issues relating to staffing, OPEB, outsourcing, wages, etc. to assist the Debtors in achieving a Restructuring Transaction including the terms and timing of such transaction; *provided, however*, that the Debtors shall retain their own legal counsel and accountants for legal and tax advice;
- preparation of Offer Documents to the extent such documents relate to the terms of a Restructuring Transaction;
- assistance, as requested, in formulating a plan of reorganization and/or analyzing any plan of reorganization proposed, including assistance in the plan negotiations and plan confirmation process, and preparation and presentation of expert testimony relating to financial matters, if required; and
- assistance, as requested, in evaluating and negotiating any M&A Transaction.

16. At any time during the term of the engagement of CSFB and prior to the expiration of one year after the termination of the engagement, CSFB will have the right to act as a lead advisor in connection with any merger transaction, joint venture, sale, or other combination involving the Debtors or their affiliates, lead managing underwriter, exclusive placement agent, or lead arranger for the Debtors in connection with any sale of their securities or incurrence of bank or similar financing.

17. CSFB has stated its desire and willingness to act in these cases and render the professional services described in the CSFB Engagement Letter and currently is actively performing requested services. CSFB is providing only the services specified, unless CSFB and the Debtors agree on the terms and conditions of additional services and obtain appropriate approval of such terms and conditions.

18. In considering the employment of CSFB, Bethlehem has taken into account the prior engagement of Greenhill as stated in paragraphs 6 through 11 of this Motion.

19. Subject to the provisions of section 328(a) as incorporated in section 330 of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedures (the “Bankruptcy Rules”) and the Local Bankruptcy Rules for the Southern District of New York (the “Local Rules”), the Debtors propose to pay CSFB nonrefundable fees and reimburse CSFB for its reasonable out-of-pocket expenses as follows:

- a nonrefundable cash fee of \$150,000 per month (the “Monthly Fee”) with the first installment payable on the date which is the one-month anniversary of the execution of the CSFB Engagement Letter and subsequent installments payable on each subsequent monthly anniversary;
- in connection with any Restructuring Transaction, a fee equal to \$6 million payable upon consummation thereof (the “Completion Fee”),² *provided, however,* that after the thirteenth month from the execution of the CSFB Engagement Letter, the Monthly Fee shall be credited against the Completion Fee;
- in connection with any M&A Transaction, a fee (the “M&A Fee”) equal to the greater of (i) \$2,000,000 and (ii) an amount based on a percentage of the Aggregate Consideration in connection with any M&A Transaction, payable upon each closing in connection with such M&A Transaction *provided, however,* that the aggregate amount of fees payable under (i) and (ii) above shall not exceed \$6,000,000; and
- without regard to whether any Restructuring Transaction is consummated, the Debtors shall pay to or on behalf of CSFB, promptly as billed, all reasonable out-of-pocket expenses (including all reasonable fees and expenses of CSFB’s counsel) incurred by CSFB in connection with its services rendered pursuant to the CSFB Engagement Letter.

20. Bethlehem will indemnify CSFB and certain related persons in accordance with the indemnification provisions set forth in Schedule I to the CSFB Engagement Letter. Bethlehem will indemnify CSFB for claims brought by third-parties

² As described, *infra*, the terms of the engagement letter between the Debtors and Greenhill, authorized pursuant to Order of the Court dated December 19, 2001, has been amended such that the total amount paid by the Debtors to CSFB for the Completion Fee and paid to Greenhill for the Restructuring Fee (as hereinafter defined) will not exceed \$12 million, the amount this Court previously authorized to be paid to Greenhill in its capacity as exclusive financial advisor.

or Bethlehem; *provided, however*, that CSFB shall not be indemnified to the extent that a court determines by final order that a claim arose out of CSFB's own bad-faith, self-dealing, breach of fiduciary duty (if any such duty exists), gross negligence, or willful misconduct. These indemnification provisions are customary and reasonable for financial advisory engagements, both out-of-court and in chapter 11. *See In re Joan & David Halpern, Inc.*, 248 B.R. 43 (Bankr. S.D.N.Y. 2000).

21. The terms of CSFB's engagement are solely for the benefit of Bethlehem, CSFB, and the other Indemnified Persons referred to in Section 6 of the CSFB Engagement Letter and their successors and assigns, and no other person shall acquire or have any right under or by virtue of the engagement.

22. Bethlehem and CSFB have agreed to modify section 5 of the CSFB Engagement Letter to increase the number of days notice which must be given by either CSFB or the Debtors to terminate CSFB's engagement from ten (10) days to thirty (30) days to assure Bethlehem of an orderly transition if necessary and to make the terms of the CSFB engagement consistent with the terms of the Greenhill engagement.

23. Bethlehem requests approval of the terms of CSFB's engagement, including (i) the terms of the CSFB Engagement Letter (as modified by paragraph 22 hereof), subject to the standard of review provided in section 328(a) of the Bankruptcy Code, and (ii) the indemnification provisions contained therein. Section 328(a) of the Bankruptcy Code provides, in part, that a debtor "with the court's approval, may employ or authorize the employment of a professional person under section 327 . . . on any reasonable terms and conditions of employment, including a retainer, on an hourly basis, or on a contingent fee basis." 11 U.S.C. § 328(a). As recognized by numerous courts,

Congress intended section 328(a) to enable debtors to retain professionals pursuant to specific fee arrangements to be determined at the time of the court's approval of the retention, subject to modification only if the terms are found to be improvident in light of "developments not capable of being anticipated at the time of the fixing of such terms and conditions." *Id. See In re Nat'l Gypsum Co.*, 123 F.3d 861, 862-63 (5th Cir. 1997) ("If the most competent professionals are to be available for complicated capital restructuring and the development of successful corporate reorganization, they must know what they will receive for their expertise and commitment.").

24. The fee structure and indemnification provisions set forth in the CSFB Engagement Letter are reasonable terms and conditions of employment and should be approved under section 328(a) of the Bankruptcy Code. The fee structure and indemnification provisions appropriately reflect the nature of the services to be provided by CSFB and the fee structure and indemnification provisions typically utilized by CSFB and other leading financial advisory and investment banking firms, which do not bill their clients on an hourly basis and generally are compensated on a transactional basis. The fee structure and indemnification provisions are reasonable terms and conditions of employment in light of (a) industry practice, (b) market rates charged for comparable services both in and out of the chapter 11 context, and (c) CSFB's substantial experience with respect to financial advisory and investment banking services.

25. To the best of Bethlehem's knowledge, information, and belief, CSFB has no connection with, and holds no interest adverse to, the Debtors, their estates, their creditors, or any other party in interest, or their respective attorneys or accountants in the matters for which CSFB is proposed to be retained, except as disclosed in the

declaration of Dhruv Narain, a managing director of CSFB (the “Narain Declaration”), annexed hereto as Exhibit “C.”

26. CSFB is a “disinterested person,” as such term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and as required under section 327(a) of the Bankruptcy Code. The Narain Declaration, executed on behalf of CSFB in accordance with section 327 of the Bankruptcy Code and Bankruptcy Rule 2014, is filed contemporaneously herewith and incorporated herein by reference. The Debtors’ knowledge, information, and belief regarding the matters set forth in this Application are based, and made in reliance upon, the Narain Declaration.

27. The employment of CSFB on the terms and conditions set forth in the CSFB Engagement Letter is in the best interests of Bethlehem, its creditors, and all parties in interest.

28. CSFB will file appropriate applications with the Court for the allowance of its compensation and reimbursement of expenses in accordance with the CSFB Engagement Letter and applicable authorities.

29. Notwithstanding any provision in the CSFB Engagement Letter to the contrary, with respect to CSFB’s provision of postpetition services, CSFB irrevocably and unconditionally submits to the exclusive jurisdiction of this Court over any suit, action, or proceeding arising out of or relating to the CSFB Engagement Letter or the order approving this Application (including any request for indemnification) accruing through confirmation of a plan of reorganization in these chapter 11 cases or, in the event

that no plan of reorganization is confirmed in the cases, fees and expenses accruing prior to the last day of CSFB's employment pursuant to the CSFB Engagement Letter.

Amendment of the Terms of Greenhill's Retention

30. By order dated December 19, 2001, the Court approved Bethlehem's employment of Greenhill as its exclusive financial advisor (the "Greenhill Retention Order"). Bethlehem has amended the terms of its employment of Greenhill in order to complement the employment of CSFB. Pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, Bethlehem requests approval of such amendment, a copy of which is annexed hereto as Exhibit "B" (the "Amended Greenhill Engagement Letter"), *nunc pro tunc*, to October 12, 2001.

31. Pursuant to the terms of the Amended Greenhill Engagement Letter, Greenhill will continue to provide financial advisory and investment banking services as the principal advisor to Bethlehem and its Board of Directors in the pursuit of a comprehensive reorganization. In such capacity, Greenhill will continue to provide general financial advisory services, restructuring services, and sale services, as set forth more fully in the Amended Greenhill Engagement Letter. With the exception of the provisions relating to Greenhill's compensation, described below, the remaining provisions of the Amended Greenhill Engagement Letter are substantially identical to the provisions approved pursuant to the Greenhill Retention Order.

32. The Greenhill Retention Order provides that if during the term of Greenhill's engagement or within eighteen full months of the termination of Greenhill's engagement, a Restructuring (as such term is defined in the Greenhill Engagement Letter) is consummated, Greenhill could be entitled to a transaction fee (a "Restructuring Fee") equal to \$12 million. Pursuant to the amendment and the additional financial advisory

services required by Bethlehem, Bethlehem and Greenhill have agreed to reduce the amount of the Restructuring Fee to \$6 million. Accordingly, any Restructuring Fees or transactional fees payable to Greenhill and CSFB may not exceed in the aggregate \$12 million.

33. Finally, the Greenhill Retention Order provided that any Restructuring Fee in excess of \$8 million would be subject to review under section 330 of the Bankruptcy Code. In light of Bethlehem's and Greenhill's agreement to reduce the amount of the Restructuring Fee to \$6 million, the Debtors request that the order approving this Motion clarify that the Restructuring Fee is subject to the applicable standards under section 328 of the Bankruptcy Code.

Conclusion

34. The net financial effect of the engagement of CSFB and the amendment of the Greenhill employment is (a) an increase in the aggregate monthly advisory fees from \$175,000 to \$300,000 per month, i.e., \$150,000 per month to CSFB and Greenhill, respectively, and (b) potentially, if the reorganization cases extend through July 15, 2003, CSFB's noncreditable monthly fees for that twelve month period. In all other respects, the additional engagement of CSFB does not add to the original contemplated potential costs of financial advisory services, exclusive of extending the application of section 328 of the Bankruptcy Code to all transactional compensation that may be payable under the respective engagement agreements.

35. As stated, Bethlehem has fully discussed the need for the financial advisory services of CSFB and the continued performance of services by Greenhill with

the Creditors' Committee and the representatives of its secured lenders. The instant Motion has the full support of such creditor constituencies.

Waiver of Memorandum of Law

36. Pursuant to Local Bankruptcy Rule for the Southern District of New York 9013-1(b), because there are no novel issues of law presented herein, the Debtors respectfully request that the Court waive the requirement that the Debtors file a memorandum of law in support of this Application.

Notice

37. No trustee or examiner has been appointed in these chapter 11 cases. Notice of this Motion will be served upon the entities set forth in the Debtors' Master Service List established pursuant to that certain Order Establishing Notice Procedures dated October 15, 2001. The Debtors submit that such notice is good and sufficient and that no other or further notice need be given.

38. No prior application for the relief requested by this Motion has been made to this or any other court.

WHEREFORE Bethlehem respectfully requests that it be authorized to employ CSFB pursuant to the CSFB Engagement Letter, that the Amended Greenhill Engagement Letter be approved, and that it be granted such other and further relief as is just.

Dated: Bethlehem, Pennsylvania
September 6, 2002

Bethlehem Steel Corporation, *et al.*
Debtors and Debtors in Possession

By: /s/ Leonard M. Anthony
Leonard M. Anthony
Senior Vice President
Chief Financial Officer and Treasurer

EXHIBIT F

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

<hr/>		X
In re	:	Chapter 11 Case Nos.
	:	
BETHLEHEM STEEL CORPORATION, et al.	:	01-15288 (BRL) through 01-15302, 01-15308 through 01-15315 (BRL) (Jointly Administered)
Debtors.	:	
	:	
<hr/>		X

**INTERIM ORDER PURSUANT TO SECTIONS 327(a)
AND 328(a) OF THE BANKRUPTCY CODE AUTHORIZING
THE DEBTORS TO (i) EMPLOY CREDIT SUISSE FIRST BOSTON
CORPORATION AS ADDITIONAL FINANCIAL ADVISOR,
NUNC PRO TUNC TO JULY 15, 2002 AND (ii) AMEND THE
TERMS OF THE EMPLOYMENT OF GREENHILL & CO., LLC AS
FINANCIAL ADVISOR, *NUNC PRO TUNC* TO OCTOBER 12, 2001**

Upon the motion of Bethlehem Steel Corporation and its affiliated debtors (collectively, "Bethlehem" or the "Debtors"), dated September 6, 2002 (the "Motion"), for authority pursuant to sections 327(a) and 328(a) of title 11, United States Code (the "Bankruptcy Code"), to (i) employ Credit Suisse First Boston Corporation ("CSFB") as an additional financial advisor, *nunc pro tunc* to July 15, 2002, in accordance with the terms of the Engagement Letter dated as of July 15, 2002, substantially in the form annexed hereto as Exhibit "A" (the "CSFB Engagement Letter"), and (ii) amend the terms of engagement of Greenhill & Co., LLC ("Greenhill") as the previously approved financial advisor for Bethlehem, *nunc pro tunc* to October 12, 2001, as set forth in the amended engagement letter annexed to the Motion as Exhibit "B" (the "Amended Greenhill Engagement Letter"); and upon the Declaration of Dhruv Narain, a managing director of CSFB (the "Narain Declaration"), a copy of which is annexed to the Motion as Exhibit "C"; and it appearing that CSFB represents or holds no interest adverse to Bethlehem or the Debtors' estates as to the matters upon which it is to be engaged and is disinterested under section 101(14) of the

Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and that the employment of CSFB and the amended terms of employment of Greenhill are appropriate and in the best interests of Bethlehem and the administration of the chapter 11 cases; and it appearing that due notice of the Motion has been given and that no other or further notice need be provided; and after due deliberation and sufficient cause appearing therefor; it is

ORDERED that Bethlehem is authorized pursuant to sections 327(a) and 328(a) of the Bankruptcy Code to employ CSFB as financial advisor upon the terms and conditions set forth in the CSFB Engagement Letter and this Order, *nunc pro tunc*, to July 15, 2002; and it is further

ORDERED that, subject to the Court's determination of any timely objection to the Motion pursuant to this Order, the compensation payable to CSFB pursuant to the terms of the CSFB Engagement Letter, and the indemnification provisions contained therein, are approved and shall be subject to the standard of review provided in section 328(a) of the Bankruptcy Code; and it is further

ORDERED that the Office of the United States Trustee retains all rights to object to any applications for compensation (including expense reimbursement) filed by CSFB, on any basis it deems appropriate including, but not limited to, the reasonableness standard provided for in section 330 of the Bankruptcy Code; and it is further

ORDERED that, subject to the Court's determination of any timely objection to the Motion pursuant to this Order, the indemnification provisions of the CSFB Engagement Letter are approved, subject to the following:

(a) all requests of CSFB for payment of indemnity, contribution, or otherwise pursuant to the indemnification provisions of the CSFB Engagement Letter shall

be made by means of an application (interim or final, as the case may be) and shall be subject to review by the Court to ensure that such payment conforms to the terms of the CSFB Engagement Letter and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is requested; *provided, however*, that in no event shall CSFB be indemnified or receive contribution if it is determined that it 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 CSFB be indemnified or receive contribution or other payment under the indemnification provisions of the CSFB Engagement Letter if Bethlehem or the statutory creditors' committee asserts a claim for, and the Court determines by final order that, such claim arose out of CSFB's own bad faith, self-dealing, breach of fiduciary duty, if any, gross negligence, or willful misconduct;

(c) in the event CSFB seeks reimbursement from Bethlehem for attorneys' fees pursuant to the CSFB Engagement Letter, the invoices and supporting time records from such attorneys shall be included in CSFB's applications for compensation, and such invoices and time records shall be subject to the United States Trustee's guidelines for compensation and reimbursement of expenses and the approval of this Court 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 CSFB Engagement Letter, the terms of this Order shall govern; and it is further

ORDERED that the amended terms of the Debtors' employment of Greenhill described in the Motion and set forth in the Amended Greenhill Engagement Letter, are approved *nunc pro tunc* to October 12, 2001; and it is further

ORDERED that this Court shall retain exclusive jurisdiction to construe and enforce the terms of the Motion, the CSFB Engagement Letter, the Amended Greenhill Engagement Letter, and this Order; and it is further

ORDERED that the Debtors shall serve a copy of the notice of the Motion annexed hereto as Exhibit "B" upon all creditors of their estates for the purpose of providing such creditors an opportunity to object to the indemnification provisions contained in the CSFB Retention Letter and/or the provisions of this Order authorizing CSFB's retention pursuant to section 328 of the Bankruptcy Code; and it is further

ORDERED that objections, if any, to the relief requested in the Motion shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and Local Rules and Orders of the Bankruptcy Court, shall set forth the name of the objecting party, the nature and amount of claims or interests held or asserted against the Debtors' estates or properties, the basis for the objection, and the specific grounds therefor; and it is further

ORDERED that if timely objections are received, there shall be a hearing held on October 24, 2002 at 10:00 a.m. (the "Final Hearing") to consider such objections and such objections shall be filed with the Court, One Bowling Green, New York, New York 10004-1408, by no later than October 18, 2002 at 4:00 p.m. and served on the Office of the United States Trustee, 300 Whitehall Street, 21st Floor, New York, New York 10004, Attention: Carolyn Schwartz, Esq., and Weil, Gotshal & Manges LLP, Attorneys for the Debtors, 767 Fifth Avenue, New York, New York 10153, Attention: George A. Davis, Esq. so as to be actually received by such filing deadline; and it is further

ORDERED if no objections are timely filed, served, and received in accordance with this Order, the Court may enter a final order approving the relief requested in the Application without further notice or hearing; and it is further

ORDERED that the requirement under Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York for the filing of a separate memorandum of law is waived and dispensed with.

Dated: New York, New York
October 7, 2002

/s/Burton R. Lifland
UNITED STATES BANKRUPTCY JUDGE

Michael A. Kramer
Greenhill & Co., LLC
300 Park Avenue, 23rd Floor
New York, NY 10012
(212) 389-1500
Financial Advisors to the Debtors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re:)	
	)	Chapter 11 Case Nos.
BETHLEHEM STEEL CORPORATION	)	01-15288 (BRL) through
et al.	)	01-15302, 01-15308 through
	)	01-15315 (BRL)
Debtors.	)	(Jointly Administered)

**CERTIFICATION PURSUANT TO GUIDELINES FOR FEES AND DISBURSEMENTS FOR
PROFESSIONALS IN RESPECT OF FIFTH AND FINAL APPLICATION OF GREENHILL &
CO., LLC FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES**

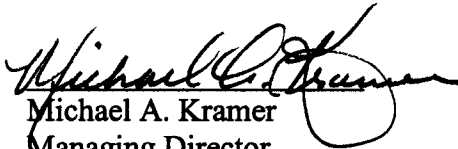
I, Michael A. Kramer, hereby certify that:

1. I am a Managing Director at Greenhill & Co., LLC (“Greenhill”) and the professional designated by Greenhill with the responsibility for the Debtors appointed in the Chapter 11 cases of Bethlehem Steel Corporation (the “Debtors”) in respect of compliance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the “Local Guidelines”) and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. §330, adopted on January 30, 1996 (the “UST Guidelines”).
2. This certification is made in respect of Greenhill’s fifth and final application, dated February 27, 2003 (the “Application”) including the exhibits annexed thereto, for final compensation and reimbursement of expenses for the period commencing February 1, 2003 through May 31, 2003 (the “Application Period”) in accordance with the Local Guidelines.
3. In respect of Section B(1) of the Local Guidelines, I certify that:
 - (A) I have read the Application;
 - (B) To the best of my knowledge, information and belief formed after reasonable inquiry, the fees and disbursements fall within the Local Guidelines;
 - (C) The fees and disbursements sought are charged in accordance with practices customarily employed by Greenhill and generally accepted by Greenhill’s clients; and

(D) In providing a reimbursable service, Greenhill does not make a profit on that service, whether Greenhill performs the service in-house or through a third party.

4. In respect of Section B(3) of the Local Guidelines, I certify that the Chairman of the Creditors' Committee, the US Trustee, the Debtors, the counsel for the Debtors and the counsel for the Creditors' Committee are each being provided with a copy of the Application in accordance with the Administrative Order.
5. By this certification, Greenhill does not waive or release any rights or entitlements it has under the order of this Court, dated December 19, 2001, approving Greenhill's retention as financial advisor *nunc pro tunc* to October 15, 2001, pursuant to Greenhill's normal billing and customary reimbursement and disbursement practices.

Dated: New York, NY
June 26, 2003

By: 
Michael A. Kramer
Managing Director
Greenhill & Co., LLC