

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

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

Name of Applicant: PricewaterhouseCoopers LLP

Authorized to Provide
Professional Services to: Bethlehem Steel Corporation, et al.,

Date of Retention: Order entered on January 4, 2002

Period for which Compensation
is sought: October 15, 2001 through January 31, 2002

Period for which Reimbursement
is sought: October 15, 2001 through January 31, 2002

Amount of Compensation sought as actual, reasonable, and necessary Fixed Fee Services (Audit) \$ 152,800.00¹

Amount of Expense Reimbursement sought as actual, reasonable, and necessary Fixed Fee Services (Audit) \$ 11,672.24

This is an: x interim _____ final application.

¹ This amount is equal to 80% of the total compensation (\$191,000) for services rendered during the period October 15, 2001 through January 31, 2002.

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

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

**FIRST INTERIM APPLICATION OF PRICEWATERHOUSECOOPERS LLP AS AUDITORS
AND TAX ADVISORS TO BETHLEHEM STEEL CORPORATION, ET AL., FOR
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF ACTUAL AND
NECESSARY EXPENSES INCURRED
FROM OCTOBER 15, 2001 THROUGH JANUARY 31, 2002**

INDEX

**APPLICATION FOR ALLOWANCE OF COMPENSATION FOR SERVICES AND REIMBURSEMENT OF
ACTUAL AND NECESSARY EXPENSES INCURRED**

EXHIBIT I	Application
EXHIBIT II	Summary of Fixed Fee (Audit) Services by Professional
EXHIBIT III	Expense Summary
EXHIBIT IV	Expense Detail by Category
EXHIBIT V	Motion to Retain PricewaterhouseCoopers LLP and the January 4, 2002 Order
EXHIBIT VI	Affidavit of James G. Kaiser Under Federal Bankruptcy Rule 2016
EXHIBIT VII	First Supplemental Affidavit of James G. Kaiser Under Federal Bankruptcy Rule 2016

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**FIRST INTERIM APPLICATION OF PRICEWATERHOUSECOOPERS LLP AS AUDITORS AND
TAX ADVISORS TO BETHLEHEM STEEL CORPORATION, ET AL., FOR COMPENSATION
FOR SERVICES RENDERED AND REIMBURSEMENT OF ACTUAL AND NECESSARY
EXPENSES INCURRED
FROM OCTOBER 15, 2001 THROUGH JANUARY 31, 2002**

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

PricewaterhouseCoopers LLP, (hereinafter referred to as "PricewaterhouseCoopers", "PwC" or the "Applicant") moves pursuant to Sections 330 and 331 of Title 11 of the United States Code and Bankruptcy Rule 2016 for an Order awarding reasonable interim compensation for professional services rendered as Auditors and Tax Advisors to Bethlehem Steel Corporation and its affiliated debtors in the above-captioned cases, (collectively, the "Debtors") in the amount of \$152,800.00¹ together with reimbursement for actual and necessary expenses in the amount of \$11,672.24 for the period of October 15, 2001 through January 31, 2002.

¹ This amount is equal to 80% of the total compensation (\$191,000) for services rendered during the period October 15, 2001 through January 31, 2002.

In support of this application, the Applicant represents as follows:

1. On October 15, 2001 (the "Petition Date"), the Debtors filed voluntary petitions for relief pursuant to chapter 11, title 11, United States Code (the "Bankruptcy Code"). Since that date, the Debtors have continued to operate their businesses as debtors-in-possession in accordance with sections 1107(a) and 1108 of the Bankruptcy Code.
2. No trustee or examiner has been appointed in this case.
3. On January 4, 2002, this Court approved an order (the "Retention Order") authorizing the employment of PwC as Auditors and Tax Advisors to the Debtors.
4. The Retention Order authorized the retention of PwC to render to the Debtors the following essential services, which include but are not limited to the following:

Accounting, Auditing and Tax Services

- (i) Audits of the financial statements of the Debtors as may be required from time to time and assistance in the preparation and filing of financial statements and disclosure documents required by the Securities and Exchange Commission, including Forms 10-K and 10-Q as required by applicable law, or as requested by the Debtors;
 - (ii) Audits of the Debtors' benefit plans as may be required by the Department of Labor or the Employee Retirement Income Security Act, as amended;
 - (iii) Advice and assistance regarding tax issues, including assistance in the preparation, review and/or filing of tax returns as well as other tax advice and assistance as needed and requested by the Debtors; and
 - (iv) Performance of other accounting services requested by the Debtors as may be necessary or desirable.
5. This Application is made by PricewaterhouseCoopers LLP in accordance with General Order No. 93-1 dated August 1, 1993, the Guidelines adopted by the Executive Office for the United States Trustee and the Administrative Order, Pursuant to Section 105(a) and 331 of the Bankruptcy Code, Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals dated August 24, 1999. Pursuant to this application, PwC has attached the following exhibits:
 - Exhibit II - provides a summary of fixed fee audit services by professional.
 - Exhibit III – provides a summary of actual and necessary expenses incurred.

- Exhibit IV – provides a detailed description of actual and necessary expenses incurred, by expense category.
- Exhibit V – the motion to retain PricewaterhouseCoopers LLP and the January 4, 2002 order.
- Exhibit VI – the Affidavit of James G. Kaiser under Federal Bankruptcy Rule 2016.
- Exhibit VII – the First Supplemental Affidavit of James G. Kaiser under Federal Bankruptcy Rule 2016.

6. Applicant requests an award of \$152,800.00¹ for professional services (audit) and \$11,672.24 for necessary expenses incurred on behalf of the Debtors during the period from October 15, 2001 through January 31, 2002. These expenses include transportation and travel costs related to work performed at the Debtors' premises, meetings and court hearings, as well as courier expenses and expenses related to out of pocket costs. These expenses do not include certain amounts for administrative costs incurred in the course of our work, which are not reimbursable based upon the guidelines issued by the Court. In rendering the fixed fee services described above, PwC expended a total of 2,351 hours. This time is detailed in Exhibit II. Such services were reasonable and necessary in order for PwC to discharge its duties and obligations to the Debtors and this Court.

7. Other than as provided in Section 504(b) of the Bankruptcy Code, PwC has not shared, or agreed to share, any compensation received as a result of this case with any person, firm or entity. No promises concerning compensation have been made to PwC by any firm, person or entity. The sole and exclusive source of compensation shall be funds of the Estate.

8. The Applicant asserts that compensation requested above is reasonable compensation for the actual and necessary services rendered based upon the time, nature and value of such services. PwC further asserts that the cost of services rendered for and on behalf of the Debtors is comparable to the cost of similar services in matters other than under the Bankruptcy Code.

9. a) To date PwC has not been paid any fees for fixed fee services (audit) and related out-of-pocket expenses from the fixed fee and expense compensation of \$164,472.24² requested above.
- b) In accordance with the Administrative Order, Pursuant to Sections 105(a) and 331 of the Bankruptcy Code, Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals (the "Administrative Order"), PwC has submitted to this Court its First Interim Fee Application requesting compensation for the period October 15, 2001 through January 31, 2002.

THEREFORE, PricewaterhouseCoopers LLP respectfully requests that the Court enter an Order granting interim allowance of compensation for professional services rendered by PwC to the Debtors. Such order would authorize the Debtors to pay the Applicant the balance due of \$164,472.24² for fixed fee services and related expenses performed from October 15, 2001 through January 31, 2002, and for such other and further relief as is just.

²This amount represents the aggregate of 80% of the total compensation (\$191,000) for services rendered and 100% of actual and necessary expenses incurred in the amount of \$11,672.24, during the period October 15, 2001 through January 31, 2002.

Certification

The undersigned hereby certifies that he has read this Application, to the best of the undersigned's knowledge, information and belief formed after reasonable inquiry, the compensation and expense reimbursement sought herein conforms with the Southern District Guidelines, except as otherwise specifically noted in this Application and the compensation and expense reimbursement requested are billed at rates and in accordance with practices no less favorable to the Debtors' estates than those customarily employed by PricewaterhouseCoopers LLP generally, except if otherwise specifically noted in this Application.

Dated: March 14, 2002

PRICEWATERHOUSECOOPERS LLP

By: /s/ James G. Kaiser

James G. Kaiser
Partner

Two Commerce Square
2001 Market Street
Suite 1700
Philadelphia, PA 19103

Auditors and Tax Advisors for the Debtors

Bethlehem Steel Corporation
PricewaterhouseCoopers LLP
Fixed Fee Audit Services
Summary of Time Incurred October 15, 2001 through January 31, 2002

Professional	General Audit Areas	Time Incurred: Total Hours
James G. Kaiser, Partner	Engagement planning and management Participation in team meetings Meetings with management Research accounting issues Prepare for/participate in Audit Committee meetings Participate in third quarter review Consultations with National Office and concurring review partner Detailed review of SEC filings Detailed review of financial statements Detailed review and supervision	85
Raymond Bromark, Partner	Concurring partner review	7
Randy Vitray, Partner (National Office)	Consultation with engagement team	3
Doug Tanner, Partner (National Office)	Consultation with engagement team	2
Cleghorn D. Penn, Partner (Regional Risk Management)	Consultation with engagement team	2
Dianna Cravotta, Director (National Office)	Review of SEC filing	1
James W. Geary, Sr. Manager (National Office)	Consultation with engagement team	6
Pamela Schlosser, Sr. Manager (National Office)	Consultation with engagement team Detailed review of SEC filing Detailed review of financial statements	3
Beth Paul, Sr. Manager (National Office)	Detailed review of SEC filing Detailed review of financial statements	3
Andrea K. Setzer, Manager	Engagement management Participation in team meetings Meetings with management Detailed review and supervision of engagement team Visit operating locations Research and documentation of accounting issues Audit of asset impairments Audit of legal / environmental reserves Detailed review of derivatives Detailed review of closed/exited businesses liability Coordination of audit effort with Internal Audit Consultations with National Office	407

	Participate in third quarter review Prepare for/participate in Audit Committee meetings Preparation of management representation letters Detailed review of SEC filings Detailed review of financial statements	
Frank Sudell, Manager	Tax engagement management Meetings with management Coordinate with auditors Detailed review of third quarter tax provision and accounts Detailed review of year end tax provision and accounts	8
Eliane Kihara, Manager (Global Risk Management Solutions)	Preparation for and participation in closing meeting	7
Edward Hanway, Sr. Associate	Participate in third quarter review Transition of senior responsibilities	28
Johnathon Cole, Sr. Associate	Supervision of engagement team Participation in team meetings Meetings with management Research of accounting issues Interim audit work (Corporate) January site visit at Sparrows Point Audit of investments in associated enterprises Audit of derivatives Audit of closed/exited business liability Audit of pension and OPEB obligations and expense Detailed review of cash Detailed review of debt/equity securities Detailed review of pre/post petition liabilities Detailed review of accounts receivable / sales Detailed review of inventory Detailed review of fixed assets Detailed review of stockholders' equity Detailed review of accounts payable Preparation of summary of unadjusted differences Review of board of directors' meeting minutes Review of internal audit reports Tie down of financial statements and Form 10-K	337
Ann Micka, Sr. Associate (Global Risk Management Solutions)	Preparation for and participation in closing meeting	6
Ryan Simoes, Associate	Participation in team meetings Participate in third quarter review Interim audit work (Corporate) Detailed review and analysis of balance sheet Detailed review and analysis of income statement Detailed review of statement of cashflows Detailed review of earnings per share calculation Audit of accounts receivable / sales (interim & final)	493

	Audit of inventory (interim & final) Audit of closed/exited business liability (final) Audit of stockholders' equity (final) Completion of open items for interim site visits January site visit at Burns Harbor Physical inventory observation at Sparrows Point Review of fourth quarter adjustments Preparation of management representation letters Tie-down of press release Tie down of financial statements and Form 10-K	
Jeff Bharkhda, Associate	Participation in team meetings Audit of fixed assets (interim & final) Audit of accrued employment costs (interim & final) Audit of other accrued taxes (interim & final) Audit of pre/post petition liabilities January site visit at Sparrows Point Tie-down of press release Tie down of financial statements and Form 10-K	254
Stuart Newbill, Associate	Participation in team meetings Audit of other current assets (interim & final) Audit of accrued liabilities (interim & final) Audit of debt (interim & final) Audit of pre/post petition liabilities Tie-down of press release Tie down of financial statements and Form 10-K	222
Elaine Shook, Paraprofessional	Coordination of meetings with management Participation in team meetings Preparation of schedules and analysis Preparation and tracking of confirmations Preparation and tracking of client assistance requests Review and distribution of industry current events Audit of cash (interim & final) Audit of investments in debt/equity securities (final) Audit of debt and capital leases (interim & final) Preparation of audit committee reports Detailed review of independence Assistance with time tracking and billing Coordination of distribution of miscellaneous materials to client Miscellaneous photocopying and faxing	436
Administrative Assistance	Coordination of meetings with management Distribution of billing summaries Report preparation Miscellaneous photocopying and faxing	25
Other	Physical inventory observations at Burns Harbor	16
	TOTAL HOURS INCURRED	2,351