

**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: February 1, 2003 through May 31, 2003

Period for which Reimbursement is sought: February 1, 2003 through May 31, 2003

Amount of Compensation sought as actual, reasonable, and necessary: Fixed Fee Services (Audit) \$ 100,500.00¹
 Non-Fixed Fee Services \$ 25,867.20²

Amount of Expense Reimbursement sought as actual, reasonable, and necessary: Fixed Fee Services (Audit) \$ ---
 Non-Fixed Fee Services \$ ---

This is an: x interim final application.

If this is not the first fee application filed, disclose the following for each prior application:

Date Filed	Period Covered	Requested		Approved		Paid	
		Fees	Expenses	Fees	Expenses	Fees	Expenses
3/15/2002	10/15/2001-1/31/2002	\$152,800.00	\$11,672.24	\$152,800.00	\$11,540.38	\$152,800.00	\$11,540.38
7/16/2002	2/1/2002 – 5/31/2002	\$167,100.00	\$ 2,981.85	\$167,100.00	\$ 2,981.85	\$167,100.00	\$ 2,981.85
11/15/2002	6/1/2002 – 9/30/2002	\$399,300.00	\$17,780.29	\$399,300.00	\$17,780.29	\$399,300.00	\$17,780.29
2/27/2003	10/1/2002 - 1/31/2003	\$386,600.00	\$13,562.09	\$386,600.00	\$13,562.09	\$386,600.00	\$13,562.09

¹ Pursuant to the Order dated May 23, 2002, PricewaterhouseCoopers LLP is seeking payment of 100% of amounts invoiced for professional services rendered in connection with the Fixed Fee Services, as defined in the Supplemental Application dated May 9, 2002.

² Pursuant to the Order dated May 23, 2002, PricewaterhouseCoopers LLP is seeking payment of 80% of amounts invoiced (\$32,334.00) for professional services rendered in connection with non-fixed fee services.

**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

**FIFTH 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 FEBRUARY 1, 2003 THROUGH MAY 31, 2003**

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

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re :) Chapter 11
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BETHLEHEM STEEL CORPORATION, et al.,) Case Nos. 01-15288 through
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**FIFTH 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 FEBRUARY 1, 2003 THROUGH MAY 31, 2003**

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

PricewaterhouseCoopers LLP, (hereinafter referred to as "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 \$126,367.20¹ for the period of February 1, 2003 through May 31, 2003.

¹ Pursuant to the Order dated May 23, 2002, PwC is seeking payment of 100% of amounts invoiced for professional services rendered in connection with the Fixed Fee Services (\$100,500.00), as defined in the Supplemental Application dated May 9, 2002 and is seeking payment of 80% of amounts invoiced (\$32,334.00) for professional services rendered in connection with non-fixed fee services.

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. On May 23, 2002, this Court approved an order authorizing the amendment of the terms of the retention of PwC as Auditors, Tax Advisors and Bankruptcy and Reorganization Consultants.
4. The Retention Order, as amended, 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.

Additionally, the Debtors may request from time to time the consulting services of PwC with respect to bankruptcy issues related to creditor claims; voidable transactions; vendor relations; analysis of the business, operations and financial plans (including assistance with strategic and structuring analyses) (the "Reorganization Services"); and, other bankruptcy and reorganization consulting for 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 detail of non-fixed fee services by professional.
- Exhibit IV – the motion to retain PricewaterhouseCoopers LLP and the January 4, 2002 order.
- Exhibit V – the Affidavit of James G. Kaiser under Federal Bankruptcy Rule 2016.
- Exhibit VI – the First Supplemental Affidavit of James G. Kaiser under Federal Bankruptcy Rule 2016.
- Exhibit VII – the motion to amend the terms of the retention of PwC and the May 23, 2002 order.

6. Applicant requests an award of \$100,500.00¹ for fixed fee professional services (audit) and \$25,867.20¹ for non-fixed fee professional services incurred on behalf of the Debtors during the period from February 1, 2003 through May 31, 2003. In rendering the fixed fee services described above, PwC incurred approximately 300 hours of incremental time as a result of the new fraud auditing standard, employee benefit plan going concern procedures and additional time required as a result of the recently enacted Sarbanes-Oxley Act; this time was included in the time summaries provided in the Third and Fourth Interim Period applications. Additionally, during the period February 1, 2003 through May 31, 2003, PwC expended a total of 673.9 hours relating to fixed fee services. This time is detailed in Exhibit II. In rendering the non-fixed fee services described above, PwC expended a total of 113.1 hours. This time is detailed in Exhibit III. 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. PwC also seeks payment of seventy-five percent (75%) of the holdback amount (\$7,000.00) for the Third Interim Period in the aggregate amount of \$5,250.00. PwC intends to seek approval for the payment of the remaining twenty-five percent (25%) of the holdback amount for the Third Interim Period in its final fee application.

10. a) To date, PwC has been paid fees for fixed fee services (audit) from the fee compensation of \$100,500.00. PwC has not yet been paid for non-fixed fee services rendered during the period.

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 Fifth Interim Fee Application requesting compensation for the period February 1, 2003 through May 31, 2003.

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 total amount due of \$126,367.20¹ for fixed fee and non-fixed fee services incurred from February 1, 2003 through May 31, 2003, and for such other and further relief as is just. PricewaterhouseCoopers LLP also respectfully requests that the Court enter an Order allowing for the payment of 75% of the holdback amount from the Third Interim Period (\$5,250.00).

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: June 20, 2003

PRICEWATERHOUSECOOPERS LLP

By: James Clancy
James Clancy
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 February 1, 2003 through May 31, 2003

Professional	General Audit Areas	Time Incurred: Total Hours
James Clancy, Partner	Meetings with management Preparation for and participation in April 2003 Audit Committee meeting Review of LS -513 Federal Longshoremen's report Review of Profit Sharing Calculation and related report Final workpaper review and filing	15.0
Andrea K. Setzer, Sr. Manager	Engagement management Meetings with management Preparation for and participation in April 2003 Audit Committee meeting Coordination of audit effort with Internal Audit Review of monthly court docket and relevant documents Review of LS -513 Federal Longshoremen's report Review of Profit Sharing Calculation and related report Final workpaper review and filing	144.0
David Smith, Manager	Meetings with management Detailed review and supervision of engagement team Final workpaper review and filing	96.7
Ryan Simoes, Sr. Associate	Final workpaper review and filing	18.0
Marie Andrade, Sr. Associate	Final workpaper review and filing	0.7
Ryan Morinelli, Associate	Final workpaper review and filing	1.0
Elaine Shook, Paraprofessional	Audit of LS-513 Federal Longshoremen's report Audit of Profit Sharing Calculation Coordination of meetings with management Assistance with preparation for April 2003 Audit Committee meeting Preparation of schedules and analyses Review and distribution of industry current events Assistance with time tracking and billing Assistance with bankruptcy related issues Miscellaneous photocopying and faxing	381.0
Administrative Assistance	Distribution of billing summaries Report preparation Miscellaneous photocopying and faxing	17.5
	TOTAL HOURS INCURRED	673.9

**BETHLEHEM STEEL
CORPORATION**

Non-Fixed Fee Services

Summary Detail: Time Incurred February 1, 2003 through May 31, 2003

<u>Date</u>	<u>Description</u>	<u>Hours</u>
<i>Preparation of 280G Calculations</i>		
<i>Bruce Clouser, Director</i>		
3/31/2003	Discuss technical 280G/excise tax issues with M. Lennartz	<u>1.0</u>
		1.0
<i>Sheila McNulty-Bobholz, Executive Assistant</i>		
4/24/2003	Clerical/Photocopying	<u>0.5</u>
		0.5
<i>Eric Stern, Consultant</i>		
3/31/2003	Preliminary discussions with M. Lennartz, taking of document inventory, preliminary review of employment agreements	4.0
4/1/2003	Discuss nature of engagement with M. Lennartz	0.4
4/1/2003	Review of employment agreements for five individuals	2.9
4/14/2003	Review of employment agreements for seven individuals	2.3
4/15/2003	Review of Consulting Agreements and Key Employee Retention Agreements and Split Dollar Agreements for each executive as applicable	2.6
4/18/2003	Review of restricted stock and option award summaries	1.2
4/22/2003	Discuss outstanding documents and issues with M. Lennartz	0.6
4/22/2003	Review of change of control ("COC") agreements	0.9
4/22/2003	Review of COC spreadsheet prepared by client	1.5
4/25/2003	Review of COC spreadsheets for five individuals	4.5
4/28/2002	Prepare excise tax determination spreadsheets.	5.3
4/28/2003	Discuss operation of supplemental benefit and excess benefit plans	0.8
4/28/2003	Review employee COC agreements	0.7
4/29/2003	Review supplemental benefit plan payments for four individuals	2.6
4/29/2003	Telephone conversations with client to discuss operation of supplemental benefit plan and qualified pension plan	0.8
4/30/2003	Review of COC and supplemental benefit plan payments spreadsheets prepared by client	1.7
4/30/2003	Telephone conversation with client to discuss supplemental benefit plan payments and service accruals	0.4
4/30/2003	Prepare excise tax determination spreadsheets	2.2

EXHIBIT III
Page 2 of 3

Eric Stern, Consultant (continued)

5/1/2003	Prepare excise tax determination spreadsheets	3.3
	Review of COC and supplemental benefit plan payments spreadsheets prepared by client	1.6
5/2/2003	Prepare excise tax determination spreadsheets	5.3
	Discuss operation of supplemental benefit with M. Lennartz and B. Dunn	0.4
5/5/2003	Revised excise tax determination spreadsheets	3.6
	Telephone conversation with client to discuss employer withholding and reporting obligations	0.3
5/6/2003	Revised excise tax determination spreadsheets	2.1
	Prepare summary of withholding and reporting obligations	1.3
5/20/2003	Revised excise tax determination spreadsheets	0.9
	Discussed next steps with B. Clouser and M. Lennartz	0.3
		54.5

Michael Lennartz, Senior Consultant

	Preliminary discussions with E. Stern and preliminary document review	1.0
3/31/2003		1.0
4/1/2003	Discuss nature of engagement with E. Stern	0.4
	Inventory/review documents provided by M. Dopera pursuant to PwC data request	2.3
	Review employment agreements and supporting documentation for tier I participants	6.8
4/16/2003		6.8
	Review employment agreements and supporting documentation for tier II participants	5.3
4/17/2003		5.3
4/18/2003	Discuss outstanding documents and issues with Eric Stern	0.6
4/21/2003	Review COC data/calculations provided by M. Dopera on 4/08/03	6.3
4/22/2003	Ascertain methodological compliance with IRC Section 280G	2.5
4/23/2003	Review COC data/calculations provided by M. Dopera on 4/23/03	3.8
	Ascertain methodological compliance with IRC Section 280G	2.0
	Review/discuss operation of supplemental benefit and excess benefit plans with E. Stern and M. Dopera	1.3
4/24/2003		1.3
	Review supplemental benefit plan payments	3.2
4/25/2003	Review COC data/calculations provided by M. Dopera on 4/25/03	2.8
	Discuss calculations with M. Dopera and Eric Stern	1.7
5/1/2003	Review COC data/calculations provided by M. Dopera on 4/28/03	1.8
	Determine 280G treatment of pension enhancement for executives with less than 30 yrs credited service	2.5
	Review re-worked excise tax determination spreadsheets as provided by Eric Stern.	2.3
5/2/2003		2.3
5/5/2003	Discuss operation of supplemental benefit with E. Stern and B. Dunn	0.4
	Review revised excise tax determination spreadsheets	2.0
	Telephone conversation with M. Dopera and A. Flood to discuss employer withholding and reporting obligations	0.3
5/6/2003	Review revised excise tax determination spreadsheets	1.0
	Telephone conversation with M. Dopera and A. Flood to discuss employer withholding and reporting obligations	0.5
	Telephone call with A. Flood about 280G treatment of welfare benefits	0.2

51.0

Amy Lynn Flood, Director

4/30/2003	Assisting E. Stern with COC calculations, including discussions about pension payment issues and treatment under 280G	0.6
5/1/2003	Discussions with B. Dunn and E. Stern about treatment of pension payments for those executives with less than 30 years of credited service	0.3
5/6/2003	Review of calculations prepared by E. Stern and preparation of related review comments; conference call with M. Lennartz and client about withholding and reporting requirements related to 280G payments; drafting a sample withholding worksheet for provision to client	5.0
5/7/2003	Telephone call with M. Lennartz about welfare benefits and treatment under 280G	<u>0.2</u>
		<u>6.1</u>
		<u>113.1</u>

PRESENTMENT DATE AND TIME: January 4, 2002 @ 12:00 noon
OBJECTION DEADLINE: January 4, 2002 @ 11:30 a.m.

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**

-----	X	
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)
	:	
-----	X	

**NOTICE OF PROPOSED ORDER AUTHORIZING THE EMPLOYMENT AND
RETENTION OF PRICEWATERHOUSECOOPERS LLP
AS AUDITORS AND TAX ADVISORS FOR THE DEBTORS**

PLEASE TAKE NOTICE that upon the annexed application dated December 21, 2001 (the "Application"), of Bethlehem Steel Corporation and certain of its direct and indirect subsidiaries (the "Debtors"), for an order authorizing the Debtors to employ and retain PricewaterhouseCoopers LLP ("PWC") as auditors and tax advisors, the Debtors will present for signature the annexed proposed Order Authorizing the Employment and Retention of PWC as Auditors and Tax Advisors for the Debtors (the "Proposed Order"), to the Honorable Burton R. Lifland, United States Bankruptcy Judge on January 4, 2002, at 12:00 noon (the "Presentment Date").

PLEASE TAKE FURTHER NOTICE that objections, if any, to the relief requested in the Application and entry of the Proposed Order shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and Local Rules of the Bankruptcy Court, shall set forth the name of the objectant, the nature and amount of claims or interests held or asserted by the objectant against the Debtors' estates or property, the basis for the objection, and the specific grounds therefor, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-182 (which can be found at www.nysb.uscourts.gov) by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with a hard copy delivered directly to Chambers) and served in accordance with General Order M-182, and shall further be served upon (i) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: George A. Davis, Esq.), (ii) the Office of the United States Trustee, 33 Whitehall Street, 21st floor, New York, New York 10004 (Attn: Tracy H. Davis, Esq.), (iii) Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, New York 10022 (Attn: Thomas M. Mayer, Esq.), (iv) Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017 (Attn: John Fouhey, Esq.), and (v) Sidley Austin Brown & Wood LLP, 875 Third Avenue, New York, New York 10022 (Attn: Lee Antanasio, Esq.), so as to be received no later than January 4, 2002 at 11:30 a.m. (Eastern Time). Unless objections are received by that time, there will not be a hearing, and the Proposed Order may be signed on the Presentment Date.

PLEASE TAKE FURTHER NOTICE that if a written objection is timely filed, a hearing will be held at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004, at a date and time to be established by the Court. The moving and objecting parties are required to attend the hearing, and failure to appear may result in the relief being granted or denied upon default.

Dated: New York, New York
December 21, 2001

/s/ George A. Davis
Harvey R. Miller (HM 6078)
Jeffrey L. Tanenbaum (JT 9797)
George A. Davis (GD 2761)
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Attorneys For Debtors and
Debtors-in-Possession

**IN THE UNITED STATES BANKRUPTCY COURT
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In re :)	Chapter 11
)	
BETHLEHEM STEEL CORPORATION, et al,)	Case Nos. 01-15288 through
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)	
Debtors.)	(Jointly Administered)

**APPLICATION FOR AN ORDER AUTHORIZING THE EMPLOYMENT AND
RETENTION OF PRICEWATERHOUSECOOPERS LLP AS
AUDITORS AND TAX ADVISORS FOR THE DEBTORS**

Bethlehem Steel Corporation (“Bethlehem”) and the debtors in the above-captioned cases (collectively, the “Debtors”), submit this application (the “Application”) for an order pursuant to 11 U.S.C. § 327(a) and Federal Rules of Bankruptcy Procedure 2014(a) and 2016, authorizing the employment and retention of PricewaterhouseCoopers LLP (“PWC”) to provide professional services to the Debtors in the areas of accounting, auditing, tax, and other related consulting services. In support of the Application, the Debtors respectfully represent as follows:

Background

1. On October 15, 2001 (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.

2. The Debtors employed approximately 13,200 persons (collectively, the “Employees”) on the Commencement Date, 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 Steelworkers of America (collectively, the “Represented Employees”).

3. 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.

4. Bethlehem 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.

5. In addition to Bethlehem’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.

6. Despite nearly \$300 million in net cost 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.

7. 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.

8. The Debtors have commenced the instant chapter 11 cases 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 benefit costs, and finding a solution to their approximate \$3 billion other post-employment benefit ("OPEB") obligations. During the chapter 11 administration, 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. On December 4, 2001, Bethlehem and U.S. Steel LLC publicly disclosed ongoing discussions regarding their consolidation.

9. The United States Trustee for the District of New York pursuant to section 1102 of the Bankruptcy Code has appointed a Committee of General Unsecured Creditors (collectively, the “Committee”). No trustee or examiner has been appointed in the Debtors’ chapter 11 cases.

Relief Requested

10. By this Application, the Debtors seek to employ and retain PWC, a limited liability partnership, comprised of experienced certified public accountants and consultants, pursuant to section 327(a) of the Bankruptcy Code. The Debtors propose to retain PWC to provide professional services to the Debtors in the areas of accounting, auditing, tax, and other related consulting services.

11. Prior to the Petition Date, PWC has rendered extensive accounting and auditing and certain tax advisory and related services to the Debtors. Consequently, PWC is familiar with the Debtors’ operations, management and accounting procedures, and can render the services for which the Debtors seek to retain PWC most effectively and efficiently. Accordingly, the Debtors submit that PWC is well qualified to perform the accounting, auditing and tax advisory services for which they are sought to be retained, and that the Debtors’ retention of PWC is in the best interests of its estates and creditors.

Scope of Services

12. PWC will provide such accounting, auditing, tax consulting and advisory services as PWC and the Debtors deem necessary and appropriate in the course of these chapter 11 cases.

The scope of PWC's retention includes, but is 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.

PricewaterhouseCoopers LLP's Disinterestedness

13. PWC has informed the Debtors that, except as may be set forth in the Affidavit of James G. Kaiser (the "Kaiser Affidavit"); a copy of which is annexed hereto as Exhibit A, PWC (i) has no connection with the Debtors, their creditors or other parties in interest in this case, (ii) does not hold any interest adverse to the Debtors' estates, and (iii) is a "disinterested person" as defined within section 101(14) of the Bankruptcy Code. The Debtors understand that PWC will conduct an ongoing review of its files to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new facts or circumstances are discovered, PWC will supplement its disclosure to the Court. The Debtors further understand that, other than with its

own partners and employees, PWC has no agreement to share with any person or firm the compensation to be paid for professional services rendered in connection with these cases.

14. PWC waives any unpaid pre-petition fees for services rendered and expenses incurred in connection with services provided to the Debtors prior to the Petition Date.

Terms of Retention

15. In connection with the annual audit services, the Debtors and PWC have agreed to a fixed fee of \$860,500 for the audits of the Debtors' financial statements for the year ended December 31, 2001 and the related quarterly reviews, as well as the audits of employee benefit plans for 2000 and certain other special reporting requirements (the "Fixed Fee Services"). The letter agreement, dated May 24, 2001, setting forth the terms of PWC's engagement as independent auditors of Bethlehem (the "Engagement Letter") is attached hereto as Exhibit "B." To date, \$669,500 has been paid to PWC related to these auditing services. The completion of such services will require the Debtors to pay an additional \$191,000, plus related out-of-pocket expenses, for post-petition services. For the Fixed Fee Services, PWC intends to include as an exhibit to each of its interim fee applications a summary (in reasonable detail) of the amount of time spent by its professionals on various tasks in lieu of contemporaneous time records in partial hour increments. PWC submits, and the Debtors believe, that the fixed fee is reasonable, customary, and at market rate for services of this nature.

16. The Debtors understand that PWC intends to apply to the Court for allowances of compensation and reimbursement of expenses for all other accounting, tax and related support services in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the local rules and orders of this Court and guidelines established by

the Office of the United States Trustee. The hourly rates currently charged by PWC for professionals anticipated to be involved with this matter are set forth in the Kaiser Affidavit. PWC submits, and the Debtors believe, that these hourly rates are consistent with market rates for comparable services. The Debtors understand that these rates are subject to periodic adjustments.

17. In addition, PWC will also receive reimbursement for its reasonable out-of-pocket expenses, which include travel, lodging, report production, delivery services and other necessary costs incurred in providing services to the Debtors.

Dispute Resolution

18. The Debtors and PWC have agreed, subject to the Court's approval of this Application, that: (i) any controversy or claim with respect to, in connection with, arising out of, or in any way related to this Application or the services provided or to be provided by PWC to the Debtors as outlined in this Application, including any matter involving a successor in interest or agent of any of the Debtors or of PWC, shall be brought in the Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") or the District Court for the Southern District of New York (the "District Court"), if such District Court withdraws the reference; (ii) PWC and the Debtors, and any and all successors and assigns thereof, consent to the jurisdiction and venue of such court as the sole and exclusive forum (unless such court does not have or retain jurisdiction over such claims or controversies) for the resolution of such claims, causes of actions or lawsuits; (iii) PWC and the Debtors, and any and all successors and assigns thereof, waive trial by jury, such waiver being informed and freely made; (iv) if the Bankruptcy Court, or the District Court if the reference is withdrawn, does not have or retain jurisdiction over the foregoing claims and controversies, PWC and the Debtors, and any and all successors and

assigns thereof, will submit first to non-binding mediation; and, if mediation is not successful, the parties will submit to binding arbitration, in accordance with the dispute resolution procedures set forth in Exhibit "C"; and (v) judgment on any arbitration award may be entered in any court having proper jurisdiction. By this Application, the Debtors seek approval of this agreement by the Court.

19. Further, PWC has agreed not to raise or assert any defense based upon jurisdiction, venue, abstention or otherwise to the jurisdiction and venue of the Bankruptcy Court or the District Court (if such District Court withdraws the reference) to hear or determine any controversy or claims with respect to, in connection with, arising out of, or in any way related to this Agreement or the services provided hereunder.

Notice

20. Notice of this Application has been given to (i) the Office of the United States Trustee, (ii) respective counsel for the Debtors' pre-petition and post-petition lenders, (iii) counsel for the Official Committee of Unsecured Creditors; and (iv) parties that have filed notices of appearance and requests for service in these cases. The Debtors submit that such service is good and sufficient and no other or further notice is required.

Conclusion

WHEREFORE the Debtors respectfully request authorization to employ and retain PWC to provide professional services to the Debtors in the areas of accounting, auditing, tax, and other related services, as described above and in the Kaiser Affidavit, effective as of the Petition Date, and granting them such other and further relief as is just and proper.

Dated: New York, New York
December 21, 2001

/s/ George A. Davis
Harvey R. Miller (HM 6078)
Jeffrey L. Tanenbaum (JT 9797)
George A. Davis (GD 2761)
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153

ATTORNEYS FOR THE DEBTORS AND
DEBTORS-IN-POSSESSION

**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)

**ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION OF
PRICEWATERHOUSECOOPERS LLP AS
AUDITORS AND TAX ADVISORS FOR THE DEBTORS**

Upon the application (the “Application”) of the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”), for an order pursuant to section 327(a) of chapter 11 of title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”), authorizing them to retain PricewaterhouseCoopers LLP (“PWC”) as auditors and tax advisors; and upon the Affidavit of James G. Kaiser in support of the Application; and due and adequate notice of the Application having been given; and it appearing that no other notice need be given; and it appearing that PWC neither holds nor represents any interest adverse to the Debtors’ estates; and it appearing that PWC is “disinterested” as that term is defined in section 101(14) of the Bankruptcy Code; and it appearing that the relief requested in the Application is in the best interest of the Debtors’ estates; after due deliberation and sufficient cause appearing therefor, it is

ORDERED that in accordance with section 327(a) of the Bankruptcy Code, the Debtors are authorized to employ and retain PWC as of the date of filing these chapter 11 cases as their auditors and tax advisors on the terms set forth in the Application and engagement letter annexed thereto;

ORDERED that PWC shall be compensated in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, all applicable provisions of the Bankruptcy Rules and local rules, and such procedures as may be fixed by orders of this Court.

Dated: New York, New York
January ____, 2002

United States Bankruptcy Judge

**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)
) (Jointly Administered)
Debtors.)

**AFFIDAVIT IN SUPPORT OF THE DEBTORS' APPLICATION
FOR AN ORDER AUTHORIZING THE EMPLOYMENT AND
RETENTION OF PRICEWATERHOUSECOOPERS LLP AS
AUDITORS AND TAX ADVISORS FOR THE DEBTORS**

STATE OF PENNSYLVANIA)
) ss.
COUNTY OF PHILADELPHIA)

I, James G. Kaiser, being duly sworn, depose and say:

1. I am a certified public accountant and partner of PricewaterhouseCoopers LLP ("PWC"), an accounting and financial services firm with offices located at numerous locations around the world. I submit this affidavit (the "Affidavit") on behalf of PWC and in support of the prefixed application of Bethlehem Steel Corporation and the other debtors and debtors-in-possession in the above-captioned chapter 11 cases (collectively, the "Debtors") for an Order Authorizing the Employment and Retention of PricewaterhouseCoopers LLP as Auditors and Tax Advisors for the Debtors (the "Application"), under the terms and conditions set forth in the

Application. Except as otherwise noted herein,' I have personal knowledge of the matters and statements set forth herein.

Disinterestedness and Eligibility

2. In connection with the preparation of this Affidavit, PWC's professionals have conducted a review of its professional contacts or connections with the Debtors, their affiliates and certain entities holding large claims against the Debtors that were reasonably known to PWC's professionals. Such review, conducted and completed under my supervision, consisted of queries made within an internal computer database containing names of individuals and entities that are present or recently-former clients of PWC in order to identify potential relationships. Exhibit I to this Affidavit reflects a summary of these relationships.

3. PWC has provided and likely will continue to provide services unrelated to the Debtors' chapter 11 cases for the various entities shown on Exhibit I. Our assistance to these parties has been primarily related to auditing, tax, and/or other consulting services. To the best of my knowledge, no services have been provided to these entities or other parties in interest which could impact their rights and obligations with respect to the Debtors, their estates or these chapter 11 cases, nor does PWC's involvement in these cases compromise its ability to continue such auditing, tax and/or consulting services. None of the entities in Exhibit I represented more than 1.5% of PWC's U.S. annual revenues. Only two entities exceed 1% of PWC's U.S. annual revenues. Those entities, J. P. Morgan Chase & Co. and Bank of America, each represented

¹ Certain of the disclosures herein relate to matters within the personal knowledge of other professionals at PricewaterhouseCoopers and are based on information provided by them.

1.2% of the PWC's U.S. revenues during the 2001 fiscal year. The primary services to each of these entities were audit, tax, information system and other services, unrelated to the Debtors and these chapter 11 cases.

4. Further, as part of its diverse practice, PWC appears in numerous cases, proceedings and transactions that involve many different professionals, including attorneys, accountants and financial consultants, who may represent claimants and parties-in-interest in the Debtors' chapter 11 cases. Also, PWC has performed in the past, and may perform in the future, audit, tax and consulting services for various attorneys and law firms, and has been represented by **attorneys** and law firms, some of whom may be involved in these proceedings. In addition, PWC has in the past, may currently and will likely in the future be working with or against other professionals involved in the Debtors' chapter 11 cases in matters unrelated to the Debtors and these cases. Based on our current knowledge of the professionals involved, and to the best of my knowledge, none of these business relationships create interests materially adverse to the Debtors herein in matters upon which PWC is to be employed, and none are in connection with these chapter 11 cases.

5. PWC is not a "creditor" of any of the Debtors within the meaning of section 101(10) of the Bankruptcy Code, and to the extent any of the Debtors owed any prepetition fees to PWC for services rendered, PWC agrees to waive any claim with respect to any such unpaid fees. Further, neither I nor any other PWC partner or principal, to the best of my knowledge, is a holder of any shares of the Debtors' stock.

6. Based on the results of the relationship search conducted to date as described above and insofar as I have been able to ascertain, PWC has no connection with the Debtors, their creditors, equity security holders, other parties-in-interest (as reasonably known to us) or their respective attorneys, except as disclosed or otherwise described herein. Further, to the best of my knowledge, no one involved in these chapter 11 cases has any connection to the United States Trustee or any person employed in the Office of the United States Trustee in the Southern District of New York.

7. As such, to the best of my knowledge, PWC is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, in that PWC, its partners and principals:

- (a) are not creditors, equity security holders or insiders of the Debtors;
- (b) are not and were not investment bankers for any outstanding security of the Debtors;
- (c) have not been, within three years before the date of the commencement of the Debtors’ chapter 11 cases, an investment banker for a security of the Debtors or an attorney for such an investment banker in connection with the offer, sale, or issuance of a security of the Debtors; and
- (d) were not, within two years before the date of the commencement of the Debtors’ chapter 11 cases, a director, officer, or employee of the Debtors or of any investment banker as specified in subparagraph (b) or (c) of this paragraph.

In addition, to the best of my knowledge and based upon the results of the relationship search described above, PWC neither holds nor represents an interest adverse to the Debtors or their estates within the meaning of section 327 of the Bankruptcy Code.

8. If any new relevant facts or relationships are discovered during PWC's update of its relationship database search, PWC will promptly file a Federal Rule of Bankruptcy Procedure 2014(a) supplemental affidavit disclosing all such facts and relationships.

Professional Compensation

9. Subject to Court approval and in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, applicable United States Trustee guidelines and the local rules of this District, PWC will seek payment for compensation on an hourly basis, except for certain audit and tax services (as described below) which will remain at their fixed fee of \$860,500 for the services performed, and will receive reimbursement of actual and necessary expenses, including, among other things, travel, report production, delivery services, and other actual, necessary and reasonable costs and expenses incurred by PWC in providing services to the Debtors. The audit of the Debtors' 2001 fiscal year financial statements is not yet complete. To date, PWC has received \$669,500 for services performed, including fees associated with employee benefit plan audits for 2000 and certain other special reporting requirements. The completion of such audits will require the Debtors to pay PWC an additional \$191,000 for post-petition services. The fixed fee is reasonable, customary and at market rate for services of this nature.

10. The range of current hourly rates as charged to both bankruptcy and non-bankruptcy matters by PWC's professionals assigned to this engagement are as follows:

	<u>Per Hour</u>
Partners	\$500 - \$595

Managers / Directors	\$275 - \$495
Associates / Senior Associates	\$140 - \$325
Administrative / Para-professional	\$85 - \$150

These hourly rates are adjusted annually. Such rate adjustments will be disclosed to this Court and the Debtors and any other parties in interest, as may be required by orders of this Court.

PWC believes that these rates are consistent with market rates for comparable services.

11. For services performed under the fixed fee arrangement, PWC intends to include as an exhibit to the interim applications a summary in reasonable detail of the approximate time spent by professionals on various tasks in lieu of contemporaneous time records in partial hour increments. For services not covered by the fixed fee arrangement, PWC intends to apply to the Court for the allowance of compensation and reimbursement of expenses under applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the orders of this Court.

12. No commitments have been made or received by PWC, nor any partner, manager, director or associate thereof, as to compensation or payment in connection with these chapter 11 cases other than in accordance with the provisions of the Bankruptcy Code. Further, PWC has no agreement with any other entity to share with such entity any compensation received by PWC in connection with these chapter 11 cases.

James G. Kaiser
James G. Kaiser

SUBSCRIBED AND SWORN TO BEFORE ME this 11 day of December

2001.

Portia Drake Portia Drake
Notary Public

My Commission Expires:

Nov. 3. 2003

Notarial Seal
Portia Drake, Notary Public
Philadelphia, Philadelphia County
My Commission Expires Nov. 3, 2003
Member, Pennsylvania Association of Notaries

8 31 10

Exhibit I

Parties Included in Relationship Check

	<u>Audit</u>	<u>Tax</u>	<u>Other Consulting</u>	<u>No Relationship</u>
<u>Law Firm</u>				
Weil, Gotshal & Manges LLP			X	
<u>Secured Creditors</u>				
Bank of America	X	X	X	
First Security Bank, N.A.			X	
Wells Fargo & Company (Parent of FSB)			X	
Morgan Guaranty Trust Company of New York	X	X	X	
RZB Finance LLC				X
Wilmington Trust Company			X	
<u>Unsecured Creditors</u>				
Air Products & Chemicals Inc.			X	
American Iron & Steel Institute				X
Commercial Metals Company (Parent of AI & S)			X	
Baltimore Country, Maryland				X
Baltimore Gas & Electric Co.	X	X		X
Cambria Country Industrial Development Authority				X
Chase Manhattan Bank	X	X	X	
Consolidation Coal Co.			X	
CSX Transportation			X	
DTE Burns Harbor LLC				X
DTE Sparrows Point LLC				X
EDS Corporation			X	
HSBC Bank	X	X	X	
Indometal (London) Limited				X
Iron Ore Company of Canada				X
Metal Building Components LP				X
NCI Buildings Systems Inc. (Parent of MBC)				X
Mitsubishi International Corporation	X			
National City Bank			X	
Norfolk Southern Railway Co.			X	
Northampton County Industrial Development Authority				X

Pennsylvania Lime Inc.				X
Pension Benefit Guaranty Corporation				X
Philip Metals Inc.	X	X	X	
Praxair Inc.	X	X	X	
Superior Natural Gas Corp.				X
The Bank of New York	X	X	X	
Town of Bums Harbor (Indiana)				X
U.S. Bank Trust National Association			X	
Vesuvius USA				X
Walbridge Coatings				X
<i>Directors and Officers</i>				
Andrew R. Futchko				X
Benjamin R. Civiletti				X
David M. Beinler				X
Dimensional Fund Advisors			X	
Dorothy L. Stephenson				X
Dr. Augustine E. Moffitt, Jr.				X
Dr. Carl F. Meitzner				X
Dr. Malcolm J. Roberts				X
Duane R. Dunham				X
Greenway Partners			X	
John B. Curcio				X
John L. Kluttz				X
John R. Ruffle				X
Leonard M. Anthony				X
Lewis B. Kaden				X
Lonnie A. Arnett				X
Robert S. Miller, Jr.			X	
Ronald F. Chango				X
Shirley D. Peterson				X
Stephen G. Donches				X
Thomas J. Conarty, Jr.				X
Van R. Reiner				X
William H. Graham				X
William M. Landuyt				X
Worley H. Clark				X

<u>Other Parties in Interest or Adversaries</u>				
Columbus Steel Facility LLC				X
Double G: Mitsubishi Corp. (The Foothill Group and Okura & Co.)	X		X	
NKK Corporation (Ultimate Parent of Double G)				X
National Steel Corporation (Immediate Parent of Double G)			X	
General Electric Capital Corporation			X	
M/V Cort Bareboat Charter: BSC 2000 Trust				X
PNC Bank		X	X	
Tippins Inc.				X
United Steelworkers of America				x

**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)
) (Jointly Administered)
Debtors.)

**FIRST SUPPLEMENTAL AFFIDAVIT IN SUPPORT OF THE DEBTORS'
APPLICATION
FOR AN ORDER AUTHORIZING THE EMPLOYMENT AND
RETENTION OF PRICEWATERHOUSECOOPERS LLP AS
AUDITORS AND TAX ADVISORS FOR THE DEBTORS**

STATE OF PENNSYLVANIA)
) ss.
COUNTY OF PHILADELPHIA)

I, James G. Kaiser, being duly sworn, depose and say:

1. I am a certified public accountant and partner of PricewaterhouseCoopers LLP ("PWC"), an accounting and financial services firm with offices located at numerous locations around the world. I submit this first supplemental affidavit (the "First Supplement") on behalf of PWC and in support of the application of Bethlehem Steel Corporation and the other debtors and debtors-in-possession in the above-captioned chapter 11 cases (collectively, the "Debtors") for an Order Authorizing the Employment and Retention of PricewaterhouseCoopers LLP as Auditors and Tax Advisors for the Debtors (the "Application"), under the terms and conditions set forth in

the Application. Except as otherwise noted herein,¹ I have personal knowledge of the matters and statements set forth herein.

2. In connection with the preparation of the Affidavit, PWC disclosed that two entities, J.P. Morgan Chase & Co. and Bank of America, each represented 1.2% of the firm's U.S. revenues for its 2001 fiscal year.

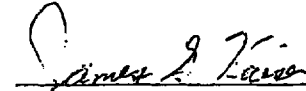
3. PWC has provided and likely will continue to provide services unrelated to the Debtors' chapter 11 cases for these entities. Our assistance to these parties has been primarily related to auditing, tax, and/or other consulting services. To the best of my knowledge, no services have been provided to these entities or other parties in interest which could impact their rights and obligations with respect to the Debtors, their estates or these chapter 11 cases, nor does PWC's involvement in these cases compromise its ability to continue such auditing, tax and/or consulting services.

4. In the event that an actual conflict arises with respect to J.P. Morgan Chase & Co. or Bank of America and PwC's role in these cases, the Debtors would employ other accountants or advisors or refer such matters to accountants or advisors that have already been retained in these cases.

5. If any new relevant facts or relationships are discovered during PWC's update of its relationship database search, PWC will promptly file a Federal Rule of Bankruptcy Procedure 2014(a) supplemental affidavit disclosing all such facts and relationships.

¹ Certain of the disclosures herein relate to matters within the personal knowledge of other professionals at PricewaterhouseCoopers and are based on information provided by them.

Dated this 3rd day of January 2002.


James G. Kaiser

SUBSCRIBED AND SWORN TO BEFORE ME this 3 day of January 2002.


Notary Public

My Commission Expires:

Notarial Seal
Mary Alice Raymond, Notary Public
City of Philadelphia, Philadelphia County
My Commission Expires Sept. 27, 2005
Member, Pennsylvania Association of Notaries

PricewaterhouseCoopers and are based on information provided by them.

WEIL, GOTSHAL & MANGES LLP
Attorneys for the Debtors
and Debtors in Possession
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

-----	X	
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)
	:	
-----	X	

NOTICE OF PRESENTMENT OF ORDER PURSUANT TO
SECTION 327(a) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE
2014(a) AUTHORIZING DEBTORS TO AMEND THE TERMS OF THEIR
RETENTION OF PRICEWATERHOUSECOOPERS LLP AS AUDITORS, TAX
ADVISORS, BANKRUPTCY AND REORGANIZATION CONSULTANTS

PLEASE TAKE NOTICE that upon the annexed application, dated May 9, 2002 (the "Application"), of Bethlehem Steel Corporation and its affiliated debtors in the above-captioned cases (collectively, the "Debtors") for entry of an order pursuant to section 327(a) of chapter 11 of title 11, United States Code (the "Bankruptcy Code") and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure authorizing the Debtors to amend the terms of their retention of PricewaterhouseCoopers LLP ("PWC") as auditors, tax advisors, bankruptcy and reorganization consultants, the Debtors will present the annexed proposed order in respect of the Application to the Honorable Burton R. Lifland,

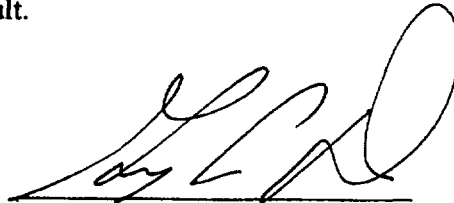
United States Bankruptcy Judge, for signature on May 22, 2002, at 12:00 noon (the “Presentment Date”).

PLEASE TAKE FURTHER NOTICE 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 of the Bankruptcy Court, shall set forth the name of the objectant, the nature and amount of claims or interests held or asserted by the objectant against the Debtors’ estates or property, the basis for the objection, and the specific grounds therefor, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (which can be found at www.nysb.uscourts.gov) by registered users of the Bankruptcy Court’s case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with a hard copy delivered directly to Chambers) and served in accordance with General Order M-242, and shall further be served upon (i) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: George A. Davis, Esq.), (ii) the Office of the United States Trustee, 33 Whitehall Street, 21st floor, New York, New York 10004 (Attn: Tracy H. Davis, Esq.), (iii) Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, New York 10022 (Attn: Thomas M. Mayer, Esq.), (iv) Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017 (Attn: John Fouhey, Esq.), and (v) Sidley Austin Brown & Wood LLP, 875 Third Avenue, New York, New York 10022 (Attn: Lee A. Attanasio, Esq.), so as to be received no later than May 22, 2002 at 11:30 a.m. (Eastern Time). Unless objections are received by that time, there will not be a hearing, and the order may be signed.

a.m. (Eastern Time). Unless objections are received by that time, there will not be a hearing, and the order may be signed.

PLEASE TAKE FURTHER NOTICE that if a written objection is timely filed, a hearing will be held at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004, at a date and time to be established by the Court. The moving and objecting parties are required to attend the hearing, and failure to appear may result in relief being granted or denied upon default.

Dated: New York, New York
May 9, 2002

A handwritten signature in black ink, appearing to be 'Harvey R. Miller', written over a horizontal line.

Harvey R. Miller (HM 6078)
Jeffrey L. Tanenbaum (JT 9797)
George A. Davis (GD 2761)
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Fax: (212) 310-8007

Attorneys For Debtors and
Debtors in Possession

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

-----		X
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)
	:	
-----		X

**ORDER PURSUANT TO SECTION 327(a) OF THE BANKRUPTCY
CODE AND BANKRUPTCY RULE 2014(a) AUTHORIZING
DEBTORS TO AMEND THE TERMS OF THEIR RETENTION OF
PRICEWATERHOUSECOOPERS LLP AS AUDITORS, TAX ADVISORS,
BANKRUPTCY AND REORGANIZATION CONSULTANTS**

Upon the application (the "Application") of Bethlehem Steel Corporation and its affiliated debtors in the above-captioned cases (collectively, the "Debtors"), dated May 9, 2002, for an order pursuant to section 327(a) of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), authorizing the Debtors to amend the terms of their retention of the firm of PricewaterhouseCoopers LLP ("PWC") as auditors, tax advisors, bankruptcy and reorganization consultants; and the Court having jurisdiction to consider the Application and the relief requested therein in accordance with 28 U.S.C. §§ 157(b) and 1334; and it appearing that the requested amendment to the terms of the Debtors' previous retention of PWC is necessary and in the best interest of the Debtors and their estates; and good and sufficient notice of the Application having been provided to (i) the Office of the United States Trustee, (ii) respective counsel for the Debtors' pre-petition and post-petition lenders, (iii) counsel for the statutory creditors' committee; and (iv) parties that have filed notices of appearance and requests for service in these cases; and it appearing that no other

or further notice need be provided; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that in accordance with section 327(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a), the Debtors are authorized to amend the terms of their retention of PWC to include the performance of audits of the Debtors' financial statements for the year ended December 31, 2002 and related quarterly reviews, the audits of employee benefit plans for 2001 and certain other special reporting requirements, as well as the Reorganization Services as defined in the Application; and it is further

ORDERED that all compensation and reimbursement of expenses paid to PWC, including for the fixed fee services set forth in the Application (the "Fixed Fee Services") in an amount of up to \$925,000, shall be subject to approval of this Court in accordance with the requirements of sections 330 and 331 of the Bankruptcy Code, all applicable provisions of the Bankruptcy Rules and the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules") and such procedures as may be fixed by orders of this Court; and it is further

ORDERED that PWC shall be entitled to seek on a periodic interim basis payment of 100% for professional services rendered in connection with the Fixed Fee Services, and 80% for professional services rendered in connection with the Reorganization Services as well as reimbursement for its reasonable expenses incurred in connection therewith; and it is further

ORDERED that all other terms and conditions of the Debtors' retention of PWC, as set forth in the Retention Order (as such term is defined in the Application), shall remain unchanged and shall be as set forth in the Retention Order; and it is further

ORDERED that the requirement of Local Rule 9013-1(b) for the filing of a memorandum of law in respect of the Application is dispensed with and waived.

Dated: New York, New York
May __, 2002

UNITED STATES BANKRUPTCY JUDGE

WEIL, GOTSHAL & MANGES LLP
Attorneys for the Debtors
and Debtors in Possession
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**

-----	X	
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)
	:	
-----	X	

**SUPPLEMENTAL APPLICATION FOR AN ORDER PURSUANT TO
SECTION 327(a) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE
2014(a) AUTHORIZING DEBTORS TO AMEND THE TERMS OF THEIR
RETENTION OF PRICEWATERHOUSECOOPERS LLP AS AUDITORS, TAX
ADVISORS, BANKRUPTCY AND REORGANIZATION CONSULTANTS**

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

Bethlehem Steel Corporation (“Bethlehem”) and certain of its affiliated debtors, as debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), respectfully represent as follows:

Background

1. On October 15, 2001 (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.

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 Technology, operates three facilities in Pennsylvania – Coatesville, Conshohocken and Steelton.

4. The Debtors commenced chapter 11 cases to provide the necessary time to stabilize their business operations and to 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, 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 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.

Retention of PricewaterhouseCoopers LLP

6. On or about December 21, 2001, the Debtors filed with this Court an Application for an Order Authorizing the Employment and Retention of PricewaterhouseCoopers LLP as Auditors and Tax Advisors for the Debtors (the “Original Application”). On or about January 4, 2002, this Court signed an Order (the “Retention Order”) granting the relief requested in the Original Application.

7. Pursuant to the Retention Order, the Debtors were authorized to retain PWC to perform the audit of the Debtors’ financial statements for the year ended December 31, 2001 and related quarterly reviews, as well as the audits of employee benefit plans for 2000 and certain other special reporting requirements. The Retention Order further provided that PWC was to be compensated (i) on a fixed fee basis, in the total amount of \$860,500, for the services enumerated in the Original Application, and (ii) on an hourly basis for all other services, in accordance with sections 330 and 331 of the Bankruptcy code, applicable provisions of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), the Local Bankruptcy Rules for the Southern District of New

York (the “Local Rules”), the Guidelines of the Office of the United States Trustee (the “U.S. Trustee”), and such other procedures as may be established by the Court.

Relief Requested

8. As of the date of this Application, PWC has substantially completed all work relating to the audit services contemplated by the Original Application.

9. Pursuant to this Application, the Debtors seek an order, pursuant to section 327(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a), authorizing the Debtors to amend the terms of their retention of PWC to include the performance of audit of the Debtors’ financial statements for the year ended December 31, 2002 and related quarterly reviews, as well as the audits of employee benefit plans for 2001 and certain other special reporting requirements. The scope of such audit services remains consistent with that contemplated in the Original Application, but relates to the subsequent year.

10. Additionally, the Debtors may request from time to time the consulting services of PWC with respect to bankruptcy issues related to creditor claims; voidable transactions; vendor relations; analysis of the business, operations and financial plans (including assistance with strategic and structuring analyses), and other bankruptcy and reorganization consulting for the Debtors as may be necessary or desirable (the “Reorganization Services”). If such services are performed, PWC 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 Bankruptcy Rules, the Local Rules and orders of this Court and guidelines established by the U. S. Trustee.

11. In connection with the annual audit services, the Debtors’ and PWC have agreed to a fixed fee of \$925,000 for the audit of the Debtors’ financial statements for the year ended December 31, 2002 and related quarterly reviews, as well as the audits of

employee benefit plans for 2001 and certain other special reporting requirements (the "Fixed Fee Services"). The letter agreement, dated April 17, 2002, setting forth the terms of PWC's engagement as independent auditors for Bethlehem (the "Engagement Letter") is attached hereto as Exhibit "A." For the Fixed Fee Services, PWC intends to include as an exhibit to each of its interim fee applications a summary (in reasonable detail) of the amount of time spent by its professionals on various tasks in lieu of contemporaneous time records in partial hour increments. PWC submits, and the Debtors believe, that the fixed fee is reasonable, customary, and at market rate for services of this nature.

12. For the Fixed Fee Services, PWC intends to invoice the Debtors on the following schedule based on the timing of services to be rendered: (i) \$185,700 on or about May 31, 2002, for audits of six employee benefit plans and other special reporting requirements related to 2001, review of the Debtors' first quarter financial results and audit planning; (ii) \$77,700 on or about June 30, 2002, for the 2001 audits of five employee benefit plans and completion of audit planning; (iii) \$105,000 on or about July 31, 2002, for the review of the Debtors' second quarter financial results and documentation/testing of internal controls; (iv) \$85,000 on or about August 31, 2002, for interim audit work at the Burns Harbor Division; (v) \$85,000 on or about September 30, 2002, for interim audit work at the Sparrows Point Division; (vi) \$148,500 on or about October 31, 2002, for interim audit work at the Pennsylvania Division and the corporate headquarters and review of the Debtors' third quarter financial results; (vii) \$75,000 on or about November 30, 2002, for interim audit work at the corporate headquarters; (viii) \$20,000 on or about December 31, 2002, for interim closing meetings and communications with Bethlehem's Audit Committee; and (ix) \$143,100 on or about

January 31, 2003, for final audit work at the corporate headquarters, and at the Burns Harbor, Sparrows Point and Pennsylvania Divisions. In addition, PWC will also receive reimbursement for its reasonable out-of-pocket expenses, which include travel, lodging, report production, delivery services and other necessary costs incurred in providing services to the Debtors.

13. The Debtors understand that PWC intends to apply to the Court for allowances of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and orders of this Court and guidelines established by the U. S. Trustee. Consistent with the treatment of other fixed fee professionals retained by the Debtors and statutory creditors' committee (the "Creditors' Committee"), PWC intends to request on a periodic interim basis payment of 100% for professional services rendered in connection with the Fixed Fee Services and 80% for professional services rendered in connection with the Reorganization Services.

Waiver of Memorandum of Law

14. Pursuant to Local Rule 9013-1(b), and because there are no novel issues of law and relevant authorities are cited herein, the Debtors respectfully request that the Court waive the requirement that the Debtors file a separate memorandum of law in support of this Application.

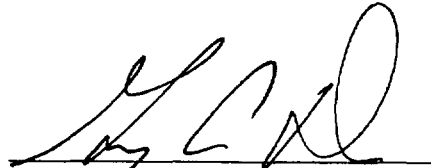
Notice

15. Notice of this Application has been given to (i) the Office of the United States Trustee, (ii) respective counsel for the Debtors' pre-petition and post-petition lenders, (iii) counsel for the Creditors' Committee; and (iv) parties that have filed notices of appearance and requests for service in these cases. The Debtors submit that such service is good and sufficient and no other or further notice is required.

Conclusion

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

Dated: New York, New York
May 9, 2002



Harvey R. Miller (HM 6078)
Jeffrey L. Tanenbaum (JT 9797)
George A. Davis (GD 2761)
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153

**ATTORNEYS FOR THE DEBTORS AND
DEBTORS IN POSSESSION**

EXHIBIT A

PricewaterhouseCoopers LLP
Two Commerce Square, Suite 1700
2001 Market Street
Philadelphia PA 19103-7042
Telephone (267) 330 3000
Facsimile (267) 330 3300

April 17, 2002

Mr. Lonnie A. Arnett
Vice President and Controller
Bethlehem Steel Corporation
Room 1818 Martin Tower
1170 Eighth Avenue
Bethlehem, PA 18016-7699

Dear Mr. Arnett:

The purpose of this letter is to confirm our understanding of the terms of our engagement as independent auditors of Bethlehem Steel Corporation ("Bethlehem").

Services and related reports

We will audit the consolidated financial statements of Bethlehem at December 31, 2002 and for the year then ending. Upon completion of our audit, we will provide you with our audit report on the financial statements, which will be included in Bethlehem's 2002 Annual Report on Form 10-K. If, for any reasons caused by you or relating to the affairs of Bethlehem, we are unable to complete the audit, we may decline to issue a report as a result of this engagement.

In conjunction with the annual audit, we will perform reviews of Bethlehem's unaudited consolidated quarterly financial statements and related data for each of the first three quarters in the year ending December 31, 2002, before the Form 10-Q is filed. These reviews will be conducted in accordance with standards established by the American Institute of Certified Public Accountants, which are substantially less in scope than audits. Accordingly, a review may not reveal material modifications necessary to make the quarterly financial information conform with generally accepted accounting principles. We will communicate to you for your consideration any material matters that come to our attention as a result of the review that we believe may require modifications to the quarterly financial statements to make them conform with generally accepted accounting principles. You have notified us that it is not necessary for us to issue review reports in writing to you on the results of our quarterly procedures. If, for any reasons caused by you or relating to your affairs, we are unable to complete our review, we will notify you.

Additionally, the following services will be provided:

- Audit of Schedule II: Valuation and Qualifying Accounts and Reserves, included in Bethlehem's 2002 Annual Report on Form 10-K;
- Debt compliance letter required by the General Electric Capital Corporation Revolving Credit and Guaranty Agreement (DIP financing)
- Audit of compensation and medical payments included in Form LS-513, *Report of Payments*, for the purpose of complying with the Longshore and Harbor Workers' Compensation Act;
- Audit of Bethlehem's profit sharing calculation as required by the 1999 Bethlehem/USWA agreement;
- Audits of the following employee benefit plans for 2001:
 - The Savings Plan for Salaried Employees of Bethlehem Steel Corporation and Subsidiary Companies
 - 401(k) Retirement Savings Plan of Bethlehem Steel Corporation and Subsidiary Companies
 - Bethlehem Steel Corporation Employee Stock Ownership Plan
 - Bethlehem Steel Corporation Special Profit Sharing Plan
 - The Pension Plan of Bethlehem Steel Corporation and Subsidiary Companies
 - Bethlehem Supplemental Unemployment Benefit Plan
 - Bethlehem Railroads Supplemental Unemployment Benefit Plan
 - Bethlehem Supplemental Unemployment Benefit Plan (short plan year)
 - Bethlehem Railroads Supplemental Unemployment Benefit Plan (short plan year)
 - The Social Insurance Plan of Bethlehem Steel Corporation and Subsidiary Companies
 - Supplemental Unemployment Benefit Plan for Employees of Lukens Inc. (Hourly)

Our responsibilities and limitations

The objective of an audit is the expression of an opinion on the financial statements. We will be responsible for performing the audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain "reasonable assurance" (see Attachment for relevant sections of the AICPA's Statements of Auditing Standards) about whether the financial statements are free of material misstatement. The audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

We will consider Bethlehem's internal control over financial reporting solely for the purpose of determining the nature, timing and extent of auditing procedures necessary for expressing our opinion on the financial statements. This consideration will not be sufficient to enable us to provide assurance on the effectiveness of internal control over financial reporting. However, any significant deficiencies relating to internal control over financial reporting identified during our audit will be communicated to you.

We will design our audit to obtain reasonable, but not absolute, assurance of detecting errors or fraud that would have a material effect on the financial statements as well as other illegal acts having a direct and material effect on financial statement amounts. Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement of the financial statements. It is important to recognize that there are inherent limitations in the auditing process. Audits are based on the concept of reasonable assurance that includes selective testing of the data underlying the financial statements, which involves judgment regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. Audits are, therefore, subject to the reasonable assurance limitation that material errors or fraud or other illegal acts having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion and falsified documentation (including forgery), an audit designed and executed in accordance with generally accepted auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that errors, fraud or other illegal acts will occur and remain undetected, it does not eliminate that possibility. For these reasons we cannot ensure that material errors, fraud or other illegal acts, if present, will be detected. However, we will communicate to you, as appropriate, any illegal act, material errors, or evidence that fraud may exist identified during our audit.

Our audit is intended for the benefit of the Board of Directors and stockholders of Bethlehem. The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

Management's responsibilities

The financial statements and information referred to above are the responsibility of Bethlehem's management. In this regard, management is responsible for properly recording transactions in the accounting records and for establishing and maintaining internal control sufficient to provide reasonable assurance that the financial statements and related information in the Annual Report on Form 10-K are prepared in conformity with generally accepted accounting principles. Management is responsible for correcting material misstatements in the financial statements, if any, and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the year ending December 31, 2002 are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Management also is responsible for providing reasonable assurance that Bethlehem complies with the laws and regulations applicable to its activities.

Management is responsible for making available to us, on a timely basis, all of Bethlehem's original accounting records and related information and company personnel to whom we may direct inquiries. As required by generally accepted auditing standards, we will make specific inquiries of management and others about the representations embodied in the financial statements and information and the effectiveness of internal control over financial reporting. Generally accepted auditing standards also require that we obtain written representations covering audited financial statements from certain members of management. The results of our audit tests, the

responses to our inquiries and the written representations comprise the evidential matter we intend to rely upon in forming our opinion on the financial statements. Similarly, the results of our analytical procedures, the responses to our inquiries and the written representations obtained comprise the basis for our review on the unaudited quarterly financial information.

Other documents

Generally accepted auditing standards require that we read any annual report that contains our audit report. The purpose of this procedure is to consider whether other information in the annual report, including the manner of its presentation, is materially inconsistent with information appearing in the financial statements. Unless otherwise agreed to, we assume no obligation to perform procedures to corroborate such other information that we read as part of our audit.

With regard to electronic filings, such as in connection with the SEC's Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system, you agree that, before filing any document in electronic format with the SEC with which we are associated, you will advise us of the proposed filing on a timely basis. We will provide you with a signed copy of our report(s) and consent(s). These manually signed documents will serve to authorize the use of our name prior to any electronic transmission by you. For our files, you will provide us with a complete copy of the document as accepted by EDGAR.

The Company may wish to include our report on these financial statements in a registration statement proposed to be filed under the Securities Act of 1933 or in some other securities offering. You agree that the aforementioned audit report, or reference to our Firm, will not be included in any such offering without our prior permission or consent. Any agreement to perform work in connection with an offering, including an agreement to provide permission or consent, will be a separate engagement.

Timing and fees

Completion of our work is subject to, among other things, 1) appropriate cooperation from Bethlehem's personnel, including timely preparation of necessary schedules, 2) timely responses to our inquiries, and 3) timely communication of all significant accounting and financial reporting matters. When and if for any reason Bethlehem is unable to provide such schedules, information and assistance, PricewaterhouseCoopers LLP and Bethlehem will mutually revise the fee to reflect additional services, if any, required of us to complete the audit.

Our fee estimates are based on the time required by the individuals assigned to the engagement. Individual hourly rates vary according to the degree of responsibility involved and experience and skill required. We estimate our fees for this audit engagement will be \$778,500, exclusive of out-of-pocket expenses. Additionally, we estimate our fees associated with the audits of Bethlehem's employee benefit plans and other special reporting requirements will be \$146,500, exclusive of out-of-pocket expenses. These estimates take into account the agreed-upon level of preparation and assistance from company personnel; we will advise management should this not be provided or should any other circumstances arise which may cause actual time to exceed that estimate.

Based on the anticipated timing of the corresponding work, our billing schedule for these services is represented as follows:

May 31, 2002	185,700
June 30, 2002	77,700
July 31, 2002	105,000
August 31, 2002	85,000
September 30, 2002	85,000
October 31, 2002	148,500
November 30, 2002	75,000
December 31, 2002	20,000
January 31, 2003	143,100
TOTAL	\$925,000

Invoices rendered are due and payable as dictated by the United States Bankruptcy Code and Bethlehem's proceedings in the United States Bankruptcy Court in the Southern District of New York.

Other matters

Any additional services that you may request and we agree to provide will be the subject of separate written agreements.

In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for you, you will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such a request.

Bethlehem agrees that it will not, directly or indirectly, agree to assign or transfer any claim against PricewaterhouseCoopers LLP arising out of this engagement to anyone.

This engagement letter reflects the entire agreement between us relating to the services covered by this letter. It replaces and supersedes any previous proposals, correspondence and understandings, whether written or oral. The agreements of Bethlehem and PricewaterhouseCoopers LLP contained in this engagement letter shall survive the completion or termination of this engagement.

* * * * *

If you have any questions, please call James G. Kaiser at (267) 330-2045 or Andrea K. Setzer at (610) 694-5331. If the services outlined herein are in accordance with your requirements and if the above terms are acceptable to you, please have one copy of this letter signed in the space provided below and return it to us.

Very truly yours,

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

The services and terms as set forth in this letter are agreed to.

BETHLEHEM STEEL CORPORATION

By: *Lonnie A. Arnett*
Lonnie A. Arnett
Vice President and Controller

4/27/02
(Date)

AU Section 110
Responsibilities and Functions of the Independent Auditor

Source: SAS No. 1, section 110; SAS No. 78; SAS No. 82.

.02 The auditor has a responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, the auditor is able to obtain reasonable, but not absolute, assurance that material misstatements are detected. The auditor has no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by errors or fraud, that are not material to the financial statements are detected.

AU Section 230
Due Professional Care in the Performance of Work

Sources: SAS No. 1, section 230; SAS No. 41; SAS No. 82.

Reasonable Assurance

.10 The exercise of due professional care allows the auditor to obtain reasonable assurance that the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Therefore, an audit conducted in accordance with generally accepted auditing standards may not detect a material misstatement.

.11 The independent auditor's objective is to obtain sufficient competent evidential matter to provide him or her with a reasonable basis for forming an opinion. The nature of most evidence derives, in part, from the concept of selective testing of the data being audited, which involves judgment regarding both the areas to be tested and the nature, timing, and extent of the tests to be performed. In addition, judgment is required in interpreting the results of audit testing and evaluating audit evidence. Even with good faith and integrity, mistakes and errors in judgment can be made. Furthermore, accounting presentations contain accounting estimates, the measurement of which is inherently uncertain and depends on the outcome of future events. The auditor exercises professional judgment in evaluating the reasonableness of accounting estimates based on information that could reasonably be expected to be available prior to the completion of field work. As a result of these factors, in the great majority of cases, the auditor has to rely on evidence that is persuasive rather than convincing.

.12 Because of the characteristics of fraud, particularly those involving concealment and falsified documentation (including forgery), a properly planned and performed audit may not detect a material misstatement. For example, an audit conducted in accordance with generally accepted auditing standards rarely involves authentication of documentation, nor are auditors trained as or expected to be experts in such authentication. Also, auditing procedures may be ineffective for

detecting an intentional misstatement that is concealed through collusion among client personnel and third parties or among management or employees of the client.

.13 Since the auditor's opinion on the financial statements is based on the concept of obtaining reasonable assurance, the auditor is not an insurer and his or her report does not constitute a guarantee. Therefore, the subsequent discovery that a material misstatement, whether from error or fraud, exists in the financial statements does not, in and of itself, evidence (a) failure to obtain reasonable assurance, (b) inadequate planning, performance, or judgment, (c) the absence of due professional care, or (d) a failure to comply with generally accepted auditing standards.

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

----- X
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)
: :
----- X

**ORDER PURSUANT TO SECTION 327(a) OF THE BANKRUPTCY
CODE AND BANKRUPTCY RULE 2014(a) AUTHORIZING
DEBTORS TO AMEND THE TERMS OF THEIR RETENTION OF
PRICEWATERHOUSECOOPERS LLP AS AUDITORS, TAX ADVISORS,
BANKRUPTCY AND REORGANIZATION CONSULTANTS**

Upon the application (the “Application”) of Bethlehem Steel Corporation and its affiliated debtors in the above-captioned cases (collectively, the “Debtors”), dated May 9, 2002, for an order pursuant to section 327(a) of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), authorizing the Debtors to amend the terms of their retention of the firm of PricewaterhouseCoopers LLP (“PWC”) as auditors, tax advisors, bankruptcy and reorganization consultants; and the Court having jurisdiction to consider the Application and the relief requested therein in accordance with 28 U.S.C. §§ 157(b) and 1334; and it appearing that the requested amendment to the terms of the Debtors’ previous retention of PWC is necessary and in the best interest of the Debtors and their estates; and good and sufficient notice of the Application having been provided to (i) the Office of the United States Trustee, (ii) respective counsel for the Debtors’ pre-petition and post-petition lenders, (iii) counsel for the statutory creditors’ committee; and (iv) parties that have filed notices of appearance and requests for service in these cases; and it appearing that no other

or further notice need be provided; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that in accordance with section 327(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a), the Debtors are authorized to amend the terms of their retention of PWC to include the performance of audits of the Debtors' financial statements for the year ended December 31, 2002 and related quarterly reviews, the audits of employee benefit plans for 2001 and certain other special reporting requirements, as well as the Reorganization Services as defined in the Application; and it is further

ORDERED that all compensation and reimbursement of expenses paid to PWC, including for the fixed fee services set forth in the Application (the "Fixed Fee Services") in an amount of up to \$925,000, shall be subject to approval of this Court in accordance with the requirements of sections 330 and 331 of the Bankruptcy Code, all applicable provisions of the Bankruptcy Rules and the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules") and such procedures as may be fixed by orders of this Court; and it is further

ORDERED that PWC shall be entitled to seek on a periodic interim basis payment of 100% for professional services rendered in connection with the Fixed Fee Services, and 80% for professional services rendered in connection with the Reorganization Services as well as reimbursement for its reasonable expenses incurred in connection therewith; and it is further

ORDERED that all other terms and conditions of the Debtors' retention of PWC, as set forth in the Retention Order (as such term is defined in the Application), shall remain unchanged and shall be as set forth in the Retention Order; and it is further

ORDERED that the requirement of Local Rule 9013-1(b) for the filing of a memorandum of law in respect of the Application is dispensed with and waived.

Dated: New York, New York
May 23, 2002

/s/Burton R. Lifland
UNITED STATES BANKRUPTCY JUDGE