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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

In re:

WASHINGTON GROUP INTERNATIONAL,
INC., et al.

Debtors.

Case No.: BK-N-01-31627
(Chapter 11)

**ORDER CONFIRMING SECOND
AMENDED JOINT PLAN OF
REORGANIZATION OF
WASHINGTON GROUP
INTERNATIONAL, INC., ET AL.,
AS MODIFIED**

Hearing Date: November 20, 2001
Hearing Time: 9:00 a.m.

On October 10 and 11 and November 19 and 20, 2001, the Confirmation Hearing
with respect to the Debtors' Second Amended Joint Plan of Reorganization, as modified by the

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First Modification¹, the Second Modification and the Third Modification (together with the additional modifications set forth in this Order, the "Plan")² commenced before this Court in the above-captioned cases. After receiving testimony and evidence submitted by the parties, hearing the arguments of counsel, and weighing all the admitted evidence, and good cause appearing therefore;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

A. CONFIRMATION OF THE PLAN.

The Plan and each of its provisions are confirmed in each and every respect pursuant to section 1129 of the Bankruptcy Code; *provided, however*, that if there is any direct conflict between the terms of the Plan and (a) the terms of the Findings of Fact and Conclusions of Law and this Confirmation Order, the terms of the Findings of Fact and Conclusions of Law and this Confirmation Order shall control, or (b) the terms of the Plan Exhibits, the terms of the Plan Exhibits shall control. All of the Objections and other responses to, and statements and comments regarding, the Plan, other than those withdrawn with prejudice in their entirety prior

¹Unless otherwise specified, capitalized terms and phrases used in this order (the "Confirmation Order") have the meanings assigned to them in Findings of Fact and Conclusions of Law Regarding the Confirmation of the Second Amended Joint Plan of Reorganization of Washington Group International, Inc., et al., as Modified (the "Findings of Fact and Conclusions of Law"), which have been separately entered by this Court as of the date hereof and are incorporated herein by reference. The rules of interpretation set forth in Article I.C. of the Plan shall apply to this Confirmation Order. In addition, in accordance with Article I.A. of the Plan, any term used in the Plan, the Findings of Fact and Conclusions of Law or this Confirmation Order that is not defined in the Plan, the Findings of Fact and Conclusions of Law or this Confirmation Order, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable. In accordance with Section III.A. of the Findings of Fact and Conclusions of Law, if there is any direct conflict between the terms of the Plan and the terms of the Findings of Fact and Conclusions of Law or this Confirmation Order, the terms of the Findings of Fact and Conclusions of Law and this Confirmation Order shall control.

²A copy of the Plan (without the exhibits thereto) is attached hereto as Exhibit A and incorporated herein by reference. Copies of the Modifications are attached hereto as Exhibits B, C, and D and incorporated herein by reference.

to, or on the record at, the Confirmation Hearing are overruled or resolved as set forth by the Court during the Confirmation Hearing, including all ERISA related issues that are the subject of Adversary Proceeding No. 01-3081 and which proceeding is the appropriate forum in which to resolve such issues.

B. EFFECTS OF CONFIRMATION.

1. Immediate Effectiveness; Successors and Assigns.

The stay contemplated by Bankruptcy Rule 3020(e) shall not apply to this Confirmation Order. Subject to the provisions of Section 12.7 of the Plan and paragraph D.10. of this Order regarding the Raytheon Settlement, and notwithstanding any otherwise applicable law, immediately upon the entry of this Confirmation Order, the terms of the Plan and this Confirmation Order are deemed binding upon the Debtors, the Reorganized Debtors, any and all holders of Claims or Interests (irrespective of whether such Claims or Interests are Impaired under the Plan or whether the holders of such Claims or Interests accepted, rejected or are deemed to have accepted or rejected the Plan), any and all nondebtor parties to executory contracts and unexpired leases with any of the Debtors and any and all entities that are parties to or are subject to the settlements, compromises, releases, discharges and injunctions described in Section I.F. of the Findings of Fact and Conclusions of Law and the respective heirs, executors, administrators, successors or assigns, if any, of any of the foregoing.

2. Continued Corporate Existence; Vesting of Assets.

Except as otherwise provided in the Plan, each Debtor shall, as a Reorganized Debtor, continue to exist after the Effective Date as a separate corporate entity, with all the powers of a corporation (or such other corporate form) under applicable law and without

prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise) under applicable state law. As of the Effective Date, the property of each Debtors' Estate, together with any property of each Debtor that is not property of its Estate and that is not specifically disposed of pursuant to the Plan, shall revert in the applicable Reorganized Debtor. Thereafter, each Debtor may operate its business and may use, acquire, and dispose of property compromise or settle any Claims or Interest free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Courts, other than those restrictions expressly imposed by the Plan or this Order. As of the Effective Date, all property of each Debtor shall be free and clear of all Claims, liens, charges, other encumbrances and Interests. Without limiting the foregoing, (a) each Reorganized Debtor is authorized to pay the reasonable charges that it incurs on or after the Effective Date for professionals' fees, disbursements, expenses or related support services (including fees relating to the preparation of Professional fee applications) and (b) the Reorganized Debtors are authorized and directed to pay the reasonable Professionals' fees, disbursements, expenses, and related support services incurred by the Plan Committee, in each case without application to the Bankruptcy Court.

3. Cancellation and Surrender of Instruments, Securities and Other Documentation.

Except as provided in any contract, instrument or other agreement or document created, entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to Article III of the Plan, (a) the Old Securities and any other note, bond, indenture, or other instrument or document evidencing or creating any indebtedness or obligation of a Debtor, except such notes or other instruments

evidencing indebtedness or obligations of a Debtor that are Reinstated or amended and restated under the Plan, are canceled and of no further force and effect, without any further action on the part of any Debtor or Reorganized Debtor, (b) the obligations of the Debtors under any agreements, indentures or certificates of designations governing the Old Securities and any other note, bond, indenture or other instrument or document evidencing or creating any indebtedness or obligation of a Debtor, except such notes or other instruments evidencing indebtedness or obligations of a Debtor that are Reinstated or amended and restated under the Plan, as the case may be, are discharged. The holders of or parties to such canceled instruments, securities and other documentation shall have no rights arising from or relating to such instruments, securities and other documentation or the cancellation thereof, except the rights provided pursuant to the Plan; *provided, however*, that no distribution under the Plan shall be made to or on behalf of any holder of an Allowed Claim evidenced by such canceled instruments or securities unless and until such instruments or securities are received by the applicable Disbursing Agent pursuant to, and to the extent required by, Article VII of the Plan.

4. Allowance of Lender Claims and Release of Liens.

(a) Notwithstanding anything to the contrary in the Plan, for purposes of the Plan, the Lender Claims shall be allowed in the aggregate amount of all principal, accrued interest, fees, charges and any other amounts due to any of the Lenders as of the Petition Date.

(b) Except as otherwise provided in the Plan, the DIP Facility Agreement, this Order or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to Article VII of the Plan, all mortgages, deeds of trust, liens or other

security interests against the property of any Estate are fully released and discharged, and all right, title and interest of any holder of such mortgages, deeds of trust, liens or other security interests, including any rights to any collateral thereunder, shall revert to the applicable Reorganized Debtor and its successors and assigns. Notwithstanding anything to the contrary herein or in the Plan, all outstanding letters of credit issued under the DIP Facility Agreement shall be cash collateralized or replaced on the Effective Date as required by the terms of the DIP Facility Agreement.

C. CLAIMS BAR DATES.

1. Bar Dates for Administrative Claims.

(a) General Bar Date Provisions.

Except as otherwise provided in Sections 3.1 and 12.1 of the Plan and herein, unless previously filed, requests for payment of Administrative Claims must be filed with the Bankruptcy Court and served on counsel for the Debtors and counsel for the Trustee, pursuant to the procedures specified in the Confirmation Notice (as such term is defined below), no later than 45 days after the Effective Date. Holders of Administrative Claims that are required to file and serve a request for payment of such Administrative Claims and that do not file and serve a request by the applicable bar date shall be forever barred from asserting such Administrative Claims against the Debtors, the Reorganized Debtors or their respective property and such Administrative Claims shall be deemed discharged as of the Effective Date. The Debtors have forty-five (45) business days after receipt to object to the amount requested. The Bankruptcy Court shall retain jurisdiction to determine the Allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be filed

with respect to an Administrative Claim which is paid or payable by a Debtor in the ordinary course of business.

(b) Professional Compensation.

All final requests for compensation or reimbursement of Professional Fees for services rendered to the Debtors or any creditors' committee prior to the Effective Date and Substantial Contribution Claims must be filed and served on the Reorganized Debtors and their counsel no later than 60 days after the Effective Date. Objections to applications of such Professionals or other entities for compensation or reimbursement of expenses must be filed and served on the Reorganized Debtors and their counsel and the requesting Professional or other entity no later than 60 days after the date on which the applicable application was served. To the extent necessary, entry of this Confirmation Order shall amend and supersede any previously entered order of the Bankruptcy Court, including the Fee Order, regarding the payment of Fee Claims.

(c) DIP Facility Claims.

Holders of Administrative Claims under or evidenced by the DIP Facility shall not be required to file or serve any request for payment of such Claims. Such Administrative Claims shall be satisfied pursuant to Section 3.1 of the Plan, and all terms and conditions of the DIP Facility Agreement, including provisions regarding cash collateralization of outstanding letters of credit shall be enforced in accordance with their terms.

(d) Priority Tax Claims

Each of the Debtors shall have the right to file an objection to any Priority Tax Claim and other claims asserted by taxing authorities and the Debtors' rights to object to and

settle or otherwise compromise Priority Tax Claims and such other claims shall be subject to Raytheon's rights under that certain Disaffiliation Tax Sharing Agreement, dated as of April 14, 2000, ("Raytheon Tax Agreement"), between Raytheon and one of the Debtors, which has been assumed by the Debtors, and the Raytheon Settlement, provided that any such objection must be filed no later than 120 days following the Effective Date, unless such time period is extended by the Court. Following resolution of any objections, Priority Tax Claims and other claims asserted by taxing authorities shall be treated as provided under the Plan and, with respect to objections and other matters addressed herein, the provisions of this Order.

2. Bar Date for Rejection Damages Claims and Related Procedures.

The Debtors or the Reorganized Debtors shall provide written notice to each nondebtor party to an Executory Contract or Unexpired Lease being rejected pursuant to the Plan of (i) the applicable Executory Contract or Unexpired Lease being rejected, (ii) the bar date set forth in this Section C.2 and (iii) the procedures for such party to file and serve a proof of Claim for any Claims that may arise from such rejection (the "Rejection Bar Date Notice"). The Rejection Bar Date Notice shall be in substantially the form attached hereto as Exhibit F and incorporated herein by reference and shall be served on each nondebtor party or parties to an Executory Contract or Unexpired Lease by the later of (i) 30 Business Days after the Confirmation Date or (ii) if the Debtors amend Schedule 6.3 to the Plan after the Confirmation Date to delete any executory contract or unexpired lease identified thereon, thus providing for its rejection pursuant to Section 6.3 of the Plan, 30 Business Days after the date of such amendment.

Notwithstanding anything in the Bar Date Order to the contrary, if the rejection of an Executory Contract or Unexpired Lease pursuant to Section 6.3 of the Plan gives rise to a

Claim by the other party or parties to the Executory Contract or Unexpired Lease, such Claim shall be forever barred and shall not be enforceable against the Debtors, the Reorganized Debtors, their respective successors or their respective properties unless a proof of Claim is filed and served on the Reorganized Debtors, pursuant to the procedures specified in this Confirmation Order and the Rejection Bar Date Notice, no later than 30 days after the date of service of the applicable Rejection Bar Date Notice.

3. Special Provisions Regarding the Indenture Trustee's Fees.

Notwithstanding anything in this Order or the Plan to the contrary, on the Effective Date, the Debtors shall pay the reasonable fees and reasonable documented out of pocket expenses incurred after the Petition Date and through and including any final distribution by the Indenture Trustee. Such amounts shall include, without limitation, the reasonable documented out-of-pocket costs and expenses and reasonable fees and expenses of legal counsel to the Indenture Trustee; provided, however, payments for such fees and expenses described in this paragraph shall not exceed \$120,000.

D. MATTERS RELATING TO IMPLEMENTATION OF THE PLAN.

1. Restructuring Transactions

(a) On or after the Confirmation Date, pursuant to appropriate provisions of applicable state business corporation laws and sections 1123(a) and 1142(b) of the Bankruptcy Code, the Debtors and the Reorganized Debtors are authorized to take such actions as may be necessary or appropriate to effect a corporate restructuring of their respective businesses or simplify the overall corporate structure of the Reorganized Debtors and make all filings and recordings in connection therewith, all as contemplated by, among others, Article V of the Plan,

and in accordance with applicable terms of the Plan, the Exhibits thereto and this Confirmation Order. Such restructuring may include one or more mergers, consolidations, restructurings, dispositions, liquidations or dissolutions, as may be determined by the Debtors or the Reorganized Debtors to be necessary or appropriate (collectively, the "Restructuring Transactions"). The actions to effect these transactions may include: (i) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, disposition, liquidation or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable state law and such other terms to which the applicable entities may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms to which the applicable entities may agree; (iii) the filing of appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable state law; and (iv) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable state law in connection with such transactions.

(b) The Restructuring Transactions may include one or more mergers, consolidations, restructurings, dispositions, liquidations or dissolutions as may be determined by the Debtors or Reorganized Debtors to be necessary or appropriate to result in substantially all of the respective assets, properties, rights, liabilities, duties and obligations of certain of the Reorganized Debtors vesting in one or more surviving, resulting or acquiring corporations. In each case in which the surviving, resulting or acquiring corporation in any such transaction is a successor to a Reorganized Debtor, such surviving, resulting or acquiring corporation shall

perform the obligations of the applicable Reorganized Debtor pursuant to the Plan to pay or otherwise satisfy the Allowed Claims against such Reorganized Debtor, except as provided in any contract, instrument or other agreement or document effecting a disposition to such surviving, resulting or acquiring corporation, which may provide that another Reorganized Debtor will perform such obligations.

(c) The Restructuring Transactions shall include the adoption of new or amended and restated certificates of incorporation and by-laws or similar constituent documents for the Reorganized Debtors; the initial selection of directors and officers for the Reorganized Debtors; the entry into the Exit Facility; the entry into the Raytheon Settlement; the distribution of cash pursuant to the Plan; the issuance and distribution of the New Common Shares, the Class 7 Stock Warrants, and the options to be granted under the Management Option Plan, pursuant to the Plan, the adoption, execution, delivery and implementation of all contracts, leases, instruments, releases and other agreements or documents related to any of the foregoing; the adoption, execution and implementation of employment, retirement and indemnification agreements, incentive compensation programs, retirement income plans, welfare benefit plans and other employee plans and related agreements, and the other matters provided for under the Plan involving the corporate structure of any Debtor or Reorganized Debtor or corporate action to be taken by or required of any Debtor or Reorganized Debtor shall occur and be effective as of the date specified in the documents effectuating the applicable Restructuring Transactions or the Effective Date, if no such other date is specified in such other documents, and are authorized and approved in all respects and for all purposes without any requirement of further action by the stockholders or board of directors of any of the Debtors.

(d) The chairman of the WGI board of directors, president, chief financial officer, or any other appropriate officer of WGI or any applicable Debtor, as the case may be, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The secretary or assistant secretary of WGI or any applicable Debtor, as the case may be, shall be authorized to certify or attest to any of the foregoing actions. Pursuant to section 1142(b) of the Bankruptcy Code, section 303 of the Delaware General Corporation Law and any comparable provision of the business corporation laws of any other state (collectively, the "Reorganization Effectuation Statutes"), without further action by the Bankruptcy Court or the stockholders or board of directors of any of the Debtors or the Reorganized Debtors, the Debtors and the Reorganized Debtors and are authorized to: (i) cause to be filed with the Secretary of State of the State of Delaware or other applicable state or local official (A) any and all certificates, agreements or plans of merger, consolidation, dissolution, liquidation or amendment necessary or appropriate to effectuate the provisions of the Plan and (B) certificates of incorporation, by-laws or similar constituent documents or certificates or articles of amendment thereto, as applicable (collectively, the "Governance Documents"); and (ii) take or cause to be taken all such other actions, including the making of appropriate filings or recordings as may be required under appropriate provisions of applicable state business corporation laws or any other applicable law, or as any of the Chairman of the Board, Chief Executive Officer, President, Executive Vice President, Chief Financial Officer, Treasurer, Chief Operating Officer, Senior Vice President, any Vice President or any Secretary (collectively, the "Responsible Officers") of the appropriate Debtor or Reorga-

nized Debtor may determine are necessary or appropriate in connection with the provisions of the Plan and the Governance Documents. Each federal, state and local governmental agency or department is authorized and directed to accept the filing of any Governance Document or other document related to the implementation of the Plan. Without limiting the generality or effect of the foregoing, this Confirmation Order is declared and determined to be in recordable form and shall be accepted by any filing or recording officer or authority of any applicable governmental authority or department without any further orders, certificates or other supporting documents. After the Effective Date, each of the Reorganized Debtors is authorized to amend or restate its certificate of incorporation or by-laws or similar constituent documents as permitted by applicable state law, subject to the terms and conditions of such constituent documents.

2. Directors and Officers; Employment-Related Agreements and Compensation Programs.

(a) Directors and Officers of Reorganized Debtors.

The appointment of the initial directors and officers of each of the Reorganized Debtors, as set forth in the Findings of Fact and Conclusions of Law and Section 5.8 of the Plan (including the process for filling a vacant directorship), as of and immediately following the Effective Date is approved.

Each such director and officer shall serve from and after the Effective Date until his or her successor is duly elected or appointed and qualified or until such director's or officer's earlier death, resignation or removal in accordance with the terms of the certificates of incorporation and by-laws or similar constituent documents of the applicable Reorganized Debtor and applicable state law.

(b) Approval of New Employment, Retirement, Indemnification, and Other Related Agreements and Incentive Compensation Programs.

Pursuant to section 1142(b) of the Bankruptcy Code and the Reorganization Effectuation Statutes and in accordance with Section 5.6 of the Plan, without further action by the Bankruptcy Court or the stockholders or board of directors of any of the Reorganized Debtors, and without limiting the power or authority of the Reorganized Debtors following the Effective Date to take any and all such actions as may be permitted or required by applicable nonbankruptcy law, the Reorganized Debtors are authorized, as of the Effective Date, to: (i) maintain, amend or revise existing employment, retirement, welfare, incentive, severance, indemnification and other agreements with their active directors, officers and employees, subject to the terms and conditions of any such agreement; (ii) enter into new employment, retirement, welfare, incentive, severance, indemnification and other agreements for active and retired employees; and (iii) make the initial grants under the Management Option Plan.

3. Approval of Agreement Related to the New Common Shares.

Pursuant to section 1142(b) of the Bankruptcy Code and the Reorganization Effectuation Statutes and without further action by the Bankruptcy Court or the stockholders or board of directors of any of the Reorganized Debtors, WGI or Reorganized WGI, as applicable, is authorized to execute and deliver the Registrations Rights Agreement which agreement shall be duly authorized, valid and binding and enforceable in accordance with its terms and the New Common Shares issued pursuant to such agreements, upon issuance, shall be duly authorized validly issued and fully paid and non-assessable.

4. Approval of Exit Facility.

Pursuant to section 1142(b) of the Bankruptcy Code and the Reorganization Effectuation Statutes and without further action by the Bankruptcy Court or the stockholders or board of directors of any of the Reorganized Debtors, on the Effective Date, the Reorganized Debtors are authorized to execute and deliver those documents necessary or appropriate to obtain the Exit Facility and to take all such other actions and execute, deliver, record and file all such other agreements, instruments, financing statements, releases, applications, registration statements, reports and other documents, and any changes, additions and modifications thereto, as any of their Responsible Officers may determine are necessary or appropriate in connection with the consummation of the transactions contemplated by the Exit Facility, including such documents and actions required by the Exit Facility agent bank and any other lending institutions that are parties to the Exit Facility, and also including the making of such filings, or the recording of any security interests, as may be required by the Exit Facility. All cash necessary for the Reorganized Debtors to make payments pursuant to the Plan shall be obtained from the Reorganized Debtors' cash balances and operations or the Exit Facility. Cash payments to be made pursuant to the Plan shall be made by the Disbursing Agent, provided, however, that the Debtors and the Reorganized Debtors shall be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable the Disbursing Agent to satisfy its obligations under the Plan. Any Intercompany Claims resulting from such transfers shall be accounted for and settled in accordance with the Debtors' historical intercompany account settlement practices. Upon receipt of a commitment for the Exit Facility, the Debtors shall provide notice of its material terms and conditions to the full service list in these cases, and parties shall have ten (10) days to file and serve upon such service list pleadings reciting any objections thereto, which objections (if any)

shall be limited to matters regarding feasibility of the Plan and shall be heard by this Court as quickly as practicable thereafter. The Court specifically retains jurisdiction for the purposes of determination of final approval of the Exit Facility.

5. Approval of Executory Contract and Unexpired Lease Provisions and Related Procedures.

(a) Except as otherwise modified herein, the Executory Contract and Unexpired Lease provisions of Article VI of the Plan are specifically approved. Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into in connection with the Plan, on the Effective Date, pursuant to section 365 of the Bankruptcy Code, the applicable Debtor or Debtors shall assume each executory contract and unexpired lease to which a Debtor is a party, unless such contract or lease (i) was previously assumed or rejected by such Debtor, (ii) previously expired or terminated pursuant to its own terms, (iii) is the subject of a motion pending before the Bankruptcy Court as of the Confirmation Date to assume or reject such contract or lease or (iv) is listed on Schedule 6.3 to the Plan as being an executory contract or unexpired lease to be rejected. To the extent that an executory contract or unexpired lease is not listed on Schedule 6.3, such executory contract or unexpired lease is assumed. Each contract and lease shall be assumed only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. Listing a contract or lease on Schedule 6.3 to the Plan shall not constitute an admission by a Debtor or Reorganized Debtor that such contract or lease is an executory contract or unexpired lease or that a Debtor or Reorganized Debtor has any liability thereunder.

(b) This Confirmation Order shall constitute an order approving the treatment of executory contracts and unexpired leases described in Article VI of the Plan, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date. The Debtors or the Reorganized Debtors have provided notice to each party whose executory contract or unexpired lease is being assumed or assumed and assigned pursuant to the Plan of (i) the contract or lease being assumed or assumed and assigned; (ii) the name of the proposed assignee, if any; (iii) the Cure, if any, that the applicable Debtor or Reorganized Debtor believes it (or its assignee) would be obligated to pay in connection with such assumption; and (iv) the procedures for such party to object to the assumption or assumption and assignment of the applicable contract or lease or the amount of the proposed Cure (the "Cure Amount Notice").

(c) To the extent that such Claims constitute monetary defaults, the Cure associated with each executory contract and unexpired lease to be assumed or assumed and assigned pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, at the option of the Debtor or Reorganized Debtor assuming such contract or lease or the assignee of such Debtor or Reorganized Debtor, if any by Cure. If there is a dispute regarding (i) the amount of any Cure, (ii) the ability of the applicable Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or (iii) any other matter pertaining to assumption of such contract or lease, the Cure shall be made following the entry of a Final Order resolving the dispute and approving the assumption or assumption and assignment, as the case may be.

(d) This Confirmation Order shall constitute an order approving such rejections, pursuant to Section 365 of the Bankruptcy Code, as of the Effective Date. Notice of the rejection of any executory contract or unexpired lease listed on Schedule 6.3 to the Plan was given in accordance with Section C.2. above.

(e) To the extent the rejection by a Debtor, pursuant to the Plan or otherwise, of an executory contract or unexpired lease results in a Claim, then such Claim shall be forever barred and shall not be enforceable against any Debtor or Reorganized Debtor or the properties of them unless a proof of claim is filed with the clerk of the bankruptcy Court and served upon counsel to the Debtors, counsel to the Creditors' Committee, within thirty (30) days after service of the earlier of (a) notice of the Confirmation Order, or (b) other notice that the executory contract or unexpired lease has been rejected.

(f) Notwithstanding anything to the contrary in the Plan or this Order, all Completed Projects and all executory obligations thereunder (including warranty and/or indemnity obligations) other than those Completed Projects explicitly set forth on Schedule 6.5 to the Plan, shall be treated as executory contracts that are rejected pursuant to section 365 of the Bankruptcy Code. Those Completed Projects and all executory obligations thereunder (including warranty and/or indemnity obligations) explicitly set forth on Schedule 6.5 to the Plan shall be treated as executory contracts that are assumed pursuant to section 365 of the Bankruptcy Code, and obligations thereunder shall be satisfied in the ordinary course of business. The fact that a Complete Project is listed on Schedule 6.5 shall not constitute an admission by a Debtor or a Reorganized Debtor that such Completed Project is an executory contract or that a Debtor or

Reorganized Debtor has any liability thereunder, except as and to the extent otherwise provided in this Order.

(g) Notwithstanding anything in the Plan to the contrary, the Debtors have agreed and shall make all payments required under the Lease Agreement, dated June 13, 1973, as amended by Lease Agreement One through Ten, dated October 22, 1973, April 9, 1974, July 18, 1974, November 12, 1974, January 10, 1975, May 5, 1976, April 17, 1979, December 19, 1983, February 9, 1984 and October 25, 1994, respectively (collectively, the "Ludlow Lease") among Paul F. Hellmuth, Gordon E. Emerson, Jr., Robert C. Elder and John M. Hines as Trustees of Middle City Trust, predecessor-in-interest to 17 Ludlow Property, L.L.C., and United Engineers & Constructors, Inc., predecessor-in-interest to Washington Group International, Inc. (Ohio), for the premises located at 30 South Seventeenth Street, Philadelphia, Pennsylvania (the "Premises") until the Premises are surrendered in accordance with the terms of the Ludlow Lease. The effective date of the rejection of the Ludlow Lease shall be the date the Debtors surrender the Premises to Ludlow in accordance with the Ludlow Lease.

(h) Notwithstanding any other provision of this Order or the Plan, the Plan and this Order shall not operate to assume any executory contracts (the "Unresolved Executory Contracts") that are the subject of (i) an objection to such assumption and/or (ii) a notice of Cure amount. The assumption or rejection of the Unresolved Executory Contracts shall be governed by the Order Approving Procedures for (I) Noticing the Assumption of Executory Contracts and Unexpired Leases Pursuant to the Plan and (II) Resolving Issues Related to Such Assumption [Docket No. 1657] and the Debtors' rights to assume or reject the Unresolved Executory Contracts are expressly reserved.

(i) To the extent any provisions of the Plan (including without limitation section 6.5) and any agreement assumed pursuant to the Debtors' Motion for Order Under 11 U.S.C. § 365 and Fed. R. Bankr. P. 6006 Authorizing Debtors to Assume All Agreements in Connection with Technology-Related Development and Technology Licensing Activities [Docket No. 2763] (the "Assumed Technology Agreements") are inconsistent, the Assumed Technology Agreements shall control.

(j) With respect to executory contracts of the Debtors related to projects with respect to which Raytheon or an affiliate has provided a guaranty, letter of credit, surety bond or other support arrangement, the respective rights and obligations of the Debtors, the Reorganized Debtors and Raytheon or such affiliate with respect to Assumed Contracts and Rejected Contracts (as those terms are defined in the Raytheon Settlement) shall be as set forth in the Raytheon Settlement.

6. Approval of Distribution Provisions

(a) The Distribution provisions of the Plan shall be, and hereby are, approved. The Debtors and the Disbursing Agent, as the case may be, shall make all Distributions required under the Plan.

(b) Prior to making any distributions to Class 7, pursuant to Section 8.2(b) of the Plan, Reorganized WGI shall fund the Disputed Class 7 Claims Reserve with New Common Shares and Class 7 Stock Warrants.

(c) The Distribution Record Date shall be the Confirmation Date.

(d) The Disbursing Agent shall have no obligation to recognize the transfer of, or the sale of any participation in, any Lender Claims that occurs after the close of business on

the Distribution Record Date and shall be entitled for all purposes herein and in the Plan to recognize and make distributions only to those holders of Lender Claims that are holders of such Claims, or participants therein, as of the close of business on the Distribution Record Date.

(e) As of the close of business on the Distribution Record Date, the respective transfer registers for the Old Notes, as maintained by the Debtors or the Indenture Trustee, shall be closed. The applicable Disbursing Agent shall have no obligation to recognize the transfer or sale of any Old Note Claim that occurs after the close of business on the Distribution Record Date and shall be entitled for all purposes herein to recognize and make distributions only to those holders of Old Note Claims that are holders of such Claims as of the close of business on the Distribution Record Date.

(f) Notwithstanding anything in the Plan or this Order to the contrary, any Claim the holder of which asserts is covered by or payable by Debtors from proceeds of any contract of insurance ("Insurance Claim") issued to or for the benefit of any of the Debtors ("Insurance Policy") shall be paid solely from the proceeds of any applicable Insurance Policy and not from any property of the Debtors' Estates, except to the extent that such Insurance Claim is entitled to Class 7 treatment under the Plan as described below. Any unpaid portion of any self-insured retention or deductible amount stated in any potentially applicable Insurance Policy ("Deductible") and the balance of any Insurance Claim not paid from proceeds of an Insurance Policy shall be deemed to be and treated as a General Unsecured Claim under Class 7 of the Plan. On the Effective Date, the unpaid portion of any Deductible shall be deemed to have been fully and actually satisfied, discharged and paid, and the automatic stay and any applicable injunctions shall be modified to allow the holders of Insurance Claims to litigate and liquidate their Insur-

ance Claims against the Debtors (as a nominal defendant only) and, subject to the terms and conditions of such Insurance Policy, collect any judgment with respect to such Insurance Claim solely from the proceeds of such Insurance Policy, but only to the extent of existing coverage. In accordance with Article VIII of the Plan, with respect to any contested Insurance Claim, the Plan Committee is authorized to take any and all actions necessary or appropriate to litigate, object, settle, compromise or otherwise resolve such Insurance Claim. Any insurance-related or insurance coverage dispute concerning the Insurance Claim(s) of Tutor-Saliba Corporation and/or Nerco Minerals Company (together with its affiliates, "Nerco") shall be determined exclusively by order of the Bankruptcy Court, upon the request of the Debtors, the Plan Committee, Tutor-Saliba Corporation or Nerco. In the event that it is determined that such Insurance Claim is not covered by any contract of insurance, such Insurance Claim shall be deemed to be and treated as a General Unsecured Claim under Class 7 of the Plan. As between the Debtors and Raytheon, to the extent that an Insurance Claim is subject to or contemplated by the Raytheon Settlement, such Insurance Claim shall be subject to and governed by the Raytheon Settlement.

With respect to an Insurance Policy assumed by the Debtors pursuant to section 365 of the Bankruptcy Code, nothing in the Plan or this Order shall affect the terms of the Insurance Polic(ies) and/or any related arrangements or agreements, including without limitation, any rights for reimbursement and/or contribution between a Debtor and any Insurance provider with respect to any insurance claim arising under such Insurance Polic(ies) and/or applicable law.

7. Approval of Preservation of Rights of Action

Except as otherwise provided in the Plan or the Confirmation Order, or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Litigation Claims that the Debtors or the Estates may hold against any Person or entity. Each Debtor or its successor(s) may pursue such retained Litigation Claims as appropriate, in accordance with the best interests of the Reorganized Debtor or its successor(s) who hold such rights.

8. Prosecution of Objections to Claims

(a) All objections to Claims shall be filed and served on the holders of such claims by the later of (i) 120 days after the Effective Date and (ii) 180 days after a particular Proof of Claim has been filed, unless such time period is extended by the Bankruptcy Court.

(b) Except as set forth below, after the Confirmation Date, only the Debtors or Reorganized WGI shall have the authority to file, settle, compromise, withdraw or litigate to judgment objections to Claims other than Class 7 Claims.

(c) After the Confirmation Date, only Reorganized WGI or the Creditors' Committee shall have the authority to file, settle, compromise, withdraw or litigate to judgment objections to Class 7 Claims. After the Effective Date, only Reorganized WGI or the Plan Committee shall have the authority to file, settle, compromise, withdraw or litigate to judgment objections to Class 7 Claims.

(d) After the Effective Date, Reorganized WGI or, solely as to Class 7 Claims, the Plan Committee, may settle or compromise any Disputed Claim without approval of

the Bankruptcy Court; provided, however, that this Bankruptcy Court may approve any settlement or compromise upon the request of a party in interest.

(e) The Plan Committee Document shall be filed with the Bankruptcy Court prior to the Effective Date.

(f) The foregoing provisions shall not amend or modify in any way the terms of the Raytheon Settlement respecting Class 7 Claims that are related to a Support Agreement (as that term is defined in the Raytheon Settlement). Raytheon's rights of payment, contribution, reimbursement and subrogation against the Reorganized Debtors under outstanding Support Agreements in respect of Assumed Projects (as each of such terms is defined in the Raytheon Settlement) are expressly preserved, acknowledged and recognized.

(g) Notwithstanding the foregoing, with respect to any Priority Tax Claims or other claims asserted by taxing authorities with respect to which Raytheon is or may be responsible to the Debtors under the Raytheon Tax Agreement, Raytheon may object to such Priority Tax Claim or such claim, at any time prior to 120 days following the Effective Date, unless such time period is extended by the Court.

9. Treatment of Disputed Claims

With respect to the Treatment of Disputed Claims under Section 8.2 of the Plan:

(a) Any motion by the Creditors' Committee or the Plan Committee seeking an estimation of any Class 7 Claims for purposes of distribution shall be served on the Debtors, Raytheon, Mitsubishi, CSFB, Sithe, Nerco, Tutor-Saliba, Consorcio and such other parties as the Court may direct.

(b) Notice of any initial motion by the Creditors' Committee or the Plan Committee seeking an estimate of Class 7 Claims in the aggregate for purposes of distribution shall be given to all holders of Class 7 Claims, unless the Court orders otherwise. Notwithstanding Section 8.2(b) of the Plan, as set forth in the Third Modification, the Court may decline to make an aggregate estimate of Class 7 Claims, and may require a different procedure for the determination of the amount of the Disputed Class 7 Claims Reserve, if the Court determines that a different procedure is necessary to ensure the equal treatment of all holders of Class 7 Claims, and the expeditious payment of Allowed Class 7 Claims.

(c) Notwithstanding Section 8.2(a) of the Plan, distributions shall be made to a creditor with respect to an Allowed Claim, notwithstanding the fact that such creditor may also hold a Disputed Claim.

10. Implementation of the Raytheon Settlement

Pursuant to Section 1142(b) of the Bankruptcy Code and other applicable law and without any further action by the Bankruptcy Court or the stockholders or board of directors of any of the Reorganized Debtors, on or before the Effective Date, the Reorganized Debtors are authorized and directed to execute and deliver those documents necessary or appropriate to implement the Raytheon Settlement and to take any and all other such actions and execute, deliver, record and file any and all such other agreements, instruments, released and other documents and any changes, additions and modifications thereto, as any of their Responsible Officers of the Debtors may determine are necessary or appropriate in connection with the consummation of the transactions contemplated by the Raytheon Settlement. The Debtors shall provide notice of the material terms and conditions of the Raytheon Settlement to the full service

list and any party that filed an objection to the Plan in these cases, and parties shall have ten (10) days to file and serve upon such service list pleadings reciting any objections thereto (if any), and shall be heard by this Court as quickly as practicable thereafter. The full text of the Raytheon Settlement shall be available upon request of the Debtors' counsel and placed on both the Court's and the Debtors' websites. The Court specifically retains jurisdiction for the purposes of

Such approval is a condition in addition to those contained in Article X of the Plan
determination of final approval of the Raytheon Settlement pursuant to Bankruptcy Rule 9019.

E. SETOFF AND RECOUPMENT RIGHTS NOT ELIMINATED.

Notwithstanding anything in the Plan to the contrary, nothing in the Plan will be deemed to eliminate, or enjoin the exercise of, the valid, enforceable setoff or recoupment rights of any party that possesses enforceable rights of setoff or recoupment prior to the Effective Date (which shall be deemed to include (a) any person or entity that has objected to Confirmation of the Plan on the grounds that the setoff or recoupment rights of such person or entity are being extinguished, without any further action by such objectors, and (b) Raytheon, despite the fact that its objection has been withdrawn and settled in accordance with the Raytheon Settlement).

F. SUBSTANTIVE CONSOLIDATION OF THE DEBTORS.

The substantive consolidation of the Debtors for the purpose of implementing the Plan, including for purposes of voting, Confirmation and distributions to be made under the Plan, is approved. Accordingly, for purposes of implementing the Plan, (1) all assets and liabilities of WGI and the Subsidiary Debtors are deemed merged; (2) all guarantees by one Debtor of the obligations of any other Debtor are deemed eliminated, and any Claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors are deemed to be one obligation of the consolidated Debtors; and (3) each and every

Claim filed or to be filed in the Chapter 11 Case of any of the Debtors is deemed filed against the consolidated Debtors and is deemed one Claim against and a single obligation of the consolidated Debtors. The substantive consolidation of the Debtors (other than for the purpose of implementing the Plan) shall not affect (i) the legal and corporate structures of the Reorganized Debtors, subject to the right of the Debtors or Reorganized Debtors to affect restructurings as provided in Article V of the Plan; (ii) the common shares of the WGI Subsidiary Debtors; and (iii) pre- and post-Effective Date guarantees that are required to be maintained (a) in connection with contracts or leases that were entered into during the Reorganization Cases or executory contracts and unexpired leases that have been or will be assumed or (b) pursuant to the Plan.

G. ACTIONS IN FURTHERANCE OF THE PLAN.

The approvals and authorizations specifically set forth in this Confirmation Order are nonexclusive and are not intended to limit the authority of any Debtor or Reorganized Debtor or any officer thereof to take any and all actions necessary or appropriate to implement, effectuate and consummate any and all documents or transactions contemplated by the Plan or this Confirmation Order. In addition to the authority to execute and deliver, adopt or amend, as the case may be, the contracts, leases, instruments, releases and other agreements specifically granted in this Confirmation Order, the Debtors and the Reorganized Debtors are authorized and empowered, without action of their respective stockholders or boards of directors, to take any and all such actions as any of their Responsible Officers may determine are necessary or appropriate to implement, effectuate and consummate any and all documents or transactions contemplated by the Plan or this Confirmation Order. Pursuant to section 1142 of the Bankruptcy Code and the Reorganization Effectuation Statutes, no action of the stockholders or boards of directors of the

Debtors or the Reorganized Debtors shall be required for the Debtors or Reorganized Debtors to:

(1) enter into, execute and deliver, adopt or amend, as the case may be, any of the contracts, leases, instruments, releases and other agreements or documents and plans to be entered into, executed and delivered, adopted or amended in connection with the Plan and, following the Effective Date, each of such contracts, leases, instruments, releases and other agreements shall be a legal, valid and binding obligation of the applicable Reorganized Debtor, enforceable against such Reorganized Debtor in accordance with its terms subject only to bankruptcy, insolvency and other similar laws affecting creditors' rights generally, and subject also to general equitable principles; (2) issue New Common Shares pursuant to the Plan, including upon exercise of the Class 7 Warrants or pursuant to the equity, bonus and other incentive plans contemplated hereby, and, upon issuance, all such New Common Shares shall be duly authorized, validly issued and fully paid and nonassessable New Common Shares of Reorganized WGI; or (3) authorize the Reorganized Debtors to engage in any of the activities set forth in this paragraph or otherwise contemplated by the Plan. Each of the Responsible Officers of each Debtor and Reorganized Debtor is authorized to execute, deliver, file or record such contracts, instruments, financing statements, releases, mortgages, deeds, assignments, leases, applications, registration statements, reports or other agreements or documents and take such other actions as such officer may determine are necessary or appropriate to effectuate or further evidence the terms and conditions of the Plan, this Confirmation Order and any and all documents or transactions contemplated by the Plan or this Confirmation Order, all without further application to or order of the Bankruptcy Court and whether or not such actions or documents are specifically referred to in the Plan, the Disclosure Statement, the Disclosure Statement Order, this Confirmation Order or the exhibits to

any of the foregoing, and the signature of a Responsible Officer on a document executed in accordance with this section shall be conclusive evidence of the Responsible Officer's determination that such document and any related actions are necessary and appropriate to effectuate or further evidence the terms and conditions of the Plan, this Confirmation Order or other documents or transactions contemplated by the Plan or this Confirmation Order. The Secretary or any Assistant Secretary of each Debtor or Reorganized Debtor is authorized to verify or attest to any of the foregoing actions. Pursuant to section 1142 of the Bankruptcy Code and the Reorganization Effectuation Statutes, to the extent that, under applicable nonbankruptcy law, any of the foregoing actions otherwise would require the consent or approval of the stockholders or the boards of directors of any of the Debtors or Reorganized Debtors, this Confirmation Order shall constitute such consent or approval, and such actions are deemed to have been taken by unanimous action of the stockholders and directors of the appropriate Debtor or Reorganized Debtor.

H. RELEASES AND INDEMNIFICATION.

In accordance with the Court's written Findings of Fact and Conclusions of Law, the oral findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and this Order, the release and indemnification provisions contained in Sections 5.13 and 5.18 of the Plan, and the releases contained in the Raytheon Settlement shall be, and hereby are, approved in all respects, as if fully restated herein.

I. EXCULPATION

In accordance with the Court's written Findings of Fact and Conclusions of Law, the oral findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and this Order,

the exculpation provision contained in section 12.13 of the Plan as modified in Section I.C.4. of the Findings of Fact and Conclusions of Law, is approved in all respects.

J. DISCHARGE, TERMINATION, INJUNCTION AND SUBORDINATION RIGHTS.

1. Discharge of Claims and Satisfaction and Termination of Interests.

(a) Except as provided in the Plan or in this Confirmation Order, the rights afforded under the Plan and the treatment of Claims and Interests under the Plan shall be in exchange for and in complete satisfaction, discharge and release of all Claims and termination of all WGI Interests arising on or before the Effective Date, including any interest accrued on Claims from the Petition Date. Except as provided in the Plan or in this Confirmation Order, Confirmation shall, as of the Effective Date: (i) discharge the Debtors from all Claims and other debts that arose on or before the Effective Date, and all debts of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (A) a proof of Claim based on such debt is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (B) a Claim based on such debt is allowed pursuant to section 502 of the Bankruptcy Code or (C) the holder of a Claim based on such debt has accepted the Plan; and (ii) terminate all Interests and other rights of equity security holders in WGI. Notwithstanding anything to the contrary herein or in the Plan, the rights and claims of the holders of Claims relating to unfunded prepetition letters of credit issued under the Prepetition Credit Agreement are unaffected by and are not discharged by the Plan.

(b) In accordance with the foregoing, except as provided in the Plan or in this Confirmation Order, this Confirmation Order constitutes a judicial determination, as of the

Effective Date, of a discharge of all Claims and other debts and liabilities against the Debtors and termination of all WGI Interests and other rights of equity security holders in WGI, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against a Debtor at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

(c) Nothing in the Plan or this Order, discharges, releases, nullifies or otherwise affects any liability of a Debtor to a governmental entity under any applicable environmental statute as a result of the ownership or operation after the Effective Date of a facility by a Debtor.

(d) Notwithstanding anything in the Plan or the Order of Confirmation to the contrary, the Plan does not discharge any cause of action that is not within the fair contemplation of the entity asserting the cause of action, in accordance with In re Jensen, 995 F.2d 925 (9th Cir. 1993).

2. Injunctions.

(a) Except as provided in the Plan or this Confirmation Order, as of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities or terminated Interests or rights: (i) commencing or continuing in any manner any action or other proceeding against the Debtors, the Reorganized Debtors or their respective property, other than to enforce any right pursuant to the Plan to a distribution; (ii) enforcing, attaching, collecting or recovering

in any manner any judgment, award, decree or order against the Debtors, the Reorganized Debtors or their respective property, other than as permitted pursuant to (i) above; (iii) creating, perfecting or enforcing any lien or encumbrance against the Debtors, the Reorganized Debtors or their respective property; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors or the Reorganized Debtors, except as provided in Article E of this Confirmation Order and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

(b) As of the Effective Date, all entities that have held, currently hold or may hold any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities that are released pursuant to the Plan are permanently enjoined from taking any of the following actions against any released entity or its property on account of such released claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities: (i) commencing or continuing in any manner any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released entity except as provided in Article E of this Confirmation Order, and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

(c) As of the Effective Date, except as otherwise provided in and subject to Section II.F. of the Findings of Fact and Conclusions of Law, all entities that have held, currently

hold or may hold any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities against parties that have given and received releases pursuant to the Plan as part of settlements approved as integral parts of the Plan (the "Release Parties") are permanently enjoined from taking any of the following actions against any Release Party or its property based on substantially the same facts or circumstances that underlie the claims being released by the Debtors and the Reorganized Debtors under such settlements: (i) commencing or continuing in any manner any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released entity subject to the provisions of Article E of this Confirmation Order; and (v) commencing or continuing any action, in any manner, in any place, against any of the Release Parties.

(d) By accepting distributions pursuant to the Plan, each holder of an Allowed Claim receiving distributions pursuant to the Plan shall be deemed to have specifically consented to the injunctions set forth herein.

(e) Section 5.13(c) of the Plan is modified and approved as follows:

As further provided in Section 12.11 of this Plan, the Confirmation Order will enjoin the prosecution of any claim obligation, suit, judgment, damage demand, debt, right, cause of action, liability or interest released, settled, discharged or terminated pursuant to the Plan.

K. RESOLUTION OF OTHER OBJECTIONS OR DISPUTES

(a) Notwithstanding anything in the Plan or this Order to the contrary, to the extent that the Missouri Department of Revenue is found to have an Allowed Priority Tax

Claim under applicable law, the interest rate to be applied to such Claim shall be seven percent (7%).

(b) Notwithstanding anything in the Plan or this Order to the contrary, to the extent that the Internal Revenue Service is found to have an Allowed Priority Tax Claim under applicable law, the interest rate applicable to such Claim shall be calculated in accordance with I.R.C. § 6621.

(c) Notwithstanding anything to the contrary contained in the Plan, including without limitation, provision 12.14 of Article 12, any Claim or liability (including, without limitation, any liability or Claim for withdrawal liability under 29 U.S.C. §§ 1383 and 1385) of the Debtors or any third-party to Central States, Southeast and Southwest Pension Fund (collectively, "Central States") or Laborers' Pension Fund and Laborers' Welfare Fund for the Health and Welfare Department of the Construction and General Laborers' District Council of Chicago and Vicinity, and related funds ("Laborers"), each a multi-employer plan, as that term is defined by 29 U.S.C. § 1301(a)(3) (the "Central States Plan" or the "Laborers Plan" respectively) are left unimpaired under the Plan, shall not be discharged and shall continue unaltered as if the Chapter 11 case had not been commenced, nor shall any third-party be released from any liability or Claim that Central States or Laborers may have against that third-party as a result of the Debtors' participation in the Central States Plan or the Laborers Plan.

(d) The Debtors admit that certain non-debtor affiliates of the Debtors (Westinghouse Government Services Company, LLC, Westinghouse Government Environmental Services Company LLC, Westinghouse Savannah River Company LLC, and Westinghouse Safety Management Solutions, LLC) are sponsors of five defined benefit pension plans (the

“Pension Plans”) covered by Title IV of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The Debtors admit that those affiliates are contributing sponsors of the Pension Plans within the meaning of 29 U.S.C. § 1301(13), and are members of the Debtors’ controlled group within the meaning of 29 U.S.C. § 1301(14). If any of the Pension Plans terminate during the pendency of these proceedings, the Pension Benefit Guaranty Corporation (“PBGC”) has asserted that the Debtors could be liable to it for the unfunded benefit liabilities of such plans. See 29 U.S.C. §§ 1301(18), 1362. Notwithstanding anything to the contrary contained in the Plan, the Debtors’ obligations under ERISA, if any, shall not be affected by confirmation or consummation of the Plan, unless the Pension Plans have been terminated prior to confirmation of the Plan.

(e) Upon the Effective Date, the Order Regarding Stipulated Raytheon Issues and the Stipulation and Order regarding Confidentiality shall be vacated.

(f) Notwithstanding anything in the Plan or this Order to the contrary, Ground Improvement Techniques, Inc. may continue its litigation to final judgment and final confirmation of the Plan will not affect the rights of Ground Improvement Techniques, Inc. other than the statutory discharge granted to the Debtors.

L. PAYMENT OF STATUTORY FEES.

On or before the Effective Date, the Debtors shall pay all fees payable pursuant to 28 U.S.C. § 1930 and shall continue to pay such fees as they come due after the Effective Date until a final decree is entered closing the Chapter 11 Cases in accordance with section 350(a) of the Bankruptcy Code and Bankruptcy Rule 3022.

M. RETENTION OF JURISDICTION.

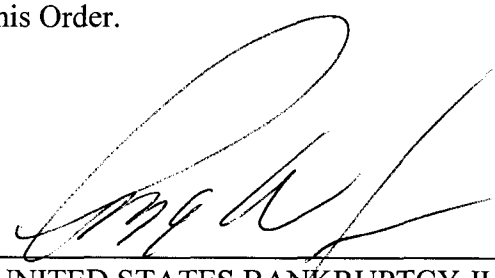
Notwithstanding the entry of this Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Cases after the Effective Date as is legally permissible, including jurisdiction over the matters set forth in Article XI of the Plan, which provisions are incorporated herein by reference.

N. NOTICE OF ENTRY OF CONFIRMATION ORDER.

1. Pursuant to Bankruptcy Rules 2002(f)(7) and 3020(c), the Debtors or the Reorganized Debtors are directed to serve a notice of the entry of this Confirmation Order and the establishment of bar dates for certain Administrative Claims hereunder, substantially in the form of Exhibit E attached hereto and incorporated herein by reference (the "Confirmation Notice"), on all parties that received notice of the Confirmation Hearing, no later than 15 Business Days after the date of this Order; provided, however, that the Debtors or the Reorganized Debtors shall be obligated to serve the Confirmation Notice only on the record holders of Claims or Interests as of the Confirmation Date.

2. The Debtors are directed to publish the Confirmation Notice once in the national edition of *The Wall Street Journal* and on the Debtor's website no later than 15 Business Days after the date of entry of this Order.

Reno, Nevada
Dated: December 21, 2001


UNITED STATES BANKRUPTCY JUDGE

EXHIBIT

A

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UNITED STATES
BANKRUPTCY COURT
PATRICIA GRAY, CLERK

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

In re

Case No. BK-N-01-31627
(Chapter 11)

WASHINGTON GROUP
INTERNATIONAL, INC., et al.,

SECOND AMENDED JOINT PLAN OF
REORGANIZATION

Debtors.

Dated: July 24, 2001

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INTRODUCTION

Washington Group International, Inc., a Delaware corporation ("WGI"), and those entities listed on Schedule 1.106 hereto (collectively, the "Subsidiary Debtors"), hereby propose the following joint plan of reorganization (the "Plan") for the resolution of their outstanding creditor Claims and equity Interests. Reference is made to the Disclosure Statement (as that term is defined herein) distributed contemporaneously herewith, for a discussion of the Debtors' history, businesses, properties, results of operations, projections for future operations, risk factors, a summary and analysis of the Plan, and certain related matters, including the New Securities to be issued under the Plan. The Debtors are the proponents of this Plan within the meaning of section 1129 of the Bankruptcy Code.

Many of WGI's subsidiaries (including foreign entities, joint ventures and Westinghouse Government Services LLC and its subsidiaries) have not commenced cases under chapter 11 of the Bankruptcy Code (collectively, the "Non-Debtor Subsidiaries"), and accordingly continue to operate their businesses in the ordinary course without being materially impacted by the Debtors' chapter 11 cases. A list of the Non-Debtor Subsidiaries is attached hereto as Schedule 1.67.

All holders of Claims are encouraged to read this Plan and the Disclosure Statement in their entirety before voting to accept or reject this Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Fed. R. Bankr. P. 3019 and Article XII of this Plan, the Debtors reserve the right to alter, amend, modify, revoke or withdraw this Plan prior to its substantial consummation.

ARTICLE I

DEFINITIONS, RULES OF INTERPRETATION, COMPUTATION OF TIME AND GOVERNING LAW

A. Scope Of Definitions; Rules Of Construction

For purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them in Article I of this Plan. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules. Whenever the context requires, such terms shall include the plural as well as the singular number, the masculine gender shall include the feminine, and the feminine gender shall include the masculine.

B. Definitions

- 1.1 "Administrative Claim" means a Claim for payment of an administrative expense of a kind specified in section 503(b) or 1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(1) of the Bankruptcy Code; including, but not limited to, (a) the actual, necessary costs and expenses, incurred after the Petition Date, of preserving the Estates and operating the businesses of the Debtors, including wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Case, (b) Professional Fee Claims, (c) all fees and charges assessed against the Estates under 28 U.S.C. § 1930 and (d) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 546(c)(2)(A) of the Bankruptcy Code.
- 1.2 "Allowed Claim" means a Claim or any portion thereof (a) that has been allowed by a Final Order, or (b) as to which, on or by the Effective Date, (i) no proof of claim has been filed with the Bankruptcy Court and (ii) the liquidated and noncontingent amount of which is Scheduled, other than a Claim that is Scheduled at zero, in an unknown amount, or as disputed, or (c) for which a proof of claim in a liquidated amount has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and as to which either (i) no objection to its allowance has been filed within the periods of limitation fixed by the Plan, the Bankruptcy Code or by any order of the Bankruptcy Court or (ii) any objection to its allowance has been settled or withdrawn, or has been denied by a Final Order, or (d) that is expressly allowed in a liquidated amount in this Plan.
- 1.3 "Allowed" means, when used in reference to a Claim or Interest within a particular Class, an Allowed Claim or Allowed Interest of the type described in such Class.
- 1.4 "Allowed Class . . . Claim" means an Allowed Claim in the particular Class described.

- 1.5 "Amended Certificates of Incorporation and By-laws" means the Reorganized Debtors' respective certificates of incorporation and by-laws, as amended by the Plan.
- 1.6 "Ballots" means each of the ballot forms distributed with the Disclosure Statement to holders of Impaired Claims entitled to vote as specified in Section 4.5 of this Plan, in connection with the solicitation of acceptances of the Plan.
- 1.7 "Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as now in effect or hereafter amended.
- 1.8 "Bankruptcy Court" means the United States Bankruptcy Court for the District of Nevada or such other court as may have jurisdiction over the Chapter 11 Case.
- 1.9 "Bankruptcy Rules" means, collectively, the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended, the Federal Rules of Civil Procedure, as amended, as applicable to the Chapter 11 Case or proceedings therein, and the Local Rules of the Bankruptcy Court, as applicable to the Chapter 11 Case or proceedings therein, as the case may be.
- 1.10 "Bar Date(s)" means the date(s), if any, designated by the Bankruptcy Court as the last dates for filing proofs of Claim or Interest against the Debtors.
- 1.11 "BoA" means Bank of America, N.A.
- 1.12 "Business Day" means any day, excluding Saturdays, Sundays or "legal holidays" (as defined in Fed. R. Bankr. P. 9006(a)), on which commercial banks are open for business in New York, New York.
- 1.13 "Cash" means legal tender of the United States or equivalents thereof.
- 1.14 "Chapter 11 Case" means the jointly administered Chapter 11 cases of the Debtors.
- 1.15 "Claim" means a claim against the Debtors, or any of them, whether or not asserted, as defined in section 101(5) of the Bankruptcy Code.
- 1.16 "Claims Objection Deadline" means the last day for filing objections to Disputed Claims, which day shall be 90 days after the Effective Date.
- 1.17 "Class" means a category of holders of Claims or Interests, as described in Section 2.1 of this Plan.
- 1.18 "Collateral" means any property or interest in the property of a Debtor's Estate subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.
- 1.19 "Completed Project" means any project with respect to which the substantive work has been completed as of the Confirmation Date, pursuant to the terms of such project contract.
- 1.20 "Confirmation" means entry by the Bankruptcy Court of the Confirmation Order.
- 1.21 "Confirmation Date" means the date of entry by the clerk of the Bankruptcy Court of the Confirmation Order.
- 1.22 "Confirmation Hearing" means the hearing to consider confirmation of the Plan under section 1128 of the Bankruptcy Code.
- 1.23 "Confirmation Order" means the order entered by the Bankruptcy Court confirming the Plan.
- 1.24 "Credit Documents" means the "Credit Documents" as defined in the Pre-Petition Credit Agreement.
- 1.25 "Creditor" means any Person who holds a Claim against any of the Debtors.

- 1.26 "Creditors' Committee" means the committee of unsecured creditors, if any, appointed pursuant to section 1102(a) of the Bankruptcy Code in the Chapter 11 Case.
- 1.27 "CSFB" means Credit Suisse First Boston.
- 1.28 "Cure" means the distribution of Cash, or such other property as may be agreed upon by the parties or ordered by the Bankruptcy Court, with respect to the assumption of an executory contract or unexpired lease, pursuant to section 365(b) of the Bankruptcy Code, in an amount equal to all unpaid monetary obligations, without interest, or such other amount as may be agreed upon by the parties, under such executory contract or unexpired lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable bankruptcy law.
- 1.29 "Debtor(s)" means, individually, WGI and each of the Subsidiary Debtors, and collectively, WGI and the Subsidiary Debtors, including in their capacity as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code, and as reorganized hereunder.
- 1.30 "Dilution" means dilution subsequent to the Effective Date (a) to the extent necessary to give effect to the exercise of the Management Options and the Washington Stock Options or (b) otherwise as a result of the issuance of common shares, implementation of other management incentive programs or other action taken by the board of directors of Reorganized WGI.
- 1.31 "DIP Agent" means CSFB, in its capacity as administrative agent under the DIP Facility Agreement.
- 1.32 "DIP Facility" means the debtor-in-possession credit facility to be provided to the Debtors during the Chapter 11 Case, pursuant to the DIP Facility Agreement.
- 1.33 "DIP Facility Agreement" means the Credit Agreement, to be dated as of, or prior to, the Petition Date, between WGI as borrowers, the Subsidiary Debtors as guarantors, certain other Subsidiaries as guarantors, the DIP agent and the other lender signatories thereto.
- 1.34 "DIP Facility Claim" means a Claim arising under or as a result of the DIP Facility.
- 1.35 "Disbursing Agent" means Reorganized WGI or any party designated by Reorganized WGI, in its sole discretion, to serve as a disbursing agent under the Plan, with respect to the distributions to holders of Allowed Class 7 Claims means the Trustee, and with respect to the Old Notes means the indenture trustee under the Old Indenture.
- 1.36 "Disclosure Statement" means the written disclosure statement that relates to the Plan, as amended, supplemented, or modified from time to time, and that is prepared and distributed in accordance with section 1125 of the Bankruptcy Code and Fed. R. Bankr. P. 3018.
- 1.37 "Disputed Class 7 Claim" means any Claim which has not been Allowed pursuant to the Plan or a Final Order of the Bankruptcy Court, and

(a) if no Proof of Claim has been, or deemed to have been filed, by the applicable Bar Date, which has been or hereafter is listed on the Schedules as unliquidated, contingent, or disputed, and which has not been resolved by written agreement of the parties or an order of the Bankruptcy Court;

(b) if a Proof of Claim has been filed, or deemed to have been filed, by the applicable Bar Date (i) a Claim for which a corresponding Claim has been listed on the Schedules as unliquidated, contingent or disputed; (ii) a Claim for which a corresponding Claim has been listed on the Schedules as other than unliquidated, contingent or disputed, but the amount of such Claim as asserted in the Proof of Claim varies from the amount of such Claim as listed in the Schedules; or (iii) as to which a Debtor has timely filed an objection or request for estimation in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules, and any orders of the Bankruptcy Court, or which is otherwise disputed by a Debtor in accordance with applicable law, which objection, request for estimation or dispute has not been withdrawn, or determined by a Final Order;

(c) for which a Proof of Claim was required to be filed by order of the Bankruptcy Court, but as to which a Proof of Claim was not timely or properly filed; or

(d) that is disputed in accordance with the provisions of this Plan.

- 1.38 "Disputed Class 7 Claim Amount" means (a) if a liquidated amount is set forth in the Proof of Claim relating to a Disputed Class 7 Claim, (i) the liquidated amount set forth in the Proof of Claim relating to the Disputed Class 7 Claim; (ii) an amount agreed to by the Debtors and the holder of such Disputed Class 7 Claim; or (iii) if a request for estimation is filed by the Debtors, the amount at which such Claim is estimated by the Bankruptcy Court; (b) if no liquidated amount is set forth in the Proof of Claim relating to a Disputed Class 7 Claim, (i) an amount agreed to by the Debtors and the holder of such Disputed Class 7 Claim or (ii) the amount estimated by the Bankruptcy Court with respect to such Disputed Class 7 Claim; or (c) if the Claim was listed on the Schedules as unliquidated, contingent or disputed and no Proof of Claim was filed, or deemed to have been filed, by the applicable Bar Date and the Claim has not been resolved by written agreement of the parties or an order of the Bankruptcy Court, zero.
- 1.39 "Distribution Date" means the date, occurring as soon as practicable after the Effective Date, upon which distributions are made by the Reorganized Debtors, to holders of Allowed DIP Facility Claims, Administrative Claims, Priority Tax Claims, and Allowed Class 6 Claims.
- 1.40 "Distribution Record Date" means the record date for purposes of making distributions under the Plan on account of Allowed Claims, including distributions from the WGI Creditor Trust, which date shall be the Confirmation Date or such other date designated in the Confirmation Order.
- 1.41 "Effective Date" means the Business Day on which all conditions to the consummation of the Plan as set forth in Section 10.1 of this Plan have been satisfied or waived as provided in Section 10.3 of this Plan and is the effective date of the Plan.
- 1.42 "Employee Claims" means, collectively, the unsecured Claims of any person employed by any of the Debtors on the Petition Date other than Claims arising as a result of the assumption of any contract or agreement or the rejection of any contract or agreement on Schedule 6.3, or that are tort claims.
- 1.43 "Estate(s)" means, individually, the estate of each Debtor in the Chapter 11 Case, and, collectively, the estates of all Debtors in the Chapter 11 Case, created pursuant to section 541 of the Bankruptcy Code.
- 1.44 "Exit Facility" means a new senior secured credit facility, in an amount to be determined by the Debtors, which WGI and certain Subsidiaries shall enter into on the Effective Date.
- 1.45 "Exit Lender(s)" means the lender(s) under the Exit Facility.
- 1.46 "Face Amount" means (a) when used in reference to a Disputed Class 7 Claim, the full stated amount claimed by the holder of such Claim in any proof of Claim timely filed with the Bankruptcy Court or otherwise deemed timely filed by any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and (b) when used in reference to an Allowed Claim, the allowed amount of such Claim.
- 1.47 "Final Order" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in the Chapter 11 Case, the operation or effect of which has not been stayed, reversed, or amended and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending.
- 1.48 "Funded Debt" has the meaning ascribed thereto in Section 5.15(f) of this Plan.
- 1.49 "General Unsecured Claim" means a Claim against the Debtors that is not a DIP Facility Claim, Administrative Claim, Priority Tax Claim, Other Priority Claim, Other Secured Claim, Intercompany Claim, Secured Lender Claim or Unimpaired Unsecured Claim, and includes, without limitation, the Old Note Claims, the Raytheon Asserted Claims (if any) and the Lender Deficiency Claims.
- 1.50 "Impaired" means, when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

- 1.51 "Indemnification Obligation" means the obligation of any of the Debtors or Subsidiaries to indemnify, reimburse or provide contribution to any present or former officer, director or employee, or any present or former professionals or advisors of the Debtors, pursuant to by-laws, articles of incorporation or otherwise as may be in existence immediately prior to the Petition Date, including, without limitation, accountants, auditors, financial consultants, underwriters or attorneys, whether pursuant to charter, by law, contract, statute or otherwise, regardless of whether the indemnification is owed in connection with a pre-petition or post-petition occurrence.
- 1.52 "Indenture Trustee" means United States Trust Company of New York or its successor, in either case, in its capacity as indenture trustee for the Old Notes.
- 1.53 "Initial Deposit" means the funding, in the amount of \$20 million, to be made to the WGI Creditor Trust as set forth in Section 9.5 of this Plan.
- 1.54 "Intercompany Claim" means, as the case may be, any Claim (a) by a Debtor against another Debtor or (b) by a Non-Debtor Subsidiary against a Debtor.
- 1.55 "Interest" means (a) the legal, equitable, contractual and other rights of any Person (including any 401K plan or plan participant) with respect to WGI Interests, (b) the legal, equitable, contractual or other rights of any Person with respect to the Subsidiary Interests and (c) the legal, equitable, contractual or other rights of any Person to acquire or receive any of the foregoing.
- 1.56 "Lender" means a "Lender" as defined in the Pre-Petition Credit Agreement, CSFB as Administrative Agent, Collateral agent and arranger, Bank of Montreal as syndication agent, BoA and U.S. Bank as documentation agents, and their individual successors and assigns.
- 1.57 "Lender Claim" means a Claim of a Lender arising under or as a result of the Pre-Petition Credit Facility Agreements.
- 1.58 "Lender Deficiency Claims" means the unsecured deficiency Claims of each Lender arising under the Pre-Petition Credit Facility Agreements, which Claims shall be deemed Allowed pursuant to this Plan in amount determined by the Confirmation Hearing.
- 1.59 "Lien" means a charge against or interest in property to secure payment of a debt or performance of an obligation.
- 1.60 "Litigation Claims" means the claims, rights of action, suits, or proceedings, whether in law or in equity, whether known or unknown, that the Debtors or their Estates may hold against any Person, excluding the Raytheon Claims, which are to be retained by the Reorganized Debtors pursuant to Section 5.10 of this Plan.
- 1.61 "Management Option Plan" means a stock option plan to be adopted by Reorganized WGI pursuant to Section 5.6 of this Plan, in substantially the form of Exhibit C to this Plan.
- 1.62 "Management Option Plan Participants" means the employees of Reorganized WGI entitled to participate in the Management Option Plan.
- 1.63 "Management Options" means the options to be issued by Reorganized WGI to the Management Option Plan Participants to purchase New Common Shares pursuant to the provisions of the Management Option Plan.
- 1.64 "Net Trust Recoveries" means the amount by which the aggregate amount of Trust Recoveries exceeds the aggregate of (a) the Reimbursement Obligation, (b) the reasonable and necessary expenses incurred by the Trustee or to be incurred by the Trustee (as estimated by the Trustee in consultation with the Trust Advisory Board) in fulfilling the obligations set forth in the Plan and the WGI Creditor Trust Agreement and (c) the reasonable and necessary expenses of the Trust Advisory Board.
- 1.65 "New Common Shares" means the 25 million shares of common shares of Reorganized WGI authorized under Section 5.5 of this Plan.

- 1.66 "New Securities" means, collectively, the New Common Shares, Management Options and the Washington Stock Options.
- 1.67 "Non-Debtor Subsidiaries" means, collectively, the direct and indirect subsidiaries of WGI listed on Schedule 1.67, which have not commenced Chapter 11 cases and thus are not Debtors.
- 1.68 "Old Common Shares" means the common shares of WGI issued and outstanding as of the Petition Date.
- 1.69 "Old Notes" means the 11% Senior Notes due 2010, issued and outstanding under the Old Indenture.
- 1.70 "Old Note Claim" means any Claim arising from the Old Notes.
- 1.71 "Old Indenture" means the Indenture, dated July 1, 2000, between U.S. Trust, as trustee, and the Debtors pursuant to which the Old Notes were issued and are outstanding.
- 1.72 "Old Securities" means, collectively, the Old Common Shares, the Old Stock Options and the Old Notes.
- 1.73 "Old Stock Options" means the outstanding options to purchase Old Common Shares, as of the Petition Date.
- 1.74 "Ordinary Course Professionals' Order" means an order entered by the Bankruptcy Court authorizing the Debtors to retain, employ and pay certain professionals, as specified in the order, which are not involved in the administration of the Chapter 11 Case, in the ordinary course of business, without further order of the Bankruptcy Court.
- 1.75 "Other Priority Claim" means a Claim entitled to priority pursuant to section 507(a) of the Bankruptcy Code other than a DIP Facility Claim, Priority Tax Claim or an Administrative Claim.
- 1.76 "Other Secured Claims" means, all Secured Claims against any of the Debtors, as the case may be, other than the Secured Lender Claims.
- 1.77 "Person" means Person as defined in section 101 (41) of the Bankruptcy Code.
- 1.78 "Petition Date" means the date on which the Debtors filed their petitions for relief commencing the Chapter 11 Case.
- 1.79 "Plan" means this Chapter 11 reorganization plan and all exhibits annexed hereto or referenced herein, as the same may be amended, modified or supplemented from time to time with the consent of the Agent under the Pre-Petition Credit Agreement.
- 1.80 "Plan Exhibit" means any exhibit attached hereto.
- 1.81 "Pre-Petition Credit Agreement" means the Credit Agreement dated as of July 7, 2000, among WGI, as borrower, the Lenders, CSFB, as administrative agent, collateral agent, issuing bank and arranger for the Lenders, Bank of Montreal, as syndication agent, and BoA and U.S. Bank as documentation agents, as amended by amending agreements dated as of October 16, 2000.
- 1.82 "Pre-Petition Credit Facility Agreements" mean the Pre-Petition Credit Agreement, the Credit Documents.
- 1.83 "Priority Tax Claim" means a Claim that is entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code.
- 1.84 "Professional" means any professional employed in the Chapter 11 Case pursuant to sections 327 or 1103 of the Bankruptcy Code or otherwise and any professionals seeking compensation or reimbursement of expenses in connection with the Chapter 11 Case pursuant to section 503(b)(4) of the Bankruptcy Code.
- 1.85 "Professional Fee Claim" means a Claim of a Professional for compensation or reimbursement of costs and expenses relating to services incurred after the Petition Date and prior to and including the Effective Date.

- 1.86 "Pro Rata" means, at any time, the proportion that the Face Amount of a Claim in a particular Class bears to the aggregate Face Amount of all Claims (including Disputed Claims) in such Class, unless the Plan provides otherwise.
- 1.87 "Proof of Claim" means the proof of claim that must be filed by a holder of an Impaired Unsecured Claim by the Bar Date.
- 1.88 "Raytheon" means, collectively, Raytheon Company and any and all of its subsidiaries, affiliates, agents and/or representatives.
- 1.89 "Raytheon Actions" means case no. CV OC 0101422D brought in the District Court of the Fourth Judicial District of the State of Idaho, in and for the County of ADA, captioned Washington Group International, Inc. v. Raytheon Company and Raytheon Engineers & Constructors International, Inc., and any related actions, suits, countersuits or otherwise.
- 1.90 "Raytheon Asserted Claims" means any Claims arising out of the Raytheon Actions, or otherwise, asserted by Raytheon against any of the Debtors or any of the Subsidiary Debtors including, but not limited to, claims for contribution, indemnification or subrogation.
- 1.91 "Raytheon Claims" means all claims or causes of action of the Debtors or the Non-Debtor Subsidiaries against Raytheon, whether arising out of the Raytheon Actions or otherwise, including any claims and causes of action arising under sections 542, 544, 547, 548, 550 or any other section of the Bankruptcy Code, except for any Claims relating to asbestos liabilities.
- 1.92 "Registration Rights Agreement" means an agreement to be entered into between Reorganized WGI and certain holders of Claims with respect to rights of registration as to the New Common Shares, in substantially the form set forth in Exhibit D to this Plan.
- 1.93 "Reimbursement Obligation" means the obligation of the WGI Creditor Trust to pay to Reorganized WGI any and all Trust Recoveries until such time as the Initial Deposit plus interest at the rate of 20% per annum, compounded quarterly, has been repaid in full.
- 1.94 "Reinstated" or "Reinstatement" means (i) leaving unaltered the legal, equitable, and contractual rights to which a Claim entitles the holder of such Claim or Interest so as to leave such Claim or Interest unimpaired in accordance with section 1124 of the Bankruptcy Code or (ii) notwithstanding any contractual provision or applicable law that entitles the holder of such Claim to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default (a) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code; (b) reinstating the maturity of such Claim or Interest as such maturity existed before such default; (c) compensating the holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and (d) not otherwise altering the legal, equitable, or contractual rights to which such Claim or Interest entitles the holder of such Claim or Interest; *provided, however*, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim or Interest is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, and affirmative covenants regarding corporate existence prohibiting certain transactions or actions contemplated by the Plan, or conditioning such transactions or actions on certain factors, shall not be required to be reinstated in order to accomplish Reinstatement.
- 1.95 "Reorganized Debtor(s)" means, individually, any Reorganized Debtor and, collectively, all Reorganized Debtors, on or after the Effective Date.
- 1.96 "Reorganized Subsidiary Debtor(s)" means, individually, a Reorganized Subsidiary Debtor, and, collectively, all Reorganized Subsidiary Debtors, on or after the Effective Date.
- 1.97 "Reorganized WGI" means reorganized WGI or its successor, on and after the Effective Date.
- 1.98 "Restructuring Transactions" has the meaning ascribed thereto in Section 5.4 of this Plan.

- 1.99 "Schedules" means the schedules of assets and liabilities and the statements of financial affairs, if any, filed in the Bankruptcy Court by the Debtors as such schedules or statements as may be amended or supplemented from time to time in accordance with Fed. R. Bankr. P. 1009 or orders of the Bankruptcy Court.
- 1.100 "Secondary Liability Claim" means a Claim that arises from a Debtor being liable as a guarantor of, or otherwise being jointly, severally, or secondarily liable for, any contractual, or tort, or other obligation of another Debtor, including any Claim based on : (a) guaranties of collection, payment, or performance; (b) indemnity bonds, obligations to indemnify, or obligations to hold harmless; (c) performance bonds; (d) contingent liabilities arising out of contractual obligations or out of undertakings (including any assignment or other transfer) with respect to leases, operating agreements, or other similar obligations made or given by a Debtor relating to the obligations or performance of another Debtor; (e) vicarious liability; or (f) any other joint or several liability that any Debtor may have in respect of any obligation that is the basis of a Claim.
- 1.101 "Secured Claim" means a Claim that is secured by a Lien on property in which an Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code.
- 1.102 "Secured Lender Claim" means a Secured Claim of a Lender arising under or as a result of the Pre-Petition Credit Facility Agreements, which Claims shall be deemed Allowed pursuant to this Plan in the aggregate amount of \$505 million, as adjusted downward (if necessary) in an amount to be established by the Confirmation Hearing, as a result of the issuance of the Washington Stock Options.
- 1.103 "Securities Act" means the Securities Act of 1933, 15 U.S.C. §§ 77a-77aa, as now in effect or hereafter amended.
- 1.104 "Subordinated Claims" means any Claim subordinated pursuant to sections 510(b) or (c) of the Bankruptcy Code.
- 1.105 "Subsidiaries" mean, collectively, the Subsidiary Debtors and the Non-Debtor Subsidiaries.
- 1.106 "Subsidiary Debtors" means the direct and indirect subsidiaries of WGI listed on Schedule 1.106, each of which are Debtors.
- 1.107 "Subsidiary Interests" means, collectively, the issued and outstanding shares of stock of the Subsidiary Debtors directly or indirectly owned by WGI, as of the Petition Date.
- 1.108 "Substantial Contribution Claim" means a claim for compensation or reimbursement of expenses incurred in making a substantial contribution in the Chapter 11 Case pursuant to section 503(b)(3),(4), or (5) of the Bankruptcy Code.
- 1.109 "Trust Assets" means those assets to be transferred to and owned by the WGI Creditor Trust pursuant to Section 9.2 of this Plan, which are comprised of (a) the Initial Deposit, (b) the Raytheon Claims, (c) all of the Debtors' rights and standing to object to, litigate, settle and otherwise resolve the Raytheon Asserted Claims and all other Disputed Claims in Class 7 on any basis and (d) any and all proceeds of the foregoing and interest actually earned with respect thereto.
- 1.110 "Trust Advisory Board" means the board that is to be created pursuant to Section 9.4 of this Plan for the purpose of advising the Trustee with respect to decisions affecting the WGI Creditor Trust.
- 1.111 "Trust Recoveries" means any and all proceeds received by the WGI Creditor Trust from (a) the prosecution to, and collection of, a final judgment of a Raytheon Claim or (b) the settlement or other compromise of a Raytheon Claim.
- 1.112 "Trustee" means the trustee of the WGI Creditor Trust appointed pursuant to Section 9.1 of this Plan.
- 1.113 "Unimpaired" means, when used with reference to a Claim or Interest, a Claim or Interest that is not impaired within the meaning of section 1124 of the Bankruptcy Code.

- 1.114 "Unimpaired Claim" means a Claim that is not an Impaired Claim.
- 1.115 "Unimpaired Unsecured Claims" means all Employee Claims.
- 1.116 "U.S. Bank" mean U.S. Bank National Association.
- 1.117 "U.S. Trust" means United States Trust Company of New York.
- 1.118 "Voting Deadline" means the voting deadline for voting to accept or reject this Plan, as determined by the Bankruptcy Court.
- 1.119 "Voting Record Date" means the voting record date for voting to accept or reject this Plan, as determined by the Bankruptcy Court.
- 1.120 "Washington Stock Options" has the meaning ascribed thereto in Section 5.15(b) of this Plan.
- 1.121 "WGI Creditor Trust" means the trust that is created pursuant to this Plan to be administered by the Trustee with the advice and/or direction of the Trust Advisory Board, all as more specifically set forth in this Plan.
- 1.122 "WGI Creditor Trust Agreement" means the Trust Agreement that is to govern the WGI Creditor Trust, in substantially the form attached to this Plan as Exhibit E.
- 1.123 "WGI Creditor Trust Equity Residual" means any Net Trust Recovery remaining, if any, after payment in full of all Allowed General Unsecured Claims plus interest at the rate of 20% per annum, compounded quarterly, from the Petition Date to the date of payment of the Allowed General Unsecured Claims.
- 1.124 "WGI Interests" means, collectively, the Old Common Shares and the Old Stock Options, together with any other options, warrants, conversion rights, rights of first refusal or other rights, contractual or otherwise, to acquire or receive any Old Common Shares or other ownership interests in WGI, and any contracts subscriptions, commitments or agreements pursuant to which the non-debtor party was or could have been entitled to receive shares, securities or other ownership interests in WGI.

C. Rules of Interpretation

For purposes of the Plan (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document's being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, (b) any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented, (c) unless otherwise specified, all references in the Plan to Sections, Articles, Schedules, and Exhibits are references to Sections, Articles, Schedules, and Exhibits of or to the Plan, (d) the words "herein" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan, (e) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan, and (f) the rules of construction set forth in section 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply.

D. Computation of Time

In computing any period of time prescribed or allowed by the Plan, the provisions of Fed. R. Bankr. P. 9006(a) shall apply.

E. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of (i) the State of New York shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan and (ii) the laws of the state of incorporation of each Debtor shall govern corporate

governance matters with respect to such Debtor, in either case without giving effect to the principles of conflicts of law thereof.

ARTICLE II

CLASSIFICATION OF CLAIMS AND INTERESTS

2.1 Introduction

The Plan is premised on the substantive consolidation of the Debtors only with respect to the treatment of Class 6 and Class 7 Claims, as and to the extent provided in Section 5.14 of this Plan. The Plan does not contemplate the substantive consolidation of the Debtors with respect to the other Classes of Claims or Interests. All Claims and Interests, except DIP Facility Claims, Administrative Claims and Priority Tax Claims, are placed in the Classes set forth below. In accordance with section 1123(a)(1) of the Bankruptcy Code, DIP Facility Claims, Administrative Claims and Priority Tax Claims, have not been classified, and the respective treatment of such unclassified claims is set forth in Section 3.1 of this Plan.

A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled prior to the Effective Date.

2.2 Classification of Unimpaired Claims and Interests

(a) *Class 1: Other Priority Claims*

Class 1 consists of all Other Priority Claims.

(b) *Class 2: Other Secured Claims*

Class 2 consists of separate subclasses for each Other Secured Claim secured by a Lien upon property in which an Estate has an interest. Each subclass is deemed to be a separate Class for all purposes under the Bankruptcy Code.

(c) *Class 3: Unimpaired Unsecured Claims*

Class 3 consists of all Unimpaired Unsecured Claims.

(d) *Class 4: Intercompany Claims*

Class 4 consists of all Intercompany Claims.

(e) *Class 5: Subsidiary Interests*

Class 5 consists of the Subsidiary Interests.

2.3 Classification of Impaired Claims And Interests.

(a) *Class 6: Secured Lender Claims*

Class 6 consists of all Secured Lender Claims.

(b) *Class 7: General Unsecured Claims*

Class 7 consists of all General Unsecured Claims.

(c) *Class 8: WGI Interests and Subordinated Claims*

Class 8 consists of all WGI Interests and any Subordinated Claims.

ARTICLE III

TREATMENT OF CLAIMS AND INTERESTS

3.1 Unclassified Claims

(a) **DIP Facility Claims**

On the Effective Date, each holder of an Allowed DIP Facility Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed DIP Facility Claim (i) cash equal to the unpaid portion of such Allowed DIP Facility Claim or (ii) such other treatment as to which WGI and such holder shall have agreed upon in writing.

(b) **Administrative Claims**

Except as otherwise provided for herein, and subject to the requirements of Sections 12.1-12.4 of this Plan, on, or as soon as reasonably practicable after, the latest of (i) the Distribution Date, (ii) the date such Administrative Claim becomes an Allowed Administrative Claim, or (iii) the date such Administrative Claim becomes payable pursuant to any agreement between a Debtor and the holder of such Administrative Claim, each holder of an Allowed Administrative Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim (x) Cash equal to the unpaid portion of such Allowed Administrative Claim or (y) such other treatment as to which the applicable Debtor, and such holder shall have agreed upon in writing; *provided, however*, that Allowed Administrative Claims with respect to liabilities incurred by a Debtor in the ordinary course of business during the Chapter 11 Case shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

(c) **Priority Tax Claims**

Each holder of an Allowed Priority Tax Claim, at the sole option of the Debtors, shall be entitled to receive on account of such Allowed Priority Tax Claim, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Priority Tax Claim, (i) equal Cash payments made on the last Business Day of every three-month period following the Effective Date, over a period not exceeding six years after the assessment of the tax on which such Claim is based, totaling the principal amount of such Claim plus simple interest on any outstanding balance from the Effective Date calculated at the interest rate available on ninety (90) day United States Treasuries on the Effective Date or (ii) such other treatment agreed to by the Allowed Priority Tax Claim holder and the Debtors.

3.2 Unimpaired Classes Of Claims and Interests

(a) **Class 1: Other Priority Claims**

On, or as soon as reasonably practicable after, the latest of (i) the Distribution Date, (ii) the date such Claim becomes an Allowed Class 1 Claim, or (iii) the date such Class 1 Claim becomes payable pursuant to any agreement between a Debtor and the holder of such Class 1 Claim, each holder of an Allowed Class 1 Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Class 1 Claim (x) Cash equal to the unpaid portion of such Allowed Class 1 Claim or (y) such other treatment as to which a Debtor and such holder shall have agreed upon in writing.

(b) **Class 2: Other Secured Claims**

On the Effective Date, the legal, equitable and contractual rights of holders of an Allowed Class 2 Claim shall be Reinstated, subject to the provisions of Article VII of this Plan. The Debtors' failure to object to any such Class 2 Claims in the Chapter 11 Cases shall be without prejudice to WGI's or the Reorganized Debtors' right to contest or otherwise defend against such Claim in the appropriate forum when and if such Claim is sought to be enforced by the Other Secured Claim holder. Notwithstanding section 1141(c) or any other provision of the Bankruptcy Code, all pre-petition liens on property of any Debtor held by or on behalf of the Other Secured Claim holders with respect to such Claims shall survive the Effective Date and continue in accordance with the contractual terms of the underlying agreements with such Claim holders until, as to each such Claim holder, the Allowed Claims of such Other Secured Claim holder are paid in full, subject to the provisions of Article VII of this Plan.

(c) **Class 3: Unimpaired Unsecured Claims**

Each holder of an Allowed Class 3 Claim shall have its Claim Reinstated.

(d) **Class 4: Intercompany Claims**

Except as provided herein, each holder of an Allowed Class 4 Claim shall have its Claim Reinstated.

(e) **Class 5: Subsidiary Interests**

Subject to the Restructuring Transactions (if any), all Subsidiary Interests shall be Reinstated.

3.3 Impaired Classes Of Claims and Interests

(a) **Class 6: Secured Lender Claims**

On the Effective Date, each holder of an Allowed Class 6 Claim, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Class 6 Claim, shall receive on or as soon as practicable after the Distribution Date, its Pro Rata share of one-hundred percent (100%) of the New Common Shares issued and outstanding as of the Effective Date (subject to Dilution).

(b) **Class 7: General Unsecured Claims**

On the Effective Date, each holder of an Allowed Class 7 Claim shall be deemed to receive, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class 7 Claim, a Pro Rata beneficial interest in the WGI Creditor Trust, and shall be entitled to receive distributions from the WGI Creditor Trust pursuant to the terms and conditions set forth in Section 9.7 of this Plan and the WGI Creditor Trust Agreement, until such Claim is paid in full with interest at the rate of 20% per annum, compounded quarterly, accruing from the Petition Date until the date payment is made.

(c) **Class 8: WGI Interests and Subordinated Claims**

The holders of WGI Interests and Subordinated Claims shall not receive or retain any property under the Plan on account of such Interests or Claims, other than the WGI Creditor Trust Equity Residual, if any. On the Effective Date, all of the WGI Interests shall be deemed cancelled and extinguished.

3.4 Reservation of Rights Regarding Claims

Except as otherwise explicitly provided in the Plan, nothing shall affect the Debtors' or Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Claims, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment. Notwithstanding the substantive consolidation of the Debtors to the extent set forth herein, the Claims of any particular Debtors that are not classified or are Unimpaired shall remain the obligations solely of such Debtor and shall not become obligations of any other Debtor or Reorganized Debtor.

3.5 Raytheon Asserted Claims

Notwithstanding anything in this Plan to the contrary, it is the Debtors' intention to commence actions and to seek an order of the Bankruptcy Court avoiding and/or disallowing (including, without limitation, pursuant to section 502(d) of the Bankruptcy Code) and, if necessary, seeking to equitably subordinate all Raytheon Asserted Claims pursuant to section 510(c) of the Bankruptcy Code or otherwise. In the event such subordination is successful, any Raytheon Asserted Claims that would otherwise be Allowed shall be classified in Class 8.

ARTICLE IV

ACCEPTANCE OR REJECTION OF THE PLAN

4.1 Impaired Classes of Claims and Interests Entitled to Vote

Subject to Sections 4.3 and 4.4 of the Plan, Claim and Interest holders in each Impaired Class of Claims or Interests are entitled to vote as a class to accept or reject the Plan.

4.2 Acceptance by an Impaired Class

In accordance with section 1126(c) of the Bankruptcy Code and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if the Plan is accepted by the holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject the Plan.

4.3 Presumed Acceptances by Unimpaired Classes

Classes 1, 2, 3, 4 and 5 are Unimpaired by the Plan. Under section 1126(f) of the Bankruptcy Code, such Claim holders are conclusively presumed to accept the Plan, and the votes of such Claim holders will not be solicited.

4.4 Classes Deemed to Reject Plan

Holders of Interests and Claims in Class 8 are not entitled to receive or retain any property under the Plan, other than the WGI Creditor Trust Equity Residual, if any. Under section 1126(g) of the Bankruptcy Code, Class 8 Interest and Claim holders are deemed to reject the Plan, and the votes of such Interest or Claim holders will not be solicited.

4.5 Summary of Classes Voting on the Plan

As a result of the provisions of Sections 4.3 and 4.4 of this Plan, the votes of holders of Claims in Classes 6 and 7 will be solicited with respect to this Plan.

4.6 Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code

To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors will request confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke or withdraw the Plan or any Plan Exhibit or Schedule, including to amend or modify it to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

ARTICLE V

MEANS FOR IMPLEMENTATION OF THE PLAN

5.1 Continued Corporate Existence

Subject to the Restructuring Transactions (if any), the Reorganized Debtors shall continue to exist after the Effective Date as separate corporate entities, in accordance with the applicable law in the respective jurisdictions in which they are incorporated and pursuant to their respective certificates or articles of incorporation and by-laws in effect prior to the Effective Date, except to the extent such certificates or articles of incorporation and by-laws are amended by this Plan.

5.2 Cancellation Of Old Securities And Agreements

On the Effective Date, except as otherwise provided for herein, (a) the Old Securities and any other note, bond, indenture, or other instrument or document evidencing or creating any indebtedness or obligation of a Debtor, except such notes or other instruments evidencing indebtedness or obligations of a Debtor that are Reinstated or amended and restated under the Plan, shall be canceled, and (b) the obligations of the Debtors under any agreements, indentures or certificates of designations governing the Old Securities and any other note, bond, indenture or other instrument or document evidencing or creating any indebtedness or obligation of a Debtor, except such notes or other instruments evidencing indebtedness or obligations of a Debtor that are Reinstated or amended and restated under the Plan, as the case may be, shall be discharged.

5.3 Certificates of Incorporation and By-laws

The certificate or articles of incorporation and by-laws of each Debtor shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code and shall include, among other things, pursuant to section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting equity securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code. The amended Articles of Incorporation and By-laws of Reorganized WGI shall be in substantially the form attached to this Plan

as Exhibits A and B, respectively, and shall expressly authorize the accumulation by Mr. Dennis Washington (directly or indirectly) of up to 40% of the New Common Shares on a fully diluted basis (assuming exercise of the Washington Stock Options).

5.4 Restructuring Transactions

On or after the Effective Date, the applicable Reorganized Debtors may enter into such transactions and may take such actions as may be necessary or appropriate to effect a corporate restructuring of their respective businesses, to otherwise simplify the overall corporate structure of the Reorganized Debtors, or to reincorporate certain of the Subsidiary Debtors under the laws of jurisdictions other than the laws of which the applicable Subsidiary Debtors are presently incorporated. Such restructuring may include one or more mergers, consolidations, restructures, dispositions, liquidations, or dissolutions, as may be determined by the Debtors or Reorganized Debtors to be necessary or appropriate (collectively, the "Restructuring Transactions"). The actions to effect the Restructuring Transactions may include: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, disposition, liquidation, or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable state law and such other terms to which the applicable entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, duty, or obligation on terms consistent with the terms of the Plan and having such other terms to which the applicable entities may agree; (c) the filing of appropriate certificates or articles of merger, consolidation, or dissolution pursuant to applicable state law; and (d) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable state law in connection with such transactions. The Restructuring Transactions may include one or more mergers, consolidations, restructures, dispositions, liquidations, or dissolutions, as may be determined by the Reorganized Debtors to be necessary or appropriate to result in substantially all of the respective assets, properties, rights, liabilities, duties, and obligations of certain of the Reorganized Debtors vesting in one or more surviving, resulting, or acquiring corporations. In each case in which the surviving, resulting, or acquiring corporation in any such transaction is a successor to a Reorganized Debtor, such surviving, resulting, or acquiring corporation will perform the obligations of the applicable Reorganized Debtor pursuant to the Plan to pay or otherwise satisfy the Allowed Claims against such Reorganized Debtor, except as provided in any contract, instrument, or other agreement or document effecting a disposition to such surviving, resulting, or acquiring corporation, which may provide that another Reorganized Debtor will perform such obligations.

5.5 Issuance of New Common Stock

On or before the Effective Date, Reorganized WGI shall issue for distribution in accordance with the terms of the Plan the New Common Stock to the holders of Allowed Claims in Class 6. The issuance of the New Common Stock and the distribution thereof to holders of Allowed Claims in Class 6 shall be exempt from registration under applicable securities laws pursuant to section 1145(a) of the Bankruptcy Code. Without limiting the effect of section 1145 of the Bankruptcy Code, on the Effective Date, Reorganized WGI will enter into a Registration Rights Agreement with each Allowed Class 6 Claim holder (a) who by virtue of holding New Common Stock to be distributed under the Plan and/or its relationship with Reorganized WGI could reasonably be deemed to be an "affiliate" (as such term is used within the meaning of applicable securities laws) of Reorganized WGI; and (b) who requests in writing that Reorganized WGI execute such agreement. The Registration Rights Agreements shall contain certain shelf, demand and piggyback registration rights for the benefit of the signatories thereto. The Registration Rights Agreement shall be in substantially the form attached to this Plan as Exhibit D. Reorganized WGI shall use reasonable commercial efforts to have the New Common Stock listed for trading on a national securities exchange.

5.6 Compensation And Benefit Programs

(a) Except and to the extent previously assumed by an order of the Bankruptcy Court on or before the Confirmation Date, all employee compensation and benefit programs of the Debtors, including programs subject to sections 1114 and 1129(a)(13) of the Bankruptcy Code, entered into before or after the Petition Date and not since terminated, shall be deemed to be, and shall be treated as though they are, executory contracts that are assumed under Section 6.1 of this Plan, and all employee compensation and benefit Claims shall be Unimpaired under this Plan.

(b) On the Effective Date, certain members of management and designated employees of Reorganized WGI and the other Reorganized Debtors shall receive stock options which are more specifically described in the Management Stock Option Plan.

5.7 Exit Facility

On the Effective Date, WGI and those Subsidiaries as determined by the terms of the Exit Facility, shall enter into the Exit Facility, in order to (a) repay amounts outstanding on the Effective Date under the DIP Facility, (b) make other payments required to be made on the Effective Date or the Distribution Date, including, but not limited to, the Initial Deposit, and (c) provide such additional

borrowing capacity as is required by the Reorganized Debtors and the Subsidiaries following the Effective Date to maintain their operations.

5.8 Directors And Officers of Reorganized Debtors

(a) *Appointment.* The initial board of directors of Reorganized WGI shall consist of nine (9) directors. Mr. Dennis Washington, Mr. Stephen Hanks and Mr. David Batchelder shall be members of the board of directors, with Mr. Washington serving as Chairman without compensation for not less than two years after the Effective Date so long as the board desires Mr. Washington to be Chairman. The Lenders shall be entitled to appoint six (6) directors. The Confirmation Order may contain provisions providing for a staggered board for Reorganized WGI, as agreed to by WGI and the Lenders. The Lenders shall file with the Bankruptcy Court and give to WGI written notice of the identities of such members on a date that is not less than five (5) days prior to the Confirmation Hearing. The boards of directors and executive officers of the remaining Reorganized Debtors shall consist of directors and officers as determined by Reorganized WGI on the Effective Date or thereafter.

(b) *Terms.* Reorganized WGI board members shall serve for initial terms commencing on the Effective Date as determined by the Debtors and the Lenders and approved in the Confirmation Order.

(c) *Vacancies.* Any vacancy in the directorship prior to the expiration of the initial term (i) selected by the Lenders shall in the case of the resignation of such director, be filled by a person designated by such director as his/her replacement to serve out the remainder of the applicable term; and (ii) selected by WGI shall be filled by a person designated by the Chief Executive Officer of Reorganized WGI to serve out the remainder of the applicable term.

5.9 Revesting Of Assets; Releases of Liens

The property of each Debtor's Estate, together with any property of each Debtor that is not property of its Estate and that is not specifically disposed of pursuant to the Plan, shall revert in the applicable Debtor on the Effective Date. Thereafter, each Debtor may operate its business and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all property of each Debtor shall be free and clear of all Claims and Interests, except as specifically provided in the Plan or the Confirmation Order. Without limiting the generality of the foregoing, each Debtor may, without application to or approval by the Bankruptcy Court, pay fees that it incurs after the Effective Date for reasonable professional fees and expenses.

5.10 Preservation Of Rights Of Action

Except as otherwise provided in this Plan or the Confirmation Order, or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Litigation Claims that the Debtors or the Estates may hold against any Person or entity. Each Debtor or its successor(s) may pursue such retained Litigation Claims as appropriate, in accordance with the best interests of the Reorganized Debtor or its successor(s) who hold such rights.

5.11 Effectuating Documents; Further Transactions

The chairman of the WGI board of directors, president, chief financial officer, or any other appropriate officer of WGI or any applicable Debtor, as the case may be, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The secretary or assistant secretary of WGI or any applicable Debtor, as the case may be, shall be authorized to certify or attest to any of the foregoing actions.

5.12 Exemption From Certain Transfer Taxes

Pursuant to section 1146(c) of the Bankruptcy Code, any transfers from a Debtor to a Reorganized Debtor or any other Person or entity pursuant to the Plan in the United States shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

5.13 Releases and Related Matters

(a) Releases by Debtors

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors and Reorganized Debtors will be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities whatsoever in connection with or related to the Debtors and the Subsidiaries, the Chapter 11 Case or the Plan (other than the rights of the Debtors or Reorganized Debtors to enforce the Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered thereunder) whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors or their Subsidiaries, the Chapter 11 Case or the Plan, and that may be asserted by or on behalf of the Debtors or their Estates or the Reorganized Debtors against (i) the Debtors' or Subsidiaries' present directors, officers, employees, agents and professionals as of the Petition Date, (ii) the holders of Lender Claims, (iii) CSFB, as administrative agent, collateral agent and arranger under the Pre-Petition Credit Agreement, (iv) Bank of Montreal as syndication agent under the Pre-Petition Credit Agreement, (v) BoA and U.S. Bank as documentation agent under the Pre-Petition Credit Agreement, (vi) the DIP Agent and the holders of DIP Facility Claims, and (vii) the respective current professionals of the entities released in subclauses (i) - (vi) of this Section 5.13(a) acting in such capacity, except for those persons and entities listed on Schedule 5.13, against which claims shall not be released hereunder.

(b) Releases by Holders of Lender Claims

As of the Effective Date, to the fullest extent permissible under applicable law and in consideration for the obligations of the Debtors and the Reorganized Debtors under the Plan and the Cash, securities, contracts, instruments, releases and other agreements or documents to be delivered in connection with the Plan, each of the Lenders, any individual, corporation or other entity that was at any time formerly a Lender, and the DIP Lenders, will be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities (other than the rights to enforce the Debtors' or the Reorganized Debtors' obligations under the Plan and the securities, contracts, instruments, releases and other agreements and documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors or Subsidiaries, the Reorganized Debtors, the Chapter 11 Case, or the Plan against (i) the Debtors, the Subsidiaries and the Reorganized Debtors, (ii) the present directors, officers and employees of the Debtors or Subsidiaries as of the Effective Date, or (iii) their respective current professionals as of the Effective Date (including the present and former officers, directors, employees, shareholders and professionals of the foregoing), acting in such capacity, except for those persons and entities listed on Schedule 5.13, against which claims shall not be released hereunder.

(c) Injunction Related to Releases

As further provided in Section 12.11 of this Plan, the Confirmation Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to the Plan.

5.14 Substantive Consolidation for Purposes of Treating Impaired Claims

The Plan is premised upon the substantive consolidation of the Debtors only for purposes of treating Class 6 and 7 Claims under the Plan, for voting, confirmation and distribution purposes. The Plan does not contemplate substantive consolidation of the Debtors with respect to the other Classes of Claims or Interests set forth in the Plan, the merger of any Debtor entity into another or the transfer or commingling of any asset of any Debtor. On the Effective Date, (a) any obligation of any Debtor and all guaranties with respect to Class 6 and 7 Claims thereof executed by one or more of the other Debtors shall be treated as a single obligation and any obligation of two or more Debtors, and all multiple Impaired Claims against such entities on account of such joint obligations, shall be treated and Allowed only as a single Impaired Claim against the consolidated Debtors and (b) each Class 6 or 7 Claim filed in the Chapter 11 Case of any Debtor shall be treated as one Class 6 or 7 Claim for distribution purposes. Substantive consolidation shall not (other than for purposes related to the Plan set forth above) (w) affect the legal and corporate structures of the Reorganized Debtors or affect or modify in any way the ownership of any asset of any particular Debtor, (x) cause any Debtor to be liable for any Claim or Unimpaired Claim under the Plan for which it otherwise is not liable and the liability of any Debtor for any such Claim shall not be affected by such substantive consolidation, (y) affect Intercompany Claims, and (z) affect Interests in the Subsidiary Debtors.

5.15 Grant and Issuance of Washington Stock Options

(a) On the Effective Date, Mr. Dennis Washington (or any wholly-owned affiliate designated by Mr. Washington) shall be granted the Washington Stock Options.

(b) The Washington Stock Options shall consist of three (3) tranches of options as follows:

(i) The "Tranche A Washington Options" shall be options to purchase New Common Shares consisting of five percent (5%) of the New Common Shares outstanding, on a fully diluted basis, with a per share strike price calculated based upon an assumed total enterprise value for Reorganized WGI and its subsidiaries of \$300 million minus "Funded Debt" (as defined in Section 5.15(f) of this Plan). The Tranche A Washington Options shall have a term expiring on the fifth (5th) anniversary of the Effective Date.

(ii) The "Tranche B Washington Options" shall be options to purchase New Common Shares consisting of five percent (5%) of the New Common Shares outstanding, on a fully diluted basis, with a per share strike price calculated based upon a total enterprise value for Reorganized WGI and its subsidiaries of \$550 million minus Funded Debt. The Tranche B Washington Options shall have a term expiring on the fifth (5th) anniversary of the Effective Date.

(iii) The "Tranche C Washington Options" shall be options to purchase New Common Shares consisting of five percent (5%) of the New Common Shares outstanding, on a fully diluted basis, with a per share strike price calculated based upon an assumed total enterprise value for Reorganized WGI and its subsidiaries of \$720 million minus Funded Debt. The Tranche C Washington Options shall have a term expiring on the seventh (7th) anniversary of the Effective Date. A sample calculation of the strike price for the Washington Stock Options is set forth on Schedule 5.15(b) to the Plan.

(c) The Tranche A Washington Options, Tranche B Washington Options and Tranche C Washington Options shall each vest in three (3) equal installments on each of the Effective Date and the first two (2) anniversaries of the Effective Date; provided that, all such options shall vest immediately upon Mr. Washington being removed as Chairman of the Reorganized WGI Board of Directors involuntarily, including through the failure to be renominated to the Board.

(d) If, prior to the Effective Date, the Debtors enter into any agreement to sell more than twenty-five (25%) of the value (based upon revenue) of any business unit of the Debtors (excluding the Petroleum & Chemical business unit and the Mining division), (i) all of the Washington Stock Options will be issued and become fully vested on the Effective Date, (ii) the Debtors will accept Mr. Washington's resignation from the Board of WGI and (iii) the Debtors shall not utilize the Washington name or trademark after the Effective Date (following a reasonable period of transition).

(e) If, prior to or as of the Effective Date (whether pursuant to a plan or reorganization or otherwise) substantially all of the assets of the Debtors are sold, Mr. Washington shall receive a payment, in cash, in an amount equal to (i) the amount by which the aggregate net proceeds from such asset sales (including an adjustment for liabilities assumed, if any, in excess of a normalized level of working capital (the "NWLC")) (the "Sale Proceeds") exceed \$300 million multiplied by .05, plus (ii) the amount by which the Sale Proceeds exceed \$550 million multiplied by .05, plus (iii) the amount by which the Sale Proceeds exceed \$720 million multiplied by .05. A sample calculation is attached as Schedule 5.15(b) to this Plan.

(f) For purposes of Section 5.15(b) of this Plan, "Funded Debt" will be determined as of the Confirmation Date and is expected to equal the amount of funded debt outstanding immediately after the Effective Date incurred to repay or retire outstanding obligations under the DIP Facility. Funded Debt shall be subject to adjustments, if necessary, to reflect the NLWC. The NLWC will be determined by the financial advisors to the Debtors and the Lenders, and shall be set forth in the Confirmation Order. The NLWC will be such working capital as would be normal and customary for the Debtors' businesses as they exist at the time consistent with industry standards, the Debtors' past experience and benchmarking. The NLWC will be consistent with past practices and will neither accelerate nor defer cash receipts by, among other things, modifying billing cycles or the timing or terms of the collection of receivables or dividends from joint ventures. The Debtors will continue their historical cash management procedures including issuing letters of credit for retainage on accounts receivable collections. The NWLC will also adjust for any acceleration or deferral of cash disbursements including, among other things, modifying normal payment terms or timing of accounts payable, prepaying for services, pre-funding or deferring pension contributions or permitting substantial retainer payments or having cash balances higher or lower than customary. Funded debt and NLWC will be adjusted to exclude the impact of (A) the consolidation of previously unconsolidated investments, (B) acquisitions or dispositions of assets for fair value outside the normal course of business, (C) other transactions which would not be expected to modify enterprise value and (D) acquisition or disposition of fixed or other assets outside the ordinary course of business.

5.16 Continuation of Certain Orders

Notwithstanding anything in this Plan to the contrary, the Debtors shall continue to pay any Claims authorized to be paid by an order of the Bankruptcy Court during the Chapter 11 Cases, pursuant to the terms and conditions of any such order.

ARTICLE VI

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.1 Assumed Contracts And Leases

(a) Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, as of the Effective Date each Debtor shall be deemed to have assumed each executory contract and unexpired lease to which it is a party, unless such contract or lease (i) was previously assumed or rejected by such Debtor, (ii) previously expired or terminated pursuant to its own terms, (iii) is the subject of a motion pending before the Bankruptcy Court as of the Confirmation Date to assume or reject such contract or lease or (iv) is listed on Schedule 6.3 attached hereto as being an executory contract or unexpired lease to be rejected, provided, however, that the Debtors reserve their right, at any time prior to the Confirmation Date, to amend Schedule 6.3 to delete an unexpired lease or executory contract therefrom or add any unexpired lease or executory contract thereto. To the extent that an executory contract or unexpired lease is not listed Schedule 6.3, such executory contract or unexpired lease shall be deemed assumed. The Confirmation Order shall constitute an order of the Bankruptcy Court under section 365 of the Bankruptcy Code approving the contract and lease assumptions described above, as of the Effective Date.

(b) Each executory contract and unexpired lease that is assumed and relates to the use, ability to acquire, or occupancy of real property shall include (i) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights *in rem* related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court.

6.2 Payments Related To Assumption Of Contracts And Leases

Any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan is in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, at the option of the Debtor party to the contract or lease or the assignee of such Debtor party assuming such contract or lease, by Cure. If there is a dispute regarding (a) the nature or amount of any Cure, (b) the ability of any Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order resolving the dispute and approving the assumption or assumption and assignment, as the case may be.

6.3 Rejected Contracts And Leases

On the Effective Date, each executory contract and unexpired lease listed on Schedule 6.3 to this Plan shall be rejected pursuant to section 365 of the Bankruptcy Code. Each contract or lease listed on Schedule 6.3 shall be rejected only to the extent that any such contract or lease constitutes an executory contract or unexpired lease; provided, however, that the Debtors reserve their right, at any time prior to the Confirmation Date, to amend Schedule 6.3 to delete an unexpired lease or executory contract therefrom or add any unexpired lease or executory contract thereto. To the extent that an executory contract or unexpired lease is not listed on Schedule 6.3, such executory contract or unexpired lease shall be deemed assumed. Listing a contract or lease on Schedule 6.3 shall not constitute an admission by a Debtor or Reorganized Debtor that such contract or lease is an executory contract or unexpired lease or that such Debtor or Reorganized Debtor has any liability thereunder. The Confirmation Order shall constitute an order of the Bankruptcy Court approving the rejections described above, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date.

6.4 Rejection Damages Bar Date

If the rejection by a Debtor, pursuant to the Plan or otherwise, of an executory contract or unexpired lease results in a Claim, then such Claim shall be forever barred and shall not be enforceable against any Debtor or Reorganized Debtor or the properties of any of them unless a proof of claim is filed with the clerk of the Bankruptcy Court and served upon counsel to the Debtors, counsel to the Creditors' Committee, within thirty (30) days after service of the earlier of (a) notice of the Confirmation Order, or (b) other notice that the executory contract or unexpired lease has been rejected.

6.5 Special Provisions For Warranty and Indemnity Obligations Arising Out of Completed Projects

Notwithstanding anything to the contrary in this Plan, all Completed Projects and all executory obligations thereunder (including warranty and/or indemnity obligations) other than those Completed Projects explicitly set forth on Schedule 6.5 to this Plan, shall be treated as executory contracts that are rejected pursuant to section 365 of the Bankruptcy Code. Those Completed Projects and all executory obligations thereunder (including warranty and/or indemnity obligations) explicitly set forth on Schedule 6.5 to the Plan shall be treated as executory contracts that are assumed pursuant to Section 365 of the Bankruptcy Code, and obligations thereunder shall be satisfied in the ordinary course of business. The Debtors reserve the right to amend Schedule 6.5 to delete or add any Completed Project thereto, at any time prior to the Confirmation Date. The fact that a Completed Project is listed on Schedule 6.5 shall not constitute an admission by a Debtor or a Reorganized Debtor that such Completed Project is an executory contract or that a Debtor or Reorganized Debtor has any liability thereunder.

ARTICLE VII

PROVISIONS GOVERNING DISTRIBUTIONS

7.1 Distributions For Claims Allowed As Of The Effective Date

Except as otherwise provided herein or as ordered by the Bankruptcy Court, all distributions of holders of Allowed Claims as of the Effective Date shall be made on Distribution Date. Notwithstanding anything herein to the contrary, distributions on account of Class 7 Claims shall be made in accordance with the terms or conditions of WGI Creditor Trust Agreement. Distributions on account of Claims that first become Allowed Claims after the Effective Date shall be made pursuant to Section 8.4 of this Plan. Notwithstanding the date on which any distribution of New Securities is actually made to a holder of a Claim that is an Allowed Claim on the Effective Date, as of the date of the distribution such holder shall be deemed to have the rights of a holder of such securities distributed as of the Effective Date.

7.2 Interest On Claims

Unless otherwise specifically provided for in this Plan or the Confirmation Order, or required by applicable bankruptcy law, post-petition interest shall not accrue or be paid on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid upon any Disputed Claim in respect of the period from the Petition Date to the date a final distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim.

7.3 Distributions by Disbursing Agent, Trustee and the Indenture Trustee

(a) Except as set forth in the succeeding sentence, the Disbursing Agent shall make all distributions required under this Plan. Distributions provided for in the Plan on account of Allowed Class 7 Claims shall be made by the Trustee. The WGI Creditor Trust Agreement shall provide that any distributions to be made on account of Allowed Old Note Claims shall be made to the Indenture Trustee, as Disbursing Agent for Old Note Claims, for further distribution to holders of Allowed Old Note Claims.

(b) If the Disbursing Agent is an independent third party designated by the Reorganized Debtors to serve in such capacity, such Disbursing Agent shall receive, without further Bankruptcy Court approval, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services from the Reorganized Debtors on terms acceptable to the Reorganized Debtors. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

7.4 Record Date For Distributions To Holders Of Lender Claims and Old Notes

At the close of business on the Distribution Record Date, the transfer records for the Old Notes and Lender Claims shall be closed, and there shall be no further changes in the record holders of the Old Notes or Lender Claims. None of Reorganized WGI, the Disbursing Agent, if any, the Trustee, nor the Administrative Agent for the Lenders shall have any obligation to recognize any transfer of such Old Notes or Lender Claims occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders as of the close of business on the Distribution Record Date.

7.5 Means Of Cash Payment

Cash payments made pursuant to this Plan shall be in U.S. funds, by the means agreed to by the payor and the payee, including by check or wire transfer, or, in the absence of an agreement, such commercially reasonable manner as the payor shall determine in its sole discretion.

7.6 Calculation Of Distribution Amounts Of New Common Shares

No fractional shares of New Common Shares shall be issued or distributed under the Plan or by Reorganized WGI or the Disbursing Agent. Each Person entitled to receive New Common Shares will receive the total number of whole shares of New Common Shares to which such Person is entitled. Whenever any distribution to a particular Person would otherwise call for distribution of a fraction of a share of New Common Shares, the actual distribution of shares of such stock shall be rounded to the next higher or lower whole number as follows: (a) fractions $\frac{1}{2}$ or greater shall be rounded to the next higher whole number, and (b) fractions of less than $\frac{1}{2}$ shall be rounded to the next lower whole number. The total number of shares of New Common Shares to be distributed to a Class of Claims or Interests shall be adjusted as necessary to account for the rounding provided for in this Section 7.6. No consideration shall be provided in lieu of fractional shares that are rounded down.

7.7 Delivery Of Distributions

Distributions to holders of Allowed Claims shall be made by the Disbursing Agent (a) at the addresses set forth on the proofs of Claim filed by such holders (or at the last known addresses of such holders if no proof of Claim is filed or if the Debtors have been notified of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related proof of Claim, (c) at the addresses reflected in the Schedules if no proof of Claim has been filed and the Disbursing Agent has not received a written notice of a change of address, or (d) in the case of the holder of an Allowed Old Note Claim, at the addresses contained in the official records of the indenture trustee under the Old Indenture, or (e) at the addresses set forth in a properly completed letter of transmittal accompanying securities properly remitted to the Debtors. If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made unless and until the Disbursing Agent (or Trustee as applicable) is notified of such holder's then current address, at which time all missed distributions shall be made to such holder without interest. Amounts in respect of undeliverable distributions made by the Disbursing Agent (or Trustee as applicable), shall be returned to the Reorganized Debtors (or the WGI Creditor Trust, as applicable) until such distributions are claimed. All claims for undeliverable distributions made by the Disclosing Agent must be made on or before the first (1st) anniversary of the Effective Date, after which date all unclaimed property shall revert to the Reorganized Debtors free of any restrictions thereon and the claim of any holder or successor to such holder with respect to such property shall be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary. Nothing contained in the Plan shall require the Debtors, Reorganized Debtors, any Disbursing Agent or the Indenture Trustee to attempt to locate any holder of an Allowed Claim.

7.8 Surrender of Securities and Instruments

(a) Old Notes

Except as provided in Section 7.8(b) of this Plan for lost, stolen, mutilated or destroyed Old Notes each holder of an Allowed Claim evidenced by Old Note shall tender such Old Note to the Trustee in accordance with written instructions to be provided in a letter of transmittal to such holders by the Trustee as promptly as practicable following the Effective Date. Such letter of transmittal shall specify that delivery of such Old Notes will be effected, and risk of loss and title thereto will pass, only upon the proper delivery of such Old Notes with the letter of transmittal in accordance with such instructions. Such letter of transmittal shall also include, among other provisions, customary provisions with respect to the authority of the holder of the applicable Old Note to act and the authenticity of any signatures required on the letter of transmittal. All surrendered notes and Old Notes shall be marked as canceled and delivered by the Trustee to Reorganized WGI.

(b) *Lost, Mutilated or Destroyed Old Notes*

In addition to any requirements under the applicable certificate or articles of incorporation or bylaws of the applicable Debtor, any holder of a Claim evidenced by a Old Note that has been lost, stolen, mutilated or destroyed shall, in lieu of surrendering such, Old Note, deliver to the Trustee: (i) evidence satisfactory to the Trustee of the loss, theft, mutilation or destruction; and (ii) such indemnity as may be required by the Trustee to hold the Trustee harmless from any damages, liabilities or costs incurred in treating such individual as a holder of an Old Note. Upon compliance with this Section 7.8(b) by a holder of a Claim evidenced by an Old Note, such holder shall, for all purposes under the Plan, be deemed to have surrendered its Old Note, as applicable.

(c) *Failure to Surrender Canceled Old Notes*

Any holder of an Old Note that fails to surrender or be deemed to have surrendered such note or Old Note within the 2nd anniversary after the Effective Date shall have its claim for a distribution from the WGI Creditor Trust on account of such Old Note discharged and shall be forever barred from asserting any such claim against the WGI Creditor Trust, any Reorganized Debtor or their respective property.

7.9 Withholding And Reporting Requirements

In connection with this Plan and all distributions hereunder, the Disbursing Agent shall, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Disbursing Agent shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan: (a) each holder of an Allowed Claim that is to receive a distribution of New Securities pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution, and (b) no distribution shall be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Disbursing Agent for the payment and satisfaction of such tax obligations. Any New Securities to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable distribution pursuant to Section 7.7 of this Plan.

7.10 Setoffs

The Reorganized Debtors may, but shall not be required to, set off against any Claim, and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that the Debtors or Reorganized Debtors may have against the holder of such Claim; *provided, however*, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such claim that the Debtors or Reorganized Debtors may have against such holder. Notwithstanding anything to the contrary, the Debtors and Reorganized Debtors will not exercise any right of setoff against any Lender any agents under the Pre-Petition Credit Agreement or the DIP Facility Agreement, or the DIP Lenders.

ARTICLE VIII

**PROCEDURES FOR RESOLVING DISPUTED,
CONTINGENT, AND UNLIQUIDATED CLAIMS AND DISPUTED INTERESTS**

8.1 Prosecution Of Objections

After the Confirmation Date, only the Debtors and the Reorganized Debtors shall have the authority to file objections, settle, compromise, withdraw or litigate to judgment objections to Claims, other than the Raytheon Asserted Claims and Disputed Claims in Class 7, with respect to which the authority to object, settle, compromise or litigate to judgment shall be transferred to the WGI Creditor Trust pursuant to Section 9.2 of this Plan. From and after the Effective Date, the Reorganized Debtors or the Trustee, as applicable, may settle or compromise any Disputed Claim without approval of the Bankruptcy Court.

8.2 No Distributions Pending Allowance

Notwithstanding any other provision of the Plan or the WGI Creditor Trust Agreement, no payments or distributions shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim.

8.3 Disputed Class 7 Distribution Reserve

Prior to making any distributions of Trust Assets, the Trustee shall establish appropriate reserves for Disputed Class 7 Claims, to withhold from any such distributions 100% of distributions to which holders of Disputed Class 7 Claims would be entitled under the Plan as of such date if such Disputed Class 7 Claims were Allowed Claims in their Disputed Class 7 Claim Amount.

8.4 Distributions After Allowance of Class 7 Claim

The Trustee shall make payments and distributions from the reserve established for Disputed Class 7 Claims to each holder of a Disputed Class 7 Claim that has become an Allowed Class 7 Claim in accordance with the provisions of the WGI Creditor Trust Agreement. After the date that the order or judgment of the Bankruptcy Court allowing such Claim becomes a Final Order, the Trustee shall distribute, subject to the WGI Creditor Trust Agreement, to the holder of such Claim any Cash in the reserve established for Disputed Class 7 Claims that would have been distributed to the holder of such claim had such Claim been an Allowed Class 7 Claim.

ARTICLE IX

WGI CREDITOR TRUST

9.1 Appointment of Trustee

The Trustee for the WGI Creditor Trust shall be designated by the Creditors' Committee with the reasonable consent of the Agent under the Pre-Petition Credit Agreement and the Debtors. Specifically, the Creditors' Committee shall file a notice on a date that is not less than five (5) days prior to the Confirmation Hearing designating the Person who it has selected as Trustee and seeking approval of such designation. Any dispute regarding the designation of the Trustee shall be resolved by the Bankruptcy Court. If approved by the Bankruptcy Court, the Person so designated shall become the Trustee on the Effective Date. The Trustee shall have and perform all of the duties, responsibilities, rights and obligations set forth in the WGI Creditor Trust Agreement.

9.2 Transfer of Trust Assets to the WGI Creditor Trust

On the Effective Date, if and to the extent not previously settled, the Debtors shall transfer and shall be deemed to have irrevocably transferred to the WGI Creditor Trust, for and on behalf of the beneficiaries of the Trust, the Trust Assets (subject to the obligation of the WGI Creditor Trust to pay the Reimbursement Obligation as set forth in Section 9.6 of this Plan).

9.3 The WGI Creditor Trust

(a) Without any further action of the directors or shareholders of the Debtors, on the Effective Date, the WGI Creditor Trust Agreement, substantially in the form of Exhibit E to this Plan, shall become effective. The Trustee shall accept the WGI Creditor Trust and sign the WGI Creditor Trust Agreement on the Effective Date and the WGI Creditor Trust will then be deemed created and effective.

(b) The Trustee shall have full authority to take any steps necessary to administer the WGI Creditor Trust Agreement, including, without limitation, the duty and obligation to liquidate Trust Assets, to make distributions therefrom to the holders of Allowed Class 7 Claims and, if authorized by majority vote of those members of the Trust Advisory Board authorized to vote, to pursue and settle any of the Raytheon Claims, Raytheon Asserted Claims and other Disputed Claims in Class 7. Upon such transfer (which, as stated above, shall occur on the Effective Date), the Debtors, the Disbursing Agent and the Reorganized Debtors shall have no other further rights or obligations with respect thereto.

(c) All costs and expenses associated with the administration of the WGI Creditor Trust, including those rights, obligations and duties described in this Section 9.3, shall be the responsibility of and paid by the WGI Creditor Trust. Notwithstanding the foregoing, the Reorganized Debtors shall make available to the Trustee reasonable access during normal business hours, upon reasonable notice, to personnel and books and records of the Reorganized Debtors to representatives of the WGI Creditor Trust to enable the Trustee to perform the Trustee's tasks under the WGI Creditor Trust Agreement and this Plan; *provided, however*, that the Reorganized Debtors will not be required to make expenditures in response to such requests determined by them to be unreasonable.

(d) The Trustee may retain such law firms, accounting firms, experts, advisors, consultants, investigators, appraisers, auctioneers or other professionals as it may deem necessary (collectively, the "Trustee Professionals"), in its sole discretion, to aid in the performance of its responsibilities pursuant to the terms of this Plan including, without limitation, the liquidation and distribution of Trust Assets.

(e) For federal income tax purposes, it is intended that the WGI Creditor Trust be classified as a liquidating trust under section 301.7701-4 of the Procedure and Administration Regulations and that such trust is owned by its beneficiaries. Accordingly, for federal income tax purposes, it is intended that the beneficiaries be treated as if they had received a distribution of an undivided interest in the Trust Assets and then contributed such interests to the WGI Creditor Trust.

(f) The Trustee shall be responsible for filing all federal, state and local tax returns for the WGI Creditor Trust.

9.4 The Trust Advisory Board

The Trust Advisory Board shall be comprised of three (3) members, all of which shall be designated by the Creditors' Committee with the reasonable consent of the Agent for the Prepetition Secured Lenders and the Debtors. The Creditor's Committee shall give written notice of the identity of each member and file such notice with the Bankruptcy Court on a date that is not less than five (5) days prior to the Confirmation Hearing. Any dispute regarding the designation of the members of the Trust Advisory Board shall be resolved by the Bankruptcy Court.

The Trust Advisory Board shall adopt such bylaws as it may deem appropriate. The Trustee shall consult regularly with the Trust Advisory Board when carrying out the purpose and intent of the WGI Creditor Trust. Members of the Trust Advisory Board shall be entitled to compensation in accordance with the Trust Agreement and to reimbursement of the reasonable and necessary expenses incurred by them in carrying out the purpose of the Trust Advisory Board. Reimbursement of the reasonable and necessary expenses of the members of the Trust Advisory Board and their compensation to the extent provided for in the Trust Agreement shall be payable by the WGI Creditor Trust.

(a) In the case of an inability or unwillingness of any member of the Trust Advisory Board to serve, such member shall be replaced by designation of the remaining members of the Trust Advisory Board. If any position on the Trust Advisory Board remains vacant for more than thirty (30) days, such vacancy shall be filled within fifteen (15) days thereafter by the designation of the Trustee without the requirement of a vote by the other members of the Trust Advisory Board.

(b) Upon the certification by the Trustee that all Trust Assets have been distributed, abandoned or otherwise disposed of, the members of the Trust Advisory Board shall resign their positions, whereupon they shall be discharged from further duties and responsibilities.

(c) The Trust Advisory Board may, by majority vote, authorize the Trustee to invest the corpus of the Trust in prudent investments other than those described in section 345 of the Bankruptcy Code.

(d) The Trust Advisory Board may remove the Trustee in its discretion. In the event the requisite approval is not obtained, the Trustee may be removed by the Bankruptcy Court for cause shown. In the event of the resignation or removal of the Trustee, the Trust Advisory Board shall, by majority vote, designate a person to serve as successor Trustee.

(e) Notwithstanding anything to the contrary in this Plan, neither the Trust Advisory Board nor any of its members, designees, counsel, financial advisors or any duly designated agent or representatives of any such party shall be liable for the act, default or misconduct of any other member of the Trust Advisory Board, nor shall any member be liable for anything other than such member's own gross negligence or willful misconduct. The Trust Advisory Board may, in connection with the performance of its duties, and in its sole and absolute discretion, consult with its counsel, accountants or other professionals, and shall not be liable for anything done or omitted or suffered to be done in accordance with such advice or opinions. If the Trust Advisory Board determines not to consult with its counsel, accountants or other professionals, it shall not be deemed to impose any liability on the Trust Advisory Board, or its members and/or designees.

(f) The Trust Advisory Board shall govern its proceedings through the adoption of by-laws, which the Trust Advisory Board may adopt by majority vote. No provision of such by-laws shall supersede any express provision of the Plan.

9.5 Funding of the WGI Creditor Trust

The Initial Deposit shall be funded by the Debtors or Reorganized Debtors by delivering to the Trustee \$20 million on the Effective Date. The Trustee shall use the Initial Deposit consistent with the purpose of the WGI Creditor Trust and subject to the terms and conditions of this Plan and the WGI Creditor Trust Agreement.

9.6 Reimbursement Obligation

Immediately upon receipt of any and all Trust Recoveries by the WGI Creditor Trust, the Trustee shall pay such Trust Recoveries to Reorganized WGI until such time as the Reimbursement Obligation is paid in full.

9.7 Distributions of Trust Assets

The Trustee shall make distributions of Net Trust Recoveries as, in accordance with the WGI Creditor Trust Agreement, which shall provide for distributions as follows: *first*, to pay the Trust Expenses; *second*, to repay the Reimbursement Obligation, and *third*, among holders of Allowed Class 7 Claims on a Pro Rata basis. Such distributions shall be made at the times and in the manner set forth in the WGI Creditor Trust Agreement. If there is a WGI Creditor Trust Residual, it shall be distributed by the Trustee to holders of Old Common Stock as of the Distribution Date on a Pro Rata basis.

ARTICLE X

CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

10.1 Conditions To Confirmation

The following are conditions precedent to the occurrence of the Confirmation Date: (a) the entry of an order finding that the Disclosure Statement contains adequate information pursuant to section 1125 of the Bankruptcy Code and (b) the proposed Confirmation Order shall be in form and substance acceptable to the Debtors and the Agent under the Pre-Petition Credit Agreement.

10.2 Conditions To Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Section 10.3 of this Plan:

(a) The Confirmation Order shall have been entered and become a Final Order in form and substance reasonably satisfactory to the Debtors and the Agent under the Pre-Petition Credit Agreement and shall:

(i) provide that the Debtors and Reorganized Debtors are authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, leases, indentures and other agreements or documents created in connection with the Plan or the Restructuring Transactions;

(ii) authorize the issuance of New Securities; and

(iii) provide that the New Common Shares issued under the Plan in exchange for Claims against the Debtors are exempt from registration under the Securities Act of 1933 pursuant to section 1145 of the Bankruptcy Code, except to the extent that holders of the New Common Shares are "underwriters," as that term is defined in section 1145 of the Bankruptcy Code.

(b) The Reorganized Debtors have entered into the Exit Facility.

(c) All Plan Exhibits shall be in form and substance reasonably acceptable to the Debtors and the Agent under the Pre-Petition Credit Agreement, and shall have been executed and delivered.

(d) All actions, documents and agreements necessary to implement the Plan shall have been effected or executed.

10.3 Waiver Of Conditions

Each of the conditions set forth in Section 10.2 of this Plan, may be waived in whole or in part by the Debtors with the written consent of the Agent under the Pre-petition Credit Agreement, without any other notice to parties in interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Effective Date may be asserted by the Debtors or Reorganized Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by a Debtor or Reorganized Debtor). The failure of a Debtor or Reorganized Debtor to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

ARTICLE XI

RETENTION OF JURISDICTION

11.1 Exclusive Jurisdiction of the Bankruptcy Court

Under sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

- (a) Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest not otherwise allowed under the Plan, including the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the allowance or priority of Claims or Interests;
- (b) Hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under sections 330, 331, 503(b), 1103 and 1129(a)(4) of the Bankruptcy Code; *provided, however*, that from and after the Effective Date, the payment of the fees and expenses of the retained Professionals of the Reorganized Debtors shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;
- (c) Hear and determine all matters with respect to the assumption or rejection of any executory contract or unexpired lease to which a Debtor is a party or with respect to which a Debtor may be liable, including, if necessary, the nature or amount of any required Cure or the liquidation or allowance of any Claims arising therefrom;
- (d) Effectuate performance of and payments under the provisions of the Plan;
- (e) Hear and determine any and all adversary proceedings, motions, applications, and contested or litigated matters arising out of, under, or related to, the Chapter 11 Case;
- (f) Enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement or the Confirmation Order;
- (g) Hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of the Plan, including disputes arising under agreements, documents or instruments executed in connection with the Plan;
- (h) Consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
- (i) Issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any entity with implementation, consummation, or enforcement of the Plan or the Confirmation Order;
- (j) Enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified, or vacated;

(k) Hear and determine any matters arising in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order;

(l) Enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Case;

(m) Except as otherwise limited herein, recover all assets of the Debtors and property of the Debtors' Estates, wherever located;

(n) Hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(o) Hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge;

(p) Hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code; and

(q) Enter a final decree closing the Chapter 11 Case.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 Professional Fee Claims

All final requests for compensation or reimbursement of Professional Fees pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code for services rendered to the Debtors or any creditors' committee (if one has been appointed) prior to the Effective Date and Substantial Contribution Claims under section 503(b)(4) of the Bankruptcy Code must be filed and served on the Reorganized Debtors and their counsel no later than 60 days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to applications of such Professionals or other entities for compensation or reimbursement of expenses must be filed and served on the Reorganized Debtors and their counsel and the requesting Professional or other entity no later than 60 days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application for compensation or reimbursement was served.

12.2 Administrative Claims Bar Date

All requests for payment of an Administrative Claim (other than as set forth in Sections 3.1 and 12.1 of this Plan) must be filed with the Bankruptcy Court and served on counsel for the Debtors and counsel for the Trustee no later than forty-five (45) days after the Effective Date. Unless the Debtors object to an Administrative Claim within forty-five (45) Business Days after receipt, such Administrative Claim shall be deemed allowed in the amount requested. In the event that the Debtors object to an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be filed with respect to an Administrative Claim which is paid or payable by a Debtor in the ordinary course of business.

12.3 Post-Effective Date Compensation for the Trustee and Trustee's Professionals

Subsequent to the Effective Date, the Trustee and the Trustee's Professionals shall be paid as described in this Section 12.3. On or before the last date of each month following the month for which compensation is sought, each such party shall serve a monthly statement upon Reorganized WGI, the Trustee and the Trust Advisory Board, as applicable. Each person receiving such statement will have fifteen days (15) days from the date such statement is received to review the statement and object to such statement by serving an objection setting forth the precise nature of the objection and the amount at issue on the parties listed above in this paragraph, as applicable. At the expiration of such fifteen (15) day period, the WGI Creditor Trust shall promptly pay 100% of the amounts requested, except for the portion of such fees and disbursements to which an objection has been made. The parties shall attempt to consensually resolve objections, if any, to any monthly statement. In the event that the parties are unable to reach a consensual resolution of any such

objection, the party who received an objection to its fees may seek payment of such fees by filing a motion with the Bankruptcy Court and providing notice to the parties listed above in this paragraph. Any professional who fails to submit a monthly statement shall be ineligible to receive further payment of fees and expenses as provided herein until such time as the monthly statement is submitted

12.4 Payment Of Statutory Fees

All fees payable pursuant to Section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing shall be paid on or before the Effective Date. After the Effective Date, the Reorganized Debtors shall pay all required fees pursuant to Section 1930 of title 28 of the United States Code or any other statutory requirement and comply with all statutory reporting requirements.

12.5 Modifications and Amendments

Subject to the consent of the Agent under the Pre-petition Credit Agreement, the Debtors may alter, amend, or modify the Plan or any Exhibits or schedules thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date. After the Confirmation Date and prior to substantial consummation of the Plan, as defined in section 1101(2) of the Bankruptcy Code, the Debtors may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, and such matters as may be necessary to carry out the purposes and effects of the Plan so long as they have obtained the prior approval of the Agent under the Pre-Petition Credit Agreement and such proceedings do not materially adversely affect the treatment of holders of Claims under the Plan; *provided, however*, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court.

12.6 Severability Of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of any Debtor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

12.7 Successors And Assigns

The rights, benefits and obligations of any entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

12.8 Compromises and Settlements

Pursuant to Fed. R. Bankr. P. 9019(a), the Debtors may compromise and settle various Claims against them and/or claims that they may have against other Persons. The Debtors expressly reserve the right (with Bankruptcy Court approval, following appropriate notice and opportunity for a hearing) to compromise and settle Claims against them and claims that they may have against other Persons up to and including the Effective Date. After the Effective Date, such right shall pass to the Reorganized Debtors pursuant to Sections 5.9 and 5.10 of this Plan.

12.9 Releases And Satisfaction Of Subordination Rights

All Claims of the holders of the Lender Claims and the Old Notes against the Debtors and all rights and claims between or among such holders relating in any manner whatsoever to any claimed subordination rights, shall be deemed satisfied by the distributions under, described in, contemplated by, and/or implemented in Section 3.3 of this Plan. Distributions under, described in, contemplated by, and/or implemented by this Plan to the various Classes of Claims hereunder shall not be subject to levy, garnishment, attachment, or like legal process by any holder of a Claim, including, but not limited to, holders of Lender Claims and Old Note Claims, by reason

of any claimed subordination rights or otherwise, so that each holder of a Claim shall have and receive the benefit of the distributions in the manner set forth in the Plan.

12.10 Discharge Of The Debtors

(a) Except as provided in the Confirmation Order, the rights afforded under this Plan and the treatment of Claims and Interests under this Plan shall be in exchange for and in complete satisfaction, discharge and release of all Claims and termination of all WGI Interests, including any interest accrued on Claims from the Petition Date. Except as provided in the Confirmation Order, Confirmation shall (a) discharge the Debtors from all Claims and other debts that arose before the Confirmation Date and all debts of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) a proof of claim based on such debt is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (ii) a Claim based on such debt is allowed pursuant to section 502 of the Bankruptcy Code or (iii) the holder of a Claim based on such debt has accepted the Plan; and (b) terminate all Interests and other rights of equity security holders in WGI.

(b) As of the Confirmation Date, except as provided in this Plan or the Confirmation Order, all entities shall be precluded from asserting against the Debtors, the Reorganized Debtors, their successors or their property, any other or further claims, debts, rights, causes of action, liabilities or equity interests based upon any act, omission, transaction or other activity of any nature that occurred prior to the Confirmation Date. In accordance with the foregoing, except as provided in this Plan of the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such rights of equity security holders in WGI, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim or WGI Interest.

12.11 Injunction

(a) Except as provided in the Plan or the Confirmation Order, as of the Confirmation Date, all entities that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against the Debtors, Reorganized Debtors or their property on account of any such discharged Claims, debts or liabilities or terminated interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors and (v) commencing or continuing any action in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

(b) As of the Effective Date, all entities that have held, currently hold or may hold a claim, demand, debt, right, cause of action or liability that is released pursuant to Section 5.13 of this Plan are permanently enjoined from taking any of the following actions on account of such released claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities: (i) commencing or continuing in any manner any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released entity; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

(c) By accepting distribution pursuant to the Plan, each holder of an Allowed Claim or Allowed Interest receiving distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth in this Section 12.11.

12.12 Committees

Effective on the Effective Date, the duties of the Creditors' Committee shall terminate.

12.13 Exculpation And Limitation Of Liability

(a) None of the Debtors, the agent under the DIP Facility, the Lenders, the Reorganized Debtors, the Creditors' Committee, the DIP Lenders, nor any of their respective present or former members, officers, directors, employees, advisors, or attorneys shall have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in

connection with, relating to, or arising out of, the Chapter 11 Case, formulating, negotiating or implementing the Plan, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for their willful misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

(b) Notwithstanding any other provision of this Plan, no holder of a Claim or Interest, no other party in interest, none of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, and no successors or assigns of the foregoing, shall have any right of action against any Debtor or Reorganized Debtor, nor any statutory committee, the Lenders, the DIP Lenders, nor any of their respective present or former members, officers, directors, employees, advisors or attorneys, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, formulating, negotiating or implementing the Plan, solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan, the confirmation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for their willful misconduct.

(c) The foregoing exculpation and limitation on liability shall not, however, limit, abridge, or otherwise affect the rights, if any, of the Reorganized Debtors to enforce, sue on, settle, or compromise the Litigation Claims retained pursuant to Sections 5.9 and 5.10 of this Plan.

12.14 Binding Effect

The Plan shall be binding upon and inure to the benefit of the Debtors, all present and former holders of Claims against and Interests in the Debtors, their respective successors and assigns, including, but not limited to, the Reorganized Debtors, and all other parties-in-interest in this Chapter 11 Case.

12.15 Revocation, Withdrawal, Or Non-Consummation

The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (x) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, any Debtor or any other Person, (y) prejudice in any manner the rights of any Debtor or any Person in any further proceedings involving a Debtor, or (z) constitute an admission of any sort by any Debtor or any other Person.

12.16 Plan Exhibits

Any and all Plan Exhibits, or other lists or schedules not filed with the Plan shall be filed with the Clerk of the Bankruptcy Court at least five (5) Business Days prior to date of the commencement of the Confirmation Hearing. Upon such filing, such documents may be inspected in the office of the Clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Interests may obtain a copy of any such document upon written request to the Debtors in accordance with Section 12.17 of the Plan. The Debtors explicitly reserve the right to modify or make additions to or subtractions from any schedule to the Plan and to modify any Plan Exhibit prior to the Confirmation Hearing.

12.17 Notices

Any notice, request, or demand required or permitted to be made or provided to or upon a Debtor or Reorganized Debtor under the Plan shall be (a) in writing, (b) served by (i) certified mail, return receipt requested, (ii) hand delivery, (iii) overnight delivery service, (iv) first class mail, or (v) facsimile transmission, and (b) deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

WASHINGTON GROUP INTERNATIONAL, INC., et al.
Morrison Knudsen Plaza
720 Park Blvd.
Boise, Idaho 83712
Att'n: Richard D. Parry
Telephone: (208) 386-5199
Facsimile: (208) 386-6421

with a copy to:

SKADDEN, ARPS, SLATE, MEAGHER & FLOM (ILLINOIS)
333 West Wacker Drive
Chicago, Illinois 60606-1285
Att'n: David S. Kurtz, Esq.
Timothy R. Pohl, Esq.
Telephone: (312) 407-0700
Facsimile: (312) 407-0411

CREDIT SUISSE FIRST BOSTON
Eleven Madison Avenue
New York, NY 10010
Att'n: Mr. Joel Glodowski
Telephone: (212) 325-2000
Facsimile: (212) 325-8309

with a copy to:

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, NY 10153
Att'n: Harvey R. Miller, Esq.
Marcia L. Goldstein, Esq.
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

MURPHY SHENEMAN JULIAN & ROGERS
101 California Street, Suite 3900
San Francisco, California 94111
Att'n: Patrick A. Murphy
Randy Rogers
Telephone: (415) 398-4700
Facsimile: (415) 421-7879

12.18 Indemnification Obligations

Indemnification Obligations, shall be deemed to be, and shall be treated as though they are, executory contracts that are assumed pursuant to section 365 of the Bankruptcy Code under this Plan and such obligations shall remain unaffected and shall not be discharged or impaired hereby, provided that, any alleged indemnification claim asserted by Raytheon or any of its officers, directors, employees, agents or professionals or any Indemnification Obligation related to any party listed on Schedule 5.13 or Schedule 6.3 shall not be assumed and shall be deemed to be rejected pursuant to Section 6.3 of this Plan.

12.19 Prepayment

Except as otherwise provided in this Plan, any ancillary documents entered into in connection therewith, or the Confirmation Order, the Debtors, shall have the right to prepay, without penalty, all or any portion of an Allowed Claim at any time; *provided, however,* that any such prepayment shall not be violative of, or otherwise prejudice, the relative priorities and parities among the classes of Claims.

12.20 Term Of Injunctions Or Stays

Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Case under sections 105 or 362 of the Bankruptcy Code or otherwise, and extant on the Confirmation Date (excluding any injunctions or stays contained in this Plan or the Confirmation Order), shall remain in full force and effect until the Effective Date.

Dated: July 24, 2001

WASHINGTON GROUP INTERNATIONAL, INC., et al.
(for itself and on behalf of the Subsidiary Debtors)

By: /s/ Stephen G. Hanks
Name: Stephen G. Hanks
Title: Chief Executive Officer

SKADDEN, ARPS, SLATE, MEAGHER & FLOM (ILLINOIS)

By: /s/ David S. Kurtz
David S. Kurtz
Timothy R. Pohl
333 W. Wacker Drive
Chicago, Illinois 60606-1285
(312) 407-0700,

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
Gregg M. Galardi
One Rodney Square
P.O. Box 636
Wilmington, Delaware 19899-0636
(302) 651-3000

-and-

LIONEL, SAWYER & COLLINS
Jennifer Smith
1100 Bank of America Plaza
50 W. Liberty Street
Reno, NV 89501
(775) 788-8666

Attorneys for Washington Group International, Inc., et al.

EXHIBIT

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UNITED STATES
BANKRUPTCY COURT
PATRICIA GRAY, CLERK

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Attorneys for the Debtors and
Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

Case No. BK-N-01-31627
Chapter 11

In re

WASHINGTON GROUP
INTERNATIONAL, INC.,
et al.,
Debtors.

MODIFICATION TO SECOND
AMENDED JOINT PLAN OF
REORGANIZATION OF WASHINGTON
GROUP INTERNATIONAL, INC., ET AL.

8/28/01
200

Dated August 23, 2001

The Second Amended Joint Plan of Reorganization of Washington Group
International, Inc., et. al. dated as of July 24, 2001 (the "Plan"), is hereby modified by this
Modification dated as of August 23, 2001 (this "Modification") by Washington Group Interna-

cc: G. Day

E-MAILED

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3 tional, Inc. ("WGI") and certain of its affiliates (collectively, the "Affiliate Debtors"), debtors and
4 debtors-in-possession in the above-captioned cases (collectively, the "Debtors," and together with
5 WGI's non-debtor affiliates, the "Company"), pursuant to 11 U.S.C. § 1127(a), as follows:

- 6
7 1. A new Section 1.17(a) is added as follows:

8 "Class 7 Stock Warrants" has the meaning ascribed thereto in Section
9 5.15A(b) of this Plan.

- 10 2. A new Section 1.23(a) is added as follows:

11 "Convenience Claim" means the Claims of any holder of any General
12 Unsecured Claims, which in the aggregate total \$5,000 or less.

- 13 3. Section 1.30 is amended and restated in its entirety as follows:

14 "Dilution" means dilution subsequent to the Effective Date (a) to the
15 extent necessary to give effect to the exercise of the Management Options,
16 the Washington Stock Options and the Class 7 Stock Warrants or (b)
17 otherwise as a result of the issuance of common shares, implementation of
18 other management incentive programs or other action taken by the board
19 of directors of Reorganized WGI.

- 20 4. Section 1.35 is amended and restated in its entirety as follows:

21 "Disbursing Agent" means Reorganized WGI or any party designated by
22 Reorganized WGI, in its sole discretion, to serve as a disbursing agent
23 under the Plan, with respect to the distributions of the proceeds from the
24 WGI Creditor Trust means the Trustee, and with respect to the Old Notes
25 means the indenture trustee under the Old Indenture.

- 26 5. Section 1.49 is amended and restated in its entirety as follows:

27 "General Unsecured Claim" means a Claim against the Debtors
28 that is not a DIP Facility Claim, Administrative Claim, Priority Tax
Claim, Other Priority Claim, Other Secured Claim, Intercompany
Claim, Secured Lender Claim, Convenience Claim, or Unimpaired
Unsecured Claim, and includes, without limitation, the Old Note
Claims, the Raytheon Asserted Claims (if any) and the Lender
Deficiency Claims.

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6. Section 1.58 is amended and restated in its entirety as follows:

"Lender Deficiency Claims" means the unsecured deficiency Claims of each Lender arising under the Pre-Petition Credit Facility Agreements, which Claims shall be deemed Allowed pursuant to this Plan in the amount of \$171 million, which amount will be increased on a dollar for dollar basis if and to the extent that outstanding prepetition letters of credit issued under the Prepetition Secured Credit Facility are drawn before the Effective Date of the Plan.

7. Section 1.65 is amended and restated in its entirety as follows:

"New Common Shares" means the common shares of Reorganized WGI authorized under Section 5.5 of this Plan.

8. Section 1.66 is amended and restated in its entirety as follows:

"New Securities" means, collectively, the New Common Shares, the Class 7 Stock Warrants, the Management Options and the Washington Stock Options.

9. A new Section 1.80(a) is added as follows:

"Plan Modification" means that certain Modification to the Plan dated August 23, 2001.

10. Section 1.102 is amended and restated in its entirety as follows:

"Secured Lender Claim" means a Secured Claim of a Lender arising under or as a result of the Pre-Petition Credit Facility Agreements, which Claims shall be deemed Allowed pursuant to this Plan in the aggregate amount of \$401 million.

11. Section 1.123 is amended and restated in its entirety as follows:

"WGI Creditor Trust Equity Residual" means the Net Trust Recoveries, if any, that would otherwise be distributed to holders of Allowed Claims in Class 7 remaining after payment in full of each Allowed Claim in Class 7 plus interest from the Petition Date to the date of payment of the respective Allowed Class 7 Claim, with such interest calculated at the rate of 20% per annum, compounded quarterly.

12. A new Section 2.2(f) is added as follows:

Class 7(a): Convenience Claims

Class 7(a) consists of all Convenience Claims.

13. A new Section 3.2(f) is added as follows:

Class 7(a): Convenience Claims

Each holder of an Allowed Convenience Claim as of the Distribution Record Date shall receive cash in an amount equal to 100% of such Allowed Convenience Claim plus interest at a market rate to be established in the Confirmation Order (to the extent such interest is owing with respect to such Convenience Claim) on the later of (i) the Effective Date and (ii) the date such Allowed Convenience Claim becomes an Allowed Convenience Claim, or as soon thereafter as practicable.

14. Section 3.3(a) is amended and restated in its entirety as follows:

(a) Class 6: Secured Lender Claims

On the Effective Date, each holder of an Allowed Class 6 Claim, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Class 6 Claim, shall receive on or as soon as practicable after the Distribution Date, (i) a Pro Rata share of ninety-three percent (93%) of the New Common Shares issued and outstanding as of the Effective Date (subject to Dilution) and (ii) a Pro Rata beneficial interest in thirty percent (30%) of the WGI Creditor Trust, and shall be entitled to receive distributions from the WGI Creditor Trust pursuant to the terms and conditions set forth in Section 9.7 of this Plan and the WGI Creditor Trust Agreement.

15. Section 3.3(b) is amended and restated in its entirety as follows:

(b) Class 7: General Unsecured Claims

On the Effective Date, each holder of an Allowed Class 7 Claim (subject to the provisions of Section 5.17 of this Plan) in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class 7 Claim, shall receive on or as soon as practicable after the Distribution Date, (i) a Pro Rata beneficial interest in seventy percent (70%) of the WGI Creditor Trust, and shall be entitled to receive distributions from the WGI Creditor Trust pursuant to the terms and conditions set forth in Section 9.7 of this Plan and the WGI Creditor

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3 Trust Agreement, until such Claim is paid in full with interest at the rate of 20%
4 per annum, compounded quarterly, accruing from the Petition Date until the date
5 payment is made; (ii) a Pro Rata share of seven percent (7%) of the New Common
6 Shares issued and outstanding as of the Effective Date (subject to Dilution) and
7 (iii) a Pro Rata share of the Class 7 Stock Warrants.

8
9 16. Section 4.3 is amended and restated in its entirety as follows:

10 **Presumed Acceptances by Unimpaired Classes**

11 Classes 1, 2, 3, 4, 5 and 7(a) are Unimpaired by the Plan. Under section
12 1126(f) of the Bankruptcy Code, such Claim holders are conclusively presumed to
13 accept the Plan, and the votes of such Claim holders will not be solicited.

14 17. Section 5.5 is amended and restated in its entirety as follows:

15 **Issuance of New Common Shares**

16 On the Effective Date, Reorganized WGI shall be authorized, in accordance
17 with the terms of the Amended Certificates of Incorporation and By-Laws,
18 to issue the New Common Shares, and shall be authorized in accordance with the
19 terms of the Plan to issue and distribute 25 million shares of the New Common
20 Shares to the holders of Allowed Claims in Classes 6 and 7. The issuance of the
21 New Common Shares and the distribution thereof to holders of Allowed Claims in
22 Classes 6 and 7 shall be exempt from registration under applicable securities laws
23 pursuant to section 1145(a) of the Bankruptcy Code. Without limiting the effect
24 of section 1145 of the Bankruptcy Code, on the Effective Date, Reorganized WGI
25 will enter into a Registration Rights Agreement with each Allowed Class 6 claim
26 holder (a) who by virtue of holding New Common Shares to be distributed under
27 the Plan and/or its relationship with Reorganized WGI could reasonably be
28 deemed to be an "affiliate" (as such term is used within the meaning of applicable
securities laws) of Reorganized WGI, and (b) who requests in writing that
Reorganized WGI execute such agreement. The Registration Rights Agreements
shall contain certain shelf, demand and piggyback registration rights for the
benefit of the signatories thereto. The Registration Rights Agreement shall be in
substantially the form attached to this Plan as Exhibit D. Reorganized WGI shall
use reasonable commercial efforts to have the New Common Shares listed for
trading on a national securities exchange.

18. Section 5.15 is amended and restated in its entirety as follows:

Grant and Issuance of Washington Stock Options

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3 (a) On the Effective Date, Mr. Dennis Washington (or any wholly-owned
4 affiliate designated by Mr. Washington) shall be granted the Washington Stock
5 Options.

6 (b) The Washington Stock Options shall consist of three (3) tranches of
7 options as follows:

8 (i) The "Tranche A Washington Options" shall be options to purchase
9 New Common Shares consisting of five percent (5%) of the New Com-
10 mon Shares outstanding, on a fully diluted basis, with a per share strike
11 price calculated based upon an assumed total enterprise value for Reorga-
12 nized WGI and its subsidiaries of \$300 million minus "Funded Debt" (as
13 defined in Section 5.15(f) of this Plan). The Tranche A Washington
14 Options shall have a term expiring on the fifth (5th) anniversary of the
15 Effective Date.

16 (ii) The "Tranche B Washington Options" shall be options to purchase
17 New Common Shares consisting of four and one-half percent (4.5%) of
18 the New Common Shares outstanding, on a fully diluted basis, with a per
19 share strike price calculated based upon a total enterprise value for
20 Reorganized WGI and its subsidiaries of \$550 million minus Funded Debt.
21 The Tranche B Washington Options shall have a term expiring on the fifth
22 (5th) anniversary of the Effective Date.

23 (iii) The "Tranche C Washington Options" shall be options to purchase
24 New Common Shares consisting of four and one-half percent (4.5%) of
25 the New Common Shares outstanding, on a fully diluted basis, with a per
26 share strike price calculated based upon an assumed total enterprise value
27 for Reorganized WGI and its subsidiaries of \$720 million minus Funded
28 Debt. The Tranche C Washington Options shall have a term expiring on
the seventh (7th) anniversary of the Effective Date. A sample calculation
of the strike price for the Washington Stock Options is set forth on Sched-
ule 5.15(b) to the Plan.

(c) Two-thirds of each of the Tranche A Washington Options, Tranche B
Washington Options and Tranche C Washington Options shall vest on the first
anniversary of the Effective Date and one-third of each of the Tranche A Wash-
ington Options, Tranche B Washington Options and Tranche C Washington
Options shall vest on the second anniversary of the Effective Date; provided that,
all such options shall vest immediately upon Mr. Washington being removed as
Chairman of the Reorganized WGI Board of Directors involuntarily, including
through the failure to be renominated to the Board.

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3 (d) If, prior to the Effective Date, the Debtors enter into any agreement to sell
4 more than twenty-five (25%) of the value (based upon revenue) of any business
5 unit of the Debtors (excluding the Petroleum & Chemical business unit and the
6 Mining division), (i) all of the Washington Stock Options will be issued and
7 become fully vested on the Effective Date, (ii) the Debtors will accept Mr.
Washington's resignation from the Board of WGI and (iii) the Debtors shall not
utilize the Washington name or trademark after the Effective Date (following a
reasonable period of transition).

8
9 (e) If, prior to or as of the Effective Date (whether pursuant to a plan or
10 reorganization or otherwise) substantially all of the assets of the Debtors are sold,
11 Mr. Washington shall receive a payment, in cash, in an amount equal to (i) the
12 amount by which the aggregate net proceeds from such asset sales (including an
13 adjustment for liabilities assumed, if any, in excess of a normalized level of
14 working capital (the "NWLC")) (the "Sale Proceeds") exceed \$300 million
15 multiplied by .05, plus (ii) the amount by which the Sale Proceeds exceed \$550
16 million multiplied by .05, plus (iii) the amount by which the Sale Proceeds
17 exceed \$720 million multiplied by .05. A sample calculation is attached as
18 Schedule 5.15(b) to this Plan.

19
20 (f) For purposes of Section 5.15(b) of this Plan, "Funded Debt" will be
21 determined as of the Confirmation Date and is expected to equal the amount of
22 funded debt outstanding immediately after the Effective Date incurred to repay or
23 retire outstanding obligations under the DIP Facility. Funded Debt shall be
24 subject to adjustments, if necessary, to reflect the NLWC. The NLWC will be
25 determined by the financial advisors to the Debtors and the Lenders, and shall be
26 set forth in the Confirmation Order. The NLWC will be such working capital as
27 would be normal and customary for the Debtors' businesses as they exist at the
28 time consistent with industry standards, the Debtors' past experience and
benchmarking. The NLWC will be consistent with past practices and will neither
accelerate nor defer cash receipts by, among other things, modifying billing cycles
or the timing or terms of the collection of receivables or dividends from joint
ventures. The Debtors will continue their historical cash management procedures
including issuing letters of credit for retainage on accounts receivable collections.
The NWLC will also adjust for any acceleration or deferral of cash disbursements
including, among other things, modifying normal payment terms or timing of
accounts payable, prepaying for services, pre-funding or deferring pension
contributions or permitting substantial retainer payments or having cash balances
higher or lower than customary. Funded debt and NLWC will be adjusted to
exclude the impact of (A) the consolidation of previously unconsolidated invest-
ments, (B) acquisitions or dispositions of assets for fair value outside the normal
course of business, (C) other transactions which would not be expected to modify
enterprise value and (D) acquisition or disposition of fixed or other assets outside
the ordinary course of business.

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3 (g) Should the Bankruptcy Court determine that the Plan is not confirmable as
4 a result of all or any part of the Washington Agreement, and unless Mr. Washing-
5 ton consents to a modification of the Washington Agreement that the Bankruptcy
6 Court determines renders the Plan confirmable, the Washington Agreement shall
7 be deemed automatically stricken from the Plan in its entirety (including, without
8 limitation, Mr. Washington's agreement to remain on the board of directors of
9 Reorganized WGI).

10 19. A new Section 5.15A is added as follows:

11 **Grant and Issuance of Class 7 Stock Warrants**

12 (a) On the Effective Date, Reorganized WGI shall issue for
13 distribution in accordance with the terms of the Plan the Class 7 Stock Warrants
14 to holders of Allowed Claims in Class 7. The issuance of the Class 7 Stock
15 Warrants and the distribution thereof to holders of Allowed Claims in Class 7
16 shall be exempt from registration under applicable securities laws pursuant to
17 section 1145 (a) of the Bankruptcy Code.

18 (b) The Class 7 Stock Warrants shall consist of two (2)
19 tranches of warrants as follows:

20 (i) The "Tranche A Class 7 Warrants" shall be warrants
21 to purchase New Common Shares consisting of ten percent (10%) of the New
22 Common Shares outstanding (subject to Dilution), with a strike price calculated
23 upon an assumed enterprise value for the Company on a going concern basis of
24 \$875 million (assuming \$50 million of funded debt on the Company's consoli-
25 dated balance sheet as of the Effective Date). The Tranche A Class 7 Warrants
26 shall have a term expiring on the first (1st) anniversary of the Effective Date.

27 (ii) The "Tranche B Class 7 Warrants" shall be options
28 to purchase New Common Shares consisting of ten percent (10%) of the New
Common Shares outstanding (subject to Dilution), with a strike price calculated
upon an assumed enterprise value for the Company on a going concern basis of
\$1.050 billion (assuming \$50 million of funded debt on the Company's consoli-
dated balance sheet as of the Effective Date). The Tranche B Class 7 Warrants
shall have a term expiring on the first (1st) anniversary of the Effective Date.

(c) The Tranche A Class 7 Warrants and Tranche B Class 7
Warrants shall each fully vest on the Effective Date.

20. A new Section 5.17 is added as follows:

Deemed Waiver of Distributions by Holders of Lender Deficiency Claims

On the Effective Date, in partial consideration of the settlement of disputes relating to the Claims and Liens asserted by the Lenders that is embodied in the Plan as modified by this Modification, and taking into consideration other objections raised to the Plan by certain parties in interest, the holders of Allowed Lender Deficiency Claims shall be deemed to have waived their right to receive distributions under the Plan on account of such Class 7 Claims; provided that the right to receive such Distributions on the portion of the Lender Deficiency Claims in excess of \$171 million (if any) shall not be waived.

21. Section 7.4 is amended and restated in its entirety as follows:

Record Date For Distributions To Holders Of Lender Claims, Old Notes and Convenience Claims

At the close of business on the Distribution Record Date, the transfer records for the Old Notes, Lender Claims and Convenience Claims shall be closed, and there shall be no further changes in the record holders of the Old Notes, Lender Claims or Convenience Claims. None of Reorganized WGI, the Disbursing Agent, if any, the Trustee, nor the Administrative Agent for the Lenders shall have any obligation to recognize any transfer of such Old Notes, Lender Claims or Convenience Claims occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders as of the close of business on the Distribution Record Date.

22. Section 9.7 is amended and restated in its entirety as follows:

Distributions of Trust Assets

The Trustee shall make distributions of Net Trust Recoveries as, in accordance with the WGI Creditor Trust Agreement, which shall provide for distributions as follows: *first*, to pay the Trust Expenses; *second*, to repay the Reimbursement Obligation, and *third*, (i) thirty percent (30%) to holders of Allowed Class 6 Claims on a Pro Rata basis and (ii) seventy percent (70%) to holders of Allowed Class 7 Claims on a Pro Rata basis (subject to Section 5.17 of this Plan). Such distributions shall be made at the times and in the manner set forth in the WGI Creditor Trust Agreement. If there is a WGI Creditor Trust Residual, it shall be distributed by the Trustee to holders of Old Common Stock as of the Distribution Date on a Pro Rata basis.

23. A new Section 10.2(a)(iv) is added as follows:

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10.2 Conditions to Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Section 10.3 of this Plan:

(a) . . . :

(i) . . . ;

(iv) establish procedures for providing notice to holders of Convenience Claims of the designation of such Claims as Convenience Claims, and resolution of disputes (if any) regarding such designation.

24. A new Section 12.8(a) is added as follows:

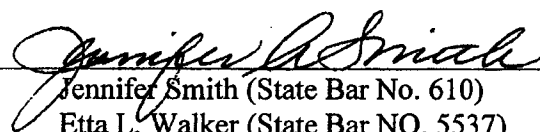
Settlement of Disputes with Creditors' Committee

Pursuant to Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided under the Plan pursuant to section 3.3 of this Plan, this Plan shall constitute a good faith compromise and settlement of all claims or controversies relating to the validity, priority, or extent of the Liens

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claimed on assets of the Company by the Prepetition Secured Lenders, which settlement shall be binding on all holders of Claims or Interests and all other parties in interest.

Dated: Reno, Nevada
August 23, 2001


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Etta L. Walker (State Bar NO. 5537)
LIONEL, SAWYER & COLLINS

- and -

David S. Kurtz
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MEAGHER & FLOM LLP
Attorneys for Washington Group
International, Inc., et al.

Debtors-in-Possession

EXHIBIT

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BANKRUPTCY COURT
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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

Case No. BK-N-01-31627
Chapter 11

In re

WASHINGTON GROUP
INTERNATIONAL, INC.,
et al.,
Debtors.

**SECOND MODIFICATION TO
SECOND AMENDED JOINT PLAN OF
REORGANIZATION OF WASHINGTON
GROUP INTERNATIONAL, INC., ET AL. AS
MODIFIED**

Dated October 11, 2001

The Second Amended Joint Plan of Reorganization of Washington Group
International, Inc., et. al. dated as of July 24, 2001 (as previously modified pursuant to the

Modification to Second Amended Joint Plan of Reorganization of Washington Group Interna-

cc: G. Day

E-MAILED

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3 tional, Inc., et al., dated August 23, 2001, the "Plan") is hereby modified by this Second
4 Modification dated as of October 11, 2001 (this "Second Modification") by Washington Group
5 International, Inc. ("WGI") and certain of its affiliates (collectively, the "Affiliate Debtors"),
6 debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors," and
7 together with WGI's non-debtor affiliates, the "Company"), pursuant to 11 U.S.C. § 1127(a), as
8 follows:
9

- 10 1. Section 1.58 is amended and restated in its entirety as follows:

11 "Lender Deficiency Claims" means the unsecured deficiency
12 Claims of each Lender arising under the Pre-Petition Credit Facil-
13 ity Agreements, which Claims shall be deemed Allowed pursuant
14 to this Plan in the amount of \$ 159 million, which amount will be
15 increased on a dollar for dollar basis if and to the extent that out-
16 standing prepetition letters of credit issued under the Prepetition
17 Secured Credit Facility are drawn before the Effective Date of the
18 Plan.

- 19 2. Section 1.80(a) is amended and restated in its entirety as follows:

20 "Plan Modifications" mean (a) that certain Modification to the
21 Plan dated August 23, 2001 and (b) that certain Second Modifica-
22 tion to the Plan dated October 11, 2001.

- 23 3. Section 1.102 is amended and restated in its entirety as follows:

24 "Secured Lender Claim" means a Secured Claim of a Lender
25 arising under or as a result of the Pre-Petition Credit Facility
26 reements, which Claims shall be deemed Allowed pursuant to this
27 Plan in the aggregate amount of \$ 413 million.

- 28 4. Section 5.15 is amended and restated in its entirety as follows:

Grant and Issuance of Washington Stock Options

(a) On the Effective Date, Mr. Dennis Washington (or any wholly-owned affiliate designated by Mr. Washington) shall be granted the Washington Stock Options.

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3 (b) The Washington Stock Options shall consist of three (3) tranches of
4 options as follows:

5 (i) The "Tranche A Washington Options" shall be options to purchase
6 New Common Shares consisting of three and thirty-three one hundredths
7 percent (3.33%) of the New Common Shares outstanding, on a fully
8 diluted basis, with a per share strike price calculated based upon an
9 assumed total enterprise value for Reorganized WGI and its subsidiaries of
\$300 million minus "Funded Debt" (as defined in Section 5.15(f) of this
Plan). The Tranche A Washington Options shall have a term expiring on
the fifth (5th) anniversary of the Effective Date.

10 (ii) The "Tranche B Washington Options" shall be options to purchase
11 New Common Shares consisting of three percent (3%) of the New Com-
12 mon Shares outstanding, on a fully diluted basis, with a per share strike
13 price calculated based upon a total enterprise value for Reorganized WGI
14 and its subsidiaries of \$550 million minus Funded Debt. The Tranche B
Washington Options shall have a term expiring on the fifth (5th) anniver-
sary of the Effective Date.

15 (iii) The "Tranche C Washington Options" shall be options to purchase
16 New Common Shares consisting of three percent (3%) of the New
17 Common Shares outstanding, on a fully diluted basis, with a per share
18 strike price calculated based upon an assumed total enterprise value for
19 Reorganized WGI and its subsidiaries of \$720 million minus Funded
20 Debt. The Tranche C Washington Options shall have a term expiring on
the seventh (7th) anniversary of the Effective Date. A sample calculation
of the strike price for the Washington Stock Options is set forth on
Schedule 5.15(b) to the Plan.

21 (c) Two-thirds of each of the Tranche A Washington Options, Tranche B
22 Washington Options and Tranche C Washington Options shall vest on the first
23 anniversary of the Effective Date and one-third of each of the Tranche A Wash-
24 ington Options, Tranche B Washington Options and Tranche C Washington
Options shall vest on the second anniversary of the Effective Date; provided that,
all such options shall vest immediately upon Mr. Washington being removed as
Chairman of the Reorganized WGI Board of Directors other than for cause,
including through the failure to be renominated to the Board, and unvested
options shall terminate upon Mr. Washington's removal for cause, death or
disability, or if he voluntarily leaves the Company, all as set forth in a letter
agreement implementing the provisions of this Section 5.15, as contemplated by
Section 5.11 of this Plan.

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3 (d) For purposes of Section 5.15(b) of this Plan, "Funded Debt" will be
4 determined as of the Confirmation Date and is expected to equal the amount of
5 funded debt outstanding immediately after the Effective Date incurred to repay or
6 retire outstanding obligations under the DIP Facility. Funded Debt shall be
7 subject to adjustments, if necessary, to reflect the NLWC. The NLWC will be
8 determined by the financial advisors to the Debtors and the Lenders, and shall be
9 set forth in the Confirmation Order. The NLWC will be such working capital as
10 would be normal and customary for the Debtors' businesses as they exist at the
11 time consistent with industry standards, the Debtors' past experience and
12 benchmarking. The NLWC will be consistent with past practices and will neither
13 accelerate nor defer cash receipts by, among other things, modifying billing cycles
14 or the timing or terms of the collection of receivables or dividends from joint
15 ventures. The Debtors will continue their historical cash management procedures
16 including issuing letters of credit for retainage on accounts receivable collections.
17 The NWLC will also adjust for any acceleration or deferral of cash disbursements
18 including, among other things, modifying normal payment terms or timing of
19 accounts payable, prepaying for services, pre-funding or deferring pension
20 contributions or permitting substantial retainer payments or having cash balances
21 higher or lower than customary. Funded debt and NLWC will be adjusted to
22 exclude the impact of (A) the consolidation of previously unconsolidated invest-
23 ments, (B) acquisitions or dispositions of assets for fair value outside the normal
24 course of business, (C) other transactions which would not be expected to modify
25 enterprise value and (D) acquisition or disposition of fixed or other assets outside
26 the ordinary course of business.

17
18 (e) Should the Bankruptcy Court determine that the Plan is not confirmable as
19 a result of all or any part of the Washington Agreement, and unless Mr. Washing-
20 ton consents to a modification of the Washington Agreement that the Bankruptcy
21 Court determines renders the Plan confirmable, the Washington Agreement shall
22 be deemed automatically stricken from the Plan in its entirety (including, without
23 limitation, Mr. Washington's agreement to remain on the board of directors of
24 Reorganized WGI).

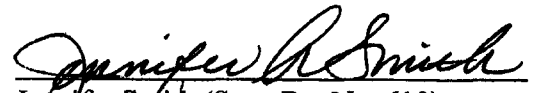
22 5. Section 5.17 is amended and restated in its entirety as follows:

23
24 **Deemed Waiver of Distributions by Holders of Lender Deficiency Claims**

25 On the Effective Date, in partial consideration of the settlement of disputes
26 relating to the Claims and Liens asserted by the Lenders that is embodied in the
27 Plan as modified by the Plan Modifications, and taking into consideration other
28 objections raised to the Plan by certain parties in interest, the holders of Allowed
Lender Deficiency Claims shall be deemed to have waived their right to receive
distributions under the Plan on account of such Class 7 Claims; provided that the

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3 right to receive such Distributions on the portion of the Lender Deficiency Claims
4 in excess of \$159 million (if any) shall not be waived.

5 Dated: Reno, Nevada
6 October 11, 2001

7 
8 Jennifer Smith (State Bar No. 610)
9 Etta L. Walker (State Bar NO. 5537)
10 LIONEL, SAWYER & COLLINS

11 - and -

12 David S. Kurtz
13 Timothy R. Pohl
14 SKADDEN, ARPS, SLATE,
15 MEAGHER & FLOM (ILLINOIS)

16 - and -

17 Gregg M. Galardi
18 SKADDEN, ARPS, SLATE,
19 MEAGHER & FLOM LLP
20 Attorneys for Washington Group
21 International, Inc., et al.

22 Debtors-in-Possession
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EXHIBIT

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

In re

WASHINGTON GROUP
INTERNATIONAL, INC.,
et al.,

Debtors.

Case No. BK-N-01-31627
Chapter 11

**THIRD MODIFICATION TO
SECOND AMENDED JOINT PLAN OF
REORGANIZATION OF WASHINGTON
GROUP INTERNATIONAL, INC., ET AL. AS
MODIFIED**

Dated November 9, 2001

The Second Amended Joint Plan of Reorganization of Washington Group
International, Inc., et. al. dated as of July 24, 2001 (as previously modified pursuant to the

DOCKETED
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cc: G. Day

Modification to Second Amended Joint Plan of Reorganization of Washington Group International, Inc., et al., dated August 23, 2001, and the Second Modification to Second Amended Joint Plan of Reorganization of Washington Group International, Inc., et al., dated October 12, 2001 the "Plan") is hereby modified by this Third Modification dated as of November 9, 2001 (this "Third Modification") by Washington Group International, Inc. ("WGI") and certain of its affiliates (collectively, the "Affiliate Debtors"), debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors," and together with WGI's non-debtor affiliates, the "Company"), pursuant to 11 U.S.C. § 1127(a), as follows::

1. Section 1.35 is amended and restated in its entirety as follows:

"Disbursing Agent" means Reorganized WGI or any party designated by Reorganized WGI, in its sole discretion, to serve as a disbursing agent under the Plan and who, with respect to the Old Notes, means the indenture trustee under the Old Indenture.

2. A new Section 1.38(a) is added as follows:

"Disputed Claims Reserve" means the distributions reserved for the holders of Disputed Claims pending allowance or disallowance of such Claims.

3. Section 1.51 is amended and restated in its entirety as follows:

"Indemnification Obligation" means the obligation of any of the Debtors or Subsidiaries to indemnify, reimburse or provide contribution to any person or entity, whether pursuant to charter, by-law, contract, statute, common law or otherwise.

4. Section 1.53 ("Initial Deposit") is deleted in its entirety and replaced with "Intentionally Omitted" and all references to the Initial Deposit are deemed removed from the Plan.

5. Section 1.58 ("Lender Deficiency Claims") is deleted in its entirety and replaced with "Intentionally Omitted" and all references to the Lender Deficiency Claims are deemed removed from the Plan.

6. Section 1.64 ("Net Trust Recoveries") is deleted in its entirety and replaced with "Intentionally Omitted" and all references to the Net Trust Recoveries are deemed removed from the Plan.

7. A new Section 1.79(a) is added as follows:

"Plan Committee" means the Creditors' Committee as it continues to exist after the Effective Date, pursuant to the Plan Committee Document, in order to prosecute objections to Disputed Class 7 Claims, to pursue recovery of the avoiding actions, to monitor implementation of the Plan, and to take such other actions as are set forth in the Plan or the Plan Committee Document or as may be approved or ordered by the Bankruptcy Court.

8. A new Section 1.79(b) is added as follows:

"Plan Committee Document" means the document establishing the Plan Committee which shall be filed with the Bankruptcy Court prior to the conclusion of the Confirmation Hearing and which shall be in form and substance reasonably acceptable to the Debtors and the Creditors' Committee. The Plan Committee Document shall contain, among other things, terms and conditions necessary and appropriate to carry out the provisions of Schedule 5.19 relating to the processing of claims

9. Section 1.80(a) is amended and restated in its entirety as follows:

"Plan Modifications" mean (a) that certain Modification to the Plan dated August 23, 2001, (b) that certain Second Modification to the Plan dated October 11, 2001, and (c) that certain Third Modification to the Plan dated November 9, 2001.

10. Section 1.93 ("Reimbursement Obligation") is deleted in its entirety and replaced with "Intentionally Omitted" and all references to the Reimbursement Obligation are deemed removed from the Plan.

11. A new Section 1.98(b) is added as follows:

"Scheduled" means with respect to any Claim or Interest, the status and amount, if any, of such Claim or Interest as set forth in the Debtors' schedules of assets and liabilities filed with the Bankruptcy Court.

12. Section 1.102 is amended and restated in its entirety as follows:

"Secured Lender Claim" means the Claims of a Lender arising under or as a result of the Pre-Petition Credit Facility agreements, which Claims in the aggregate shall not exceed \$572 million (exclusive of post-petition interest).

13. A new Section 1.108(a) is added as follows:

"Transferred Avoidance Actions" means actions under sections 547, 548 and 550 of the Bankruptcy Code that are owned by the Debtors and are preserved under this Plan, other than any such actions against trade vendors, customers or joint venture partners, or against any insiders, officers, directors or employees of the Debtors based on transfers disclosed in the Schedules.

14. A new Section 1.108(b) is added as follows:

"Tort Claim" means any Claim relating to personal injury, property damage, products liability, employment, discrimination, or any similar litigation Claim asserted against the Debtors.

15. Section 1.109 ("Trust Assets") is deleted in its entirety and replaced with "Intentionally Omitted" and all references to the Trust Assets are deemed removed from the Plan.

16. Section 1.110 ("Trust Advisory Board") is deleted in its entirety and replaced with "Intentionally Omitted" and all references to the Trust Advisory Board are deemed removed from the Plan.

17. Section 1.111 ("Trust Recoveries") is deleted in its entirety and replaced with "Intentionally Omitted" and all references to the Trust Recoveries are deemed removed from the Plan.
18. Section 1.112 ("Trustee") is deleted in its entirety and replaced with "Intentionally Omitted" and all references to the Trustee are deemed removed from the Plan.
19. Section 1.121 ("WGI Creditor Trust") is deleted in its entirety and all references to the WGI Creditor Trust are deemed removed from the Plan.
20. Section 1.122 ("WGI Creditor Trust Agreement") is deleted in its entirety and replaced with "Intentionally Omitted" and all references to the WGI Creditor Trust Agreement are deemed removed from the Plan.
21. Section 1.123 ("WGI Creditor Trust Equity Residual") is deleted in its entirety and replaced with "Intentionally Omitted" and all references to the WGI Creditor Trust Equity Residual are deemed removed from the Plan.
22. Section 3.3(a) is amended and restated in its entirety as follows:

(a) Class 6: Secured Lender Claims

On the Effective Date, each holder of an Allowed Class 6 Claim, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Class 6 Claim, shall receive on or as soon as practicable after the Distribution Date, (i) a Pro Rata share of eighty percent (80%) of the New Common Shares issued and outstanding as of the Effective Date (subject to Dilution) and (ii) a Pro Rata share of \$20,000,000 in cash.

23. Section 3.3(b) is amended and restated in its entirety as follows:

(b) Class 7: General Unsecured Claims

On the Effective Date, each holder of an Allowed Class 7 Claim (subject to the provisions of Section 5.17 of this Plan) in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class 7 Claim, shall receive on or as soon as practicable after the Distribution Date, (i) a Pro Rata

share of twenty percent (20%) of the New Common Shares issued and outstanding as of the Effective Date (subject to Dilution), (ii) a Pro Rata share of the Class 7 Stock Warrants and (iii) a Pro Rata share of net proceeds derived from the Transferred Avoidance Actions.

24. Section 5.6 is amended and restated in its entirety as follows:

Compensation and Benefit Programs

(a) Except and to the extent previously assumed by an order of the Bankruptcy Court on or before the Confirmation Date, all employee compensation and benefit programs of the Debtors, including programs subject to sections 1114 and 1129(a)(13) of the Bankruptcy Code, entered into before or after the Petition Date and not since terminated, shall be deemed to be, and shall be treated as though they are, executory contracts that are assumed under Section 6.1 of this Plan, and all employee compensation and benefit Claims shall be Unimpaired under this Plan.

(b) On the Effective Date, certain members of management and designated employees of Reorganized WGI and the other Reorganized Debtors shall receive stock options pursuant to the Management Option Plan. The Management Option Plan shall provide for nonqualified stock option grants on the Effective Date for New Common Shares totaling 5% of the aggregate New Common Shares outstanding on the Effective Date (subject to Dilution), with a term of 10 years and a strike price based upon a total equity value of the Company of \$600 million. The Management Option Plan shall also provide for nonqualified stock option grants at the discretion of Reorganized WGI's Board of Directors in the future for New Common Shares totalling 5% of the aggregate New Common Shares outstanding on the Effective Date (subject to Dilution) at strike prices to be established by Reorganized WGI's Board of Directors.

25. Section 5.8 is amended and restated in its entirety as follows:

Directors and Officers of Reorganized Debtors

(a) *Appointment.* The initial board of directors of Reorganized WGI shall consist of eleven (11) directors. Mr. Dennis Washington, Mr. David Batchelder and Mr. Stephen Hanks shall be members of the board of directors. The Steering Committee for the Lenders shall be entitled to appoint six (6) directors and the Creditors' Committee shall be entitled to appoint two (2) directors. Present or former officers or employees of the Lenders or members of the Creditors' Committee are not eligible to serve on the Board of Directors, unless otherwise agreed to by the Steering Committee and the Creditors' Committee.

The Confirmation Order may contain provisions providing for a staggered board for Reorganized WGI, as agreed to by WGI, the Steering Committee for the Lenders and the Creditors' Committee, as well as for interim board members pending final selection of directors prior to the Effective Date, which interim directors shall not be subject to the restriction in the preceding sentence. The Steering Committee for the Lenders and the Creditors' Committee shall file with the Bankruptcy Court and give to WGI written notice of the identities of such members prior to the conclusion of the Confirmation Hearing. The boards of directors and executive officers of the remaining Reorganized Debtors shall consist of directors and officers as determined by Reorganized WGI on the Effective Date or thereafter.

(b) *Terms.* Reorganized WGI board members shall serve for initial terms commencing on the Effective Date as determined by the Debtors, the Creditors' Committee and the Steering Committee for the Lenders and approved in the Confirmation Order.

(c) *Vacancies.* Any vacancy in the directorship prior to the expiration of the initial term shall in the case of the resignation of such director, be filled by a person designated by such director as his/her replacement to serve out the remainder of the applicable term.

26. Section 5.13 is amended and restated in its entirety as follows:

Releases and Related Matters

(a) *Releases by Debtors*

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors and Reorganized Debtors will be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities whatsoever in connection with or related to the Debtors and the Subsidiaries, the Chapter 11 Case or the Plan (other than the rights of the Debtors or Reorganized Debtors to enforce the Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered thereunder) whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors or their Subsidiaries, the Chapter 11 Case or the Plan, and that may be asserted by or on behalf of the Debtors or their Estates or the Reorganized Debtors against (i) the Debtors' or Subsidiaries' former

and present directors and officers, (ii) the Debtors' or Subsidiaries' employees, agents and professionals as of the Petition Date or thereafter, (iii) the holders of Lender Claims, (iv) CSFB, as administrative agent, collateral agent and arranger under the Pre-Petition Credit Agreement, and in any other capacity (v) Bank of Montreal as syndication agent under the Pre-Petition Credit Agreement, (vi) BoA and U.S. Bank as documentation agent under the Pre-Petition Credit Agreement, (vii) the DIP Agent and the holders of DIP Facility Claims, and (viii) the respective current professionals (as of the Petition Date or thereafter) of the Debtors and the entities released in subclauses (i) - (viii) of this Section 5.13(a) acting in such capacity, except for those persons and entities listed on Schedule 5.13, against which claims shall not be released hereunder.

(b) *Releases by Holders of Lender Claims*

As of the Effective Date, to the fullest extent permissible under applicable law and in consideration for the obligations of the Debtors and the Reorganized Debtors under the Plan and the Cash, securities, contracts, instruments, releases and other agreements or documents to be delivered in connection with the Plan, each of the Lenders, any individual, corporation or other entity that was at any time formerly a Lender, will be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities (other than the rights to enforce the Debtors' or the Reorganized Debtors' obligations under the Plan and the securities, contracts, instruments, releases and other agreements and documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors or Subsidiaries, the Reorganized Debtors, the Chapter 11 Case, or the Plan against (i) the Debtors, the Subsidiaries and the Reorganized Debtors, (ii) the former and present directors and officers of the Debtors or Subsidiaries, (iii) employees of the Debtors or Subsidiaries as of the Petition Date or thereafter, or (iv) the respective current professionals of the entities released in (i) - (iii) above as of the Petition Date (including the present and former officers, directors, employees, shareholders and professionals of the foregoing), acting in such capacity, except for those persons and entities listed on Schedule 5.13, against which claims shall not be released hereunder.

(c) *Injunction Related to Releases*

As further provided in Section 12.11 of this Plan, the Confirmation Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any

claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to the Plan.

(d) *Incorporation in Confirmation Order*

As of the Effective Date, the releases provided for by Schedule 5.19 shall be set forth in the Confirmation Order and deemed incorporated within the Plan.

27. Section 5.15 is amended and restated in its entirety as follows:

Grant and Issuance of Washington Stock Options

(a) On the Effective Date, Mr. Dennis Washington (or any wholly-owned affiliate designated by Mr. Washington) shall be granted the Washington Stock Options.

(b) The Washington Stock Options shall consist of three (3) tranches of options as follows:

(i) The "Tranche A Washington Options" shall be options to purchase New Common Shares consisting of five percent (5%) of the New Common Shares outstanding (subject to Dilution), with a per share strike price calculated based upon an assumed total enterprise value for Reorganized WGI and its subsidiaries of \$600 million. The Tranche A Washington Options shall have a term expiring on the fifth (5th) anniversary of the Effective Date.

(ii) The "Tranche B Washington Options" shall be options to purchase New Common Shares consisting of two and one-half percent (2.5%) of the New Common Shares outstanding (subject to Dilution), with a strike price calculated upon a total equity value for the Company on a going concern basis of \$825 million. The Tranche B Washington Options shall have a term expiring on the fourth (4th) anniversary of the Effective Date.

(iii) The "Tranche C Washington Options" shall be options to purchase New Common Shares consisting of two and one-half percent (2.5%) of the New Common Shares outstanding (subject to Dilution), with a strike price calculated upon a total equity value for the Company on a going concern basis of \$887.5 million. The Tranche C Washington Options shall have a term expiring on the fourth (4th) anniversary of the Effective Date.

(c) One-third of each of the Tranche A Washington Options, Tranche B Washington Options and Tranche C Washington Options shall vest on the Effective Date, one-third of each of the Tranche A Washington Options, Tranche B Washington Options and Tranche C Washington Options shall vest on the first anniversary of the Effective Date and the final one-third of each of the Tranche A Washington Options, Tranche B Washington Options and Tranche C Washington Options shall vest on the second anniversary of the Effective Date; provided that, all such options shall vest immediately upon a change of control of WGI or upon Mr. Washington being removed as Chairman of the Reorganized WGI Board of Directors other than for cause, death or disability, including through the failure to be renominated to the Board, and shall be exercisable for the term of such options described in paragraph (b) above. In addition, upon Mr. Washington's removal from the Board other than for cause, death or disability, including through the failure to be renominated to the Board, or upon a change in control, WGI's license to use the Washington Trademark shall terminate. If Mr. Washington is removed for cause, death or disability, unvested options will not vest, and WGI's license to use the Washington Trademark shall continue until not less than the first anniversary of the Effective Date. As a condition to the Effective Date, Mr. Washington and WGI shall enter into a contract containing all terms and conditions of his employment, which shall be in form and substance reasonably satisfactory to WGI, Mr. Washington, Counsel for the Steering Committee for the Prepetition Secured Lenders, and Counsel for the Creditors' Committee.

28. Section 5.15A is amended and restated in its entirety as follows:

Grant and Issuance of Class 7 Stock Warrants

(a) On the Effective Date, Reorganized WGI shall issue for distribution in accordance with the terms of the Plan the Class 7 Stock Warrants to holders of Allowed Claims in Class 7. The issuance of the Class 7 Stock Warrants and the distribution thereof to holders of Allowed Claims in Class 7 shall be exempt from registration under applicable securities laws pursuant to section 1145 (a) of the Bankruptcy Code.

(b) The Class 7 Stock Warrants shall consist of three (3) tranches of warrants as follows:

(i) The "Tranche A Class 7 Warrants" shall be warrants to purchase New Common Shares consisting of ten percent (10%) of the New Common Shares outstanding (subject to Dilution), with a strike price calculated upon a total equity value for the Company on a going concern basis of \$725 million. The Tranche A Class 7 Warrants shall have a term expiring on the fourth (4th) anniversary of the Effective Date.

(ii) The "Tranche B Class 7 Warrants" shall be options to purchase New Common Shares consisting of ten percent (10%) of the New Common Shares outstanding (subject to Dilution), with a strike price calculated upon a total equity value for the Company on a going concern basis of \$825 million. The Tranche B Class 7 Warrants shall have a term expiring on the fourth (4th) anniversary of the Effective Date.

(iii) The "Tranche C Class 7 Warrants" shall be options to purchase New Common Shares consisting of five percent (5%) of the New Common Shares outstanding (subject to Dilution), with a strike price calculated upon a total equity value for the Company on a going concern basis of \$887.5 million. The Tranche C Class 7 Warrants shall have a term expiring on the fourth (4th) anniversary of the Effective Date.

(c) The Tranche A Class 7 Warrants, Tranche B Class 7 Warrants and Tranche C Class 7 Warrants shall each fully vest on the Effective Date.

29. Section 5.17 ("Deemed Waiver of Distributions by Holders of Lender Deficiency Claims") is deleted in its entirety and replaced with "Intentionally Omitted" and all references to such section are deemed removed from the Plan.

30. A new Section 5.18 is added as follows:

Indemnification and Related Matters

(a) *Third-Party Indemnification Obligations*

Indemnification Obligations owed to any present or former professionals or advisors of the Debtors arising out of acts that occurred prior to the Petition Date, including, without limitation, accountants, auditors, financial consultants, underwriters or attorneys, and any Indemnification Obligations owed to Raytheon (subject to the provisions of Section 5.19 of this Plan) or any of its directors, officers, agents or professionals, shall be deemed to be, and shall be treated as though they are, executory contracts that are rejected pursuant to section 365 of the Bankruptcy Code under this Plan and any Claims arising from such obligations shall be classified in Class 7.

(b) *Indemnification of Debtors' Directors, Officers and Employees*

Reorganized WGI shall provide standard and customary indemnification for all officers and directors (as of the Effective Date and thereafter) for all

actions or events occurring after the Effective Date. Indemnification Obligations to present and former officers and directors for actions or events occurring prior to the Petition Date shall be limited to the director and officer liability insurance coverage. In addition, Reorganized WGI shall indemnify officers and directors for all legal fees and expenses and shall advance all such fees and expenses, as well as any insurance deductibles (if applicable), related to any claims or lawsuits for any actions or events occurring either pre or post-Petition Date. Reorganized WGI shall also be permitted to acquire additional director and officer insurance coverage to augment existing coverage, if practicable.

A new Section 5.19 is added as follows:

Raytheon Settlement

As a condition to the Effective Date, WGI and Raytheon shall execute agreements (in form and substance reasonably satisfactory to WGI, Raytheon, counsel for the Steering Committee for the Prepetition Secured Lenders and counsel for the Creditors' Committee), to implement the terms and conditions set forth in Schedule 5.19 hereto. Such agreements shall be incorporated by reference in the Confirmation Order and deemed to be a part of the Plan. Notwithstanding anything to the contrary in sections 10.2 or 10.3 hereof, the debtors are not authorized to waive this condition. Without limitation of the foregoing, to the extent of any inconsistencies between the Plan and Schedule 5.19 hereto, Schedule 5.19 shall control.

31. Section 7.1 is amended and restated in its entirety as follows:

Distributions For Claims Allowed As Of The Effective Date

Except as otherwise provided herein or as ordered by the Bankruptcy Court, all distributions of holders of Allowed Claims as of the Effective Date shall be made on Distribution Date. Distributions on account of Claims that first become Allowed Claims after the Effective Date shall be made pursuant to Section 8.4 of this Plan. Notwithstanding the date on which any distribution of New Securities is actually made to a holder of a Claim that is an Allowed Claim on the Effective Date, as of the date of the distribution such holder shall be deemed to have the rights of a holder of such securities distributed as of the Effective Date.

32. Section 7.3 is amended and restated in its entirety as follows:

Distributions by Disbursing Agent and the Indenture Trustee

(a) Except as set forth in the succeeding sentence, the Disbursing Agent shall make all distributions required under this Plan. Distributions to be made on account of Allowed Old Note Claims shall be made to the Indenture Trustee, as Disbursing Agent for Old Note Claims, for further distribution to holders of Allowed Old Note Claims.

(b) If the Disbursing Agent is an independent third party designated by the Reorganized Debtors to serve in such capacity, such Disbursing Agent shall receive, without further Bankruptcy Court approval, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services from the Reorganized Debtors on terms acceptable to the Reorganized Debtors. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

33. Article VIII is amended and restated in its entirety as follows:

ARTICLE VIII.

**PROCEDURES FOR RESOLVING DISPUTED,
CONTINGENT AND UNLIQUIDATED CLAIMS**

8.1 Prosecution of Objections to Claims

(a) Objections to Claims

Unless another date is established by the Bankruptcy Court, all objections to Claims shall be filed and served on the holders of such Claims by the later of: (i) 120 days after the Effective Date and (ii) 180 days after a particular Proof of Claim has been filed. If an objection has not been filed to a Proof of Claim or a Scheduled Claim by the objection bar dates established in this Section 8.1(a), the Claim to which the Proof of Claim or Scheduled Claim relates shall be treated as an Allowed Claim if such Claim has not been allowed earlier.

(b) Authority to Prosecute Objections

(i) After the Confirmation Date, only the Debtors or Reorganized WGI shall have the authority to file, settle, compromise, withdraw or litigate to judgment objections to Claims other than Class 7 Claims.

(ii) After the Confirmation Date, only Reorganized WGI or the Creditors' Committee shall have the authority to file, settle, compromise, withdraw or litigate to judgment objections to Class 7 Claims. After the Effective Date, only Reorganized WGI or the Plan Committee shall have the authority to file, settle, compromise, withdraw or litigate to judgment objections to Class 7 Claims.

(iii) After the Effective Date, Reorganized WGI or, solely as to Class 7 Claims, the Plan Committee, may settle or compromise any Disputed Claim without approval of the Bankruptcy Court; provided, however, that the Bankruptcy Court may approve any settlement or compromise upon the request of a party in interest.

8.2 Treatment of Disputed Claims

(a) No Distributions on Account of Disputed Claims; Reserves Established in Lieu of Distributions for Disputed Claims

Notwithstanding any other provisions of the Plan, no distributions shall be made on account of a Disputed Claim until such Claim becomes an Allowed Claim. For purposes of receiving distributions pursuant to the Plan, each creditor that has filed one or more Proofs of Claim shall be deemed to hold one Claim, which Claim shall be deemed a Disputed Claim unless and until each portion of the creditor's Claim becomes an Allowed Claim. In lieu of distributions under the Plan to holders of Disputed Claims, on the Effective Date, a Disputed Claims Reserve may be established for any class of Claims and shall be established for Class 7 Claims. Reorganized WGI shall fund the Disputed Class 7 Claims Reserve with New Common Shares and Class 7 Stock Warrants pursuant to the estimation procedure described below.

(b) Claims Estimation and Funding of Disputed Class 7 Claims Reserve

(i) The Bankruptcy Court shall upon the motion of the Creditors' Committee or the Plan Committee or in conjunction with the hearing on Confirmation, estimate what the aggregate amount of Allowed Class 7 Claims would be after all Disputed Class 7 Claims have been resolved. Based on such estimate, on the Effective Date, Reorganized WGI shall place in the Disputed Claims Reserve established on account of Disputed Claims in Class 7 an amount of New Common Shares and Class 7 Stock Warrants equal to the amount of such securities that would be distributed pursuant to the Plan if all Disputed Class 7 Claims, if allowed, were Allowed Claims in their estimated amounts on the Effective Date. From time to time, but no more frequently than every 90 days, upon motion of the Plan Committee the Bankruptcy Court shall estimate the aggregate amount of

Allowed Class 7 Claims based upon the allowance, disallowance and withdrawal of Class 7 Claims since the previous estimate of such Claims.

(ii) Holders of Disputed Claims that are ultimately allowed shall have recourse only to the undistributed property in the applicable Disputed Claims Reserve, and not to Reorganized WGI, its property, or any assets previously distributed on account of any Allowed Claim.

(c) **Property Held in an Disputed Claims Reserve**

(i) Cash held in an Disputed Claims Reserve shall be deposited in a segregated bank account in the name of the Disbursing Agent and held in trust for the benefit of the potential claimants of such funds, and shall be accounted for separately. The Disbursing Agent shall invest the cash held in such account in a manner consistent with the manner of investment of cash by the Debtors in these Chapter 11 cases.

(ii) The New Common Shares and Class 7 Stock Warrants held in the Disputed Class 7 Claims Reserve shall be held in trust for the benefit of the potential claimants of such securities by the Disbursing Agent and shall be accounted for separately.

8.3 Distributions on Account of Disputed Claims Once They Are Allowed

(a) **After Allowance of a Disputed Claim**

Within 30 days after the end of each calendar quarter following the Effective Date, the Disbursing Agent shall make all distributions on account of any Disputed Claim that has become an Allowed Claim during the preceding calendar quarter. Such distributions shall be made pursuant to the provisions of the Plan and shall include a Pro Rata share of the interest received from the investment of any cash in the Disputed Claims Reserve, from the date such amounts would have been due had such Claim then been allowed to the date that such distribution is made from the Disputed Claims Reserve. At such time, the Disbursing Agent for Class 7 shall make a Pro Rata distribution of cash, New Common Shares, and Class 7 Stock Warrants to the extent such property exceeds the applicable estimate by the Bankruptcy Court.

(b) **After Resolution of All Disputed Claims**

If any property in a Disputed Claims Reserve remains in such Disputed Claims Reserve after all objections to the applicable Disputed Claims have been

resolved, such remaining property shall be distributed as soon as practicable pursuant to the provisions of the Plan.

8.4 Tax Requirements for Income Generated by Disputed Claims Reserves

The Disbursing Agent shall pay, or cause to be paid, out of the funds held in the Disputed Claims Reserve, any tax imposed by an governmental unit on the income generated by the funds held in the Disputed Claims Reserve and shall cause to be filed any tax or information return as required by any governmental unit.

8.5 Tort Claims

All Tort Claims are Disputed Claims. Any Tort Claim as to which a timely Proof of Claim was filed in these Chapter 11 cases shall be tried and liquidated in the administrative or judicial forum or tribunal in which it is pending on the Effective Date or, if no action was pending on the Effective Date, in any administrative or judicial forum or tribunal of appropriate jurisdiction or in accordance with any alternative dispute resolution or similar proceeding as may be approved by order of a court of competent jurisdiction. Any Tort Claim determined or liquidated pursuant to a judgment or in any alternative dispute resolution or similar proceeding as approved by order of a court that has become a Final Order shall, after the recovery and payment of all available insurance, be deemed an Allowed Class 7 Claim, unless the Bankruptcy Court orders otherwise or the holder of the Tort Claim has otherwise agreed. Nothing contained herein shall impair or limit the right of the Debtors, the Creditors' Committee or the Plan Committee to seek estimation of any or all Tort Claims in the Bankruptcy Court or in another court of competent jurisdiction for purposes of distribution or constitute, or be deemed to be, a waiver of any claim or right that the Debtors may hold against any person, including the right to seek disallowance of a Tort Claim as a result of the failure of the holder to timely file a Proof of Claim in these Chapter 11 cases.³⁴

35. Article IX (WGI Creditor Trust) is deleted in its entirety and replaced with "Intentionally Omitted" and all references to Article IX are deemed removed from the Plan.

36. Section 12.8(a) is amended and restated in its entirety as follows:

Settlement of Disputes

Pursuant to Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided under the Plan pursuant to section 3.3 of this Plan, this Plan shall constitute a good faith compromise and settlement of (a) all claims or controversies relating to the validity, priority, or extent of the Liens claimed on assets of the Company by the Prepetition Secured Lenders and (b) the settlement of all disputes between the Debtors and Raytheon, which settlements shall be binding on all holders of Claims or Interests and all other parties in interest.

37. Section 12.12 is amended and restated in its entirety as follows:

Plan Committee

The Creditors' Committee shall continue to exist after the Confirmation Date as the Plan Committee, pursuant to the Plan Committee Document. The Plan Committee shall have such powers and responsibilities as are provided for under the terms and conditions of the Plan Committee Document including, without limitation, the right to retain counsel, standing to appear, be heard, and appeal from any determination of the Bankruptcy Court with respect to matters governed by Article VIII of the Plan, standing to enforce and recover the avoiding power actions, and to take such other actions as are set forth in the Plan or Plan Committee Document or as may be approved or ordered by the Bankruptcy Court. The Plan Committee shall designate the Disbursing Agent to make distributions to holders of Allowed Class 7 Claims.

Reorganized WGI shall pay or reimburse on a monthly basis the expenses of the Plan Committee, including the fees, expenses, and costs of counsel employed by the Plan Committee. While such fees, expenses and costs need not be approved by the Bankruptcy Court, any disputes concerning the reasonableness of such fees, expenses and costs shall be heard and determined by the Bankruptcy Court after notice and a hearing.

The provisions of the Plan Committee Document shall hereby be incorporated into this Plan with the same effect as if set forth herein in their entirety; provided, however, that in the event of any conflict between any provision of the Plan and any provision of the Plan Committee Document, the provision of the Plan shall control.

The Plan Committee shall be discharged upon completion of the distributions to Class 7 Allowed Claims or such earlier date as may be approved or ordered by the Bankruptcy Court.

38. Section 12.18 (Indemnification Obligations) is deleted in its entirety and replaced with "Intentionally Omitted" and all references to such section are deemed removed from the Plan.

39. Schedule 5.15(b) is deleted in its entirety and replaced with "Intentionally Omitted" and all references to such schedule are deemed removed from the Plan.

40. A new Schedule 5.19 ("Outline of Primary Terms of Settlement Between Raytheon and WGI") is added (attached hereto as Exhibit A).

Dated: Reno, Nevada
November 9, 2001


Jennifer Smith (State Bar No. 610)
Etta L. Walker (State Bar No. 5537)
LIONEL, SAWYER & COLLINS

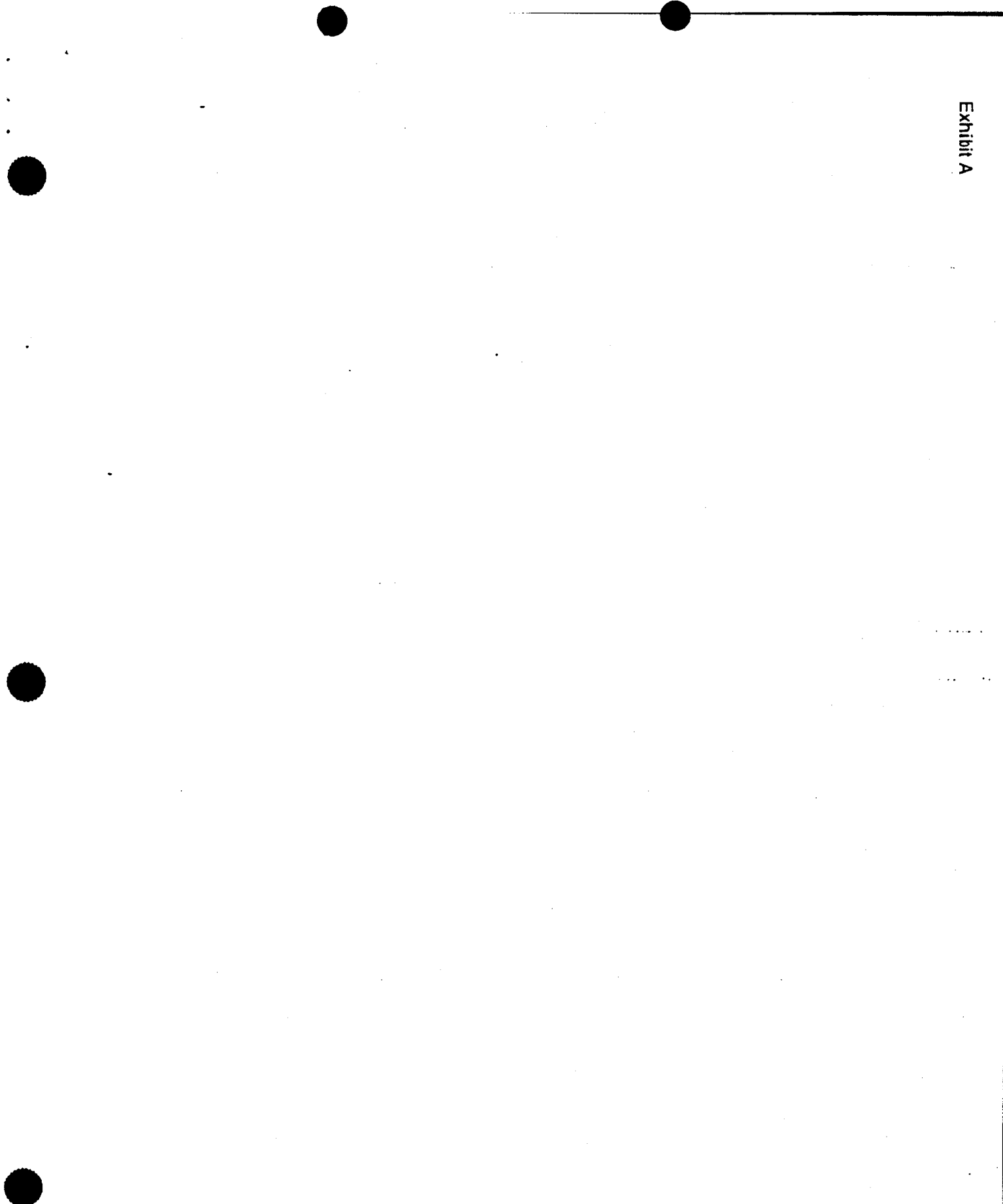
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Debtors-in-Possession



OUTLINE OF PRIMARY TERMS OF SETTLEMENT BETWEEN RAYTHEON AND WGI

The following term sheet (the "Term Sheet") reflects the agreed-upon settlement between WGI and Raytheon of the disputes between them in the context of a global settlement of the WGI matter. Nothing in this outline shall be viewed as an admission nor shall it be used against either party. The outline is being offered if, but only if, a global resolution of the WGI matter is achieved as among the major constituencies in that case and upon the assumption that WGI does not reject additional projects or contracts that impact Raytheon. The Official Unsecured Creditors' Committee, for so long as it is constituted and acting, (the "Committee") in the WGI cases shall be a party to the settlement as provided herein.

Reference is made to that certain Stock Purchase Agreement by and among Raytheon Company, Raytheon Engineers & Constructors International, Inc., and Washington Group International, Inc. f/k/a Morrison Knudsen Corporation, dated April 14, 2000, and the various agreements executed and delivered pursuant thereto (collectively, the "Stock Purchase Agreement") and the surety bonds, letters of credit, guarantees, or similar credit support arrangements (a "Support Agreement") provided by Raytheon in favor of third parties for the benefit of the companies transferred by Raytheon pursuant to the Stock Purchase Agreement. The various pending and potential disputes, claims, controversies, adversary proceedings, and lawsuits by and among the Debtors, the Non-Debtor Subsidiaries, and Raytheon in this proceeding, and in other jurisdictions, that have arisen or could potentially arise from or in connection with the negotiation, disclosures, omissions, execution and delivery, performance or non-performance of the Stock Purchase Agreement, the Support Agreements, and the transactions and agreements that are the subject thereof or are contemplated thereby, other than matters arising under the Red Oak and Iljan Project Completion Agreements, the preceding interim arrangements for those projects and the Service Agreement for the Sithe Mystic and Fore River Projects, (collectively, the "Raytheon Disputes") would be resolved, settled, and disposed of under or pursuant to the Plan (it being understood and agreed that, insofar as this Term Sheet is in any way inconsistent with the Plan, this Term Sheet shall control) as follows:

1. **Raytheon Asserted Claims.** Under the Plan, the Raytheon Asserted Claims shall be allowed (without prejudice to Claims filed by other creditors) and discharged in full. Raytheon shall, however, waive and release any distribution under the Plan on account of the Raytheon Asserted Claims, provided that the following rights of Raytheon shall be specifically acknowledged, preserved, and not discharged under the Plan:
 - a. Administrative Claims under Section 503 of the Bankruptcy Code (net of post-petition claims for goods and services provided pre-Effective Date by the Debtors to Raytheon) to the extent agreed upon by Raytheon, the Debtors and the Committee, or as allowed by the Bankruptcy Court;
 - b. Rights of contribution, reimbursement and subrogation against the Reorganized Debtors under outstanding Support Agreements with respect to assumed projects or contracts as more specifically set forth herein (collectively, with Hudson-Bergen, the "Assumed Projects") (it being understood that the Assumed Projects do not include those contracts being assumed in connection with the Ilijan Agreement or being assumed and assigned in connection with the Ilijan or Red Oak Agreements, or that will be governed by such agreements);
 - c. Rights under the Tax Disaffiliation Agreement being assumed under the Plan; and
 - d. Rights arising pursuant to the specific agreements described and entered into, or contemplated by, this Term Sheet.
2. **Raytheon Subrogation Claims** The Plan and the Confirmation Order will acknowledge that the discharge, release, and injunction provisions do not affect the rights of Raytheon against or relating to third parties (but not the Debtors) as to any suretyship, subrogation, or other rights in respect of any Support Agreement.

Raytheon's rights under Section 509 of the Bankruptcy Code to be subrogated to rights of Mitsubishi Corporation, Mitsubishi Heavy Industries, Inc., or their affiliates (collectively, "Mitsubishi") in respect of payments made by Raytheon to Mitsubishi under a Support Agreement shall be preserved under the Plan, provided however that (i) the amount of Mitsubishi's claim as to which Raytheon may be subrogated shall not exceed or expand the allowed amount of Mitsubishi's claim, as may be agreed between Mitsubishi and the Debtors or, failing such agreement, as the Court may determine, and (ii) the amount, extent and nature of Raytheon's rights under Section 509 shall be as agreed by Mitsubishi,

Raytheon, the Committee and the Debtors, or failing such agreement, as the Court may determine.

3. **Future Obligations Under Support Agreements.** WGI will take reasonable and necessary actions to protect Raytheon against possible future exposure under existing Support Agreements relating to Assumed Projects as set forth in this Term Sheet. In addition, Raytheon's rights of contribution, reimbursement and subrogation against the Reorganized Debtors under outstanding Support Agreements on Assumed Projects will be acknowledged and recognized under the Plan. These Support Agreements will be a joint and several obligation of each of the Reorganized Debtors and will be backed by a \$10M standby letter of credit (the "Raytheon LOC") that will cover first dollar exposure for such Support Agreements and will be drawable upon Raytheon making any payment under or in connection with any such Support Agreement.
4. **Pending Litigation.** All pending litigation among the parties will be suspended immediately with the effect and schedule set forth on Rider A and will be dismissed with prejudice on the Effective Date. This includes the Raytheon Actions (both the purchase price adjustment process and the American Arbitration Association arbitration matters), the Debtors' pending fraudulent transfer adversary proceeding in the Bankruptcy Proceeding and, by establishing to the greatest extent possible the property of the estate, the pending litigation brought in Idaho against Raytheon by WGI bondholders and shareholders. The parties will jointly withdraw the AAA arbitration demand and the parties will dismiss those aspects of the Raytheon Actions outside of this settlement, without any consideration except for the exchange of mutual releases, and each party will bear its own costs. The Independent Accounting Firm will be instructed to stop work in connection with the purchase price adjustment, with the parties to share the costs for that Firm through the cessation of work and each party to bear its own costs.
5. **Transitional Services.** WGI will provide services on certain projects that have Support Agreements that will vary based upon the existing legal and business relationship between WGI and the projects involved as follows:

A. Assumed Projects with Support Agreements.

- WGI will provide Raytheon with (i) on a commercially reasonable efforts basis, monthly project reports to the extent provided to owners and other clients to the extent available, (ii) copies of information actually provided to surety companies or WGI's lenders, and (iii) other mutually-agreed information (except to the extent limited by contract or government regulation). The parties shall enter into confidentiality agreements regarding all such information as part of this settlement.
- In the event that WGI or Raytheon learns of a threatened or pending claim against a Support Agreement, Raytheon shall have reasonable access to WGI books, records or personnel. In that case, Raytheon will have the same rights as under the Services Agreement described below.

B. Projects with Existing Separate Contracts. For Sithe Fore River, Sithe Mystic, Red Oak, Puerta Plata and Ilijan (collectively, with Ratchaburi, the "Separate Projects"), any services will be in accordance with agreements that already have been agreed to or finally negotiated. In addition, WGI, the Committee, and Raytheon shall negotiate and implement an agreement based upon the Red Oak agreement for the Ratchaburi project, except that the indemnity, rights to claims and balances, and litigation matters will be as for rejected projects as described below. In addition, the parties agree to endeavor in good faith to explore whether additional contracts and projects should be included in this category of matters that are not being resolved under this Term Sheet and address any such matters in the definitive documentation.

C. Services Agreement for Rejected Projects. These projects are Saltend, Damhead, Jindal, Posven, Tallahassee, Acme, Ezhou, Egypt Electric, UCH, NACIC and Zuhai. In addition, this could include other projects (but excluding the Separate Projects) or contracts rejected by WGI that include Support Agreements where there may need to be further physical work. Upon Raytheon's request, these projects with respect to which Raytheon has exposure under a Support Agreement and the projects or contracts have been rejected (the "Rejected Projects"), would be the subject of a Services Agreement, the terms of which are outlined on Attachment I.

D. Third Party Litigation and Claims Support for All Projects/Contracts with Support Agreements and in which Claims Against Raytheon Are Threatened or Asserted.

(1) **General Assistance** At Raytheon's request, WGI will provide Raytheon with support in asserting or defending actual or threatened claims or litigation (including arbitration) involving third parties arising (i) under any contract rejected by WGI in the Chapter 11 Cases pursuant to section 365 of the Bankruptcy Code, (ii) in respect of Claims or, in connection with an Assumed Project in which WGI has breached its reimbursement obligation relating to the Support Agreement under the Term Sheet, claims against Raytheon or a Support Agreement or (iii) in connection with Clear Alaska (a "Rejected Project" for purposes of this paragraph D only), by making available to Raytheon pertinent witnesses, documents or other information in WGI's care, custody or control upon reasonable request, in each case on substantially similar terms and conditions as in the Red Oak agreement. Without limiting the generality of the foregoing, it shall be deemed reasonable for Raytheon to request to meet with witnesses in advance of any testimony they may be asked or required to give at a deposition or hearing of any sort and to have them travel to the location of any hearing. Notwithstanding the foregoing, in connection with the UCH project, WGI personnel shall not be required to provide any in-country services unless WGI is reasonably satisfied regarding (i) safety and security in Pakistan and (ii) its exposure to legal liability to judgments or other legal process. Raytheon will compensate WGI for this support on the terms set forth in Attachment I. From the date of this Term Sheet, WGI will not compromise or settle any claim or Claim involving a matter referred to in this provision without obtaining, in addition to any other required consent, the consent of Raytheon and the Committee.

(2) **Notice and Cooperation** If a claim is asserted against WGI (or one of its subsidiaries) for which Raytheon may have or is alleged to have financial exposure based upon the existence or terms of a Support Agreement or any other agreement or legal theory, WGI will provide Raytheon with prompt notice of the claim. In addition: (i) with respect to a claim arising from a Rejected Project; a claim as to which WGI indicates it does not have a material interest; or a claim arising in connection with a Support Agreement and WGI has breached its obligation to make payment to Raytheon in connection with the related Support Agreement as provided in paragraph 6.A.(2) of this Term Sheet; then in each such case, upon Raytheon's written request, WGI will permit Raytheon to direct the response to the claim and any related litigation, control

the process and receive any resulting proceeds, provided that in the first two circumstances Raytheon pays all of the costs thereof, and (ii) for any other claim, upon Raytheon's request, WGI and Raytheon will enter into mutual defense arrangements, including selection of counsel, possible use of common counsel and waiver of conflicts, to be further described in the definitive documents, that recognize their respective rights and interests. WGI costs will include the reasonable allocated costs of inside counsel; provided, however, in no event will WGI be required to provide legal services to Raytheon. Upon Raytheon's reasonable request, WGI will cooperate with Raytheon and provide reasonable cooperation and support to Raytheon in responding to the claims and any related litigation enabling Raytheon to mitigate any exposure and risk it may have. Raytheon will be permitted to use counsel previously involved in the matter, and WGI will waive any conflict.

(3) Raytheon Rights to Rejected Project Claims: Etc.

Raytheon's rights will include its having the benefit of and being able to pursue or settle rights and claims of WGI in connection with Rejected Projects against customers, project owners, contractors, subcontractors, vendors and other third parties, subject to such parties' rights and defenses, if any, in connection with such claims. In addition, Raytheon will control the process and receive any resulting proceeds, in each case with respect to Rejected Projects. Assets or proceeds from whatever source claimed from third parties related to the Rejected Projects shall belong to Raytheon. Raytheon shall act in good faith to avoid prejudice to existing rights and claims, if any, of WGI with respect to such projects and upon request will give reasonable notice to WGI and the Committee of the status and results of such actions. The foregoing is subject to certain WGI rights as reflected in "Claims Set-Off/Recoupment" in Attachment I. In addition, and in limitation of the foregoing, with respect to each of the Rejected Projects, other than the Indemnified Projects (as defined in the Stock Purchase Agreement), to the extent that after first paying or discharging obligations due to and related costs incurred by Raytheon under the related Support Agreement or the Services Agreement, there remain net proceeds from claims in connection with that Rejected Project, WGI shall be entitled to such excess.

- E. **Mutual Cooperation on Claims Administration Process.** Raytheon, the Debtors, Reorganized WGI, and the Committee shall use their reasonable best efforts to work together cooperatively in good faith to develop a third party claims resolution process that would identify, quantify, resolve or determine, and, if applicable, make payments under Support Agreements, to the extent due and

payable, in respect of Claims against the Debtors that are subject to a Support Agreement for a Rejected Project. The Committee or Reorganized WGI, as the case may be, will take such reasonable and necessary actions as are requested by Raytheon in the claim resolution process; provided, however, that Raytheon shall reimburse WGI and the Committee for all fees, costs and expenses incurred in responding to such requests, upon receipt of periodic statements therefor. Notwithstanding the foregoing, the Committee shall have no involvement in the claims process, if any, with respect to the Assumed Projects.

To the extent Raytheon requests the Committee's participation in the determination of allowance of that Claim, the claim resolution process shall not limit or alter the obligation of Raytheon to pay amounts for which it is liable, but not in excess of the Allowed Amount of that Claim.

6. **Additional Agreements.** The Parties shall agree to the following substantive arrangements.

A. **Agreements Involving Support Agreements on Assumed Projects.**

(1) **Certain Support Agreements.** WGI will use commercially reasonable efforts (consistent with its capabilities and circumstances) to identify and replace Support Agreements on assumed contracts of relatively long duration and/or that involve relatively little risk. WGI will endeavor in good faith to terminate the Support Agreements in connection with Pine Bluff. WGI may consult with Raytheon from time to time concerning the progress made with respect to any such releases, and Raytheon will agree to provide reasonable assistance in such process. For purposes of this paragraph 6.A. only, Gulf Chemical shall be an Assumed Project.

(2) **Reimbursement and Repayment.** With respect to Support Agreements on contracts and projects assumed by WGI (other than the Daellm agreement as referenced in the Ilijan Agreements), WGI will reimburse Raytheon for all third-party premiums, payments and other carrying costs of those Support Agreements, promptly after receipt of appropriate invoices. If Raytheon is required to reimburse a letter of credit issuer for any drawing under a Support Agreement, or is required to make any payment under a Support Agreement that is a guaranty or surety bond (other than carrying costs as provided above or to reimburse the issuer of a surety bond under an indemnity agreement or otherwise), then WGI will reimburse Raytheon within three days after receipt of Raytheon's

demand for payment. WGI's reimbursement obligation under this paragraph, as among all of the Reorganized Debtors, shall be a joint and several obligation and shall not be subject to any right of set-off or defense to payment that otherwise might be available. The first dollar exposure for any such amounts shall be drawable by Raytheon from the Raytheon LOC, upon Raytheon making a payment under or in connection with a Support Agreement by Raytheon.

(3) Reporting. Until a particular Support Agreement is completely released, WGI will provide Raytheon with (i) on a commercially reasonable efforts basis, monthly project reports to the extent provided to owners and other clients to the extent available, (ii) copies of information actually provided to surety companies or WGI's lenders, and (iii) other mutually-agreed information (except to the extent limited by contract or government regulation). The parties shall enter into confidentiality agreements regarding all such information as part of this settlement. In connection with Assumed Projects, Raytheon shall not have access to WGI books, records or personnel until Raytheon or WGI has reason to believe that rights/claims may be asserted against Support Agreements. In that event, Raytheon will have the same rights as under the Services Agreement described below.

B. Other Miscellaneous Matters.

(1) Use of Name. WGI and its subsidiaries will immediately commence actions to terminate the use of the Raytheon name other than REOL, with respect to which Raytheon will grant a limited license to use that name on existing jobs only and will make clear that it is not affiliated with Raytheon, and will complete all such actions as soon as possible, and, in any and all events, will stop using all Raytheon names other than REOL by March 31, 2002, provided that such date may be extended for extraordinary reasons upon the mutual agreement of the parties.

(2) Tax Agreement. As previously agreed, the Disaffiliation Tax Sharing Agreement will be assumed by WGI and remain the valid obligations of WGI and Raytheon.

(3) Insurance Claims. WGI will use commercially reasonable efforts to use rights available under the Bankruptcy Code to reduce the exposure of each or either of WGI or Raytheon under various insurance arrangements. The parties will work in good faith to resolve their respective rights and obligations under various insurance policies. The Plan will not create rights in or to insurance

coverage. Raytheon will have all rights in and to insurance proceeds and insurance generally, except that with respect to CGL and professional liability policies procured by WGI under its corporate program, Raytheon shall have only such rights with respect to insurance as the parties may mutually agree for projects and contracts that involve Rejected Projects, subject to the last sentence of the above paragraph D.(3).

(4) Warrior Run Receivable. WGI agrees to remit to Raytheon, from and upon the release of the proceeds from the court-ordered escrow to WGI, net of actual out-of-pocket costs of collection, an amount equal to 32% (2.57/8.0) of the net amount released.

(5) Litigation Releases and Third Party Issues. The parties will agree to certain litigation releases and third party issues, as set forth in Attachment II.

(6) Press Releases. Press Releases respecting any resolution and a settlement will be mutually agreed upon. The parties will not (and will cause their respective senior officers, directors and advisors not to) disparage the other parties or its senior officers, directors or advisors with or to the media.

(7) Scope of Term Sheet. Except with respect to Rejected Projects, this Term Sheet does not extend to matters in the insolvency proceeding of a WGI affiliate that is now pending in The Hague, except with respect to documents, insurance claim information and other information, if any, under the care, custody, or control of WGI, which shall be treated as if the projects involved were rejected projects. The parties acknowledge that Washington International LLC is subject to a winding up petition filed in the United Kingdom and, accordingly WGI may not be able to require it to provide support on its projects and WGI agrees to provide support on Saltend and Damhead through another entity.

(8) Documentation. The arrangements agreed to in this term sheet shall be reflected, as a condition to the Effective Date, in definitive documents including, without limitation, the form of releases, the form and issuer of the Raytheon LOC, and the provisions of the Plan and Confirmation Order relating to this settlement, that are satisfactory to WGI, Raytheon, counsel to the holders of Secured Lender Claims and counsel to the Committee (collectively, the "Raytheon Settlement Provisions and Documents").

(9) Status and Effect of Stock Purchase Agreement. Upon the Effective Date of the Plan, the rejected Stock Purchase Agreement

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shall thereupon be terminated and have no further force or effect, right or obligation, among the parties thereto or otherwise. All matters arising therefrom as among the parties thereto, including but not limited to, the Raytheon Claims, the Raytheon Asserted Claims, and the Debtors' fraudulent transfer adversary action referred to herein, and any obligations, entitlements, benefits or burdens thereunder, shall be governed, superseded, or replaced, as the case may be, by this Settlement, the Plan, and the Raytheon Settlement Provisions and Documents.

(10) Jurisdiction. Raytheon, the Debtors, and the Committee agree that the United States Bankruptcy Court for the District of Nevada shall have exclusive jurisdiction over all disputes relating to the Plan and the exhibits to the Plan to the fullest extent provided under applicable law, including, without limitation, issues under the Raytheon Settlement Provisions and Documents.

(11) Upon the Effective Date, the Order Regarding Stipulated Raytheon Issues and the Stipulation and Order regarding Confidentiality shall be vacated.

(12) There are no third party beneficiaries to these arrangements.

(13) On Roche Carolina the parties will continue the existing arrangements, including Raytheon's having the right to settle the case, in each case at Raytheon's cost, for purposes of pursuing the current appeal.

AGREED TO:

WASHINGTON GROUP INTERNATIONAL, INC., a Delaware corporation, on its on behalf and on behalf of all of its subsidiaries and affiliates

By: SG Hankin

Title: CEO

RAYTHEON COMPANY, a Delaware corporation, on its on behalf and on behalf of all of its subsidiaries and affiliates

By: _____

Title: _____

Nov-01 NOV 08 '01 04:34PM WASHINGTON GROUP

PRESIDENT 24070787

T-040 P.03/03 P.4/5

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SEEN AND CONSENTED TO:

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: Patricia C. [Signature]

Title: Counsel to Official

Creditors' Committee

DC0005:559105.8

Attachment I
(Services Agreement for "Rejected Projects")

Nature of Contract:

Cost-reimbursable "Services Agreement," with actual costs based on already agreed to approach in existing Red Oak/Ilijan agreements, plus 7.5%. As in those cases, funding will be on periodic basis in advance against agreed-to budget.

Scope of Services:

Services generally to be based upon Sithe and generally include services on Rejected Projects to (i) complete all or some of WGI's obligations to third parties where Raytheon may have financial exposure under the Support Agreements or is alleged to have some liability, and (ii) pursue resolution of claims against third parties or claims brought by third parties to reduce or eliminate Raytheon's potential exposure on Support Agreements or otherwise and to recoup costs and/or damages for the benefit of Raytheon. Raytheon will control all such litigation, with WGI having the rights described below under "Claims Set-Off/Recoupment." Services will be provided to the extent reasonably requested by Raytheon. Services will include progressing and, if desired, completing the physical work on Projects, to the extent requested by Raytheon, and claims/litigation support as described further below; provided, however, in no event will WGI be required to provide legal services to Raytheon.

Indemnity:

Raytheon will indemnify WGI for any claims arising from performance of the Services Agreement, excluding such claims to the extent provided in the Red Oak/Ilijan agreements ("Indemnified Matters"). Except as set forth in the preceding sentence, Raytheon will not provide an indemnity for claims relating to the Rejected Projects.

Proceeds:

Proceeds from whatever source claimed or recovered from third parties related to the Rejected Projects will be paid to Raytheon, and if received by WGI, will be remitted promptly and until remittance will be held in trust for Raytheon.

Claims Set-Off/
Recoupment:

Contract balances and affirmative claims, including without limitation rights in equity in Posven, against project owners, customers, subcontractors, vendors, or others first will be used to compromise, reduce or eliminate claims of owners or other third parties asserted against Raytheon and/or WGI Debtors on projects with Raytheon Support Agreements and, thereafter, any net recoveries shall be retained by Raytheon. With respect to claims or litigation being pursued by Raytheon directly or in the name of the WGI Debtors, if WGI or the Committee advises Raytheon of a concern about certain cases, (a) Raytheon shall provide reasonable periodic information regarding the case, (b) before deciding to abandon the pursuit of the case, Raytheon shall so advise WGI and the Committee and permit WGI or the Committee to take over the case for its own account, and (c) Raytheon will not obtain (or retain) an affirmative recovery for its own account (by settlement or otherwise) if the opposing party in the case retains a claim against WGI. Raytheon and WGI agree that their respective interests in Ratchaburi and PP9 will be independent from each other, with rights and obligations remaining separate between the two projects, and benefits and burdens for each project will remain with that project and the party involved.

No Third Party
Beneficiaries:

There shall be no third party beneficiaries under the Services Agreement and it will be entered into solely for the benefit of Raytheon, WGI (including WGI subsidiaries that become parties to the Services Agreement) and, to the extent expressly provided, the Committee. Raytheon will not assume any obligations to third parties by reason of the arrangements set forth in this Term Sheet.

Other Support:

Additionally, the parties agree as follows:

Books; Access; Personnel; Costs. (a) Books and Records. During normal business hours and upon reasonable notice, WGI will permit Raytheon to have reasonable access to and examine and make copies of all records, contracts, subcontractor and vendor-related documentation, claims evaluations, lists,

payment records, project correspondence, bids and documents relating to the rejected Project Agreements, receivables being collected by Raytheon or litigation involving Support Agreements or other alleged liability against Raytheon. Photocopying will, at Raytheon's option after consultation with WGI, be conducted on-site at WGI's offices or offsite using a third party vendor, in accordance with procedures reasonably satisfactory to WGI. With regard to access to WGI's Princeton, New Jersey, offices, Raytheon's personnel shall be subject to WGI Parties' prior approval, such approval not to be unreasonably withheld or delayed. In addition to those who are subject to the foregoing approval process, WGI will permit certain critical Raytheon personnel access to the Princeton facilities. All requests for books, access, personnel or otherwise will be made of the person designated by WGI to receive such requests, who shall be accessible and available.

(b) *Turnover of Records.* WGI will not destroy any files or records related to matters of concern to Raytheon, and identified to WGI within sixty days after the date of the settlement, without giving thirty days prior notice to Raytheon. Upon receipt of notice, Raytheon may require that the records involved be delivered to it (subject to attorney client privileges or work product doctrines, which shall be treated as provided in Attachment II, paragraph 2), at its expense, or notify WGI that it will pay the cost of storing and maintaining those books and records (including costs of moving the books and records to a location under Raytheon's control).

(c) *Personnel.* WGI will provide reasonable access to personnel, to the extent it still employs them, necessary or helpful for matters of concern to Raytheon. WGI also will cooperate with Raytheon in locating personnel who are no longer employed by WGI.

(d) *Reimbursement of Costs.* Raytheon will reimburse WGI for its reasonable, actual out-of-pocket costs incurred and for the actual time spent by WGI employees, for the matters referred to in (a)-(c) above, including without limitation, the reasonable

allocated costs of inside counsel, at rates similar to the home office rates used for the Red Oak and Ilijan agreements plus 7.5% (but without duplication of other payments); provided, however, in no event will WGI be required to provide legal services to Raytheon. To the extent practicable this support, including, without limitation, the reasonable allocated costs of inside counsel, will be funded in advance against a budget as described above. To the extent advance funding is not practicable, amounts shall be paid within thirty days after submissions of monthly invoices in reasonable detail. To the extent possible, the payment by Raytheon of any amounts shall not prejudice its rights to contest the invoice amount against the ultimate third party payee.

Attachment II

Litigation Releases and Third Party Issues

1. *Releases, Etc.* Mutual releases, in conventional and mutually agreeable form and substance, will be exchanged, will contain all terms required to effectuate the provisions above, and will be in such form as not to impair any claims of Raytheon against other parties. Each party's release to the other will include all claims of any type whatsoever that have been or could be brought by or on behalf of the respective entities (including their officers, directors, shareholders, agents, employees) and, in the case of WGI, the estate, including without limitation, in each case, claims that are the property of the Debtors or the estate or in any way derivative of their interests. WGI and Raytheon, to the extent permitted by the Bankruptcy Court, will use the post-confirmation jurisdiction of the Bankruptcy Court to dispose of claims brought by third parties that relate to property of the estate and will cooperate in other jurisdictions to dispose of such claims and claims based in any way on the RE&C transaction or business.

2. *Discovery Materials.* All documents, interrogatory answers, deposition testimony, and deposition exhibits produced or obtained in the Chapter 11 proceedings and the Idaho Litigation, all submissions made by Raytheon and WGI in connection with the Purchase Price Adjustment proceedings, and all transcripts of proceedings before the Independent Accounting Firm (collectively, "Discovery Materials") shall be governed by this paragraph. A party's own documents in the hands of such party shall not constitute Discovery Materials. The parties may retain Discovery Materials, except for the 116 documents believed by WGI to be privileged, which, to the extent held by Raytheon, shall be returned to, and retained (i.e., not destroyed) by, WGI. The parties shall not disclose Discovery Materials to any person unless such person has acknowledged in writing that s/he has read the terms of this provision and is personally bound by it, and such person is (i) a client representative of the party retaining possession of such Discovery Materials, (ii) an attorney, accountant, financial advisor, expert, or other professional retained by such client, or (iii) a person to whom disclosure of the Discovery Materials has been consented to by the party who first provided the Discovery Materials. Notwithstanding and without limitation of the foregoing, a party may disclose Discovery Materials that have entered the public domain other than through an improper disclosure by such party. Further, if any party shall reasonably conclude that it has need of Discovery

Materials in order to defend itself from a claim, proceeding, suit, or demand made or brought against it by a person not a party to this agreement or otherwise bound by it, or if any party shall receive a subpoena or other process compelling the production of such Discovery Materials, then such party may use, request, subpoena, or produce such Discovery Materials, as the case may be, provided, however, that the party who has need of such use or receives such process shall provide the person who originally produced the Discovery Materials with reasonable notice of intent to use or receipt of process. A party receiving such notice may seek relief in a court of competent jurisdiction.

3. *Mutual Releases.* The following releases shall be granted, evidenced by duly authorized resolutions, and shall not release or affect the rights and obligations provided in this Term Sheet.

WGI and each of its direct and indirect wholly-owned or controlled subsidiaries and affiliates will release all claims and causes of action, including, but not limited to the Raytheon Claims, based upon any act occurring prior to the Effective Date against (x) Raytheon and each of its subsidiaries and affiliates and (y) Raytheon and each of its subsidiaries' and affiliates' current and former directors, officers, employees, agents and professionals.

Raytheon and each of its direct or indirect wholly-owned or controlled subsidiaries and affiliates will release all claims and causes of action, including but not limited to the Raytheon Asserted Claims, based upon any act occurring prior to the Effective Date against (x) WGI and each of its subsidiaries and affiliates and (y) each of WGI's and its subsidiaries' and affiliates' current and former directors, officers, employees, agents and professionals.

Raytheon and WGI will not be obligated to obtain releases from subsidiaries or other affiliates that are not wholly-owned (referred to as a "Non-Releasing Entity"), but Raytheon and WGI will indemnify the other party and all related parties that are the subject of the releases described above against all claims and causes of action ever asserted by such Non-Releasing Entity that would have been covered had the Non-Releasing Entity delivered a release as described above, provided however that such release and indemnity shall not extend to contracts entered into in the ordinary course.

In addition, a mutually agreeable group of officers and directors will give and receive releases, subject to any required

approvals of WGI's and Raytheon's director and officer liability insurance carriers.

4. *Limitation of Claims.* To be discussed: other mechanisms to minimize third party claims and other "back door" claims, including potential claims among Raytheon, the Debtors, CSFB, the secured lenders, unsecured creditors and their respective advisors and professionals regarding the Stock Purchase Agreement and the Raytheon Disputes.

Rider A to Termsheet

Terms and Conditions for
Suspension of the Purchase Price
Adjustment Process

1. Upon agreement by WGI and Raytheon on the settlement termsheet, WGI and Raytheon shall jointly request that the PPA process be suspended until December 3, 2001 (the "Initial Suspension"); provided that it is a condition precedent to the Initial Suspension that Mr. Palmer indicate to both parties that he is available and willing to recommence the proceedings on December 3, 2001 and proceed as though there had been no suspension.
2. The Initial Suspension shall be extended until the Termination Date (defined below) upon agreement by WGI and Raytheon on the final documentation of the Raytheon/WGI settlement, in a process that is monitored by the Committee. The Termination Date shall be the earlier of (i) the Plan Effective Date (at which point the WGI/Raytheon final settlement documents shall become in full force and effect and all litigation shall be permanently dismissed with prejudice per the settlement) and (ii) the withdrawal of the Plan, revocation of the Confirmation Order or reversal of the Confirmation Order (at which point the Raytheon/WGI settlement will fail to become effective and all litigation by all parties shall continue with all rights reserved).
3. Raytheon agrees that it is prepared to proceed on the dates in paragraph 1 and that its professionals and witnesses are available on such dates. WGI and Raytheon shall in good faith work to complete and agree upon final documentation of the settlement as quickly as possible.
4. Raytheon will affirmatively support confirmation of the Plan.

EXHIBIT

E

Jennifer A. Smith (State Bar No. 610)
Etta L. Walker (State Bar No. 5537)
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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

In re:

Case No. BK-N-01-31627
(Chapter 11)

WASHINGTON GROUP
INTERNATIONAL, INC., et al.,

Debtors.

**NOTICE OF ENTRY OF ORDER CONFIRMING THE SEC-
OND AMENDED JOINT PLAN OF REORGANIZATION OF
WASHINGTON GROUP INTERNATIONAL, INC., ET AL.,
AS MODIFIED**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. **Confirmation of the Plan.**

On November __, 2001, the United States Bankruptcy Court for the District of Nevada (the "Bankruptcy Court") entered an order (the "Confirmation Order") confirming the Second Amended Joint Plan of Reorganization of Washington Group International, Inc., et al., dated July 24, 2001, as modified (the "Plan"), in the chapter 11 cases of the above-captioned debtors and debtors in possession (collectively, the "Debtors"). Unless otherwise defined in this Notice, capitalized terms and phrases used herein have the meanings given to them in the Plan and the Confirmation Order.

2. Discharge of Claims and Termination of Interests.

(a) Except as provided in the Plan or in this Confirmation Order, the rights afforded under the Plan and the treatment of Claims and Interests under the Plan shall be in exchange for and in complete satisfaction, discharge and release of all Claims and termination of all WGI Interests arising on or before the Effective Date, including any interest accrued on Claims from the Petition Date. Except as provided in the Plan or in this Confirmation Order, Confirmation shall, as of the Effective Date: (i) discharge the Debtors from all Claims and other debts that arose on or before the Effective Date, and all debts of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (A) a proof of Claim based on such debt is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (B) a Claim based on such debt is allowed pursuant to section 502 of the Bankruptcy Code or (C) the holder of a Claim based on such debt has accepted the Plan; and (ii) terminate all Interests and other rights of equity security holders in WGI. Notwithstanding anything to the contrary herein or in the Plan, the rights and claims of the holders of Claims relating to unfunded prepetition letters of credit issued under the Prepetition Credit Agreement are unaffected by and are not discharged by the Plan.

(b) In accordance with the foregoing, except as provided in the Plan or in this Confirmation Order, this Confirmation Order constitutes a judicial determination, as of the Effective Date, of a discharge of all Claims and other debts and liabilities against the Debtors and termination of all WGI Interests and other rights of equity security holders in WGI, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against a Debtor at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

3. Injunctions.

(a) Except as provided in the Plan or this Confirmation Order, as of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities or terminated Interests or rights: (i) commencing or continuing in any manner any action or other proceeding against the Debtors, the Reorganized Debtors or their respective property, other than to enforce any right pursuant to the Plan to a distribution; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, the Reorganized Debtors or their respective property, other than as permitted pursuant to (i) above; (iii) creating, perfecting or enforcing any lien or encumbrance against the Debtors, the Reorganized Debtors or their respective property; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors or the Reorganized Debtors, subject to the provisions of Section E of the Confirmation Order; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

(b) As of the Effective Date, all entities that have held, currently hold or may hold any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities that are released pursuant to the Plan are permanently enjoined from taking any of the following actions against any released entity or its property on account of such released claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities: (i) commencing or continuing in any manner any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released entity subject to the provisions of Section E of the Confirmation Order, and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

(c) As of the Effective Date, all entities that have held, currently hold or may hold any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities against parties that have given and received releases pursuant to the Plan as part of settlements approved as integral parts of the Plan (the "Release Parties") are permanently enjoined from taking any of the following actions against any Release Party or its property based on substantially the same facts or circumstances that underlie the claims being released by the Debtors and the Reorganized Debtors under such settlements: (i) commencing or continuing in any manner any action or other

proceeding; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released entity subject to the provisions of Section E of the Confirmation Order; and (v) commencing or continuing any action, in any manner, in any place, against any of the Release Parties.

(d) By accepting distributions pursuant to the Plan, each holder of an Allowed Claim receiving distributions pursuant to the Plan shall be deemed to have specifically consented to the injunctions set forth herein.

4. Releases and Satisfaction of Subordination Rights.

All Claims of the holders of the Lender Claims and the Old Notes against the Debtors and all rights and claims between or among such holders relating in any manner whatsoever to any claimed subordination rights, shall be deemed satisfied by the distributions under, described in, contemplated by, and/or implemented in Section 3.3 of the Plan. Distributions under, described in, contemplated by, and/or implemented by the Plan to the various Classes of Claims under the Plan shall not be subject to levy, garnishment, attachment or like legal process by any Claim holder, including but not limited to, holders of Lender Claims and Old Note Claims by reason of any claimed subordination rights or otherwise, so that each Claim holder shall have and receive the benefit of the distributions in the manner set forth in the Plan.

5. Effective Date.

The following are among the conditions precedent to the occurrence of the Effective Date of the Plan:

- (a) The Reorganized Debtors have entered into an Exit Facility.
- (b) All Plan Exhibits shall be in form and substance reasonably acceptable to the Debtors, the Agent under the Pre-Petition Credit Agreement and counsel to the Creditors' Committee, and shall have been executed and delivered.
- (c) All actions, documents and agreements necessary to implement the Plan shall have been effected or executed.

6. Bar Dates.

(a) Except as otherwise provided below and in Sections 3.1 and 12.1 of the Plan, unless previously Filed, requests for payment of Administrative Claims must be Filed with the Bankruptcy Court and served on counsel to the Reorganized Debtors at the addresses identified below so that they are *actually received* no later than forty-five (45) days after the Effective Date. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims and that do not File and serve a request by the applicable bar date shall be forever barred from asserting such Administrative Claims against the Debtors, the Reorganized Debtors or their respective property, and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections by the Debtors to such requests must be Filed not later than forty-five (45) days after the Filing of the applicable request for payment of Administrative Claims.

(b) No later than sixty (60) days after the Effective Date, Professionals or other entities asserting a Fee Claim for services rendered before the Effective Date, other than any Professional who may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals' Order, must File with the Bankruptcy Court and serve on counsel to the Reorganized Debtors at the addresses identified below and the other entities that are designated in the Fee Order an application for final allowance of such Fee Claim. Objections to any Fee Claim must be Filed and served on counsel to the Reorganized Debtors, the requesting party and the other parties identified in the Fee Order so that they are *actually received* not later than sixty (60) days after the Filing of the applicable request for payment of the Fee Claim.

(c) Holders of Administrative Claims based on liabilities incurred by a Debtor in the ordinary course of its business are not required to File or serve any request for payment of such Administrative Claims. Such Administrative Claims shall be satisfied pursuant to Section 3.1 of the Plan.

(d) Holders of Administrative Claims under or evidenced by the DIP Facility are not required to File or serve any request for payment of such Claims. Such Administrative Claims shall be satisfied pursuant to Section 3.1 of the Plan.

7. Bankruptcy Court Address.

For purposes of Filing requests for payment of Administrative Claims and applications for allowance of Fee Claims, the address of the Bankruptcy Court is the Clifton Young Federal Building, 300 Booth Street, Reno, Nevada 89509.

8. Effective Date.

A separate notice of the occurrence of the Effective Date will be posted on the Debtors' website at www.wgint.com and the Bankruptcy Court's website at www.nvb.uscourts.gov as soon as practicable thereafter.

9. Copies of Confirmation Order.

Copies of the Confirmation Order are publicly available, free of charge and without a password, online in electronic format at www.wgint.com and www.nvb.uscourts.gov.

Dated: Reno, Nevada
November ____, 2001

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ATTORNEYS FOR WASHINGTON GROUP

INTERNATIONAL, INC., ET AL.

DEBTORS IN POSSESSION

EXHIBIT

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

In re:

Case No. BK-N-01-31627
(Chapter 11)

WASHINGTON GROUP
INTERNATIONAL, INC., et al.,

Debtors.

**NOTICE REGARDING (A) EXECUTORY CONTRACTS
AND UNEXPIRED LEASES TO BE ASSUMED OR RE-
JECTED PURSUANT TO SECTION 365 OF THE BANK-
RUPTCY CODE AND (B) BAR DATE FOR CLAIMS ARIS-
ING THEREFROM**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. Executory Contracts and Unexpired Leases to Be Rejected.

Pursuant to Section 6.3 of the Second Amended Joint Plan of Reorganization of Washington Group International, Inc., et al., dated July 24, 2001, as modified (the "Plan"),³ section 365 of the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code"), and the Order of the Bankruptcy Court confirming the Plan (the "Confirmation Order"), the above-captioned debtors and debtors in possession (collectively, the "Debtors") will reject, as of and conditioned upon the occurrence of the effective date of the Plan (the "Effective Date"), each of the

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Unless otherwise defined in this Notice, capitalized terms and phrases used herein have the meanings given to them in the Plan.

executory contracts (collectively, the "Contracts") and unexpired leases (collectively, the "Leases") listed on Schedule 6.3 to the Plan that has not previously expired or been terminated pursuant to its own terms, except for a Contract or Lease that was previously assumed or rejected by the Debtors, or is the subject of a motion pending before the Bankruptcy Court as of the Confirmation Date to assume or reject such Contract or Lease or is assumed or assumed and assigned pursuant to Section 6.1 of the Plan. The Contracts and Leases to which you are a party that appear on Schedule 6.3 to the Plan (and thus have been identified for rejection) are listed on the attached Annex A.

2. Special Provisions for Warranty and Indemnity Obligations Arising Out of Completed Projects.

Pursuant to Section 6.5 of the Plan and the Confirmation Order, all Completed Projects and all executory obligations thereunder (including warranty and/or indemnity obligations) other than those Completed Projects explicitly set forth on Schedule 6.5 to this Plan, shall be treated as executory contracts that the Debtors will reject as of the Effective Date. Those completed Projects and all executory obligations thereunder (including warranty and/or indemnity obligations) explicitly set forth on Schedule 6.5 to the Plan shall be treated as executory contracts that are assumed pursuant to section 365 of the Bankruptcy Code, and obligations thereunder shall be satisfied in the ordinary course of business.

3. Bar Date for Proof of Claim.

Notwithstanding anything in the Bar Date Order to the contrary, if the rejection of a Contract or Lease pursuant to Sections 6.3 or 6.5 of the Plan gives rise to a Claim by the other party or parties to the Contract or Lease, such Claim shall be forever barred and shall not be enforceable against the Debtors, the Reorganized Debtors, their respective successors or their respective properties unless a proof of Claim is filed with the Reorganized Debtors' claims and noticing agent, Robert L. Berger and Associates LLC, by sending the executed proof of Claim by mail, overnight delivery or hand delivery to PMB 1007, 10351 Santa Monica Blvd., Suite 101A, Los Angeles, CA 90025 so that the proof of Claim is *actually received* no later than 30 days after the date of this Notice indicated below. For your convenience, a copy of a proof of Claim form is included with this Notice.

Dated: November __, 2001
Reno, Nevada

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