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Attorneys for the Debtors and
Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

In re

WASHINGTON GROUP
INTERNATIONAL, INC., et al.,

Debtors.

Case No. BK-N-
(Chapter 11)

**ORDER UNDER
11 U.S.C. §§ 105, 363 AND
365 AUTHORIZING CONTINUATION
OR IMPLEMENTATION OF EMPLOYEE
RETENTION AND SEVERANCE
PROGRAMS**

Hearing Date: June 25, 2001
Hearing Time: 9:30 a.m.

_____ /

Upon the motion, dated May 14, 2001 (the "Motion"),¹ of
the above-captioned debtors and debtors-in-possession (collec-
tively "Washington Group" or the "Debtors"), for an order under

¹ All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

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2 11 U.S.C. §§ 105, 363 and 365 authorizing the implementation
3 and/or continuation the Debtors' Retention Program² and Severance
4 Program; and upon consideration of the pleadings filed in this
5 matter, including Exhibits A-E attached to the Motion, and the
6 arguments of counsel; and upon the record in these cases; and
7 after due deliberation thereon; and good and sufficient cause ap-
8 pearing therefor; it is hereby

9
10 FOUND THAT:

11 A. A sound business justification exists for entering
12 into the Employee Programs;

13 B. The Employee Programs are fair and reasonable and
14 were proposed in good faith; and

15 C. The implementation of the Employee Programs is in
16 the best interest of the Debtors, their estates, creditors and
17 interest holders and necessary to the Debtors' reorganization
18 efforts; and it is therefore

19 ORDERED, ADJUDGED AND DECREED THAT:

20 1. The Motion is granted.
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26 ² The Retention Program consists of 5 parts: Part 1 (the
27 "Key Corporate and Management Program"); Part 2 (the
28 "Project Retention Program"); Part 3 (the "Power Group
Retention Program"); Part 4 (the "Harquahala Retention
Program"); and Part 5 (the "RE&C Executive Retention
Program").

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2. The Debtors are authorized to establish and implement the Severance Program on the terms and conditions set forth in the Motion, as modified on the record at the hearing on this Order to cap severance payments to executives and employees of Level II of Part 1 of the Severance Program at no more than \$2,800,000 until the effective date of a plan of reorganization;

3. The Debtors are authorized to establish and implement Part 1 of the Retention Program on the terms and conditions set forth in the Motion, as modified on the record at the hearing on this Order to (i) eliminate Level I of the Key Corporate and Management Program; and (ii) provide that the first installment payment under the Key Corporate and Management Program will be due upon the entry of an order confirming a plan of reorganization.

4. The Debtors are authorized to establish and implement Part 2 of the Retention Program on the terms and conditions set forth in the Motion.

5. The Debtors are authorized to establish and implement Part 3 of the Retention Program on the terms and conditions set forth in the Motion, as modified on the record at the hearing on this Order to provide that the retention payment under the Power Group Retention Program will be due upon the entry of an order confirming a plan of reorganization.

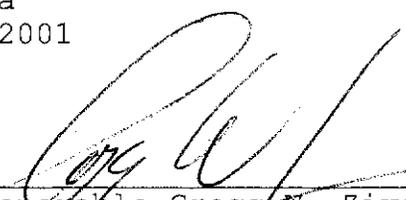
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6. The Debtors are authorized to establish and implement Part 4 of the Retention Program on the terms and conditions set forth in the Motion.

7. The Debtors are authorized to establish and implement Part 5 of the Retention Program on the terms and conditions set forth in the Motion, as modified on the record at the hearing on this Order.

8. The payment to which a key employee is entitled under the Employee Programs shall be deemed an allowed administrative expense of the Debtors' estates under 11 U.S.C. § 503(b)(1)(A).

Dated: Reno, Nevada
~~June~~ 7-6, 2001



Honorable Gregg W. Zive
UNITED STATES BANKRUPTCY JUDGE

Submitted by:
LIONEL SAWYER & COLLINS


Jennifer A. Smith
Attorneys for Washington Group
International, Inc., et al.
Debtors and Debtors in Possession

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APPROVED/DISAPPROVED:

By:  *Approved*
Todd Dressel, Esq.
McDonald Carano Wilson McCune
Attorneys for the Official Unsecured
Creditor's Committee

By: _____
Nicholas J. Strozza, Esq.
Assistant U. S. Trustee

By: _____
David McElhinney, Esq.
Beckley Singleton Chtd.
Raytheon Company, Raytheon Engineers
and Constructors International, Inc.

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