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UNITED STATES
BANKRUPTCY COURT
PATRICIA GRAY, CLERK

MAY 15 2001

EDD

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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 PURSUANT TO 11 U.S.C.
§ 105(a) AUTHORIZING DEBTORS
TO PAY CERTAIN PREPETITION
CLAIMS OF MECHANICS AND
MATERIALMAN IN SATISFAC-
TION OF PERFECTED OR POTEN-
TIAL MECHANICS', MATERIALMEN'S
OR SIMILAR LIENS OR INTERESTS

Hearing Date: May 14, 2001
Hearing Time: 1:00 p.m.

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Upon the motion, dated, May 13, 2001 (the "Motion"),¹ of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors") for an order under 11 U.S.C. § 105(a) authorizing the Debtors to pay certain prepetition obligations of contractors in satisfaction of perfected or potential mechanics', materialmen's or similar liens or interests (collectively, "Liens and Interests") as provided herein; and upon the Affidavit of Stephen G. Hanks in Support of Chapter 11 Petitions and First-Day Orders sworn to on May 13, 2001; and upon the record of the hearing on the Motion; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

FOUND AND DETERMINED THAT:

- A. The relief requested in the Motion is in the best interests of the Debtors, their estates and creditors;
- B. Authorizing the Debtors to pay the Liens and Interests is necessary and essential to the Debtors' going concern value and their successful reorganization; and
- C. Failure to authorize the payment of the Liens and Interests by the Debtors will result in a significant decrease in the Debtors' going concern value and adversely impact the Debtors' ability to successfully reorganize; and it is therefore

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

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ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED.

2. The Debtors are authorized, in their sole discretion, to make payments (the "Payments") to the Mechanics and Materialmen on the following terms and conditions:

- (a) The Debtors, in their sole discretion, shall determine which Mechanics and Materialmen, if any, are entitled to Payments under this Order;
- (b) If a Mechanic or Materialman accepts Payment under this Order, such Mechanic or Materialman shall be deemed to have agreed to continue to provide repair and other services to the Debtors (the "Repair Services"), on as good or better terms and conditions (including credit terms) that existed ninety (90) days prior to the Petition Date (the "Customary Terms"),² during the pendency of these chapter 11 cases;
- (c) If a Mechanic or Materialman accepts Payment under this Order and thereafter does not continue to provide Repair Services pursuant to Customary Terms during the pendency of these chapter 11 cases, then (i) any Payment on a prepetition claim received by such Mechanic and Materialman shall be deemed to be an unauthorized voidable postpetition transfer under Bankruptcy Code section 549 and, therefore, recoverable by the Debtors in cash upon written request and (ii) upon recovery by the Debtors, any such prepetition claim shall be reinstated as if the Payment had not been made; and
- (d) Prior to making a Payment to a Mechanic or Materialman under this Motion, the Debtors may, in their absolute discretion, settle all or some of the prepetition

² In the event the relationship between the Mechanic or Materialman and the Debtors does not extend to 90 days before the Petition Date, the Customary Terms shall mean the terms that the Mechanic or Materialman generally extends to its customers or such terms as are acceptable to the Debtors in the reasonable exercise of their business judgment.

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claims of the Mechanics or Materialmen for less than their face amount without further notice or hearing.

3. To the extent that checks are issued to pay a Contractor Claim, the banks upon which any checks are drawn in payment thereof, either before, on or after the date on which the Debtors filed these chapter 11 cases are authorized to honor any such checks upon presentation, and such banks are authorized and directed to rely on the Debtor's representations as to which checks to honor.

4. Should the Debtors seek to recover funds under paragraph 2(c) of this Order, nothing in this Order shall preclude a Contractor from contesting such treatment by making a written request to the Debtors to schedule a hearing before this Court.

5. Neither this Order, nor the Debtors' actions, shall be deemed to be an assumption or adoption of an agreement, contract or policy.

6. Any payment made pursuant to this Order is not, and shall not be deemed, an admission as to the validity of the underlying obligation or a waiver of any rights the Debtors may have to subsequently dispute such obligation.

Dated: Reno, Nevada
May 11, 2001



Hon. Gregg W. Zive
UNITED STATES BANKRUPTCY JUDGE