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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.

**ORDER UNDER 11 U.S.C. § 363 AND
FED. R. BANKR. P. 9019 APPROVING
SETTLEMENT RESOLVING CLAIMS BE-
TWEEN WASH INGTON GROUP INTERNA-
TIONAL, INC. AND MITSUBISHI
HEAVY INDUSTRIES, LTD. AND
MITSUBISHI HEAVY INDUSTRIES
AMERICA, INC.**

Hearing Date: November 19, 2001
Hearing Time: 9:30 a.m.

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Upon the motion, dated November 16, 2001 (the "Motion"),¹ of the above-captioned debtors and debtors-in-possession (the "Debtors"), for entry of an order approving the settlement, under 11 U.S.C. § 363 and Fed. R. Bankr. P. 9019, resolving claims between Washington Group International, Inc., Delaware and Mitsubishi Heavy Industries, Ltd. and Mitsubishi Heavy Industries America, Inc. (together "Mitsubishi") pursuant to the Settlement Agreement attached hereto as Exhibit A (the "Settlement"); and the Court having considered the Motion; and upon the record herein; and after due deliberation thereon; and good cause appearing therefor; it is hereby

FOUND THAT:

A. The Debtors and Mitsubishi are parties to a number of disputes in the Debtors' Chapter 11 Cases. Mitsubishi is also one of the largest creditors of the Debtors' estates having filed a proof of claim in the Chapter 11 Cases in excess of \$600 million.

B. The Debtors have exercised sound and reasonable business judgment and have satisfied the requirements of 11 U.S.C. § 363 and Fed. R. Bankr. P. 9019 in entering into the Settlement and resolving the claims between WGI and Mitsubishi.

¹ Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Motion.

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C. The relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties-in-interest.

D. Proper and adequate notice of the Motion has been given and no other or further notice is necessary; and it is therefore,

ORDERED, ADJUDGED AND DECREED THAT:

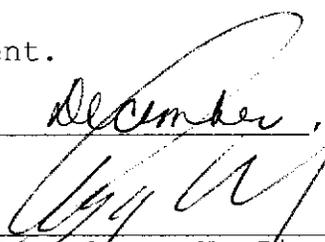
1. The Motion is GRANTED.

2. The Debtors are authorized under 11 U.S.C. § 363 and Fed. R. Bankr. P. 9019 to enter into the Settlement, which is hereby approved.

3. The Debtors and their respective officers, employees and agents are hereby authorized and directed to execute such documents and do such acts as are necessary or desirable to consummate the Settlement.

4. This Court shall retain jurisdiction to decide any disputes arising between the Debtors and Mitsubishi with respect to this Order or the Settlement.

DATED this 16th day of December, 2001.



Hon. Gregg W. Zive
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT

A

SETTLEMENT AGREEMENT
MITSUBISHI/WGI/CREDITORS' COMMITTEE

I. Payment

The Debtors will pay Mitsubishi \$4.5 million on the Effective Date of the Third Modified Second Amended Joint Plan of Reorganization of Washington Group International, Inc., *et al.* (the "Plan"). Mitsubishi shall provide the Debtors with instructions for payment set forth herein. Notwithstanding the foregoing, the payment recipient and the related payment shall be subject to any further order of the Bankruptcy Court.

II. Resolution of Mitsubishi's Proofs of Claims

Mitsubishi's Proofs of Claim shall be allowed in the full amount of \$610,890,965.74. Mitsubishi agrees that for the purpose of distribution in these Chapter 11 cases, its aggregate claims shall be fixed at \$217,500,000.

III. Mitsubishi Obligations

Upon approval of this Agreement by the Court, Mitsubishi will withdraw all of its objections to the Plan. Upon the Effective Date of the Plan, Mitsubishi will dismiss the litigation set forth in paragraph V, below.

IV. No Waiver of Rights

Except as specifically enumerated herein, nothing in this Agreement shall be deemed to be a waiver and/or release by Mitsubishi and/or any third parties (including, without limitation, disputes between Mitsubishi and Raytheon) of rights and defenses against any person or entity, including but not limited to the rights of set-off and recoupment, which rights shall be preserved and retained in all forums subsequent to confirmation of any Plan of Reorganization.

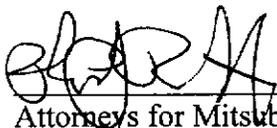
Nothing with respect to the allowance or treatment of Mitsubishi's proofs of claim shall have *res judicata* or collateral estoppel effect or be admissible in evidence, in each case with respect to the rights of any third party, including but not limited to Raytheon, against, by or with respect to, Mitsubishi.

V. Litigation Standstill

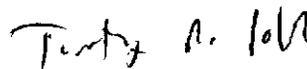
Mitsubishi and WGI agree to stay the litigation entitled Mitsubishi Heavy Industries, Ltd., et al v. Washington Group International, et al, Case No. CV-N-0372-ECR-VPC, presently pending in the United States District Court for the District of Nevada until such time as this Agreement is approved and the Plan becomes effective.

VI. Settlement Approval

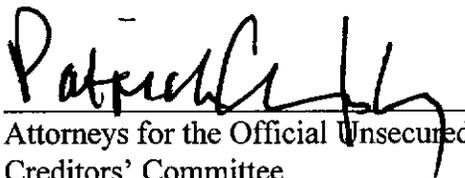
WGI shall file all pleadings necessary to obtain approval by the Court of this Agreement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, with such approval to be sought on November 19, 2001. In the event that on November 19, 2001, the Court denies the motion to approve this Agreement, Mitsubishi shall have the right to raise all objections to the confirmation of the Plan. This Agreement shall be effective on the Effective Date of the Plan and the cash payment hereunder shall be made on the Effective Date.



Attorneys for Mitsubishi Heavy
Industries, Ltd., Mitsubishi Heavy
Industries America, Inc. and
Mitsubishi Corporation



Attorneys for Washington Group
International, Inc., its affiliates
and subsidiaries



Attorneys for the Official Unsecured
Creditors' Committee