

From: "Nardi, A. Joseph" <nardiaj@westinghouse.com>
To: "Roberts, Mark" <mcr@nrc.gov>
Date: 5/15/01 1:28PM
Subject: FW: WGI Bankruptcy Filing

Mark,

For your info. The Chapter 11 filing by Washington Group International does not appear to have any impact on the three Cheswick licenses. I am not sure who else in the NRC might have an interest in this information.

A. Joseph Nardi
Supervisory Engineer
Environment, Health and Safety
Westinghouse Electric Company
Phone: (412) 374-4652
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> From: Lamantia, Lisa A.[SMTP:lisa.lamantia@wxemd.com]
> Sent: Tuesday, May 15, 2001 11:19 AM
> To: A. Joseph Nardi (E-mail)
> Subject: FW: WGI Bankruptcy Filing
> Importance: High

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> <<FILING RELEASE FINAL.doc>> <<Non-Filing Emp. Ltr.-V.7.doc>>
> Here are the two documents we received.

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> -----Original Message-----

> From: Peta, Rosemary L.
> Sent: Monday, May 14, 2001 1:02 PM
> To: EMD - All Employees
> Subject: WGI Bankruptcy Filing
> Importance: High

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> (NOTE TO MANAGEMENT: Please share this information with those employees

> in

> your departments who do not have access to email. Hard copies will also

> be

> available later this afternoon

> in EMD Exchange distribution locations.)

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> For your information.

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CC: "Holmes, Griff" <holme1bg@westinghouse.com>, "Lamantia, Lisa A." <lisa.lamantia@wxemd.com>, "Lim, Charles T." <charles.lim@wxemd.com>

**Washington****NEWS RELEASE**

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Boise, Idaho 83729
Web Site: www.wgint.com

For Further Information Contact:
Corporate Communications
Phone: (208) 386-5255

FOR RELEASE:

May 14, 2001

**WASHINGTON GROUP INTERNATIONAL, INC. REACHES
RESTRUCTURING AGREEMENT WITH BANK GROUP****FILES PLAN OF REORGANIZATION AND CHAPTER 11 PETITION TO
FACILITATE RESTRUCTURING****Company Receives Debtor-in-Possession Financing**

Boise, Idaho – Washington Group International, Inc. (NYSE:WNG) today announced that it has reached an agreement in principle with its bank group steering committee on a Plan of Reorganization (the Plan) for the Company. To facilitate the reorganization, the Company and certain of its subsidiaries today filed the Plan along with voluntary petitions to restructure under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Nevada in Reno.

Most of the Company's domestic subsidiaries are included in the filing. Those entities excluded from the filing are all Westinghouse Government Services Companies and related entities; partially owned limited liability companies and joint ventures; and foreign subsidiaries and affiliates.

The Plan provides that a significant amount of secured debt will be exchanged for 100 percent of the equity in the reorganized Company, and that certain unsecured trade creditors will be paid in full in either the ordinary course of business or upon confirmation of the Plan. In addition, the Plan provides that the Company will fund a

litigation trust to pursue the Raytheon litigation, and that any net proceeds from the litigation will be used to pay recoveries to impaired creditors, which will include holders of the Senior Notes. It is unlikely there will be any recovery for current holders of the Company's common stock or holders of options or other rights to acquire the Company's common stock. Implementation of the Plan is subject to compliance with provisions of Chapter 11.

In addition, the Company announced it has received a debtor-in-possession financing facility from a group of lenders led by Credit Suisse First Boston sufficient to fund the Company's ongoing operating needs during the restructuring.

Stephen G. Hanks, Washington Group's President, said, "The restructuring agreement reached with our banks will permit Washington Group to swiftly and efficiently move beyond the period of uncertainty that has hung over the Company since our March 2 announcement of near-term liquidity problems. Now, with sufficient cash to fund operations going forward and provide bonding capacity, we are in the process of returning this Company to financial viability. We have made business development a top priority during the pendency of the restructuring process and expect to continue securing new contracts.

"Under the Plan announced today, management will remain in place, daily operations will continue as usual, our employees will be paid and this business will move forward. We are absolutely focused on serving our existing clients and continuing to secure new business."

During the restructuring process, the Company will carry on its business with

clients, employees, subcontractors and vendors. The Company believes that the restructuring agreement reached with the Company's largest creditors will provide the Company the stability necessary to complete contracts underway and to pursue new opportunities.

On March 2, 2001, the Company announced that, due to Raytheon Company's failure to comply with the terms of the April 2000 stock purchase agreement pursuant to which the Company acquired Raytheon Engineers & Constructors (RE&C), the Company faced a severe, near-term liquidity crisis. As a consequence, the Company ceased certain activities on two power projects in Massachusetts related to the RE&C acquisition. In addition, the Company filed suit against Raytheon Company alleging fraud, seeking rescission and, alternatively, unspecified damages for breach of contract.

As part of the restructuring and in conjunction with the Plan, the Company has asked the Court's authorization to pay certain pre-petition, unsecured claims that relate to ongoing businesses. Under the Plan, the Company should experience no interruption in the flow of goods and services.

The Plan also contemplates that the Company will continue as an integrated business organized around the same five market-oriented operating units that it currently has in place: Government, Industrial/Process, Infrastructure & Mining, Power, and Petroleum & Chemical.

Washington Group International, Inc., is a leading international engineering and construction firm with more than 35,000 employees at work in 43 states and more than 35 countries. The Company offers a full life-cycle of services as a preferred provider of

premier science, engineering, construction, program management, and development in 14 major markets.

Markets Served

Energy, environmental, government, heavy-civil, infrastructure and mining, nuclear-services, operations and maintenance, petroleum and chemicals, industrial process, pulp and paper, telecommunications, transportation, and water-resources.

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This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are identified by the use of forward-looking terminology such as *may, will, could, should, expect, anticipate, intend, plan, estimate, or continue* or the negative thereof or other variations thereof. These include, among others, statements with respect to Washington Group's ability to secure new contracts, Washington Group's ability to meet post-petition commitments, Washington Group's ability to secure sufficient bonding capacity, whether Washington Group will receive proceeds from the Raytheon litigation, the terms of the plan of reorganization and the structure of the reorganized company. Forward-looking statements are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates; the involvement of Washington Group's creditors and equity holders in the Chapter 11 proceeding, bankruptcy court approvals incident to Washington Group's operations in Chapter 11 and the ultimate reorganization of Washington Group, and possible changes or developments in social, economic, business industry, market, legal, and regulatory circumstances and conditions and other actions taken or omitted to be taken by third parties, including the corporation's customers, suppliers, business partners, and competitors and legislative, regulatory, judicial, and other governmental authorities and officials.

FOR FURTHER INFORMATION CONTACT:

**WASHINGTON GROUP INTERNATIONAL
COMMUNICATIONS OPERATIONS CENTER
Phone: (208) 386-5698**



STEPHEN G. HANKS
PRESIDENT

May 14, 2001

Dear Valued Employee,

Washington Group International, Inc. announced today that it has reached an agreement with its bank group on a financial restructuring of the Company. In order to implement the restructuring, Washington Group and certain of its subsidiaries filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code along with a Plan of Reorganization for its emergence from Chapter 11.

Most of the Company's domestic subsidiaries are included in the filing. Those entities excluded from the filing are all Westinghouse Government Services Companies and related entities; partially owned limited liability companies and joint ventures; and foreign subsidiaries and affiliates. *You are an employee of a subsidiary that has been excluded from the filing.*

In addition, the Company has received a debtor-in-possession financing facility sufficient to fund its ongoing operations.

As we announced in March 2001, Washington Group has been suffering from a severe, near-term liquidity crisis. The events of the past few months have presented Washington Group with considerable challenges.

We believe the Chapter 11 process provides us the best opportunity to continue our operations as usual, pay all employees, secure new business, renew existing contracts, and deliver on our long-term commitment contracts.

As we move through the restructuring process, there are several things you should know and understand about Chapter 11. First, and most important, ***Washington Group has not "gone bankrupt," nor is the Company going out of business.*** While we complete the restructuring, our daily operations will continue as they always have. During the restructuring the Company expects to fulfill its commitments to clients and employees, to serve their ongoing needs, and to secure new business and renew current contracts. ***Chapter 11 of the U.S. Bankruptcy Code means reorganization, not liquidation, as it may mean in other countries.***

While the Company restructures, your responsibilities will remain the same. You will still report to work as scheduled, you will be paid the usual amount at the usual time and your benefits package will continue uninterrupted. It is important that you understand that as an employee of a non-filing entity, your business and operations will continue to move forward unaffected by the restructuring proceedings.

We expect a great deal of media interest in our company as a result of the filing. It is especially important that all contact with reporters be limited to those most qualified to answer their questions. Therefore, every media contact related to the filing should be referred to our corporate communications department at 208-386-5255.

As always, we appreciate the support and hard work of all employees, especially during these extraordinary times. We will continue to update you as we move through this process. We have attached a copy of our public announcement and questions and answers for your review. If you have any additional questions, ask your supervisor, call the information center at 866-WNG-INFO, or check the Intranet and Internet.

Thank you for your hard work and dedication.

Sincerely,

A handwritten signature in cursive script, appearing to read "Stephen G. Hanks".

Stephen G. Hanks