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May 28, 2008

By Overnight Delivery

Arkansas Securities Department
Heritage West Building, Suite 300
201 East Markham
Little Rock, Arkansas 72201
Attention: David H. Smith

Re: Proposed Distribution of LLC Membership Interests by BE&K, Inc.

Ladies and Gentlemen:

We are acting as counsel to BE&K, Inc. ("BE&K"), a Delaware corporation with its principal place of business in Birmingham, Alabama, in connection with a proposed transaction pursuant to which, as more fully described below, BE&K will distribute pro rata to holders of BE&K common stock all of the membership interests (the "Membership Interests") of a domestic limited liability company (the "LLC") to be formed as a wholly owned subsidiary of BE&K (the "Distribution").

Immediately after the Distribution, Whitehawk Sub, Inc. ("Merger Sub"), a Delaware corporation and a wholly owned subsidiary of KBR, Inc. ("KBR"), a Delaware corporation, will be merged with and into BE&K, with BE&K being the surviving corporation in the merger. Upon completion of the merger, BE&K will become a wholly owned subsidiary of KBR.

We are writing this letter to request, on behalf of BE&K, that the staff (the "Staff") of the Arkansas Securities Department (the "Department") confirm either (i) that the Distribution is exempt from the registration requirements of the Arkansas Securities Act, Ark. Code Ann. § 23-42-101 et seq. (the "Act") because the Distribution does not constitute a "sale" of securities under Ark. Code Ann. § 23-42-102(13)(B)(ii), or (ii) that the Staff of the Department would not recommend that any enforcement action be taken by the Department if BE&K effects the Distribution without registration of the Membership Interests under the Act.

1. Background

BE&K has provided us with, and has authorized us to make on its behalf, the factual representations set forth below.

BE&K is an engineering, construction and maintenance services company headquartered in Birmingham, Alabama. As of May 6, 2008, there were 3,914,684.209 shares of BE&K common stock, par value $1.00 per share, issued and outstanding, owned by approximately 199 stockholders of record (the "BE&K Common Stock") and 5,543 shares of BE&K Series A Preferred Stock ("BE&K Preferred Stock") owned by one stockholder of record. The BE&K Common Stock consists of two classes: Class A Common Stock and Class B Common Stock. As of May 6, 2008, there were 1,234,248.209 shares of Class B Common Stock issued and outstanding owned by approximately 187 stockholders of record and 2,680,436 shares of Class A Common Stock issued and outstanding owned by approximately 12 stockholders of record. Pursuant to BE&K's certificate of incorporation, the holders of the Class A Common Stock are entitled to one vote for each share of Class A Common Stock held by them, and the holders of Class B Common Stock are not entitled to vote on any matter except as otherwise provided by law. Approximately two (2) BE&K stockholders are residents of the State of Arkansas.

On May 6, 2008, BE&K, KBR and Merger Sub executed an Agreement and Plan of Merger (the "Merger Agreement") that provides for the merger of Merger Sub with and into BE&K, with BE&K being the surviving corporation in the merger (the "Merger"). KBR common stock is listed on the New York Stock Exchange and is registered under Section 12(b) of the Securities Exchange Act of 1934, as amended. Upon completion the Merger, BE&K would become a wholly owned subsidiary of KBR. The aggregate consideration to be paid to the BE&K stockholders in the Merger is $550,000,000, subject to certain adjustments specified in the Merger Agreement. The holders of the BE&K Class A Common Stock adopted the Merger Agreement in an action by written consent on May 6, 2008. Under Delaware law and BE&K's certificate of incorporation, approval of the Merger by the holders of the BE&K Class B Common Stock and the BE&K Preferred Stock is not required and will not be sought. Completion of the Merger is subject to satisfaction of various conditions set forth in the Merger Agreement, including redemption of all issued and outstanding shares of the BE&K Preferred Stock. The Merger is also conditioned upon completion of the Distribution.

2. Description of Proposed Distribution

BE&K International, Inc., a Delaware corporation ("BE&K International"), a wholly owned subsidiary of BE&K, currently owns all of the issued and outstanding stock of Baltix Corporation, a Delaware corporation ("Baltix"). Baltix, in turn, owns a general partnership interest in PBR Hotel, Ltd., an Alabama limited partnership ("PBR Hotel"), which consists of a one percent (1%) economic interest in PBR Hotel. BE&K International owns a limited partnership interest in PBR Hotel (the "Limited Partnership Interest"), which consists of a ninety percent (90%) economic interest in PBR Hotel. The remaining limited partnership interest in PBR Hotel which represents a

nine percent (9%) economic interest in PBR Hotel is owned by an unrelated third party. PBR Hotel owns a fifty-five percent (55%) interest in Polar-BEK Daugava, Ltd., a limited liability company organized under the laws of the Republic of Latvia (the "Latvian JV"). The remaining forty-five percent (45%) interest in the Latvian JV is owned by the Riga Municipal Enterprise Hotel Trust, which is organized and existing under the laws of the Republic of Latvia, as the designated representative of the City Council Executive Committee of the City of Riga, Latvia. The primary asset of the Latvian JV is a hotel located in Riga, Latvia. Attached to this letter as Annex A is an organizational chart illustrating the current ownership of the Latvian JV.

As described above, the Merger is conditioned upon completion of the Distribution. In order to effect the Distribution, BE&K will cause BE&K International to distribute a dividend of the issued and outstanding stock of Baltix and the Limited Partnership Interest to BE&K, and BE&K will immediately thereafter contribute all of the issued and outstanding stock of Baltix and the Limited Partnership Interest to the LLC. Upon completion of the transactions described in the immediately preceding sentence, the LLC will own all of the issued and outstanding stock of Baltix and the Limited Partnership Interest. Assuming that all other conditions to completing the Merger are satisfied, immediately prior to consummation of the Merger, the board of directors of BE&K will declare a dividend of all outstanding Membership Interests payable to the holders of the BE&K Class A Common Stock and BE&K Class B Common Stock on a basis pro rata with their ownership of BE&K common stock, and BE&K will make the Distribution. The Distribution will be made only if the merger occurs. BE&K anticipates that the Distribution will constitute a taxable dividend to the BE&K stockholders. In order to determine the value of the Distribution for tax purposes, BE&K will obtain an appraisal of the Membership Interests and will furnish each shareholder with information concerning the appraisal for tax purposes.

BE&K has been advised that under Delaware law the Distribution does not require stockholder approval, and no such approval will be sought. The Distribution will be made without consideration paid or any exchange of shares by BE&K stockholders. The Distribution will consist of a gratis, pro-rata dividend in favor of all BE&K stockholders, who will have no choice regarding receipt of the dividend. No BE&K stockholders will be required to give anything of value for the dividend or to make any investment decision concerning the dividend. The Distribution will be effected by officers of BE&K, who will receive no commission or other payments for completing the Distribution. At the time the Distribution is made, BE&K will deliver to its stockholders an information statement (the "Information Statement"). The Information Statement will describe in sufficient detail (i) the material provisions of the operating agreement for the LLC (including provisions regarding management of the LLC, allocation of profits and losses, distributions, restrictions on transfers of Membership Interests and dissolution, (ii) the tax effect of the Distribution to the BE&K stockholders, and (iii) such other matters as BE&K determines are be material to the BE&K stockholders. A complete copy of the operating agreement for the LLC will be attached as an exhibit to the Information Statement. The operating agreement for the LLC will contain provisions imposing certain restrictions on the transferability of the Membership Interests. In the Information Statement, BE&K will make clear that the Membership Interests to be received by BE&K stockholders in the distribution are not part of the Merger consideration.

3. No Action Request

On behalf of BE&K, we respectfully request that the Department either (i) concur in our opinion that the Distribution is exempt from registration because the Distribution does not constitute a "sale" of securities under Ark. Code Ann. § 23-42-102(13)(B)(ii), or (ii) confirm that the Staff would not recommend that any enforcement action be taken by the Department if BE&K effects the Distribution without registration of the Membership Interests under the Act.

4. Analysis and Application of the Arkansas Securities Act

Unless the security or transaction is exempted or the security is a covered security, it is unlawful for any person to offer or sell any security in the State of Arkansas unless the security is registered under the Act. Ark. Code Ann. § 23-42-501. Certain stock dividends, however, are excluded from the definition of "sale" under Ark. Code Ann. § 23-42-102(13), which provides in pertinent part:

> (13)(A)(i) "Sale" or "sell" includes every contract of sale of, contract to sell or disposition of a security or interest in a security for value.
>
> * * *
>
> (B) The terms defined in this subsection do not include:
>
> i. Any bona fide pledge or loan;
>
> ii. Any stock dividend, whether the corporation distributing the dividend is the issuer of the stock or not, if nothing of value is given by the stockholders for the dividend other than the surrender of a right to a cash or property dividend when each stockholder may elect to take the dividend in cash or property or in stock;

It is our opinion that except for the fact that the proposed Distribution involves a dividend of membership interests in a limited liability company rather than a dividend of stock in corporation the proposed Distribution fits squarely within the exclusion from the definition of "sale" in Ark. Code Ann. § 23-42-102(13)(B)(ii). BE&K Stockholders will not give anything of value to BE&K in exchange for the Membership Interests and will not be required to make any decision whether the accept the dividend. Because BE&K stockholders who receive the Membership Interests will not make any investment decision or give any consideration in exchange for the securities received, they should not need the protection afforded by the registration requirements of the Act. The fact that BE&K stockholders will receive membership interests in a limited liability company rather than stock in a corporation does not change the effect of the proposed Distribution or the underlying policy rationale for making the exclusion in Ark. Code Ann. § 23-42-102(13)(B)(ii) available in this situation.

The Uniform Securities Act and several other states have recognized that the stock dividend exemption should apply equally to dividends involving equity distributions or securities other than corporate stock. The exemption provided under the Uniform Securities Act applies to both stock dividends and "equivalent equity distributions":

> The following transactions are exempt from the requirements of Sections 301 through 306 and 504:
>
> * * *
>
> (22) a transaction involving:
>
> (A) a stock dividend or *equivalent equity distribution*, whether the corporation or other business organization distributing the dividend or equivalent equity distribution is the issuer or not, if nothing of value is given by stockholders or other equity holders for the dividend or equivalent equity distribution other than the surrender of a right to a cash or property dividend if each stockholder or other equity holder may elect to take the dividend or equivalent equity distribution in cash, property or stock.

Uniform Securities Act, § 202(22)(A) (emphasis added). The corresponding exemptions provided under the securities laws of several other states also allow for dividends of equity distributions or distributions of securities other than corporate stock. *See* Me Rev. Stat. Ann. Title 32, § 16202(23)(A); Fla. Stat. § 517.061(4); Tex. Rev. Civ. Stat. Ann. art. 581-5(D); S.C. Code Ann. § 35-1-202(22)(A); Ga. Code Ann. § 10-5-9(6)(A); La. Rev. Stat. Ann. § 51:709(6)(a); and Va. Code Ann. § 13.1-514(B)(14).

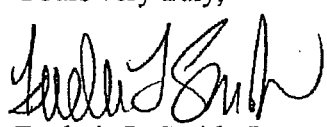
If the Department is unable to concur in our interpretation of Ark. Code Ann. § 23-42-102(13)(B)(ii), we believe that the Department, under the circumstances set forth herein and as a matter of sound policy, would have a sound basis for agreeing not to recommend that any enforcement action be taken by the Department if BE&K effects the Distribution without registration under the Act.

5. Conclusion

For the reasons as set forth above, we respectfully request that the Department concur with our view on the matters addressed herein. Subject to the parties' obtaining certain regulatory approvals, the closing of the Merger is currently scheduled for July 1, 2008. Accordingly, we would appreciate a response from the Department at its earliest possible convenience but in any event prior to June 27, 2008 if possible. We are enclosing one additional copy of this letter. We are available to

answer any questions the Department may have concerning these matters. Questions may be directed to the undersigned at (205) 521-8486 or to John Molen at (205) 521-8238.

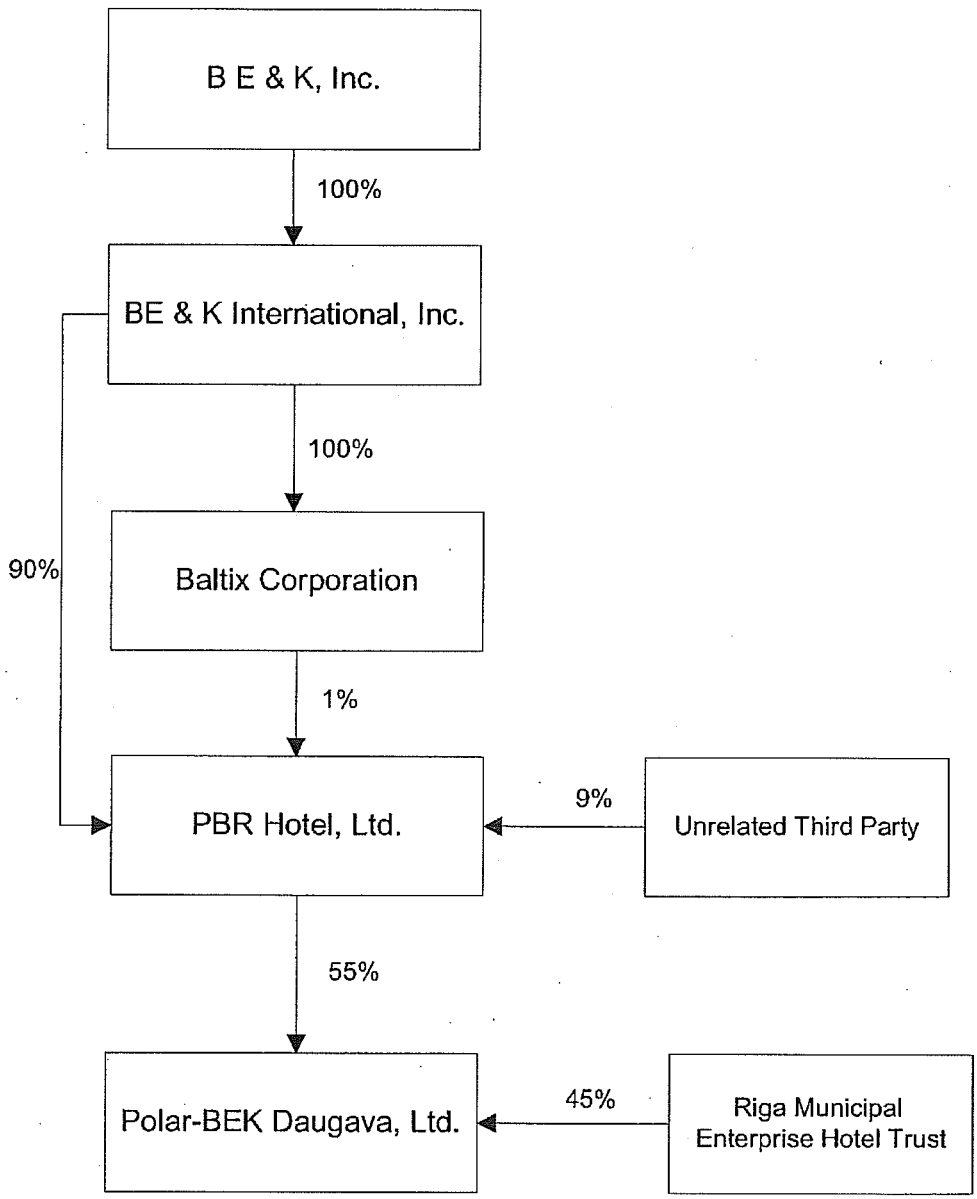
Yours very truly,



Frederic L. Smith, Jr.

FLS/aml
Enclosure

ANNEX A



Section 23-42-102(13)(B)(ii) Exclusion

MIKE BEEBE
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ARKANSAS SECURITIES DEPARTMENT

June 18, 2008

Frederic L. Smith, Jr.
Bradley Arant Rose & White LLP
One Federal Place
1819 Fifth Avenue North
Birmingham, AL 35203-2119

Re: Proposed distribution of LLC membership interests by BE&K, Inc.
No. 08-90000384-NA004

Dear Mr. Smith:

On the basis of the facts set forth in your letter of May 28, 2008, the Staff of the Arkansas Securities Department will not recommend enforcement action for violation of the Arkansas Securities Act, Ark. Code Ann. §§ 23-42-101 – 509, should the transactions take place as set forth in your letter. We have attached a copy of your letter to avoid reciting the facts that you have presented.

It should be noted that the Staff only expresses its position as to the recommendation of formal enforcement proceedings under the Act and does not purport to express any formal opinion or conclusion. Also, it should be noted that the position taken is done so based on the facts and representations in your letter. Any change in those facts or circumstances described might require a different response.

If there are any questions, please contact the undersigned.

Sincerely,

Shannon H. Underwood

Shannon H. Underwood
Staff Attorney

Attachment