

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2011</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>BE&K, INC. HOURLY CASH BALANCE RETIREMENT PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>012</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>04/01/1994</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>012</u>	1c Effective date of plan <u>04/01/1994</u>	
1b Three-digit plan number (PN) ▶	<u>012</u>				
1c Effective date of plan <u>04/01/1994</u>					
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>KELLOGG BROWN & ROOT LLC</u> <u>601 JEFFERSON AVE</u> <u>HOUSTON, TX 77002-7900</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>20-3897734</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>713-753-4614</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>238900</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>20-3897734</u>	2c Sponsor's telephone number <u>713-753-4614</u>	2d Business code (see instructions) <u>238900</u>	
2b Employer Identification Number (EIN) <u>20-3897734</u>					
2c Sponsor's telephone number <u>713-753-4614</u>					
2d Business code (see instructions) <u>238900</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2012	ANN HOLLINGSWORTH
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") KBR BENEFITS COMMITTEE 601 JEFFERSON AVE HOUSTON, TX 77002-7900	3b Administrator's EIN 77-0692414 3c Administrator's telephone number 713-753-4614
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	7033
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	451
b Retired or separated participants receiving benefits.....	6b	18
c Other retired or separated participants entitled to future benefits.....	6c	5583
d Subtotal. Add lines 6a , 6b , and 6c	6d	6052
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	6052
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1C 1G 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance	(1) ☐ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust	(3) ☒ Trust
(4) ☐ General assets of the sponsor	(4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☐ **A** (Insurance Information)
- (4)** ☒ **C** (Service Provider Information)
- (5)** ☒ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

<div>SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110 2011 This Form is Open to Public Inspection</div>
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

Round off amounts to nearest dollar.
Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan BE&K, INC. HOURLY CASH BALANCE RETIREMENT PLAN		B Three-digit plan number (PN)	012
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF KELLOGG BROWN & ROOT LLC		D Employer Identification Number (EIN) 20-3897734	

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I

Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2011	
2 Assets:	
a Market value	2a 24714464
b Actuarial value	2b 22299516
3 Funding target/participant count breakdown:	
(1) Number of participants (2) Funding Target	
a For retired participants and beneficiaries receiving payment	3a 9 118764
b For terminated vested participants	3b 5450 15445015
c For active participants:	
(1) Non-vested benefits	3c(1) 0
(2) Vested benefits	3c(2) 8387174
(3) Total active	3c(3) 770 8387174
d Total	3d 6229 23950953
4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐	
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 5.47 %
6 Target normal cost	6 540000

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

<div>SIGN HERE</div>	<div>10/03/2012</div> <div>Signature of actuary</div> <div>MICHAEL B. HANLEY</div> <div>Type or print name of actuary</div> <div>TOWERS WATSON PENNSYLVANIA, INC.</div> <div>Firm name</div> <div>3500 LENOX RD SUITE 900 ATLANTA, GA 30326-4238</div> <div>Address of the firm</div>	<div>Date</div> <div>11-07039</div> <div>Most recent enrollment number</div> <div>404-365-1744</div> <div>Telephone number (including area code)</div>
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF. Schedule SB (Form 5500) 2011 v.012611

Part II		Beginning of year carryover and prefunding balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)		
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of <u>15.24</u> %		
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		836970
b	Interest on (a) using prior year's effective rate of <u>6.09</u> % except as otherwise provided (see instructions)		50971
c	Total available at beginning of current plan year to add to prefunding balance.....		887941
d	Portion of (c) to be added to prefunding balance.....		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....	0	0

Part III		Funding percentages	
14	Funding target attainment percentage.....	14	93.10 %
15	Adjusted funding target attainment percentage.....	15	93.10 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	90.17 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV		Contributions and liquidity shortfalls	
18 Contributions made to the plan for the plan year by employer(s) and employees:			
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	
04/08/2011	231240		
07/14/2011	231240		
10/14/2011	231240		
01/13/2012	231240		
09/14/2012	82000		
Totals ►		18(b)	1006960
		18(c)	0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a	Contributions allocated toward unpaid minimum required contributions from prior years.	19a 0
b	Contributions made to avoid restrictions adjusted to valuation date	19b 0
c	Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 968293
20	Quarterly contributions and liquidity shortfalls:	
a	Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b	If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c	If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 3.78%	2nd segment: 6.31%	3rd segment: 6.57%	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 65
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	540000	
b Excess assets, if applicable, but not greater than 31a	31b	0	
32 Amortization installments:			
a Net shortfall amortization installment	Outstanding Balance	Installment	
b Waiver amortization installment	1651437	427864	
	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	967864	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			0
36 Additional cash requirement (line 34 minus line 35)	36	967864	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	968293	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	429	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42	0	
43 Excess installment acceleration amount to be carried over to future plan years	43	0	

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>BE&K, INC. HOURLY CASH BALANCE RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>012</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>KELLOGG BROWN & ROOT LLC</u>	D Employer Identification Number (EIN) <u>20-3897734</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

HEWITT ASSOCIATES

36-2235791

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13	CONTRACT ADMINISTRATOR	201202	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

TOWERS WATSON

23-1159360

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11	NONE	58372	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

FAYEZ SAROFIM & CO

74-1312679

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 51	NONE	13596	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

GAMCO INVESTORS INC

13-2951242

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 51	NONE	13040	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

WELLINGTON MANAGEMENT CO

04-2683277

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 51	NONE	9743	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

STATE STREET BANK & TRUST

04-1867445

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
25 62 99 56	NONE	8871	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

GOLDMAN SACHS ASSET MANAGEMENT LP

13-3575636

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 51	NONE	8267	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

INTEGRITY ASSET MANAGEMENT LLC

38-3212521

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 51	NONE	7068	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

<div>SCHEDULE D (Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div>		<div>DFE/Participating Plan Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2011</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011					
A Name of plan BE&K, INC. HOURLY CASH BALANCE RETIREMENT PLAN				B Three-digit plan number (PN) ▶ 012	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 KELLOGG BROWN & ROOT LLC				D Employer Identification Number (EIN) 20-3897734	
Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)					
a Name of MTIA, CCT, PSA, or 103-12 IE: MASTER TRUST INVESTMENT ACCOUNT 1					
b Name of sponsor of entity listed in (a): KELLOGG BROWN & ROOT LLC					
c EIN-PN 20-7216173-116		d Entity code M		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 22508113	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule D (Form 5500) 2011
v.012611

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan BE&K, INC. HOURLY CASH BALANCE RETIREMENT PLAN	B Three-digit plan number (PN) ►	012
C Plan sponsor's name as shown on line 2a of Form 5500 KELLOGG BROWN & ROOT LLC	D Employer Identification Number (EIN) 20-3897734	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	1000000	313240
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	23755235	22508113
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	24755235	22821353

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k		

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	24755235	22821353
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1006960	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1006960
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		-389464
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		617496

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1952906	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		1952906
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	324849	
(2) Contract administrator fees	2i(2)	201202	
(3) Investment advisory and management fees	2i(3)	72421	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		598472
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		2551378

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-1933882
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: MELTON & MELTON, LLP

(2) EIN: 74-1550819

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		X	

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>BE&K, INC. HOURLY CASH BALANCE RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>012</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>KELLOGG BROWN & ROOT LLC</u>	D Employer Identification Number (EIN) <u>20-3897734</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): _____ Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.	
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3 <u>213</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☒ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 64% Investment-Grade Debt: 31% High-Yield Debt: 5% Real Estate: 0% Other: 0%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☒ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☒ Modified duration ☐ Other (specify):

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**

Financial Statements
(Including Report of Independent
Certified Public Accountants)

As of and for the Years Ended
December 31, 2011 and 2010



MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**

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Statements of Net Assets Available for Benefits – December 31, 2011 and 2010	2
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 Schedules not listed above are omitted because of the absence of conditions under which they are required under the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended.	



MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To: KBR Benefits Committee

We were engaged to audit the financial statements of BE&K, Inc. Hourly Cash Balance Retirement Plan (the Plan) as of December 31, 2011 and 2010, and for the years then ended, as listed in the accompanying index. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 6, which was certified by State Street Bank and Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2011 and 2010, that the information provided to the Plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Melton & Melton, L.L.P.

Houston, Texas
October 11, 2012

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Statements of Net Assets Available for Benefits
December 31, 2011 and 2010

	2011	2010
Assets:		
Investments, at fair value:		
Plan interest in Master Trust	\$ 22,508,113	\$ 23,755,235
Employer contributions receivable	313,240	1,000,000
Net assets available for benefits	\$ 22,821,353	\$ 24,755,235

See accompanying notes to financial statements.

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31, 2011	Year Ended December 31, 2010
Additions:		
Contributions:		
Employer contributions	\$ 1,006,960	\$ 1,899,853
Investment income, net:		
Plan interest in Master Trust investment income	-	3,144,385
Total additions	1,006,960	5,044,238
Deductions:		
Investment loss, net:		
Plan interest in Master Trust investment loss	(389,464)	-
Benefits paid to participants	(1,952,906)	(3,385,192)
Administrative expenses	(598,472)	(831,506)
Total deductions	(2,940,842)	(4,216,698)
Net increase (decrease) in net assets available for benefits	(1,933,882)	827,540
Net assets available for benefits, beginning of year	24,755,235	23,927,695
Net assets available for benefits, end of year	\$ 22,821,353	\$ 24,755,235

See accompanying notes to financial statements.

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Notes to Financial Statements

(1) Description of the Plan

(a) General

The following brief description of the BE&K, Inc. Hourly Cash Balance Retirement Plan (the Plan) is included for general information purposes. Participants should refer to the Plan document for more complete information. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The Plan is a cash balance defined benefit pension plan covering hourly employees of BE&K, Inc. and certain subsidiaries of BE&K, Inc. (collectively, the Company). On July 1, 2008, the Company was acquired by an affiliate of KBR, Inc., a Houston-based engineering, construction, and services company (KBR), and became part of KBR's controlled group under Section 414 of the Internal Revenue Code of 1986, as amended.

Prior to January 1, 2007, employees were eligible for membership in the Plan on the first quarterly entry date occurring after twelve months of employment in which the employee completed 1,000 hours of service. Effective January 1, 2007, the Plan was frozen with respect to benefit accruals.

(b) Administration

The KBR Benefits Committee maintains all control, management, and administration of the Plan. The KBR Investment Committee maintains all powers and duties related to the Plan's investment fund or funds.

State Street Bank and Trust Company (State Street or the Trustee) is the Plan's trustee and Aon Hewitt is the Plan's record keeper.

(c) Contributions and Funding Policy

The Company contributes such amounts as are necessary, on an actuarially determined basis, to meet the minimum funding requirements of ERISA. Contributions are allocated among active members who have rendered 501 hours or more of service during the year, or in certain other instances in proportion to their total compensation during the year, or portion of the year, since becoming a member. The Company has agreed to voluntarily contribute such additional amounts as are necessary to provide assets sufficient to meet the benefits to be paid to Plan members and any prior service costs. No employee contributions are permitted. All investments are nonparticipant-directed. The minimum funding requirements under ERISA regulations for the years ended December 31, 2011 and 2010 have been met by the Company.

(d) Participant Accounts

A hypothetical separate account of the net assets available for benefits is maintained for each member. Participant account balances are increased by an annual interest credit.

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Notes to Financial Statements

(e) Benefits

Upon reaching normal retirement, as defined in the Plan document, amounts allocated to a retiring member are normally distributed in lump sum or annuity form as elected, pursuant to Plan provisions, to members based upon their vested balance in the Plan, or in other instances, including early retirement (as defined), death while employed, total and permanent disability, or other termination of employment.

(f) Vesting

Effective January 1, 2007, all participants have a 100% vested interest in his/her account.

(2) Significant Accounting Policies

(a) Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

(c) Securities Transactions and Investment Income

The Plan participates in the KBR Employee Benefit Master Trust (Master Trust). The Master Trust was established for the collective investment of certain defined contribution and defined benefit plans.

Purchases and sales of securities in the Master Trust are recorded on a trade-date basis. Realized gains (losses) on investments sold and unrealized appreciation (depreciation) for investments of the Master Trust are combined and presented as Plan interest in Master Trust investment income (loss) in the statements of changes in net assets available for benefits.

In addition, investment income (loss) of the Master Trust includes dividends, interest, and other income. Interest income of the Master Trust investments is recorded as earned. Dividends on the Master Trust investments are recorded on the ex-dividend date.

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Notes to Financial Statements

(d) *Valuation of Investments*

Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

The Stable Value Fund within the Master Trust invests primarily in asset-backed contracts that are fully benefit-responsive. These asset-backed contracts have two components: 1) a portfolio of securities or underlying assets and 2) a wrap contract. These underlying assets, generally fixed income securities, are held by an independent trustee for the sole benefit of the fund and a wrap contract is entered into for a fee with a financial institution to assure contract value liquidity for Plan participant-directed withdrawals, transfers, or loans. The issuer of the contract (wrap provider) undertakes to repay the principal amount deposited pursuant to the contract plus accrued interest less expenses to fund participant-directed withdrawals, transfers, and loans. The crediting rate of the asset-backed contract is a function of the relationship between the market value, yield, and duration of the underlying assets versus the contract value. If the positive adjustment for the portion of net assets attributable to fully benefit-responsive investment contracts from fair value to contract value increases, the crediting rate at the next reset date will be negatively impacted and vice versa. Interest rate change is a key factor that can influence future crediting rates because it impacts the value, yield, and duration of the underlying securities. The contract rate is reset periodically by wrap providers and cannot be less than zero.

The net weighted average yield earned, which is different from the interest rate credited to participants, by the entire fund for 2011 was 1.36% and for 2010 was 2.72%. The net weighted average interest rate credited to participants in the fund for 2011 was 2.11% and for 2010 was 2.75%.

All of the asset-backed contracts held by the fund are fully participating contracts. In a fully participating contract, the asset and liability risks may be transferred from the wrap provider to the fund in the event of a termination or a non-participant directed withdrawal, transfer, or loan. The risk of this event happening is possible but not probable. The wrap provider may terminate a fully benefit-responsive contract and settle at an amount different from the contract value if the wrap provider or the fund is unable to meet the terms of the contract.

The Defined Benefit Plan Fund (DB Fund) invests in the Moderate Premixed Portfolio (MPP) to manage its investment exposure. The MPP operates on a unitized basis and is valued daily, allowing the DB Fund to be valued daily. The unit price is calculated by dividing the total value of the fund by the total number of units in existence. Contributions to and withdrawals from the MPP by the DB Fund are used to buy and sell units at the prior day's closing unit price of the MPP.

The Plan's proportionate interest in the investments of the Master Trust is shown in the statements of net assets available for benefits as Plan interest in Master Trust (see Note 5).

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Notes to Financial Statements

(e) *Administrative Expenses*

The Master Trust pays substantially all plan expenses on behalf of the Plan. Generally, trustee fees, actuarial fees to the extent allowable by law, audit fees, investment management fees, and the Pension Benefit Guaranty Corporation (PBGC) premiums are paid from Master Trust assets and are charged to the applicable plans participating in the Master Trust. Expenses related to the direct management of the Master Trust are shared on an equitable basis by the participating plans. Expenses specifically related to an individual plan are charged to the assets of the plan which incurred the charges. These expenses are shown as a component of Plan interest in Master Trust investment income (loss).

(f) *Actuarial Present Value of Accumulated Plan Benefits*

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the services rendered by the employees through January 1, 2007. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, and (b) present employees or their beneficiaries. The accumulated plan benefits for active employees are based on their compensation times a retirement credit factor, which is based on years of service. Benefits payable under all circumstances – retirement, death, disability and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits was determined by Towers Watson and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations were (a) life expectancy of participants (in both 2011 and 2010, the Plan used the RP 2000 Combined Health mortality table projected separately for annuitants and non-annuitants), (b) retirement age assumptions (age 65), and (c) 7% expected investment return.

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

(g) *Distribution of Benefits*

Benefit distributions are recorded when paid.

(h) *Recent Accounting Pronouncement*

In May 2011, the Financial Accounting Standards Board issued Accounting Standards Update 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS* (ASU 2011-04). ASU 2011-04 amended Accounting Standards Codification (ASC) 820 to converge the fair value measurement guidance in U.S. GAAP and International Financial Reporting Standards (IFRS). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are to be applied

BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN
Notes to Financial Statements

prospectively and are effective for annual periods beginning after December 15, 2011. The Plan's management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan's financial statements.

(3) Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Cash and cash equivalents, equity securities, mutual funds, and bonds held are presented at their quoted market values. Common/collective trust funds are stated at the fair value of the underlying securities. The Master Trust considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Master Trust's investment in the Conservative Premixed Portfolio, Moderate Premixed Portfolio, Aggressive Premixed Portfolio, Large Cap Growth Equity, Large Cap Value Equity, Small Cap Equity, and Non-U.S. Equity Funds represents the unitized values of certain pooled managers' accounts on a combined basis. Each pooled manager's account is valued daily. A unit price is calculated for each pooled manager by dividing the total value of the manager's account by the total number of units in existence for that manager. Net income and realized/unrealized investment gains and losses by each manager are passed through to the investment options through the managers' unit price.

Various inputs are used in determining the fair value of the Plan's investments. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy under ASC 820, including the types of Plan investments that fall under each category and the valuation methodologies used to measure fair value, are described below:

- Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2* - Inputs to the valuation methodology are other than quoted market prices in active markets that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices that are in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3* - Inputs to the valuation methodology are unobservable inputs (i.e. projections, estimates, interpretations, etc.) that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN
Notes to Financial Statements

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The inputs and methodologies used for valuing securities are not an indication of the risk associated with investing in those securities. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. There have been no changes in the methodologies used at December 31, 2011 and 2010.

The following tables set forth by level, within the fair value hierarchy, the Master Trust's investments at fair value as of December 31, 2011 and 2010:

2011	Level 1	Level 2	Level 3	Total
Master Trust Assets:				
Cash and cash equivalents	\$ -	\$ 9,007,748	\$ -	\$ 9,007,748
Equity securities:				
Non-U.S. companies	110,289,164	-	-	110,289,164
U.S. companies	293,943,927	451,242	-	294,395,169
Bonds:				
Government bonds	-	105,050,924	-	105,050,924
Corporate bonds	-	79,081,560	-	79,081,560
Mortgage backed securities	-	14,477,889	-	14,477,889
Common/collective trust funds:				
Cash equivalents	-	51,060,454	-	51,060,454
Small cap	63,241,903	227,938,055	-	291,179,958
Large cap	-	123,971,214	-	123,971,214
Bonds	-	679,278,674	-	679,278,674
Mutual funds:				
Small cap	233,710,528	-	-	233,710,528
Large cap	130,040,808	-	-	130,040,808
Bonds	77,194,400	-	-	77,194,400
Total	\$ 908,420,730	\$1,290,317,760	\$ -	\$2,198,738,490

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Notes to Financial Statements

2010	Level 1	Level 2	Level 3	Total
Master Trust Assets:				
Cash and cash equivalents	\$ -	\$ 1,627,932	\$ -	\$ 1,627,932
Equity securities:				
Non-U.S. companies	136,654,154	-	-	136,654,154
U.S. companies	452,772,078	235,001	-	453,007,079
Bonds:				
Government bonds	-	35,670,966	-	35,670,966
Corporate bonds	-	55,712,815	-	55,712,815
Mortgage backed securities	-	4,736,695	-	4,736,695
Common/collective trust funds:				
Cash equivalents	-	27,368,562	-	27,368,562
Small cap	37,398,604	1,022,988,521	-	1,060,387,125
Large cap	-	131,198,755	-	131,198,755
Mutual funds:				
Small cap	249,073,435	-	-	249,073,435
Large cap	47,947,601	-	-	47,947,601
Bonds	73,675,313	-	-	73,675,313
Other	134,266	-	-	134,266
Total	\$ 997,655,451	\$ 1,279,539,247	\$ -	\$ 2,277,194,698

(4) Actuarial Present Value of Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits as of December 31, 2010 is as follows:

	2010
Vested benefits:	
Participants currently receiving payments	\$ 110,939
Terminated participants	14,365,614
Active participants	7,604,475
Total vested benefits	22,081,028
Actuarial present value of accumulated plan benefits	\$ 22,081,028

The following is a summary of the changes in the actuarial present value of accumulated plan benefits for the year ended December 31, 2010:

Actuarial present value of accumulated plan benefits, beginning of year	\$ 24,443,623
Increase (decrease) attributable to:	
Change in actuarial assumptions	(571,979)
Increase for interest due to time	1,594,576
Benefits paid	(3,385,192)
Net decrease in accumulated plan benefits	(2,362,595)
Actuarial present value of accumulated plan benefits, end of year	\$ 22,081,028

BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN
Notes to Financial Statements

(5) Investment Assets Held in the Master Trust

Certain assets of the Plan are combined with the assets of certain other benefit plans of affiliated companies in a Master Trust. The assets of the Master Trust are segregated into twelve funds in which the plans may participate. The combination of the plans' assets is only for investment purposes and the plans continue to be operated under their current plan documents, as amended.

The following is a summary of net assets as of December 31, 2011 and 2010 and net investment activity for the years ended December 31, 2011 and 2010 of the Master Trust and net appreciation (depreciation) by investment type for the years ended December 31, 2011 and 2010. The Plan's interest in the applicable Master Trust net assets as of December 31, 2011 and 2010 is also presented.

	2011	2010
Assets:		
Investments -		
Cash and cash equivalents	\$ 9,007,748	\$ 1,627,932
Equity securities	404,684,333	589,661,233
Government bonds	105,050,924	35,670,966
Corporate bonds	79,081,560	55,712,815
Mortgage backed securities	14,477,889	4,736,695
Common/collective trust funds	1,145,490,300	1,218,954,442
Mutual funds	440,945,736	370,830,615
Total investments	2,198,738,490	2,277,194,698
Receivables -		
Receivables for investments sold	11,576,274	993,126
Dividends	757,709	628,071
Interest	3,101,504	3,231,426
Taxes	188,366	257,953
Other	-	27,919
Total receivables	15,623,853	5,138,495
Total assets at fair value	2,214,362,343	2,282,333,193
Liabilities:		
Payables for investments purchased	18,896,835	1,105,938
Accruals for investment expenses	587,172	569,803
Other payables	16,364	-
Total liabilities	19,500,371	1,675,741
Adjustments from fair value to contract value for fully benefit-responsive investment contracts ¹	26,891,083	25,646,185
Net Assets	\$ 2,221,753,055	\$ 2,306,303,637
Plan interest in Master Trust net assets	\$ 22,508,113	\$ 23,755,235
Plan percentage interest in Master Trust net assets	1%	1%

¹Represents the difference between the fair value of the underlying security and the contract value for certain investment contracts (see Note 2d).

BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN
Notes to Financial Statements

	Year Ended December 31, 2011	Year Ended December 31, 2010
Total Investment Activity		
Net investment appreciation (depreciation)	\$ (3,668,366)	\$ 212,626,064
Investment income	4,480,628	4,225,661
Expenses	(8,792,217)	(8,593,709)
Net investment activity	\$ (7,979,955)	\$ 208,258,016

The following is a summary of the Master Trust's net appreciation (depreciation) by investment type for the years ended December 31, 2011 and 2010:

	Year Ended December 31, 2011	Year Ended December 31, 2010
Net Appreciation (Depreciation) by Investment Type		
Equity securities:		
Non-U.S. companies	\$ (13,272,916)	\$ 14,462,184
U.S. companies	5,837,230	70,527,728
Bonds:		
Government bonds	713,266	3,267,161
Corporate bonds	4,844,192	11,439,652
Mortgage backed securities	929,253	212,876
Common/collective trust funds	13,757,278	78,070,705
Mutual funds	(16,476,669)	34,645,758
Net investment appreciation (depreciation)	\$ (3,668,366)	\$ 212,626,064

The Master Trust makes use of several investment strategies involving limited use of derivative investments. Certain investment managers are allowed limited use of derivatives for strategies such as portfolio structuring, return enhancement, or hedging against market and interest rate changes. Derivatives may also be used as a hedge against foreign currency fluctuations. Investment managers are not permitted to use leverage for any investment purchase. Derivative investments are stated at estimated fair values as determined by quoted market prices. Gains and losses on such investments are included in net investment appreciation (depreciation) in the statement of changes in participating plans' net assets of the Master Trust.

(6) Information Certified by the Trustee

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, State Street Bank and Trust Company, the trustee of the Plan, has certified to the completeness and accuracy of all investments reflected on the accompanying statements of net assets available for benefits as of December 31, 2011 and 2010, and the related investment activity reflected in the statements of changes in net assets available for benefits for the years ended December 31, 2011 and 2010.

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Notes to Financial Statements

(7) Plan Termination

Management expects the Plan to continue without interruption but reserves the right to discontinue the Plan. In the event the Plan terminates, its net assets will generally not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated plan benefit will be paid depends on the amount of Plan assets available at termination, the amount of Company contributions available to the Plan, the priority of the benefits and the level of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the then existing assets and the PBGC's guaranty, while other benefits may not be provided for.

(8) Party-in-Interest Transactions

The Plan, through its participation in the Master Trust, may invest in investment securities issued and or managed by the Trustee and asset managers. These entities are considered parties-in-interest to the Plan. These transactions are covered by an exemption from the prohibited transaction provisions of ERISA and the Internal Revenue Code (IRC).

(9) Tax Status

The Internal Revenue Service (IRS) informed the Company by a letter dated March 2, 2004 that the Plan and related trust were designed in accordance with the applicable provisions of the IRC. The Plan has been amended since receiving the letter; however, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, the Plan administrator believes that the Plan was qualified and the related trust was tax-exempt as of December 31, 2011 and 2010.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011 and 2010, there are no uncertain positions taken or expected to be taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

(10) Risks and Uncertainties

The investments of the Master Trust are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Notes to Financial Statements

(11) Subsequent Events

The Plan has evaluated subsequent events through October 11, 2012, the date the financial statements were available to be issued.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22
Description of Weighted Average Retirement Age
as of January 1, 2011

All participants are assumed to retire at age 65.

Plan Name:	BE&K, Inc. Hourly Cash Balance Retirement Plan
EIN / PN:	20-3897734/ 012
Plan Sponsor:	Kellogg Brown & Root LLC
Valuation Date:	January 1, 2011

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis:

- | | |
|---------------------|----------------|
| ▶ Applicable month | September 2010 |
| ▶ Yield curve basis | Segment rates |

Interest rates:

- | | |
|---------------------------|-------|
| ▶ First segment rate | 3.78% |
| ▶ Second segment rate | 6.31% |
| ▶ Third segment rate | 6.57% |
| ▶ Effective interest rate | 5.47% |

Annual rates of increase

- | | |
|---|-------|
| ▶ Accumulation rate on account balances | 4.00% |
|---|-------|

Plan Name:	BE&K, Inc. Hourly Cash Balance Retirement Plan
EIN / PN:	20-3897734/ 012
Plan Sponsor:	Kellogg Brown & Root LLC
Valuation Date:	January 1, 2011

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

Inclusion date	The valuation date coincident with or next following the date on which the employee becomes a participant.																				
Mortality																					
▶ Healthy and disabled	Separate rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected to 2026 using Scale AA) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2018 using Scale AA)																				
Termination	10% per year																				
Disability	<table><tr><th colspan="3">Sample Rates</th></tr><tr><th>Attained Age</th><th>Males</th><th>Females</th></tr><tr><td>25</td><td>.12%</td><td>.18%</td></tr><tr><td>40</td><td>.15%</td><td>.22%</td></tr><tr><td>55</td><td>.68%</td><td>1.02%</td></tr><tr><td>65 and over</td><td>0.00%</td><td>0.00%</td></tr></table>			Sample Rates			Attained Age	Males	Females	25	.12%	.18%	40	.15%	.22%	55	.68%	1.02%	65 and over	0.00%	0.00%
Sample Rates																					
Attained Age	Males	Females																			
25	.12%	.18%																			
40	.15%	.22%																			
55	.68%	1.02%																			
65 and over	0.00%	0.00%																			
Retirement	100% at age 65																				
Form of payment and assumed benefit commencement:																					
▶ Preretirement death benefit	Lump sum immediately upon death																				
▶ Deferred vested benefit	Lump sum paid four years from date of termination for actives and four years from valuation date (on average) for current deferred vested participants																				
▶ Disability benefit	Lump sum upon disablement																				
▶ Retirement benefit	Lump sum upon termination of employment																				
Form of payment and assumed commencement	Lump sum paid four years from assumed date of termination for actives and paid four years from valuation date for deferred vested participants																				
Percent married	100%																				
Administrative expenses	Estimated to be \$540,000, reflected in the Target Normal Cost.																				
Loads	Liability for death benefits between termination or disability and commencement are approximated by a 2% load on the liability for termination and disability benefits.																				

Plan Name: BE&K, Inc. Hourly Cash Balance Retirement Plan
EIN / PN: 20-3897734/ 012
Plan Sponsor: Kellogg Brown & Root LLC
Valuation Date: January 1, 2011

SCHEDULE SB ATTACHMENTS

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits
Target normal cost	Present value of benefits expected to accrue during plan year plus non-investment-related plan administrative expenses expected to be paid from plan assets during plan year
Actuarial value of assets	Average of the fair market value of assets on the valuation date and the two immediately preceding valuation dates, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22). The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2010 plan year.)
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with KBR, Inc. and, based on that review, is not aware of any significant benefits required to be valued that were not.

Plan Name:	BE&K, Inc. Hourly Cash Balance Retirement Plan
EIN / PN:	20-3897734/ 012
Plan Sponsor:	Kellogg Brown & Root LLC
Valuation Date:	January 1, 2011

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Provisions

Effective date	April 1, 1994
Covered employees	All hourly employees
Participation date	First day of quarter following completion of 1,000 hours in an employment year. No employees will become participants after 2006.

Based on information provided by the plan sponsor and confirmed by the data administrator, the valuation results presume that all participants have been 100% vested in their total cash balance.

Definitions

Vesting service

- ▶ BE&K, Inc. (including BE&K Government Group)

All former Profit Sharing Plan participants are immediately vested. In addition, employees who became participants on 4/1/94 and 7/1/94 will be 100% vested. All other employees will be credited with a year of vesting service for any plan year in which they work 1,000 hours (prior to becoming a plan participant), or 500 hours for the plan year in which they become a plan participant and each plan year thereafter. The vesting schedule for new participants is 20% for the first year of vesting service, 40% for the second year, and 100% for the third year.

For the short plan year (April 1, 2005 through December 31, 2005) the hours required were reduced to reflect the 9-month plan year.
- ▶ BE&K Building Group (includes former F.N. Thompson Company employees)

Prior to April 1, 1997: One year of vesting service will be credited for each year of vesting service earned under the F.N. Thompson Profit Sharing Plan as of March 31, 1997.

After April 1, 1997: One year of vesting service will be credited for any plan year in which the employee works 1,000 hours (prior to becoming a plan participant) or 500 hours for the plan year in which they become a plan participant and each plan year thereafter. The vesting schedule for new participants is 20% for the first year of vesting service, 40% for the second year, and 100% for the third year.

For the short plan year (April 1, 2005 through December 31, 2005) the hours required were reduced to reflect the 9-month plan year

Plan Name:	BE&K, Inc. Hourly Cash Balance Retirement Plan
EIN / PN:	20-3897734/ 012
Plan Sponsor:	Kellogg Brown & Root LLC
Valuation Date:	January 1, 2011

SCHEDULE SB ATTACHMENTS

► SW&B Construction Company

Prior to April 1, 1997: One year of vesting service will be credited if the employee had 1,000 hours of service with the SW&B Construction Company in either the 1996 calendar year or the plan year beginning April 1, 1996 and ending March 31, 1997.

After April 1, 1997: One year of vesting service will be credited for any plan year in which the employee works 1,000 hours (prior to becoming a plan participant) or 500 hours for the plan year in which they become a plan participant and each plan year thereafter.

The vesting schedule for new participants is 20% for the first year of vesting service, 40% for the second year, and 100% for the third year.

For the short plan year (April 1, 2005 through December 31, 2005) the hours required were reduced to reflect the 9-month plan year.

► Suitt

Suitt was added to the plan effective April 1, 2005. Effective April 2, 2006, Suitt was merged into the BE&K Building Group.

One year of vesting service will be credited for any plan year in which the employee works 1,000 hours (prior to becoming a plan participant) or 500 hours for the plan year in which they become a plan participant and each plan year thereafter. The vesting schedule for new participants is 20% for the first year of vesting service, 40% for the second year, and 100% for the third year.

For the short plan year (April 1, 2005 through December 31, 2005) the hours required were reduced to reflect the 9-month plan year

Pension service

► BE&K, Inc. (including BE&K Government Group)

One year of benefit service will be credited for any plan year in which the employee is both a participant and works 500 hours. During the employee's initial year of plan participation, the employee will also earn a year of benefit service if he works 200 hours after becoming a participant.

For the short plan year (April 1, 2005 through December 31, 2005) the hours required were reduced to reflect the 9-month plan year

Plan Name: BE&K, Inc. Hourly Cash Balance Retirement Plan
EIN / PN: 20-3897734/ 012
Plan Sponsor: Kellogg Brown & Root LLC
Valuation Date: January 1, 2011

SCHEDULE SB ATTACHMENTS

► BE&K Building Group
(includes former F.N.
Thompson Company
employees)

Prior to April 1, 1997: One year of benefit service will be credited for each of the following 12 month periods if an eligible employee had 1,000 hours of service with F.N. Thompson Company:

- January 1, 1994 to December 31, 1994
- January 1, 1995 to December 31, 1995
- January 1, 1996 to December 31, 1996
- April 1, 1996 to March 31, 1997

NOTE: An eligible employee may not receive credit for more than one year of benefit service for the period January 1, 1996 through March 31, 1997.

After April 1, 1997: One year of benefit service is granted for any plan year in which the employee is both a participant and works 500 hours. During the employee's initial year of plan participation, the employee will also earn a year of benefit service if he works 200 hours after becoming a participant.

For the short plan year (April 1, 2005 through December 31, 2005) the hours required were reduced to reflect the 9-month plan year.

► SW&B Construction
Company

Prior to April 1, 1997: One year of benefit service will be credited if an eligible employee had 1,000 hours of service with SW&B Construction Company in either the 1996 calendar year or the plan year beginning April 1, 1996 and ending March 31, 1997.

After April 1997: One year of benefit service will be credited for any plan year in which the employee is both a participant and works 500 hours. During the employee's initial year of plan participation, the employee will also earn a year of benefit service if he works 200 hours after becoming a participant.

For the short plan year (April 1, 2005 through December 31, 2005) the hours required were reduced to reflect the 9-month plan year.

► Suitt

One year of benefit service will be credited for any plan year in which the employee is both a participant and works 500 hours. During the employee's initial year of plan participation, the employee will also earn a year of benefit service if he works 200 hours after becoming a participant. Effective April 2, 2006, Suitt was merged into the BE&K Building Group.

For the short plan year (April 1, 2005 through December 31, 2005) the hours required were reduced to reflect the 9-month plan year.

Covered pay

W-2 earnings plus Section 125 deferrals, less imputed income for group term life, less taxable fringe benefits.

Opening balance

Profit Sharing Account Balance on 8/31/1994.

Plan Name: BE&K, Inc. Hourly Cash Balance Retirement Plan
EIN / PN: 20-3897734/ 012
Plan Sponsor: Kellogg Brown & Root LLC
Valuation Date: January 1, 2011

SCHEDULE SB ATTACHMENTS

Contribution formula

Beginning with the January 1, 2007 plan year, the plan no longer grants retirement credits to any group of employees.

- ▶ BE&K, Inc. (including BE&K Government Group)

Retirement Credit

Years of Service	4/1/99-3/31/00 Plan Year	4/1/00-3/31 Plan Year	4/1/02-3/31 Plan Year	4/1/03-12/31/06 Plan Year
0-4	5.0%	3.0%	4.0%	3.0%
5-9	6.0%	4.0%	5.0%	4.0%
10 or more	7.0%	5.0%	6.0%	5.0%

- ▶ BE&K Building Group (includes former F.N. Thompson Company employees)

Retirement Credit

Years of Service	4/1/99-3/31/00 Plan Year	4/1/00-3/31/02 Plan Year	4/1/02-12/31/06 Plan Year
0-4	2.0%	2.0%	2.0%
5-9	3.0%	3.0%	3.0%
10 or more	4.0%	4.0%	4.0%

- ▶ SW&B Construction Company

The retirement credit each year is 0.5% of the participant's covered pay.

- ▶ Suitt

For each plan year prior to the merger of Suitt Construction Co., Inc. into the BE&K Building Group, Inc., effective April 2, 2006, in which the participant is credited with a year of benefit service the retirement credit is \$500. After this date these participants earn retirement credits under the BE&K Building Group formula with a minimum retirement credit of \$500 per year.

Interest credit

4% per year but limited to the IRS Composite Corporate Rates as of December of the prior calendar year. However, during the 4/1/95 – 3/31/96 plan year, all participants entitled to an allocation received an interest credit of 10%. For the 2005 short plan year (April 1, 2005 through December 31, 2005) the rate was 3%.

Normal retirement date (NRD)

First of month coinciding with or next following the attainment of age 65.

Plan Name: BE&K, Inc. Hourly Cash Balance Retirement Plan
 EIN / PN: 20-3897734/ 012
 Plan Sponsor: Kellogg Brown & Root LLC
 Valuation Date: January 1, 2011

SCHEDULE SB ATTACHMENTS

Eligibility for Benefits

Normal retirement	Retirement on NRD
Early retirement	Retirement before NRD and on or after both attaining age 60 and completing three years of vesting service.
Postponed retirement	Retirement after NRD
Deferred vested	Termination for reasons other than death or retirement after becoming vested.
Preretirement spouse death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse.

Lump Sum Benefits Paid Upon the Following Events

Normal retirement	Accumulated account balance at Normal Retirement Date
Early retirement	Accumulated account balance at Early Retirement Date
Postponed retirement	Accumulated account balance at Postponed Retirement Date
Termination with deferred vested benefit	Accumulated account balance at date of termination
Preretirement death benefits	Accumulated account balance at date of death

Other Plan Provisions

Forms of payment	Life annuity, joint and survivor annuities, lump sum.
Maximum on benefits and pay	All benefits and plan-recognized pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective.

Plan Name:	BE&K, Inc. Hourly Cash Balance Retirement Plan
EIN / PN:	20-3897734/ 012
Plan Sponsor:	Kellogg Brown & Root LLC
Valuation Date:	January 1, 2011

SCHEDULE SB ATTACHMENTS

Future Plan Changes

No future plan changes were recognized in determining pension cost or in determining minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.

Plan Name: BE&K, Inc. Hourly Cash Balance Retirement Plan
EIN / PN: 20-3897734/ 012
Plan Sponsor: Kellogg Brown & Root LLC
Valuation Date: January 1, 2011

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24 Change in Actuarial Assumptions

- The assumed plan-related expenses added to the target normal cost were changed from \$570,000 for 2010 to \$540,000 for 2011.
- The required mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements.

These changes satisfy the assumption change approval requirements as described in section 430(h)(5).

Plan Name: BE&K, Inc. Hourly Cash Balance Retirement Plan
EIN / PN: 20-3897734/ 012
Plan Sponsor: Kellogg Brown & Root LLC
Valuation Date: January 1, 2011

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 25 Change in Method

- The segment interest rates used to calculate the funding target and target normal cost were updated from an applicable month of January 2010 to September 2010.

Plan Name: BE&K, Inc. Hourly Cash Balance Retirement Plan
EIN / PN: 20-3897734/ 012
Plan Sponsor: Kellogg Brown & Root LLC
Valuation Date: January 1, 2011

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2011

Attained Age	Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & Over	
	No.	Avg Comp.	No.	Avg Comp.	No.	Avg Comp.	No.	Avg Comp.	No.	Avg Comp.	No.	Avg Comp.	No.	Avg Comp.	No.	Avg Comp.	No.	Avg Comp.	No.	Avg Comp.
Under 25	0		3		0		0		0		0		0		0		0		0	
25 - 29	0		29		4		0		0		0		0		0		0		0	
30 - 34	0		37		24		2		0		0		0		0		0		0	
35 - 39	0		58		37		4		0		0		0		0		0		0	
40 - 44	0		59		38		13		4		0		0		0		0		0	
45 - 49	0		58		44		15		17		0		0		0		0		0	
50 - 54	0		45		40		23		16		0		0		0		0		0	
55 - 59	0		58		41		10		21		0		0		0		0		0	
60 - 64	0		18		14		9		14		0		0		0		0		0	
65 - 69	0		7		6		1		1		0		0		0		0		0	
70 & Over	0		0		0		0		0		0		0		0		0		0	

Plan Name: BE&K, Inc. Hourly Cash Balance Retirement Plan
 EIN / PN: 20-3897734/ 012
 Plan Sponsor: Kellogg Brown & Root LLC
 Valuation Date: January 1, 2011

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 32
Schedule of Amortization Bases
as of January 1, 2011

Type of Base		Date Established	Initial Amount	Remaining Amortization Period (Years)	Outstanding Balance	Amortization Payment
1	Shortfall	01/01/2008	2,630,174	4	1,665,838	439,916
2	Shortfall	01/01/2010	(508,338)	6	(457,512)	(84,957)
3	Shortfall	01/01/2011	443,111	7	443,111	72,905
Total					1,651,437	427,864

Plan Name: BE&K, Inc. Hourly Cash Balance Retirement Plan
EIN / PN: 20-3897734/ 012
Plan Sponsor: Kellogg Brown & Root LLC
Valuation Date: January 1, 2011

SCHEDULE SB ATTACHMENTS

Schedule SB -Statement by Enrolled Actuary

Plan Sponsor	Kellogg Brown & Root LLC
EIN/PN	20-3897734/ 012
Plan Name	BE&K, Inc. Hourly Cash Balance Retirement Plan
Valuation Date	January 1, 2011
Enrolled Actuary	Michael B. Hanley
Enrollment Number	11-07039

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan.

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2011**This Form is Open to Public
Inspection**

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

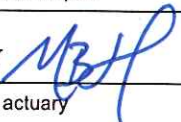
A Name of plan BE&K, Inc. Hourly Cash Balance Retirement Plan		B Three-digit plan number (PN) ▶ 012
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Kellogg Brown & Root LLC		D Employer Identification Number (EIN) 20-3897734
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2011</u>			
2 Assets:			
a Market value		2a	24,714,464
b Actuarial value		2b	22,299,516
3 Funding target/participant count breakdown:			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	9	118,764
b For terminated vested participants.....	3b	5,450	15,445,015
c For active participants:			
(1) Non-vested benefits.....	3c(1)		0
(2) Vested benefits.....	3c(2)		8,387,174
(3) Total active.....	3c(3)	770	8,387,174
d Total.....	3d	6,229	23,950,953
4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions		4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....		4b	
5 Effective interest rate		5	5.47 %
6 Target normal cost		6	540,000

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Michael B. Hanley 	10-3-2012
	Signature of actuary	Date
Michael B. Hanley		11-07039
Type or print name of actuary		Most recent enrollment number
Towers Watson Pennsylvania, Inc.		(404) 365-1744
Firm name		Telephone number (including area code)
3500 Lenox Rd Suite 900		
Atlanta GA 30326-4238		
Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2011
v.012611

Part II	Beginning of year carryover and prefunding balances
----------------	--

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8).....	0	0
10	Interest on line 9 using prior year's actual return of <u>15.24</u> %.....		
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		836,970
b	Interest on (a) using prior year's effective rate of <u>6.09</u> % except as otherwise provided (see instructions).....		50,971
c	Total available at beginning of current plan year to add to prefunding balance.....		887,941
d	Portion of (c) to be added to prefunding balance.....		0
12	Other reductions in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding percentages

14	Funding target attainment percentage	14	93.10 %
15	Adjusted funding target attainment percentage	15	93.10 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	90.17 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/08/2011	231,240				
07/14/2011	231,240				
10/14/2011	231,240				
01/13/2012	231,240				
09/14/2012	82,000				
			Totals •	18(b)	1,006,960
					18(c)
					0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years.....	19a	0
b Contributions made to avoid restrictions adjusted to valuation date.....	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	968,293

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 3.78 %	2nd segment: 6.31 %	3rd segment: 6.57 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 65
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29).....	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	540,000	
b Excess assets, if applicable, but not greater than 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....	1,651,437	427,864	
b Waiver amortization installment.....	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)....	34	967,864	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36	967,864	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	968,293	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	429	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42	0	
43 Excess installment acceleration amount to be carried over to future plan years	43	0	

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**

Financial Statements
(Including Report of Independent
Certified Public Accountants)

As of and for the Years Ended
December 31, 2011 and 2010



MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**

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Schedules not listed above are omitted because of the absence of conditions under which they are required under the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended.	



MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To: KBR Benefits Committee

We were engaged to audit the financial statements of BE&K, Inc. Hourly Cash Balance Retirement Plan (the Plan) as of December 31, 2011 and 2010, and for the years then ended, as listed in the accompanying index. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 6, which was certified by State Street Bank and Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2011 and 2010, that the information provided to the Plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Melton & Melton, L.L.P.

Houston, Texas
October 11, 2012

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Statements of Net Assets Available for Benefits
December 31, 2011 and 2010

	2011	2010
Assets:		
Investments, at fair value:		
Plan interest in Master Trust	\$ 22,508,113	\$ 23,755,235
Employer contributions receivable	313,240	1,000,000
Net assets available for benefits	\$ 22,821,353	\$ 24,755,235

See accompanying notes to financial statements.

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31, 2011	Year Ended December 31, 2010
Additions:		
Contributions:		
Employer contributions	\$ 1,006,960	\$ 1,899,853
Investment income, net:		
Plan interest in Master Trust investment income	-	3,144,385
Total additions	1,006,960	5,044,238
Deductions:		
Investment loss, net:		
Plan interest in Master Trust investment loss	(389,464)	-
Benefits paid to participants	(1,952,906)	(3,385,192)
Administrative expenses	(598,472)	(831,506)
Total deductions	(2,940,842)	(4,216,698)
Net increase (decrease) in net assets available for benefits	(1,933,882)	827,540
Net assets available for benefits, beginning of year	24,755,235	23,927,695
Net assets available for benefits, end of year	\$ 22,821,353	\$ 24,755,235

See accompanying notes to financial statements.

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Notes to Financial Statements

(1) Description of the Plan

(a) General

The following brief description of the BE&K, Inc. Hourly Cash Balance Retirement Plan (the Plan) is included for general information purposes. Participants should refer to the Plan document for more complete information. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The Plan is a cash balance defined benefit pension plan covering hourly employees of BE&K, Inc. and certain subsidiaries of BE&K, Inc. (collectively, the Company). On July 1, 2008, the Company was acquired by an affiliate of KBR, Inc., a Houston-based engineering, construction, and services company (KBR), and became part of KBR's controlled group under Section 414 of the Internal Revenue Code of 1986, as amended.

Prior to January 1, 2007, employees were eligible for membership in the Plan on the first quarterly entry date occurring after twelve months of employment in which the employee completed 1,000 hours of service. Effective January 1, 2007, the Plan was frozen with respect to benefit accruals.

(b) Administration

The KBR Benefits Committee maintains all control, management, and administration of the Plan. The KBR Investment Committee maintains all powers and duties related to the Plan's investment fund or funds.

State Street Bank and Trust Company (State Street or the Trustee) is the Plan's trustee and Aon Hewitt is the Plan's record keeper.

(c) Contributions and Funding Policy

The Company contributes such amounts as are necessary, on an actuarially determined basis, to meet the minimum funding requirements of ERISA. Contributions are allocated among active members who have rendered 501 hours or more of service during the year, or in certain other instances in proportion to their total compensation during the year, or portion of the year, since becoming a member. The Company has agreed to voluntarily contribute such additional amounts as are necessary to provide assets sufficient to meet the benefits to be paid to Plan members and any prior service costs. No employee contributions are permitted. All investments are nonparticipant-directed. The minimum funding requirements under ERISA regulations for the years ended December 31, 2011 and 2010 have been met by the Company.

(d) Participant Accounts

A hypothetical separate account of the net assets available for benefits is maintained for each member. Participant account balances are increased by an annual interest credit.

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Notes to Financial Statements

(e) Benefits

Upon reaching normal retirement, as defined in the Plan document, amounts allocated to a retiring member are normally distributed in lump sum or annuity form as elected, pursuant to Plan provisions, to members based upon their vested balance in the Plan, or in other instances, including early retirement (as defined), death while employed, total and permanent disability, or other termination of employment.

(f) Vesting

Effective January 1, 2007, all participants have a 100% vested interest in his/her account.

(2) Significant Accounting Policies

(a) Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

(c) Securities Transactions and Investment Income

The Plan participates in the KBR Employee Benefit Master Trust (Master Trust). The Master Trust was established for the collective investment of certain defined contribution and defined benefit plans.

Purchases and sales of securities in the Master Trust are recorded on a trade-date basis. Realized gains (losses) on investments sold and unrealized appreciation (depreciation) for investments of the Master Trust are combined and presented as Plan interest in Master Trust investment income (loss) in the statements of changes in net assets available for benefits.

In addition, investment income (loss) of the Master Trust includes dividends, interest, and other income. Interest income of the Master Trust investments is recorded as earned. Dividends on the Master Trust investments are recorded on the ex-dividend date.

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Notes to Financial Statements

(d) *Valuation of Investments*

Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

The Stable Value Fund within the Master Trust invests primarily in asset-backed contracts that are fully benefit-responsive. These asset-backed contracts have two components: 1) a portfolio of securities or underlying assets and 2) a wrap contract. These underlying assets, generally fixed income securities, are held by an independent trustee for the sole benefit of the fund and a wrap contract is entered into for a fee with a financial institution to assure contract value liquidity for Plan participant-directed withdrawals, transfers, or loans. The issuer of the contract (wrap provider) undertakes to repay the principal amount deposited pursuant to the contract plus accrued interest less expenses to fund participant-directed withdrawals, transfers, and loans. The crediting rate of the asset-backed contract is a function of the relationship between the market value, yield, and duration of the underlying assets versus the contract value. If the positive adjustment for the portion of net assets attributable to fully benefit-responsive investment contracts from fair value to contract value increases, the crediting rate at the next reset date will be negatively impacted and vice versa. Interest rate change is a key factor that can influence future crediting rates because it impacts the value, yield, and duration of the underlying securities. The contract rate is reset periodically by wrap providers and cannot be less than zero.

The net weighted average yield earned, which is different from the interest rate credited to participants, by the entire fund for 2011 was 1.36% and for 2010 was 2.72%. The net weighted average interest rate credited to participants in the fund for 2011 was 2.11% and for 2010 was 2.75%.

All of the asset-backed contracts held by the fund are fully participating contracts. In a fully participating contract, the asset and liability risks may be transferred from the wrap provider to the fund in the event of a termination or a non-participant directed withdrawal, transfer, or loan. The risk of this event happening is possible but not probable. The wrap provider may terminate a fully benefit-responsive contract and settle at an amount different from the contract value if the wrap provider or the fund is unable to meet the terms of the contract.

The Defined Benefit Plan Fund (DB Fund) invests in the Moderate Premixed Portfolio (MPP) to manage its investment exposure. The MPP operates on a unitized basis and is valued daily, allowing the DB Fund to be valued daily. The unit price is calculated by dividing the total value of the fund by the total number of units in existence. Contributions to and withdrawals from the MPP by the DB Fund are used to buy and sell units at the prior day's closing unit price of the MPP.

The Plan's proportionate interest in the investments of the Master Trust is shown in the statements of net assets available for benefits as Plan interest in Master Trust (see Note 5).

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Notes to Financial Statements

(e) *Administrative Expenses*

The Master Trust pays substantially all plan expenses on behalf of the Plan. Generally, trustee fees, actuarial fees to the extent allowable by law, audit fees, investment management fees, and the Pension Benefit Guaranty Corporation (PBGC) premiums are paid from Master Trust assets and are charged to the applicable plans participating in the Master Trust. Expenses related to the direct management of the Master Trust are shared on an equitable basis by the participating plans. Expenses specifically related to an individual plan are charged to the assets of the plan which incurred the charges. These expenses are shown as a component of Plan interest in Master Trust investment income (loss).

(f) *Actuarial Present Value of Accumulated Plan Benefits*

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the services rendered by the employees through January 1, 2007. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, and (b) present employees or their beneficiaries. The accumulated plan benefits for active employees are based on their compensation times a retirement credit factor, which is based on years of service. Benefits payable under all circumstances – retirement, death, disability and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits was determined by Towers Watson and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations were (a) life expectancy of participants (in both 2011 and 2010, the Plan used the RP 2000 Combined Health mortality table projected separately for annuitants and non-annuitants), (b) retirement age assumptions (age 65), and (c) 7% expected investment return.

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

(g) *Distribution of Benefits*

Benefit distributions are recorded when paid.

(h) *Recent Accounting Pronouncement*

In May 2011, the Financial Accounting Standards Board issued Accounting Standards Update 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS* (ASU 2011-04). ASU 2011-04 amended Accounting Standards Codification (ASC) 820 to converge the fair value measurement guidance in U.S. GAAP and International Financial Reporting Standards (IFRS). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are to be applied

BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN
Notes to Financial Statements

prospectively and are effective for annual periods beginning after December 15, 2011. The Plan's management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan's financial statements.

(3) Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Cash and cash equivalents, equity securities, mutual funds, and bonds held are presented at their quoted market values. Common/collective trust funds are stated at the fair value of the underlying securities. The Master Trust considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Master Trust's investment in the Conservative Premixed Portfolio, Moderate Premixed Portfolio, Aggressive Premixed Portfolio, Large Cap Growth Equity, Large Cap Value Equity, Small Cap Equity, and Non-U.S. Equity Funds represents the unitized values of certain pooled managers' accounts on a combined basis. Each pooled manager's account is valued daily. A unit price is calculated for each pooled manager by dividing the total value of the manager's account by the total number of units in existence for that manager. Net income and realized/unrealized investment gains and losses by each manager are passed through to the investment options through the managers' unit price.

Various inputs are used in determining the fair value of the Plan's investments. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy under ASC 820, including the types of Plan investments that fall under each category and the valuation methodologies used to measure fair value, are described below:

- Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2* - Inputs to the valuation methodology are other than quoted market prices in active markets that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices that are in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3* - Inputs to the valuation methodology are unobservable inputs (i.e. projections, estimates, interpretations, etc.) that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN
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The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The inputs and methodologies used for valuing securities are not an indication of the risk associated with investing in those securities. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. There have been no changes in the methodologies used at December 31, 2011 and 2010.

The following tables set forth by level, within the fair value hierarchy, the Master Trust's investments at fair value as of December 31, 2011 and 2010:

2011	Level 1	Level 2	Level 3	Total
Master Trust Assets:				
Cash and cash equivalents	\$ -	\$ 9,007,748	\$ -	\$ 9,007,748
Equity securities:				
Non-U.S. companies	110,289,164	-	-	110,289,164
U.S. companies	293,943,927	451,242	-	294,395,169
Bonds:				
Government bonds	-	105,050,924	-	105,050,924
Corporate bonds	-	79,081,560	-	79,081,560
Mortgage backed securities	-	14,477,889	-	14,477,889
Common/collective trust funds:				
Cash equivalents	-	51,060,454	-	51,060,454
Small cap	63,241,903	227,938,055	-	291,179,958
Large cap	-	123,971,214	-	123,971,214
Bonds	-	679,278,674	-	679,278,674
Mutual funds:				
Small cap	233,710,528	-	-	233,710,528
Large cap	130,040,808	-	-	130,040,808
Bonds	77,194,400	-	-	77,194,400
Total	\$ 908,420,730	\$1,290,317,760	\$ -	\$2,198,738,490

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Notes to Financial Statements

2010	Level 1	Level 2	Level 3	Total
Master Trust Assets:				
Cash and cash equivalents	\$ -	\$ 1,627,932	\$ -	\$ 1,627,932
Equity securities:				
Non-U.S. companies	136,654,154	-	-	136,654,154
U.S. companies	452,772,078	235,001	-	453,007,079
Bonds:				
Government bonds	-	35,670,966	-	35,670,966
Corporate bonds	-	55,712,815	-	55,712,815
Mortgage backed securities	-	4,736,695	-	4,736,695
Common/collective trust funds:				
Cash equivalents	-	27,368,562	-	27,368,562
Small cap	37,398,604	1,022,988,521	-	1,060,387,125
Large cap	-	131,198,755	-	131,198,755
Mutual funds:				
Small cap	249,073,435	-	-	249,073,435
Large cap	47,947,601	-	-	47,947,601
Bonds	73,675,313	-	-	73,675,313
Other	134,266	-	-	134,266
Total	\$ 997,655,451	\$ 1,279,539,247	\$ -	\$ 2,277,194,698

(4) Actuarial Present Value of Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits as of December 31, 2010 is as follows:

	2010
Vested benefits:	
Participants currently receiving payments	\$ 110,939
Terminated participants	14,365,614
Active participants	7,604,475
Total vested benefits	22,081,028
Actuarial present value of accumulated plan benefits	\$ 22,081,028

The following is a summary of the changes in the actuarial present value of accumulated plan benefits for the year ended December 31, 2010:

Actuarial present value of accumulated plan benefits, beginning of year	\$ 24,443,623
Increase (decrease) attributable to:	
Change in actuarial assumptions	(571,979)
Increase for interest due to time	1,594,576
Benefits paid	(3,385,192)
Net decrease in accumulated plan benefits	(2,362,595)
Actuarial present value of accumulated plan benefits, end of year	\$ 22,081,028

BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN
Notes to Financial Statements

(5) Investment Assets Held in the Master Trust

Certain assets of the Plan are combined with the assets of certain other benefit plans of affiliated companies in a Master Trust. The assets of the Master Trust are segregated into twelve funds in which the plans may participate. The combination of the plans' assets is only for investment purposes and the plans continue to be operated under their current plan documents, as amended.

The following is a summary of net assets as of December 31, 2011 and 2010 and net investment activity for the years ended December 31, 2011 and 2010 of the Master Trust and net appreciation (depreciation) by investment type for the years ended December 31, 2011 and 2010. The Plan's interest in the applicable Master Trust net assets as of December 31, 2011 and 2010 is also presented.

	2011	2010
Assets:		
Investments -		
Cash and cash equivalents	\$ 9,007,748	\$ 1,627,932
Equity securities	404,684,333	589,661,233
Government bonds	105,050,924	35,670,966
Corporate bonds	79,081,560	55,712,815
Mortgage backed securities	14,477,889	4,736,695
Common/collective trust funds	1,145,490,300	1,218,954,442
Mutual funds	440,945,736	370,830,615
Total investments	2,198,738,490	2,277,194,698
Receivables -		
Receivables for investments sold	11,576,274	993,126
Dividends	757,709	628,071
Interest	3,101,504	3,231,426
Taxes	188,366	257,953
Other	-	27,919
Total receivables	15,623,853	5,138,495
Total assets at fair value	2,214,362,343	2,282,333,193
Liabilities:		
Payables for investments purchased	18,896,835	1,105,938
Accruals for investment expenses	587,172	569,803
Other payables	16,364	-
Total liabilities	19,500,371	1,675,741
Adjustments from fair value to contract value for fully benefit-responsive investment contracts ¹	26,891,083	25,646,185
Net Assets	\$ 2,221,753,055	\$ 2,306,303,637
Plan interest in Master Trust net assets	\$ 22,508,113	\$ 23,755,235
Plan percentage interest in Master Trust net assets	1%	1%

¹Represents the difference between the fair value of the underlying security and the contract value for certain investment contracts (see Note 2d).

BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN
Notes to Financial Statements

	Year Ended December 31, 2011	Year Ended December 31, 2010
Total Investment Activity		
Net investment appreciation (depreciation)	\$ (3,668,366)	\$ 212,626,064
Investment income	4,480,628	4,225,661
Expenses	(8,792,217)	(8,593,709)
Net investment activity	\$ (7,979,955)	\$ 208,258,016

The following is a summary of the Master Trust's net appreciation (depreciation) by investment type for the years ended December 31, 2011 and 2010:

	Year Ended December 31, 2011	Year Ended December 31, 2010
Net Appreciation (Depreciation) by Investment Type		
Equity securities:		
Non-U.S. companies	\$ (13,272,916)	\$ 14,462,184
U.S. companies	5,837,230	70,527,728
Bonds:		
Government bonds	713,266	3,267,161
Corporate bonds	4,844,192	11,439,652
Mortgage backed securities	929,253	212,876
Common/collective trust funds	13,757,278	78,070,705
Mutual funds	(16,476,669)	34,645,758
Net investment appreciation (depreciation)	\$ (3,668,366)	\$ 212,626,064

The Master Trust makes use of several investment strategies involving limited use of derivative investments. Certain investment managers are allowed limited use of derivatives for strategies such as portfolio structuring, return enhancement, or hedging against market and interest rate changes. Derivatives may also be used as a hedge against foreign currency fluctuations. Investment managers are not permitted to use leverage for any investment purchase. Derivative investments are stated at estimated fair values as determined by quoted market prices. Gains and losses on such investments are included in net investment appreciation (depreciation) in the statement of changes in participating plans' net assets of the Master Trust.

(6) Information Certified by the Trustee

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, State Street Bank and Trust Company, the trustee of the Plan, has certified to the completeness and accuracy of all investments reflected on the accompanying statements of net assets available for benefits as of December 31, 2011 and 2010, and the related investment activity reflected in the statements of changes in net assets available for benefits for the years ended December 31, 2011 and 2010.

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
Notes to Financial Statements

(7) Plan Termination

Management expects the Plan to continue without interruption but reserves the right to discontinue the Plan. In the event the Plan terminates, its net assets will generally not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated plan benefit will be paid depends on the amount of Plan assets available at termination, the amount of Company contributions available to the Plan, the priority of the benefits and the level of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the then existing assets and the PBGC's guaranty, while other benefits may not be provided for.

(8) Party-in-Interest Transactions

The Plan, through its participation in the Master Trust, may invest in investment securities issued and or managed by the Trustee and asset managers. These entities are considered parties-in-interest to the Plan. These transactions are covered by an exemption from the prohibited transaction provisions of ERISA and the Internal Revenue Code (IRC).

(9) Tax Status

The Internal Revenue Service (IRS) informed the Company by a letter dated March 2, 2004 that the Plan and related trust were designed in accordance with the applicable provisions of the IRC. The Plan has been amended since receiving the letter; however, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, the Plan administrator believes that the Plan was qualified and the related trust was tax-exempt as of December 31, 2011 and 2010.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011 and 2010, there are no uncertain positions taken or expected to be taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

(10) Risks and Uncertainties

The investments of the Master Trust are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

**BE&K, INC. HOURLY CASH BALANCE
RETIREMENT PLAN**
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(11) Subsequent Events

The Plan has evaluated subsequent events through October 11, 2012, the date the financial statements were available to be issued.