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ARIZONA CORPORATION COMMISSION

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1300 West Washington, Third Floor
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September 26, 1996

Victoria C. Phelps
Latham & Watkins
633 West Fifth Street, Suite 4000
Los Angeles, CA 90071-2007

RE: Washington Construction Group, Inc.
A.A.C. R14-4-137

Dear Ms. Phelps:

On the basis of the facts set forth in your letter of September 12, 1996, and in reliance upon your opinion as counsel, the Securities Division will not recommend enforcement action for violation of the Securities Act of Arizona should the transaction take place as set forth in your letter.

As this position is premised upon the facts set forth in your letter, it should not be relied on for any other set of facts or by any other person. Please also note that this position applies only to the registration requirements of the Act; the anti-fraud provisions of the Act continue to be applicable.

We have attached a photocopy of your letter. By doing this we are able to avoid having to recite or summarize the facts set forth therein.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Victor Rodarte".

VICTOR RODARTE
Chief Deputy Director of Securities

DRH:jb
Attachment

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VIA FEDERAL EXPRESS

Ms. Leslie Block
Arizona Corporation Commission
Securities Division
1300 West Washington Street
Third Floor
Phoenix, Arizona 85007

Re: Washington Construction Group, Inc.
Request for No-Action Letter

Dear Ms. Block:

We are writing on behalf of Washington Construction Group, Inc., a Delaware corporation (the "Company"), in connection with the proposed issuance of securities of the Company pursuant to a Restructuring and Merger Agreement, dated as of May 28, 1996 (the "Merger Agreement"), between the Company and Morrison Kundsen Corporation, a Delaware corporation ("MK").

The Merger Agreement provides for the merger of MK with and into the Company, with the Company continuing as the surviving corporation (the "Merger"). In the Merger, among other things, the Company will (i) provide \$13,300,000 in cash and issue a number of newly-issued shares of common stock, par value \$.01 per share, of the Company (the "Company Common Stock") (approximately 24,121,000 shares) equal to 45% of the issued and outstanding shares of Company Common Stock after giving effect to the shares issued in connection with the Merger, which cash and shares of Company Common Stock will be distributed to certain creditors of MK, (ii) issue shares of the Company's Series A Preferred Stock for the benefit of certain creditors of MK (the "Preferred Stock"), (iii) repay and/or refinance borrowings under MK's debtor-in-possession credit facility, and (iv) distribute to...

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holders of record of MK's common stock, par value \$1.67 per share, as of close of business on August 26, 1996, warrants to purchase 2,765,000 shares of Company Common Stock at \$12 per share for a term of six and one-half years (the "Warrants"). The Merger will be effected pursuant to a prepackaged plan of reorganization of MK under Chapter 11 of the U.S. Bankruptcy Code (the "Plan"). The hearing to determine the fairness of the Plan was held on August 26, 1996, in the United States Bankruptcy Court for the District of Delaware (the "Court"). The Plan was confirmed by the Court by order issued on August 26, 1996.

The Merger and the Plan are more thoroughly described in the Company's proxy statement, a copy of which is enclosed. Also enclosed are copies of the Notice of Hearing, dated June 25, 1996 (the "Notice of Hearing"), and the final Findings of Fact, Conclusions of Law and Order Confirming the First Amended Plan of Reorganization of Morrison Knudsen Corporation (the "Order of Confirmation"), dated August 26, 1996, as issued by the Court.

The Company Common Stock, the Preferred Stock and the Warrants (collectively, the "Securities") are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 1145 of chapter 11 of the United States Code. The Securities would be exempt from registration under Section 44-1843(7) of the Arizona Blue Sky Law (the "Law"). However, because the Company is not excluded from the term "dealer," as defined in the Law, the Company would like to issue the Securities in reliance upon the exemption from registration provided by Rule 14-4-137 of the regulations promulgated under the Law.

Rule 14-4-137 provides that, to qualify for the exemption, the issuer must (i) file with the Arizona Corporation Commission (the "Commission") one copy of the notice of hearing upon the fairness of the terms of the issuance no less than ten calendar days prior to the hearing, and (ii) file with the Commission one copy of the final signed order of the court or other governmental authority within ten calendar days of the issuance of such order. On September 5, 1996, we filed with the Commission copies of both the Notice of Hearing and the Order of Confirmation. The Order of Confirmation was filed with the Commission within the applicable ten day period. However, we acknowledge that the Notice of Hearing was not filed with the Division within the required time period. But while Rule 14-4-137 may not have been complied with in a technical sense, we respectfully submit that the manner of issuance of the Securities in connection with the Merger and the Plan satisfies the intent of Rule R14-4-137. We note further that, in prior no-action.

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letters dated May 14, 1992 and January 25, 1994, the Commission opined that the exemption provided in Rule 14-4-137 was applicable even though the notice of hearing and/or the final order had not been filed with the Commission within the required time periods.

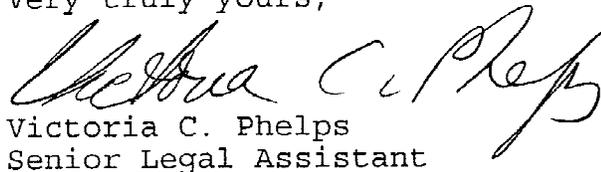
Please be advised also that, although the Merger was effected on September 11, 1996, the Securities will not be actually issued until on or about October 1, 1996, due to certain conditions related to the Merger.

Based on the foregoing, we respectfully request that the Division take no action with respect to the failure of the Company to file the Notice of Hearing in a timely manner and confirm that the Securities may be issued by the Company in reliance on the exemption provided by Rule 14-4-137. A check in the amount of \$200 in payment of the required fee is enclosed.

Since the Company wishes to issue the Securities on or about October 1, 1996, your prompt attention to this matter would be much appreciated.

Please do not hesitate to call the undersigned at (213) 891-8397 if you have any questions regarding the foregoing.

Very truly yours,


Victoria C. Phelps
Senior Legal Assistant