

# **Johnson Rice & Company Energy Infrastructure Conference**



**Bill Utt – Chairman, President, and CEO**

**Kevin DeNicola – Senior Vice President and CFO**

**October 7, 2008**

# Forward-Looking Statements

This presentation contains “forward-looking statements.” All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements include statements about the benefits of the split-off, the discussions of KBR’s business strategies and KBR’s expectations concerning future operations, profitability, liquidity and capital resources. You can generally identify forward-looking statements by terminology such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “objective,” “plan,” “potential,” “predict,” “projection,” “should” or other similar words. These statements relate to future events or future financial performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from those in the future that are implied by these forward-looking statements. Many of these factors cannot be controlled or predicted. These risks and other factors include those described under “Risk Factors” in KBR’s Annual Report on Form 10-K dated February 26, 2008, final prospectus for its exchange offer dated March 27, 2007, Forms 10-Q, recent Current Reports on Forms 8-K, and other Securities and Exchange Commission filings . Those factors, among others, could cause KBR’s actual results and performance to differ materially from the results and performance projected in, or implied by, the forward-looking statements. As you read and consider this presentation, you should carefully understand that the forward-looking statements are not guarantees of performance or results. KBR cautions you that assumptions, beliefs, expectations, intentions and projections about future events may and often do vary materially from actual results. Therefore, KBR cannot assure you that actual results will not differ materially from those expressed or implied by forward-looking statements.

The forward-looking statements included in this presentation are made only as of the date of this document. New risks and uncertainties arise from time to time, and KBR cannot predict those events or their impact. KBR assumes no obligation to update any forward-looking statements after the date of this presentation as a result of new information, future events or developments, except as required by the federal securities laws.

# Upstream Business Unit

## ➤ LNG Market Outlook

- \$150 vs. \$90 per barrel – What's the difference?
  - Customer long-term focus
  - Still above price decks
  - Underlying economics remain strong
  - Need reduced uncertainty in material commodity markets

## ➤ Strong LNG Prospects

- NLNG Train 7
- Gorgon LNG
- FEED Work



# Upstream Business Unit

- **KBR's Current LNG Portfolio**
  - **Skikda LNG**
  - **Tangguh LNG**
  - **Yemen LNG**
  
- **Well Positioned for Growth in Offshore**
  - **Growth opportunities**
  - **Recent announcements**
    - **BP Offshore Developments**
    - **Pazflor FPSO Topsides**
    - **Pluto Offshore Platform**
    - **North Rankin B Platform**



# Government & Infrastructure Business Unit

## ➤ LogCAP III & IV

- Current LogCAP III status
- LogCAP IV transition
  - Timing / Impact
  - Revenue and margin expectations

## ➤ Skopje Embassy Project

- Historical perspective
- Developments during Q208
- Completion expectations

## ➤ Other Growth Opportunities



# Services Business Unit

## ➤ BE&K Acquisition

- Strategic Overview
- Integration progression
- BE&K Financials (Fiscal Year Ended March 2008)
  - Revenue = \$1.9 billion; Gross Profit = \$180 million;
  - Net Income after tax from continuing operations = \$35 million;
  - Backlog at June 30, 2008 = \$2.01 billion

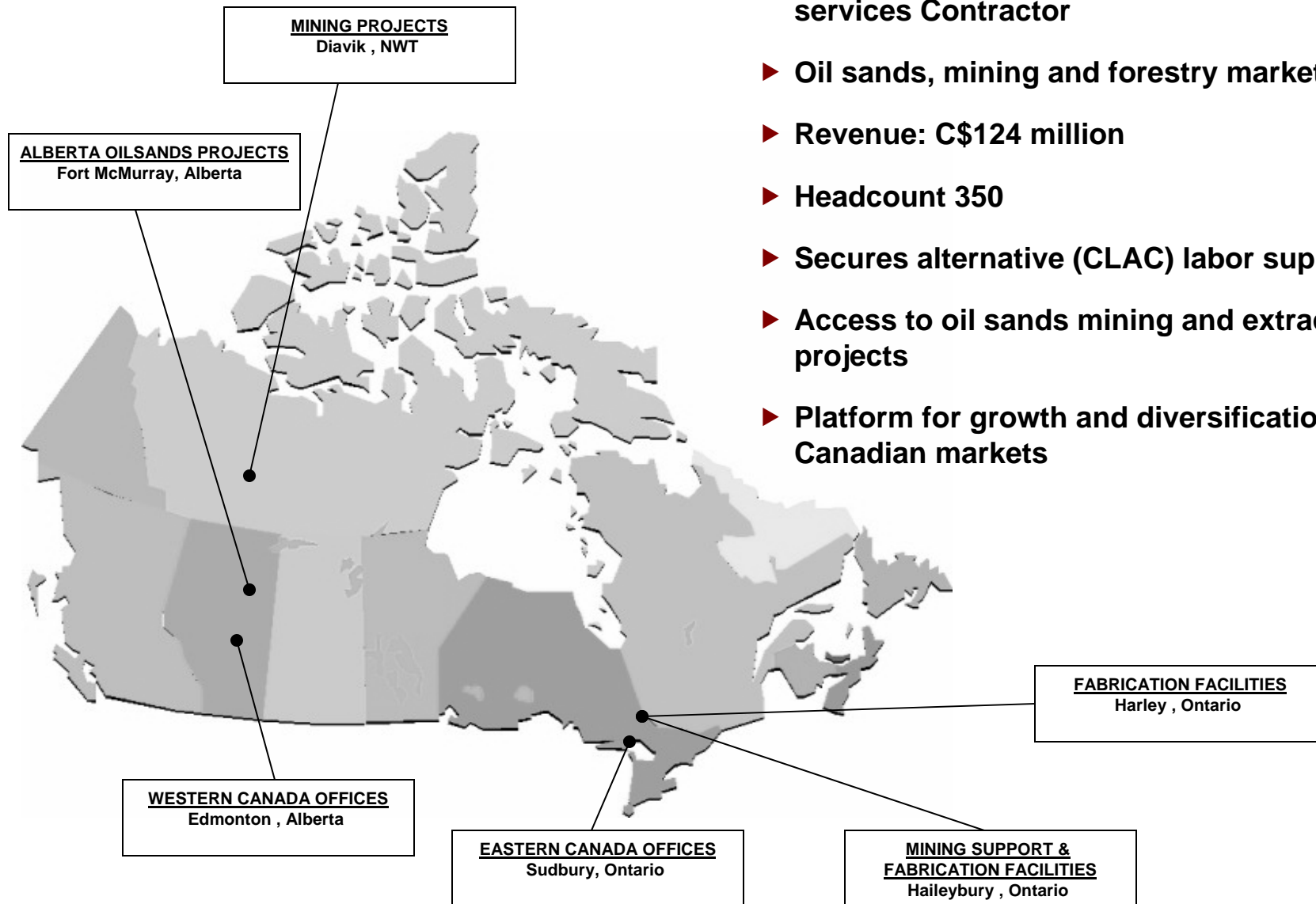
## ➤ BE&K Awards Since Acquisition Closing

- ADA-ES, Inc - Activated Carbon Plant
- Weyerhaeuser Company - Recovery Boiler Rebuild
- EFACEC Power Transformers - Power Transformer Manufacturing Facility



# Wabi Development Corporation Acquisition

- ▶ Fabrication, construction and maintenance services Contractor
- ▶ Oil sands, mining and forestry market sectors
- ▶ Revenue: C\$124 million
- ▶ Headcount 350
- ▶ Secures alternative (CLAC) labor supply chain
- ▶ Access to oil sands mining and extraction projects
- ▶ Platform for growth and diversification across Canadian markets



# Downstream, Technology, and Ventures Business Units

## ➤ Downstream

- Ras Tanura integrated project
- Yanbu export refinery project

## ➤ Technology

- Leverage intellectual property
- Increase pull through opportunities



## ➤ Ventures

- Expect positive earnings contribution in 2009
- No further Alice Springs/Darwin railroad project losses
- EBIC ammonia project construction near completion



# Balance Sheet Overview

## ➤ Cash Position

- “Excess” cash as of June 30, 2008

## ➤ Returning Cash to Shareholders

- Share repurchase program
- Quarterly dividend

## ➤ Balance Sheet Strength for Growth

- Strong cash position
- Debt free
- Bonding capacity capabilities



## 2008 Outlook

- **LogCAP III work to essentially continue at present levels for remainder of 2008**
- **BE&K impact to be reported in KBR's third quarter of 2008 results**
- **ASCO litigation update**
- **Continued confidence that businesses will continue to perform as strongly as first half of 2008**

**КВР**