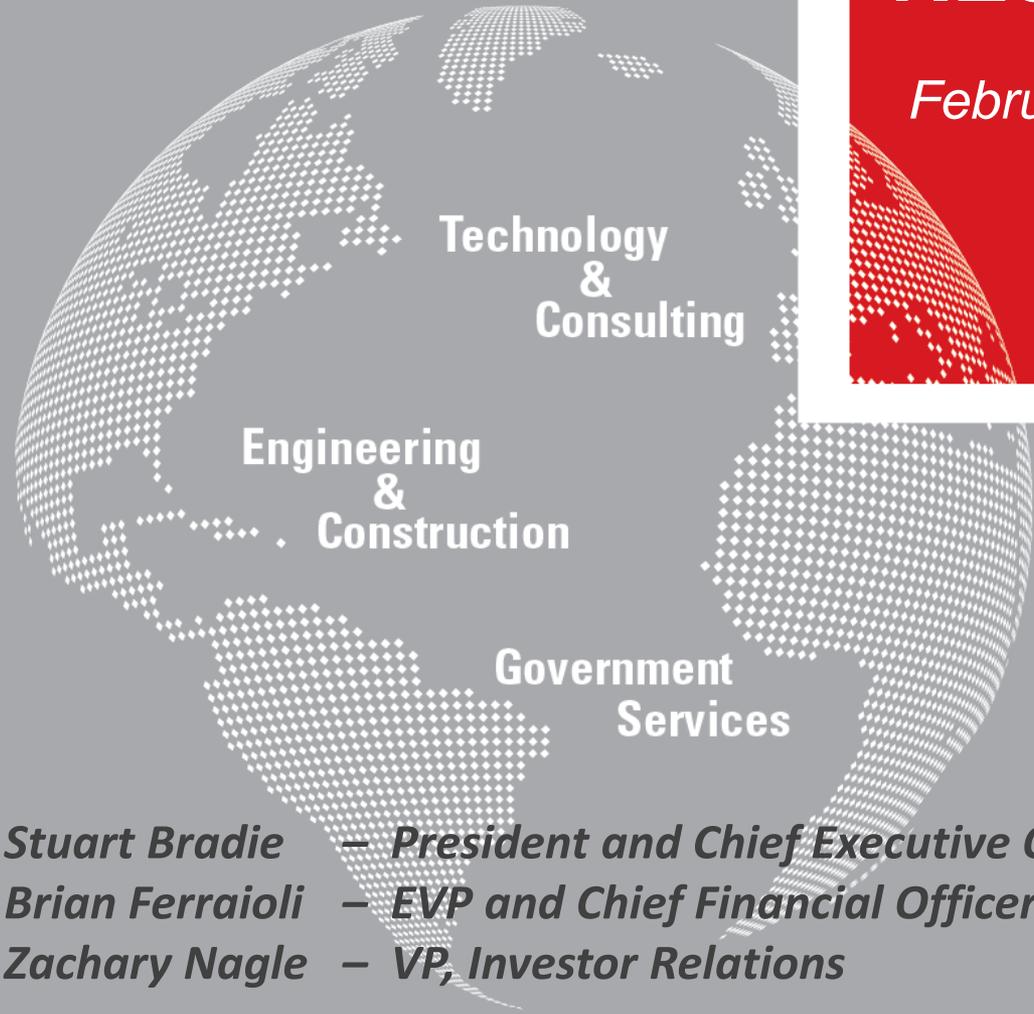


KBR

Q4 2014 FINANCIAL RESULTS

February 27, 2015



- Stuart Bradie – President and Chief Executive Officer*
- Brian Ferraioli – EVP and Chief Financial Officer*
- Zachary Nagle – VP, Investor Relations*

We Deliver

Forward-Looking Statements



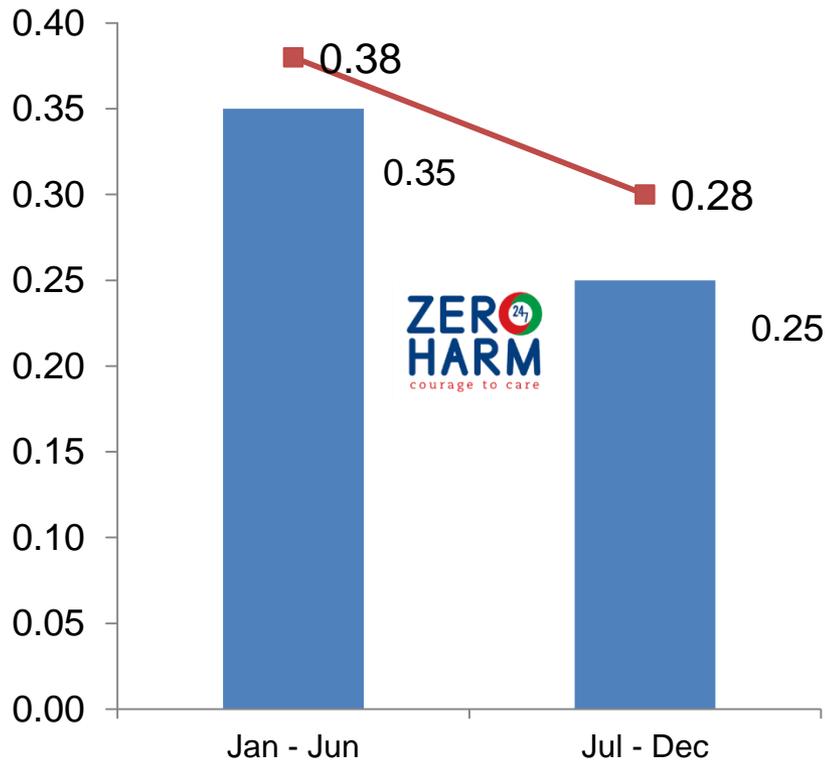
This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements include statements regarding our plans, objectives, goals, strategies, future events, future financial performance and backlog information and other information that is not historical information. When used in this presentation, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “forecasts” or future or conditional verbs such as “will,” “should,” “could,” or “may,” and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon our current expectations and various assumptions. Our expectations, beliefs, and projections are expressed in good faith, and we believe there is a reasonable basis for them. However, there can be no assurance that management’s expectations, beliefs, and projections will be achieved.

There are numerous risks and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from the forward-looking statements contained in this presentation. These risks and uncertainties include, but are not limited to: current or future economic conditions; our ability to obtain and perform under contracts from existing and new customers, including the U.S. Government; exposure to cost overruns, operating cost inflation and potential liability claims and contract disputes; access to trained engineers and other skilled workers; risks relating to operating through joint ventures and partnerships; risks inherent in doing business internationally; potential tax liabilities; maritime risks; changes in the demand for our services and increased competition; protection of intellectual property rights; risks associated with possible future acquisitions; risks related to our information technology systems; impairment of goodwill and/or intangible assets; reduction or reversal of previously recorded revenues; risks relating to audits and investigations, including by governments; compliance with laws and regulations, and changes thereto, including those relating to the environment, trade, exports and bribery; our creditworthiness and ability to comply with the financial covenants in our credit agreement; and other risk factors discussed in our most recently filed Form 10-K, any subsequent Form 10-Qs and 8-Ks, and other Securities and Exchange Commission filings.

All forward-looking statements attributable to us, or persons acting on our behalf, apply only as of the date made and are expressly qualified in their entirety by the cautionary statements in this presentation. Except as required by law, we undertake no obligation to revise or update forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

This presentation contains the financial measure “EBITDA,” which is not calculated in accordance with generally accepted accounting principles in the U.S. (“GAAP”). A reconciliation of the non-GAAP financial measure EBITDA to the most directly comparable GAAP financial measure has been provided in the Appendix to this presentation.

2014 – KBR TRIR*



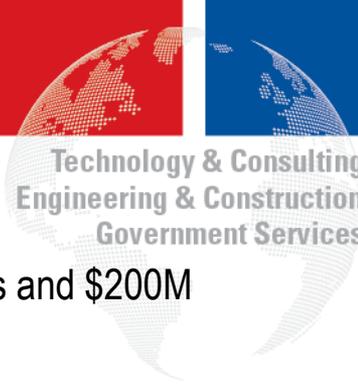
*Recordable Incidents per 200k man-hours

Driving to Zero Harm

- Clear and consistent Health, Safety, Security and Environment (HSSE) messaging from Senior Management in town halls, videos
- Structured HSSE Campaign Strategy launched
- HSSE Global Branding Strategy developed, driving single point of focus
- Improvement in Total Recordable Incident Rate (TRIR):
 - 26% improvement from end of year 2013 to end of year 2014 (0.38 to 0.28)
 - 29% improvement – First 6-months versus 2nd 6-months (0.35 to 0.25)



Summary



Technology & Consulting
Engineering & Construction
Government Services

- KBR's restructuring has begun and is on track to deliver segment margin percentage targets and \$200M annualized savings
 - T&C gross profit and equity in earnings margin – low 20 range
 - E&C gross profit and equity in earnings margin – upper single digits range
 - GS gross profit and equity in earnings margin – low teens range (excluding legacy U.S. Gov't costs)
 - \$200 million in annual savings by 2016
- Results include previously communicated impacts from restructuring activities
- Won key contracts for large EPC ammonia project with Yara / BASF; KBR selected as BG Group's Global Upstream Alliance Partner; signed long-term maintenance agreement for Offshore Oil & Gas Projects with Saudi Aramco; awarded a technical services and EPC submission agreement with Magnolia LNG for U.S. brownfield plant
- Oil prices remain depressed but KBR's focus on projects capitalizing on low cost natural gas positions us well for project awards in 2015; see minimal risk to backlog

Restructuring Charge Reconciliation to Reported P&L



Technology & Consulting
Engineering & Construction
Government Services

Impacts from Restructuring (Estimates vs Actual)

in USD millions

Item	High End Analyst Day Range	4Q14 Actual	Cash	Future Cash	Non-cash	Mapping to 10-K Consolidated Statement of Operations
Goodwill Impairment	\$ 325	\$ 446	\$ -	\$ -	\$ 446	Impairment of Goodwill
ERP and Other Impairments	200	171	-	-	171	Asset Impairment & Restructuring Charges
Tax Reserves and Allowances	200	320	-	-	320	Provision for Income Taxes
Allowance: U.S. Power Projects	125	130	-	130	-	Non-Strategic Businesses (Revenue)
Allowance: U.S. Government	100	46	-	15	31	Government Services (Revenue)
Restructuring Costs	50	43	8	35	-	Asset Impairment & Restructuring Charges
Total	\$ 1,000	\$ 1,156	\$ 8	\$ 180	\$ 968	

Consolidated Results: Q4 2014 vs Q4 2013

Technology & Consulting
Engineering & Construction
Government Services

Quarter Ending

Commentary

- Gross Profit includes \$130M previously announced charge on U.S. Power projects
- Charges related to a number of discrete items impacted the financials in Q4 2014 in E&C and Gov't Services
- Impairment of goodwill due to restructuring largely driven by impaired BE&K and R&S assets
- Asset impairment and restructuring charges largely ERP and severance related
- Established Valuation Allowances for deferred tax assets. – non-cash and do not lose tax attributes

(\$ in millions, except EPS)	Dec 31, 2014	Dec 31, 2013
Bookings (New Awards)	\$ 380	\$ 1,116
Backlog of Unfilled Orders	\$ 10,859	\$ 14,118
Revenue	\$ 1,417	\$ 1,680
Gross Profit	(\$162)	\$ 7
Equity in Earnings	\$ 45	\$ 30
General & Administrative Expenses	(\$61)	(\$67)
Impairment of goodwill	(\$446)	\$ 0
Asset impairment and restructuring charges	(\$214)	\$ 0
Provision for income taxes	(\$391)	(\$24)
Net Income Attributable to KBR	(\$1,241)	(\$56)
EPS (diluted)	(\$8.57)	(\$0.38)
EBITDA*	(\$828)	(\$11)

*Consolidated EBITDA reconciliation provided in the Appendix.

Segment Reporting: Q4 2014 vs Q4 2013



Quarter Ending

Revenue

- T&C primarily impacted by completion of Basic Engineering and Design (BED) activities in 2014
- Reflects higher revenue from ammonia and oil & gas projects, offset by lower volume on large GTL and LNG projects that neared completion in 2014, and lower activity on LogCAP IV and U.K. MoD Afghanistan-related projects

Gross Profit and Equity in Earnings

- T&C impacted by reductions of estimates of revenues at completion / other adjustments on several contracts (\$9M)
- E&C higher primarily due to strong performance on LNG projects, partially offset by a net increase in costs to complete certain projects (\$22M), including a gain on Canadian pipe / module assembly projects related to project close out activities and claims settlements with clients
- GS impacted by \$46M in charges relating to legacy (LogCAP III, RIO) contracts (restructuring schedule). Also, loss reflects \$17M in increased costs to complete two projects where we have not received change orders
- Non-Strategic Business primarily impacted by \$130M in charges on U.S. Power projects (restructuring schedule)
- EBITDA primarily impacted by restructuring activities

(\$ in millions)

Dec 31, 2014 Dec 31, 2013

Revenue

Technology & Consulting	68	94
Engineering & Construction	1,038	1,106
Government Services	111	237
Non-Strategic Business	200	243
Consolidated Revenue	1,417	1,680

Gross Profit (Loss) and Equity in Earnings

Technology & Consulting	5	17
Engineering & Construction	59	(26)
Government Services	(42)	53
Non-Strategic Business	(139)	(7)
Consolidated Profit & EE	(117)	37

EBITDA

Technology & Consulting	1	17
Engineering & Construction	(247)	(38)
Government Services	(51)	55
Non-Strategic Business	(353)	(4)
Other	(178)	(41)
Consolidated EBITDA*	(828)	(11)

*Consolidated EBITDA reconciliation provided in the Appendix.

Cash / Capital Allocation



KBR Cash Balance

(\$ in millions)	Q4 2014	Q4 2013
Domestic	\$200	\$355
International	\$690	\$675
JV	\$80	\$76
Total	\$970	\$1,106

Return of Cash to Shareholders

(\$ in millions)	Q4 2014	YTD Dec-14	Since Jan-07
Share Repurchases	\$4	\$106	\$731
Dividends	\$12	\$47	\$239
Total Returned to SHs	\$16	\$153	\$970

Return of cash to shareholders through share repurchases and dividends

- In 2014, KBR repurchased 4M shares and returned \$153M to shareholders through share repurchases and dividends
- Since January of 2007, KBR has returned \$970M through share repurchases and dividends
- Expect power projects and restructuring activities to drive negative cashflow from operations in 2015

Market Outlook: Technology & Consulting



- Technology market opportunities strong, led by ammonia, refining, olefins & other chemicals
- Prospects include a solid balance of new facilities and rebuilds
- Opportunities in China and elsewhere for VCC (Veba Combi-Cracker) technology and converting heavy Hydrocarbons into lighter fuels
- Consulting opportunities in Upstream E&P, onshore and offshore, Midstream (gas processing, transmission pipelines, terminals) and Downstream (LNG, refining, petrochemicals)
- Continue to look for additional opportunities to expand T&C technology portfolio into new products and services



Recent awards supporting strategic focus areas

- Yara / BASF Grassroots Ammonia Complex, EPC award (1Q15)
- BG Alliance Partnership Award for front end project development
- Saudi Aramco - Long Term Maintenance Agreement for Offshore Oil & Gas Projects
- Magnolia LNG technical services agreement / MOU
- Major Reimbursable Construction Services award

Healthy base of large projects in backlog

- Executing two mega-LNG projects – Gorgon and Ichthys
- Now executing four EPC ammonia / urea projects in North America utilizing KBR Technology

Market Outlook: E&C (Continued)



Good pipeline of near- and long-term prospects

- Continue to work on Shell Global LNG Agreement, with several assignments underway
- Downstream opportunities (refining and petrochemicals) in the Middle East remain strong
- Continued work on several North America downstream and chemicals FEEDs with EPC rollover opportunities
- Onshore upstream opportunities in Middle East & Caspian remain positive due to low cost of development
- Offshore developments continue in GoM and West Africa; also offshore brownfield in Caspian Sea
- Additional offshore project opportunities for UK/Norway North Sea; Thailand, Qatar, & Indonesia
- Major LNG FEEDs in process or completed
 - FEED completed and EPC bid submitted - Petronas operated Pacific Northwest LNG project, Canada
 - KBR/JGC/Rekayasa JV awarded FEED and EPC bid opportunity for Tangguh Train 3; work started in Nov 2014
 - Magnolia LNG work started on a medium scale North American LNG facility
 - Pre-FEED work for LNG (client confidential)
- Bidding on 3 multi-billion USD LNG EPC contracts:
 - Pacific Northwest bid in Q3 2014. Project status and award date unclear
 - Trunkline LNG, Lake Charles, LA – Award expected 2016
 - Tangguh LNG in Indonesia – Award expected 2016

Market Outlook: Government Services



Technology & Consulting
Engineering & Construction
Government Services

- U.K. Army Re-Basing – Client has confirmed intention to contract with existing KBR JV for facilities construction, subject to satisfactory negotiation. Award expected in 2015
- Strong operational performance continues for U.K. MoD Work – long-term facilities maintenance continues with incremental scope expected from Re-basing contract
- Confirmed preferred bidder for U.K. MoD Fixed Wing Training contract – another long-term annuity type project
- Multiple International Government service opportunities: Expeditionary support services and equipment facilitation in support of U.K. MoD and Foreign Affairs; U.K. Police and other local gov't support services; Australian Defence Force support services opportunities
- A number of U.S. overseas base operations support opportunities in process
- Possible growth for further services in Iraq under LogCAP IV

Summary



Technology & Consulting
Engineering & Construction
Government Services

- Restructuring has begun and is on track to achieve margins and cost savings targets
- 4Q14 results include significant restructuring and tax valuation related charges
- 4Q14 segment operating results reflect some discrete items not expected to reoccur
- Market somewhat challenged but encouraging awards across our business – won key contracts for Yara/BASF EPC ammonia project; selected as BG Group’s Global Upstream Alliance Partner, signed long-term maintenance agreement for Offshore Oil & Gas Projects with Saudi Aramco; awarded a technical services and EPC submission agreement with Magnolia LNG for U.S. brownfield plant.
- Imminent opportunities with UK MoD for Government Services segment
- Expect a profitable 2015 even as restructuring activities continue
- 2015 EPS target of \$1.07-\$1.22, excluding legacy U.S. Gov’t legal fees (\$18M-\$25M pre-tax)



KBR

Appendix

Consolidated EBITDA Reconciliation 4Q 2014



Technology & Consulting
Engineering & Construction
Government Services

(\$ in millions)	Quarter Ending	
	Dec 31, 2014	Dec 31, 2013
Net Income Attributable to KBR	(\$1,241)	(\$56)
Add Back:		
Interest Income (Expense)	(\$5)	(\$2)
Provision for Tax	(\$391)	(\$24)
Depreciation & Amortization	(\$17)	(\$19)
Consolidated EBITDA	(\$828)	(\$11)

Note: EBITDA is defined as earnings before interest, income tax, depreciation and amortization

KBR's Business Groups



Technology & Consulting

Proprietary Technologies

- **Upstream**
 - Semi-submersible hull design
 - Monohull vessels
- **Downstream**
 - Refining
 - Olefins
 - Ammonia
 - Chemicals
 - Coal Gasification

Consulting and Services

- **Upstream**
 - Field development planning
 - Project assurance
 - Integrity management
 - Structural analysis
- **Downstream**
 - Downstream consulting
 - Feasibility and revamp studies
 - Technical services
 - Automation consulting and project management

Engineering & Construction

Offshore

- Fixed Platforms
- Floating Facilities
- Hulls, Moorings & Risers
- SURF

LNG / GTL

- Liquefaction
- Regasification
- FLNG
- FSRU

Onshore

- Oil & Gas
- Refining
- Petrochemicals
- Chemicals
- Ammonia & Fertilizers
- Gasification

Asset Services

- Maintenance
- Modifications
- Small Capex Projects
- Asset Integrity

Government Services

EMEA

- Home Base Operational Support
- Overseas Operational Support
- Programme Management Services
- Resilience Planning & Execution
- Training

APAC

- Asset Management
- Systems Engineering
- Integrated Logistics Support
- Capability Risk Management
- Training

Americas

- International Base Operations Support
- Remote Life Support Services
- Logistics