

KBR

Acquisition
of HTSI

August 12, 2016

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HARM**
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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.

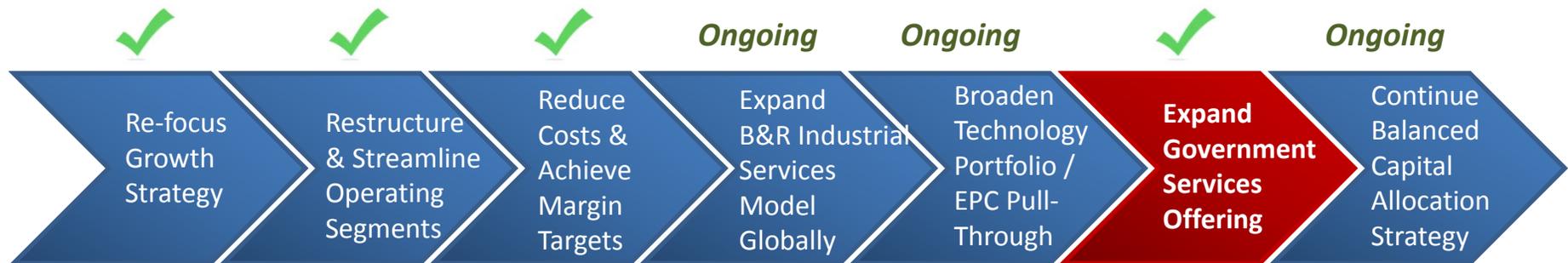
All forward-looking statements attributable to us, or persons acting on our behalf, apply only as of the date made and are expressly qualified in their entirety by the cautionary statements in this presentation. Except as required by law, we undertake no obligation to revise or update forward-looking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

This presentation refers to the financial measure “EBITDA,” which is not calculated in accordance with generally accepted accounting principles in the U.S. (“GAAP”).

Transaction Overview

- KBR signed a definitive agreement to acquire 100% of Honeywell Technology Solutions, Inc. (HTSI) for \$266 million (*after adjusting for ~\$34 million of acquired tax benefits*)
- Strategic and complementary company that fits well with KBRwyle's specialized technical services and the international logistical services provided by KBR's traditional government services franchise
 - Broad array of technical solutions and services across space / satellite lifecycle which expands KBR's relationship with NASA
 - Logistical and support services for DoD equipment prepositioning
 - Access to new sources of U.S. Government funding (O&M)
- Provides solid financial returns and reduced earnings risk (large number of small contracts / ~75% cost reimbursable)

KBR Executing on Strategy

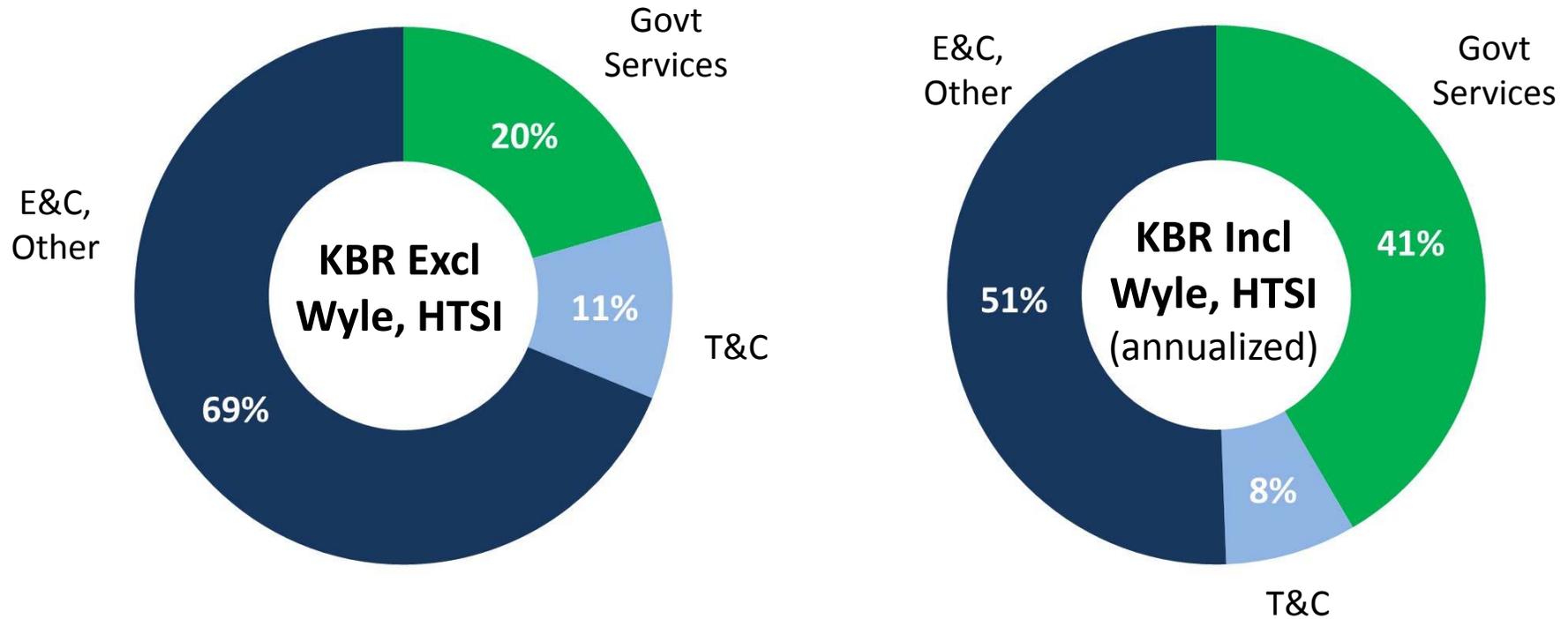


Complementary Business and Operating Model

- Provides adjacencies between KBR GS and KBRwyle businesses
- Adds growing intelligence, cyber and physical security-based services
- Delivers a more predictable and steady stream of cash flow and earnings
- Aligns well with KBR's model of being a technical services focused business with a large base of smaller, i.e. less risky projects, combined with "opportunistic" large EPC contracts
- Strong cultural fit (focus on providing best in class services)

More Balanced Portfolio: GS and Hydrocarbons

Share of 2016 Pro Forma Revenue



High proportion of earnings driven by smaller, recurring and annuity-type contracts across GS, T&C and E&C. Consolidated revenues from large E&C projects (>\$500mn) ~15%.

HTSI Overview

A leading professional, technical and mission support services organization providing an array of mission-critical services and customized solutions globally primarily to U.S. government agencies



Satellite mission lifecycle services including pre-launch design & configuration services, staffing of the launch center and orbital monitoring



Equipment prepositioning, services and maintenance of heavy equipment on ships or near potential conflict areas



Provides services designed to protect customers' digital information and physical security, primarily for the DoD and U.S. Intel Community

- 65 years supporting U.S. government agencies as part of Bendix Radio (engineering services division), Allied Signal and Honeywell
- 3,550 employees, ~40% of whom hold security clearances
- Located in 39 states across the U.S. and 13 global locations
- Backlog ~\$900M; (\$536M funded + \$364 contracted not-funded)

Compelling Complement to KBR's Platform

- Grows U.S. Federal CONUS (Contiguous U.S.) footprint and capabilities:
 - Longer-term, high-value contracts provide a base of recurring, annuity-type revenue
 - Value-added services can provide KBR with stronger, broader relationships within NASA, Army, Navy, Air Force, DoD, Joint Command and others to help grow overall franchise

Customer Expansion with Specialized Capability Offering

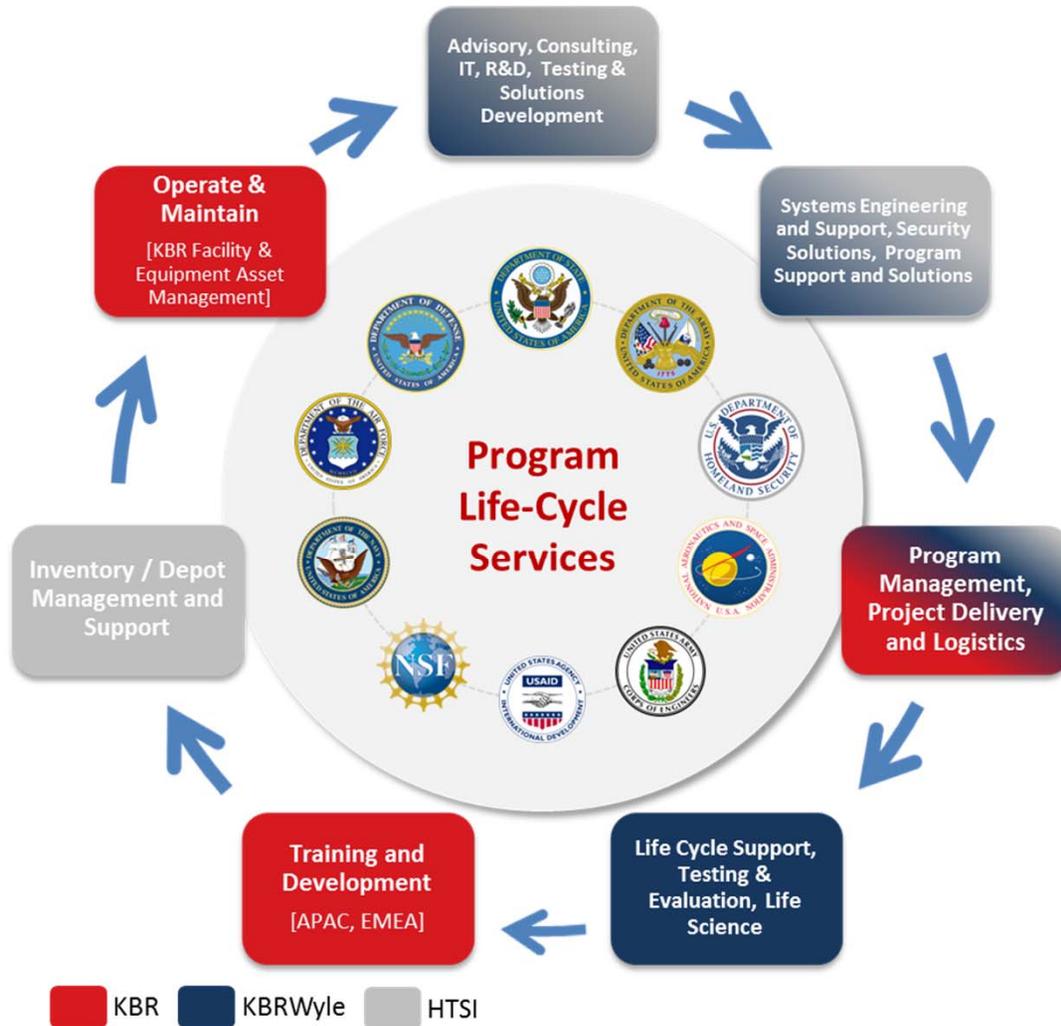
KBRwyle & GS Americas Top Clients



HTSI Top Clients



Expands Program Life-Cycle Services Offering



- Provides sustaining, life-cycle services that are value-added for clients and enable long-term, continual engagement with clients
- Expands offering across the Armed Forces, classified work and other Government agencies
- Leverages and grows GS's global capabilities across all regions

Meaningful Synergy Opportunities

Cost Synergies

- Significantly improve HTSI's competitive cost position through reduced corporate cost allocations
 - Historical pension to remain with Seller
 - Recoverable overhead cost allocations under KBR are expected to be meaningfully lower
 - Additional opportunities to consolidate office space and better align support services (e.g. ERP systems)
 - Cost savings in a largely reimbursable business result in a more competitive business

Revenue Synergies

- NASA expansion
- Asset Management and Prepositioned Stock business growth - Growth in broader logistics and equipment maintenance business along with improved offering profile on current bids
- Develop reliability, maintainability and sustainability services across the HTSI portfolio
- Grow business supporting new U.S. Government agencies
- **\$85 million annually by 2021**

Transaction Summary

Summary	<ul style="list-style-type: none">• Purchase price of \$266M (after adjusting for ~\$34M in acquired tax benefits)• 6.3x adjusted TTM EBITDA• Funding under existing credit facility• Expected to be accretive in 2017 ~\$0.06 EPS (inclusive of transition costs) and ~\$0.15-\$0.20 EPS in 2018
Leadership and Transition	<ul style="list-style-type: none">• Key leadership positions to remain in place• KBRwyle experienced in carve out integrations
Transaction Structure	<ul style="list-style-type: none">• 100% of the business acquired through the acquisition of shares to minimize business disruption (i.e. minimize contract novation or assignment requirements)
Approvals & Timing	<ul style="list-style-type: none">• Customary regulatory approvals including Hart-Scott-Rodino (HSR Act)• Expected to close by late 3Q / early 4Q 2016

Conclusion

- Strategic and complementary acquisition that fits well with KBRwyle and KBR's traditional government services franchise to create GS segment executing ~\$2.5B worth of contracts annually in a growing market
- Expands offering across the Armed Forces, classified work and other government agencies while growing existing global capabilities
- Provides KBR with expanded specialized technical services franchise provides higher value, lower risk, long-term annuity type revenue streams that complement "opportunistic" large E&C EPC contracts
- Expected to be accretive in 2017 with meaningful revenue and cost synergy opportunities
- Acquisition funded using debt from existing credit facility