3Q 2016 Financial Results

November 1, 2016

Technology & Consulting

Engineering & Construction

Government Services

KBR

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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.

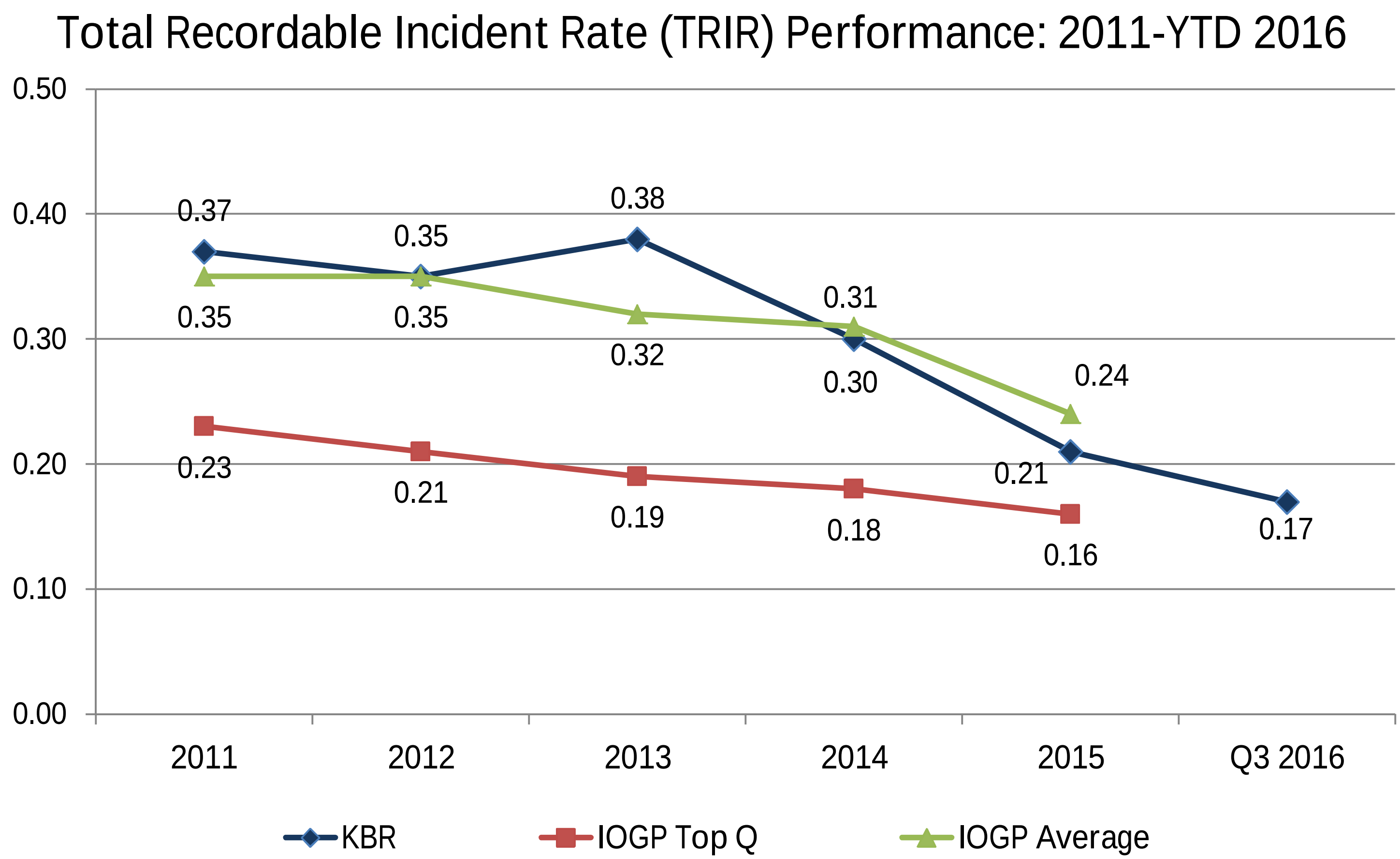
There are numerous risks and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from the forward-looking statements contained in this presentation. These risks and uncertainties include, but are not limited to: current or future economic conditions; 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 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.

Safety: Moving Towards Zero Harm

KBR is focused on an industry-leading commitment to employee safety. Over the last 21 months, KBR has achieved a 45% decrease in TRIR and a 19% increase in Zero Harm Days.



IOGP = International Association of Oil & Gas Producers

3Q16: Highlights & Key Wins

3Q 2016 Highlights

- Underlying business continues to reflect strong progress against strategic goals
- Completed acquisitions of Wyle and HTSI – full quarter of financials for Wyle in 3Q16
- Continued expansion of existing U.S. government contracts and task orders supporting the U.S. Military
- Strong margin performance in the Technology & Consulting segment due to changing project mix
- Forecast increase in costs on two projects: primarily related to a power project in our Non-strategic Business and an ammonia project in our E&C segment – pursuing subcontractor / vendor recoveries but not yet reflected in estimates
- Pemex cash award – awaiting ruling on Pemex request for appeals court rehearing

Key Strategic Wins

- Army 2020: Expected to be signed shortly (4Q16 Backlog)
- Kuwait Base Operations and Security Support Services – not yet in Backlog due to protest (could be 4Q16)
- Award of one of five seats on the U.S. Naval Facilities Engineering Command (GCSMAC) II
- Maintaining core competency in LNG via existing Australian LNG projects and new wins:
  - Second phase of the contract with Woodfibre LNG for multi-phased FEED services
  - FEED services contract for a confidential mid-scale LNG project in North America
  - Pre-FEED studies for SLNG's Jurong Island LNG and AALNG's new proposed LNG Hub terminal in Indonesia
- Multiple contracts for important Australian civil infrastructure projects

Consolidated Results: 3Q 2016 vs 3Q 2015

	Quarter Ending	
($ in millions, except EPS)	Sep 30, 2016	Sep 30, 2015
New Awards	$ 498	$ 272
Backlog of Unfilled Orders	$ 11,431	$ 13,300
Revenues	$ 1,072	$ 1,199
Gross Profit	($36)	$ 87
Equity in Earnings	$ 19	$ 35
Gross Profit & Equity in Earnings	($17)	$ 122
General & Administrative Expenses	($43)	($38)
Restructuring Charges	($7)	($15)
Gain on Disposition of Assets	$ 1	$ 6
Benefit (Provision) for Income Taxes	$ 12	($18)
Non-controlling Interest	($6)	($5)
Net income (loss) attributable to KBR	($63)	$ 55
EPS (diluted)	($0.44)	$ 0.38
EBITDA*	($60)	$ 85

**Consolidated EBITDA reconciliation provided in the Appendix.*

- Revenues reflect the deconsolidation of our Industrial Services business and the sale of our U.S. Infrastructure business ($132M in 3Q15).
- Gross profit and equity in earnings include $126M in charges related to higher forecast costs to complete a power project in our Non-strategic Business ($86M) which is 85% complete and expected to be handed over to the customer in 2Q17 and an ammonia project in our E&C segment ($40M) which was handed over to the customer in October.
- Higher revenues and gross profit excluding the project charges were primarily driven by a full quarter of Wyle financial results, expansion of U.S. government contracts, favorable mix of work in the T&C segment and favorable impact of cost reduction initiatives.
- G&A reflects cost reduction initiatives but these were offset this quarter by $8M in Wyle and HTSI transaction and integration costs as well as $4M in G&A for the two businesses.

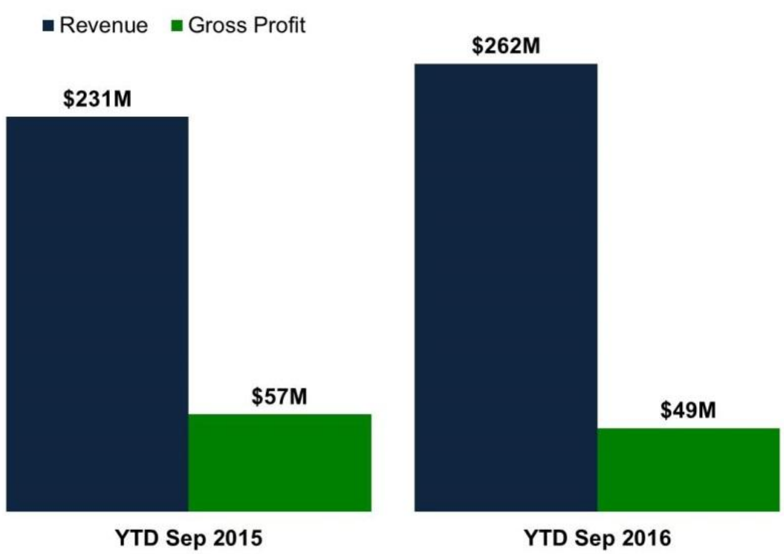
Effective Tax Rate (ETR)

Period	ETR
YTD 2016	43%
4Q 2016 (Forecast)	52%

- The YTD tax provision reflects foreign taxes and approximately $6M in discrete tax credits resulting in an ETR of 43%. Not tax effecting U.S. losses for financial reporting purposes makes the ETR unusually high in 2016.
- Assuming no discrete items in 4Q16, the ETR should approximate 52%.

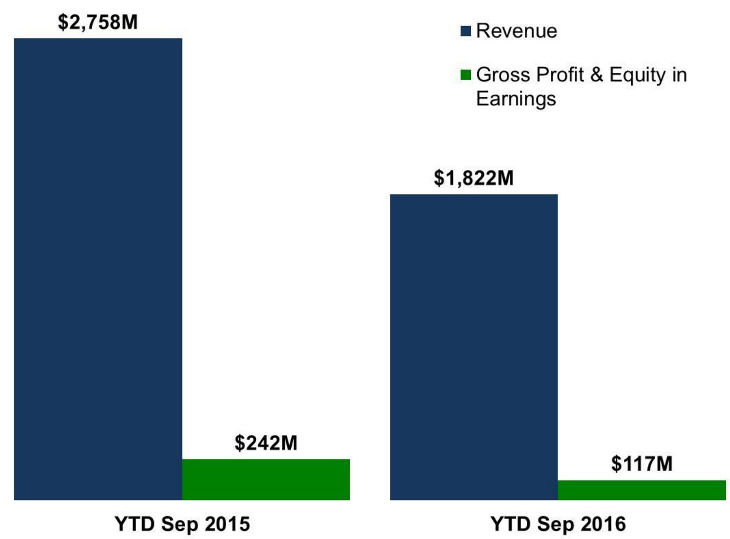
ETR for 2017 and beyond is expected to return to ~25%

Technology & Consulting



- In 3Q16, T&C revenues were $67M which was 15% less than 3Q15 due to a lower proportion of proprietary equipment sales in the current quarter. This trend reflects a mix of project revenues which start with license fees and engineering services (high margin) and then transition to proprietary equipment sales (lower margin).
- T&C gross profit in 3Q16 was flat with results in 3Q15 or gross profit margin of 25% in 3Q16 vs. 22%. Long-term margin percentages for this business are expected to be in the low twenties but may fluctuate between quarters depending on the mix of licensing and proprietary equipment.
- Given the continued challenges in the market for upstream consulting services, the majority of 2016 earnings are being generated from the technology business primarily in the refining, syngas and petrochemicals markets.

Engineering & Construction

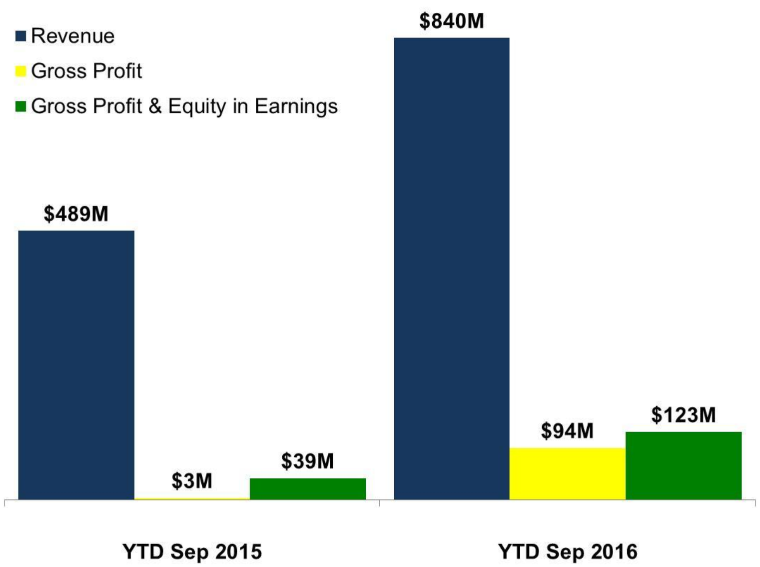


- In 3Q16, E&C revenue was $595M (28% decrease from 3Q15) due to the deconsolidation and sale of the Industrial Services business in 3Q15 as well as reduced activity on several projects including one of the major LNG projects in Australia.

- Gross profit in 3Q16 was $1M due primarily to $40M in increased costs related to the mechanical failure of a vendor-supplied compressor and pumps during commissioning as well as various mechanical issues encountered during startup of an EPC ammonia project in the U.S. The project has completed performance testing and the plant has successfully been handed over to the customer. Recoveries from vendors are being pursued, however, the reported results do not currently include any estimates for recoveries at this time.

- Equity in earnings was $11M this quarter which is $15M lower compared to 3Q15 predominantly due to slower activity on an LNG project joint venture in Australia as well as our offshore maintenance joint venture in Mexico.

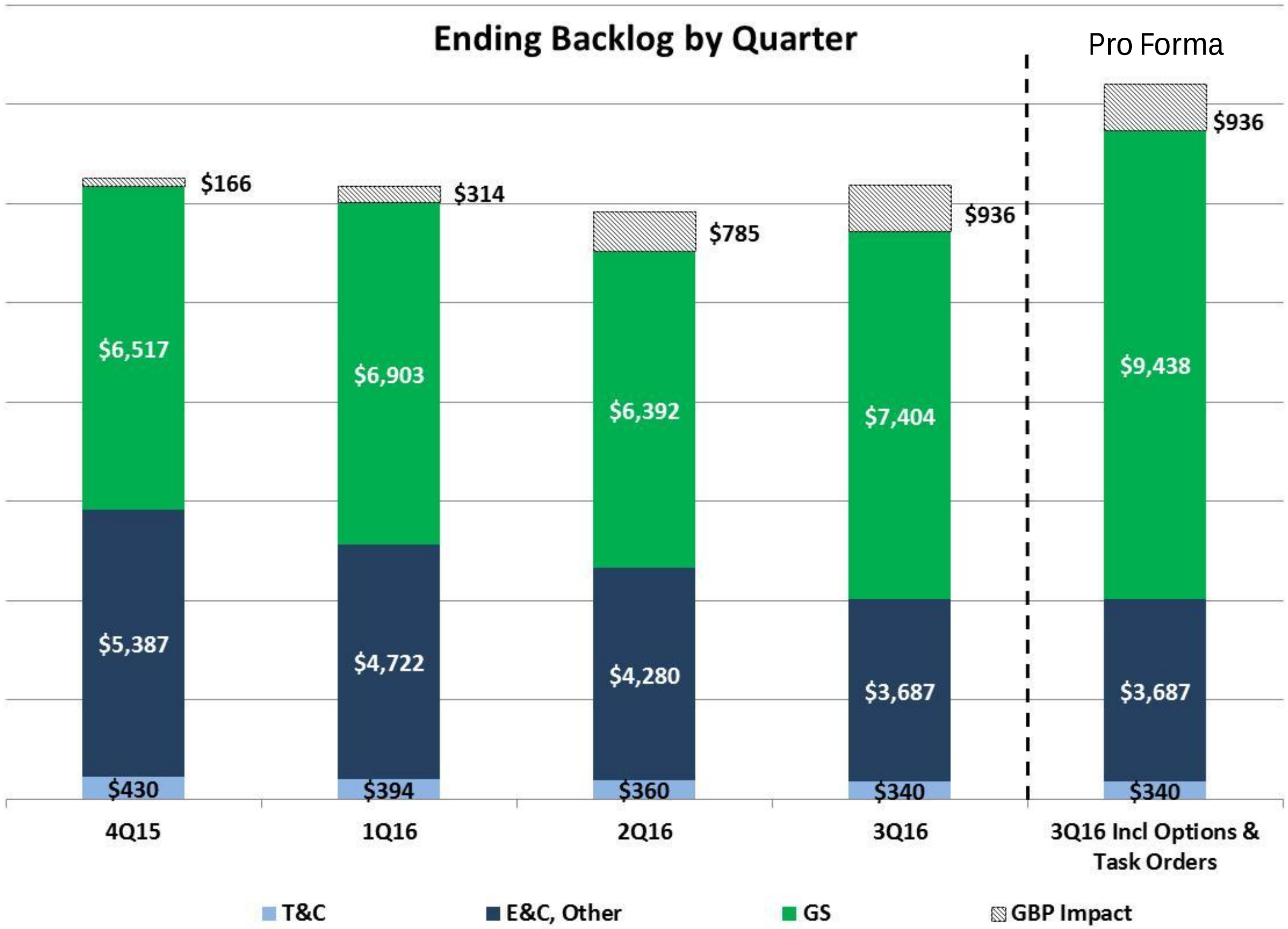
Government Services



- In 3Q16, GS revenues were $401M (more than double 3Q15) due to the continued expansion of existing U.S. Govt contracts in 2016 as well as the inclusion of approximately $200M of revenues from Wyle and HTSI during the quarter.
- GS gross profit in 3Q16 increased by $24M to $32M attributable to the higher volume from U.S. government contracts and the contribution from a full quarter of Wyle's results (HTSI only two weeks). GS equity in earnings was virtually flat with 3Q15.
- Significant wins this year (MFTS- 1Q16, Army 2020 – expected in 4Q16), expansion of existing contracts with the U.S. government, the addition of Wyle and HTSI's base contracts and our opportunity pipeline, position the business for strong growth in 2017 with growth in both Revenue/Gross Profit and Equity in Earnings.
- As previously, reported, other than financial reporting translation (GBP-USD), impact of Brexit on UK business is limited.

KBR We Deliver

Backlog: Transition in 2016



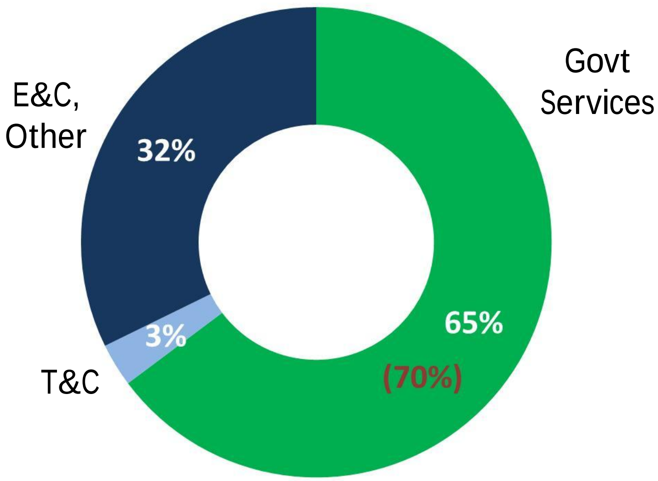
- Including option years and assuming historical levels of task orders for certain contracts, GS backlog would be significantly higher than what is booked at 3Q16
- Booked and Pro Forma include ~$0.9B reduction from FX conversion rates in 2016 (GBP-USD)

Backlog in 1H16 was declining but has grown in 3Q16 via acquisitions and contract expansions

KBR We Deliver

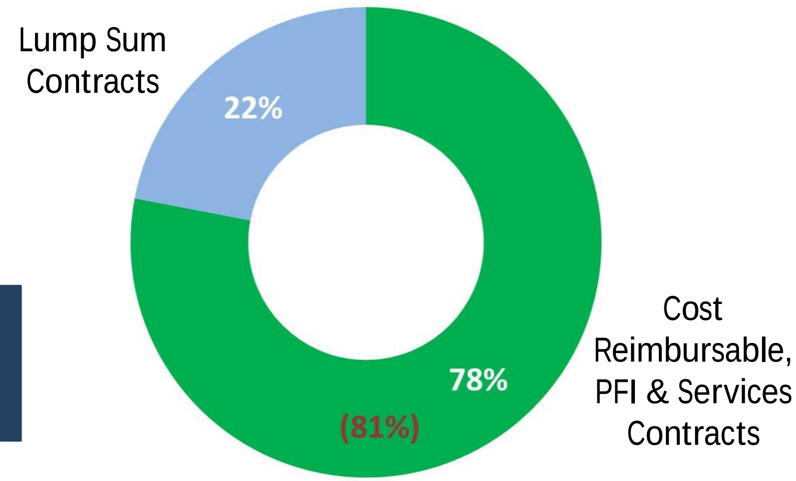
Backlog: September 30, 2016 – Diverse & Reduced Risk

Backlog by Business Segment

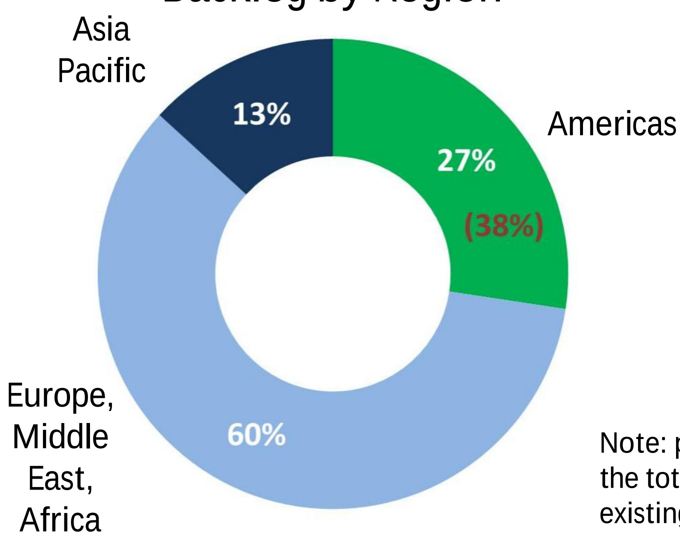


Total KBR Backlog
At 9/30/16:
$11.4B ($13.5)

Backlog by Contract Type



Backlog by Region



- Majority of KBR backlog is currently long-term, reimbursable, service annuity-type contracts with a low-risk profile and predictable cash flows
- GS backlog particularly for the U.S. government contracts does not include option years and thus work ultimately realized may significantly exceed the booked amount
- Army 2020 and KBOSS would significantly increase the proportion of GS backlog by the end of 2016

Note: percentages in red and parentheses in the GS sections indicate the pro forma percentage of the total this segment would be if we include options years and normal task order volume on existing contracts.

KBR We Deliver

Cash / Debt Position Post Wyle & HTSI Transactions

Cash: Balance at September 30, 2016	$569M
Debt: Revolver Usage to Fund Acquisitions	$650M
Net Debt Position at September 30, 2016	$(81)M

Permanent financing process expected to be completed in early 2017

Balanced Capital Allocation Strategy

Invest in Ongoing Business & Organic Growth

- Focus on working capital
- Maintain revolver and strong LC/ bonding capacity
- Divested / exiting under-performing businesses

Pay Dividends

- Current dividend is $0.08/share
- Highest yielding dividend among peers
- Returned $319M to shareholders via dividends since 2007

Make Strategic Acquisitions

- Three-pronged approach to acquisitions:
  1. Key technologies
  2. Government services
  3. Global industrial services
- Strategic geographical expansion
- Focus on long-term earnings potential
- Invested over $925M on acquiring earnings power so far in 2016

Buyback Shares

- $208M remaining under current $350M share repurchase program
- $795M in share repurchases completed since 2007
- Continue to make repurchase decisions on an opportunistic basis

KBR: 2017 Outlook is Strong

- Higher proportion of earnings driven by differentiated professional services and technology in 2017
- Full-year impact of KBOSS, Army 2020 and MFTS contract awards
- Full-year impact of Wyle and HTSI acquisitions
- In Hydrocarbons markets, focus on industrial services, debottlenecking and revamping existing LNG, ammonia and petrochemicals facilities, ethylene opportunities, and small-scale LNG positions in North America
- Greater proportion of differentiated reimbursable services leading to margin expansion
- Expanding capabilities and executing on growth plans in Americas and Middle East for maintenance / turnaround services targeting increased Opex spend
- Continue to evaluate M&A opportunities seeking additional earnings power with long-term and stable earnings streams and strong free cash flow
- Emphasis on cost control and focus on efficiency

Acquisition & Integration Update: Wyle & HTSI

✓	Close transactions: Both closed in 3Q16: Wyle on July 1 and HTSI on Sept 16th
✓	Align leadership: Leadership for the global Government Services segment consolidated under Roger Wiederkehr, former CEO of Wyle
✓	Align business: Business development and operations management teams have quickly partnered to address the market as a single brand facing U.S. government agencies and the U.S. Military – KBRwyle
✓	Realize revenue synergies: Opportunities starting to be achieved – e.g. in late 3Q16, following the completion of the HTSI acquisition, KBRwyle was awarded a $49M contract to support the U.S. Navy over three other bidders that included the expertise and past performance of Wyle (technical capabilities), HTSI (cyber security expertise) and the heritage KBR GS business (past performance extracts and proven program and safety management programs)
✓	Execute growth plan: Segment is focused on 2017 and beyond with a full service, global Government Services organization executing over $2.5B worth of contracts annually – scale and capability to be a significant player in Government Services in a growing market for U.S. and foreign governments

KBR We Deliver

2016 Guidance

- *EPS range $0.30 - $0.50, excluding legacy legal fees* (estimate for legacy legal fees is $15M or $0.11 EPS)
  - Guidance includes earnings accretion from Wyle ($0.05 - $0.08 per share) as well as acquisition and integration costs related to both the Wyle & HTSI transactions ($9.4M in deal costs incurred through September 30, 2016; minimal integration costs expected in 4Q16)
  - Reflects higher ETR for 2016 (52% expected for the full year)

KBR We Deliver

Conclusion

- Focused business strategy leading to growth in backlog:
global provider of high-end, differentiated, professional services and technologies
- Strong and growing long-term, annuity-type Government Services business as well as focused Opex-driven E&C business with large project capability for appropriate risk / return
- Significantly lower risk profile and leaner cost structure due to strategic initiatives but progress is continuous
- Large percentage of more predictable earnings with associated margin enhancement and strong free cash flow
- Balanced capital allocation strategy and strong Balance Sheet provides optionality: transition in 2017 to stronger free cash flow after legacy loss projects are complete

Appendix

Consolidated EBITDA Reconciliation: 3Q 2016

	Quarter Ending	
($ in millions)	Sep 30, 2016	Sep 30, 2015
Net income attributable to KBR	($63)	$ 55
Add Back:		
Interest income (expense)	$ 2	$ 2
Provision for income taxes	($12)	$ 18
Depreciation & amortization	$ 12	$ 10
Consolidated EBITDA	($60)	$ 85

Note: EBITDA is defined as earnings before interest income / expense, income taxes, depreciation and amortization