UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2022
OR

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to**

Commission File Number: 001-33146



KBR, Inc.

(***Exact name of registrant as specified in its charter***)

Delaware			**20-4536774**
(***State of incorporation***)			(***I.R.S. Employer Identification No.***)
601 Jefferson Street, Suite 3400	**Houston**	**Texas**	**77002**
(Address of principal executive offices)			***(Zip Code)***

(713) 753-2000
(Registrant's telephone number including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, $0.001 par value	KBR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 21, 2022, there were 139,560,024 shares of KBR, Inc. Common Stock, par value $0.001 per share, outstanding.

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Forward-Looking and Cautionary Statements

This Quarterly Report on Form 10-Q contains certain statements that are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act, as amended. The Private Securities Litigation Reform Act of 1995 provides safe harbor provisions for forward-looking information. Some of the statements contained in this Quarterly Report on Form 10-Q are forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. The words "believe," "may," "estimate," "continue," "anticipate," "intend," "plan," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future financial performance and results of operations.

We have based these statements on our assumptions and analyses in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate in the circumstances. Forward-looking statements by their nature involve substantial risks and uncertainties that could significantly affect expected results, and actual future results could differ materially from those described in such statements. While it is not possible to identify all factors, factors that could cause actual future results to differ materially include the risks and uncertainties disclosed in our latest Form 10-K and any subsequent Forms 10-Q and 8-K.

Many of these factors are beyond our ability to control or predict. Any of these factors, or a combination of these factors, could materially and adversely affect our future financial condition or results of operations and the ultimate accuracy of the forward-looking statements. These forward-looking statements are not guarantees of our future performance, and our actual results and future developments may differ materially and adversely from those projected in the forward-looking statements. We caution against putting undue reliance on forward-looking statements or projecting any future results based on such statements or on present or prior earnings levels. In addition, each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statement.

Glossary of Terms

The following frequently used terms, abbreviations or acronyms are commonly used in our Quarterly Reports on Form 10-Q as defined below:

Acronym	Definition
Affinity	Affinity Flying Training Services Ltd.
AOCL	Accumulated other comprehensive loss
ASBCA	Armed Services Board of Contract Appeals
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
BBSY	Bank Bill Swap Bid Rate
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance
COFC	U.S. Court of Federal Claims
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DoD	Department of Defense
DOJ	U.S. Department of Justice
EBIC	Egypt Basic Industries Corporation
EPC	Engineering, procurement and construction
ESPP	Employee Stock Purchase Plan
Exchange Act	Securities Exchange Act of 1934, as amended
FAR	Federal Acquisition Regulation
FASB	Financial Accounting Standards Board
FCA	False Claims Act
FKTC	First Kuwaiti Trading Company
GS	Government Solutions
HETs	Heavy equipment transporters
ICC	International Chamber of Commerce
JKC	JKC Australia LNG, an Australian joint venture executing the Ichthys LNG Project
LIBOR	London interbank offered rate
LNG	Liquefied natural gas
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MFRs	Memorandums for Record
MoD	Ministry of Defence
NCI	Noncontrolling interests
OAW	Operation Allies Welcome
PFIs	Private financed initiatives and projects
PIC	Paid-in capital in excess of par
PPE	Property, Plant and Equipment
RPA	Master Accounts Receivable Purchase Agreement
SEC	U.S. Securities and Exchange Commission
SONIA	Sterling Overnight Index Average
STS	Sustainable Technology Solutions
U.K.	United Kingdom
U.S.	United States
U.S. GAAP	Accounting principles generally accepted in the United States
VIEs	Variable interest entities

PART I. FINANCIAL INFORMATION

Item 1. Financial Information

KBR, Inc.
Condensed Consolidated Statements of Operations
(In millions, except for per share data)
(Unaudited)

	Three Months Ended March 31,	
	2022	**2021 (1)**
Revenues	$ 1,714	$ 1,461
Cost of revenues	(1,518)	(1,293)
Gross profit	**196**	**168**
Equity in earnings (losses) of unconsolidated affiliates	(118)	12
Selling, general and administrative expenses	(107)	(89)
Acquisition and integration related costs	(1)	(1)
Restructuring charges and asset impairments	(1)	—
Loss on disposition of assets and investments	—	(1)
Operating income (loss)	**(31)**	**89**
Interest expense	(20)	(19)
Other non-operating expense	—	(3)
Income (loss) before income taxes	**(51)**	**67**
Provision for income taxes	(19)	(17)
Net income (loss)	**(70)**	**50**
Less: Net income attributable to noncontrolling interests	1	1
Net income (loss) attributable to KBR	**$ (71)**	**$ 49**
Net income (loss) attributable to KBR per share		
Basic	$ (0.51)	$ 0.35
Diluted	$ (0.51)	$ 0.33
Basic weighted average common shares outstanding	**140**	**141**
Diluted weighted average common shares outstanding	**140**	**155**
Cash dividends declared per share	**$ 0.12**	**$ 0.11**

(1) As adjusted for the adoption of ASU 2020-06 using the full retrospective method.

See accompanying notes to condensed consolidated financial statements.

KBR, Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2022	**2021 [1]**
Net income (loss)	$ (70)	$ 50
Other comprehensive income (loss):		
Foreign currency translation adjustments	(19)	7
Pension and post-retirement benefits	6	9
Changes in fair value of derivatives	24	19
Other comprehensive income (loss)	11	35
Income tax (expense) benefit:		
Foreign currency translation adjustments	—	—
Pension and post-retirement benefits	(1)	(2)
Changes in fair value of derivatives	(5)	(4)
Income tax (expense) benefit	(6)	(6)
Other comprehensive income (loss), net of tax	5	29
Comprehensive income (loss)	(65)	79
Less: Comprehensive income attributable to noncontrolling interests	1	1
Comprehensive income (loss) attributable to KBR	**$ (66)**	**$ 78**

(1) As adjusted for the adoption of ASU 2020-06 using the full retrospective method.

See accompanying notes to condensed consolidated financial statements.

KBR, Inc.
Condensed Consolidated Balance Sheets
(In millions, except share data)

	March 31, 2022	December 31, [1] 2021
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 412	$ 370
Accounts receivable, net of allowance for credit losses of $13 and $13, respectively	1,035	1,411
Contract assets	211	224
Other current assets	116	147
Total current assets	**1,774**	**2,152**
Claims and accounts receivable	30	30
Property, plant, and equipment, net of accumulated depreciation of $435 and $431 (including net PPE of $18 and $19 owned by a variable interest entity), respectively	132	136
Operating lease right-of-use assets	151	158
Goodwill	2,051	2,060
Intangible assets, net of accumulated amortization of $302 and $291, respectively	688	708
Equity in and advances to unconsolidated affiliates	430	576
Deferred income taxes	212	231
Other assets	166	153
Total assets	**$ 5,634**	**$ 6,204**
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 630	$ 1,026
Contract liabilities	334	313
Accrued salaries, wages and benefits	272	317
Operating lease liabilities	43	41
Other current liabilities	182	178
Total current liabilities	**1,461**	**1,875**
Pension obligations	64	88
Employee compensation and benefits	97	111
Income tax payable	93	95
Deferred income taxes	70	70
Nonrecourse project debt	2	2
Long-term debt	1,870	1,875
Operating lease liabilities	180	188
Other liabilities	219	217
Total liabilities	**4,056**	**4,521**
Commitments and Contingencies (Notes 6, 12 and 13)		
KBR shareholders' equity:		
Preferred stock, $0.001 par value, 50,000,000 shares authorized, none issued	—	—
Common stock, $0.001 par value 300,000,000 shares authorized, 180,645,661 and 179,983,586 shares issued, and 139,821,173 and 139,786,136 shares outstanding, respectively	—	—
PIC	2,216	2,206
Retained earnings	1,200	1,287
Treasury stock, 40,824,488 shares and 40,197,450 shares, at cost, respectively	(976)	(943)
AOCL	(876)	(881)
Total KBR shareholders' equity	**1,564**	**1,669**
Noncontrolling interests	14	14
Total shareholders' equity	**1,578**	**1,683**
Total liabilities and shareholders' equity	**$ 5,634**	**$ 6,204**

(1) As adjusted for the adoption of ASU 2020-06 using the full retrospective method.

See accompanying notes to condensed consolidated financial statements.

KBR, Inc.
Condensed Consolidated Statements of Shareholders' Equity
(In millions, except for per share data)
(Unaudited)

Dollars in millions	Total	PIC	Retained Earnings	Treasury Stock	AOCL	NCI
Balance at December 31, 2021	$ 1,701	$ 2,251	$ 1,260	$ (943)	$ (881)	$ 14
Cumulative adjustment for the adoption of ASU 2020-06	(18)	(45)	27	—	—	—
Adjusted balance at January 1, 2022	1,683	2,206	1,287	(943)	(881)	14
Share-based compensation	5	5	—	—	—	—
Common stock issued upon exercise of stock options	4	4	—	—	—	—
Dividends declared to shareholders ($0.12/share)	(17)	—	(17)	—	—	—
Repurchases of common stock	(33)	—	—	(33)	—	—
Issuance of ESPP shares	1	1	—	—	—	—
Other	—	—	1	—	—	(1)
Net income (loss)	(70)	—	(71)	—	—	1
Other comprehensive income, net of tax	5	—	—	—	5	—
Balance at March 31, 2022	$ 1,578	$ 2,216	$ 1,200	$ (976)	$ (876)	$ 14

Dollars in millions	Total	PIC	Retained Earnings	Treasury Stock	AOCL	NCI
Balance at December 31, 2020	$ 1,609	$ 2,222	$ 1,305	$ (864)	$ (1,083)	$ 29
Cumulative adjustment for the adoption of ASU 2020-06	(27)	(45)	18	—	—	—
Adjusted balance at January 1, 2021	1,582	2,177	1,323	(864)	(1,083)	29
Share-based compensation	4	4	—	—	—	—
Common stock issued upon exercise of stock options	4	4	—	—	—	—
Dividends declared to shareholders ($0.11/share)	(16)	—	(16)	—	—	—
Repurchases of common stock	(4)	—	—	(4)	—	—
Issuance of ESPP shares	2	—	—	2	—	—
Other noncontrolling interests activity	(1)	—	—	—	—	(1)
Net income	50	—	49	—	—	1
Other comprehensive loss, net of tax	29	—	—	—	29	—
Balance at March 31, 2021	$ 1,650	$ 2,185	$ 1,356	$ (866)	$ (1,054)	$ 29

See accompanying notes to condensed consolidated financial statements.

KBR, Inc.
Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2022	**2021 [1]**
Cash flows from operating activities:		
Net income (loss)	$ (70)	$ 50
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	33	38
Equity in (earnings) losses of unconsolidated affiliates	118	(12)
Deferred income tax	16	8
Loss on disposition of assets	—	1
Other	12	8
Changes in operating assets and liabilities:		
Accounts receivable, net of allowance for credit losses	370	24
Contract assets	14	(3)
Accounts payable	(400)	33
Contract liabilities	24	(62)
Accrued salaries, wages and benefits	(43)	9
Payments on operating lease obligation	(14)	(15)
Payments from unconsolidated affiliates, net	7	7
Distributions of earnings from unconsolidated affiliates	30	8
Pension funding	(11)	(11)
Restructuring reserve	(4)	(7)
Other assets and liabilities	7	(26)
Total cash flows provided by operating activities	**$ 89**	**$ 50**
Cash flows from investing activities:		
Purchases of property, plant and equipment	$ (6)	$ (6)
Investments in equity method joint ventures	(1)	(3)
Proceeds from sale of assets or investments	18	—
Acquisition of technology license	—	(7)
Other	1	(6)
Total cash flows provided by (used in) investing activities	**$ 12**	**$ (22)**
Cash flows from financing activities:		
Payments on short-term and long-term borrowings	(7)	(7)
Payments of dividends to shareholders	(15)	(14)
Net proceeds from issuance of common stock	4	4
Payments to reacquire common stock	(33)	(4)
Other	(1)	(1)
Total cash flows used in financing activities	**$ (52)**	**$ (22)**
Effect of exchange rate changes on cash	(7)	3
Increase in cash and cash equivalents	42	9
Cash and cash equivalents at beginning of period	370	436
Cash and cash equivalents at end of period	**$ 412**	**$ 445**
Noncash financing activities		
Dividends declared	$ 17	$ 16

(1) As adjusted for the adoption of ASU 2020-06 using the full retrospective method.

See accompanying notes to condensed consolidated financial statements.

Note 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements were prepared using generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Regulation S-X. Accordingly, these financial statements do not include all information or notes required by generally accepted accounting principles for annual financial statements and should be read together with our 2021 Annual Report on Form 10-K.

The condensed consolidated financial statements include all normal and recurring adjustments necessary to present fairly our financial position as of March 31, 2022, and the results of our operations for the three months ended March 31, 2022 and 2021 and our cash flows for the three months ended March 31, 2022 and 2021. Certain amounts in prior periods have been reclassified to conform with current period presentation.

There are many factors that may affect the accuracy of our cost estimates and ultimately our future profitability. These include, but are not limited to, the availability and costs of resources (such as labor, materials and equipment), productivity and
weather. We generally realize both lower and higher than expected margins on projects in any given period. We recognize revisions of revenues and costs in the period in which the revisions are known. This may result in the recognition of costs before the recognition of related revenue recovery, if any. Our significant accounting policies are detailed in "Note 1. Significant Accounting Policies" of our 2021 Annual Report on Form 10-K.

We have evaluated all events and transactions occurring after the balance sheet date but before the financial statements were issued and have included the appropriate disclosures.

Principles of Consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP and include the accounts of KBR, Inc. and the subsidiaries it controls, including VIEs where it is the primary beneficiary (collectively, the "Company," "KBR", "we", "us" or "our"). We account for investments over which we have significant influence, but not a controlling financial interest, using the equity method of accounting. See Note 8 to our condensed consolidated financial statements for further discussion of our equity investments and VIEs. All material intercompany balances and transactions are eliminated in consolidation.

Adoption of ASU 2020-06

Effective January 1, 2022, we adopted ASU No. 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06") using the full retrospective method. Accordingly, the Company is presenting the consolidated financial statements for the year ended December 31, 2021, and the condensed consolidated financial statements for the three months ended March 31, 2021, as if ASU 2020-06 had been effective for those periods. This guidance simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. As such, we no longer separate the Convertible Senior Notes into liability and equity components. The conversion option that was previously accounted for in equity under the cash conversion model was recombined into the Convertible Senior Notes outstanding, and as a result, PIC and the related unamortized debt discount on the Convertible Senior Notes were reduced. The removal of the remaining debt discount recorded for this previous separation has the effect of increasing our net debt balance. ASU 2020-06 also eliminates the treasury stock method to calculate diluted earnings per share for certain convertible instruments and requires the use of the if-converted method. As such, we are required to apply the if-converted method to our Convertible Senior Notes when calculating diluted income (loss) per share. Under the if-converted method, the principal amount and any conversion spread of the Convertible Senior Notes, to the extent dilutive, are assumed to be converted into common stock at the beginning of the period and net income (loss) attributable to KBR is adjusted to reverse the effect of any interest expense associated with the Convertible Senior Notes.

For the years ended December 31, 2021 and 2020, the adoption of this standard did not materially impact our financial performance, financial position or cash flow, but it did result in an increase in the number of diluted weighted average shares outstanding utilized in our diluted income (loss) per share calculation in periods of net income attributable to KBR. For the year ending December 31, 2022, the adoption of this standard will not materially impact our financial performance, financial position or cash flow, but it may result in an increase in the number of diluted weighted average shares outstanding utilized in our diluted income (loss) per share calculation.

Select unaudited condensed consolidated balance sheet line items, which reflect the adoption of ASU 2020-06 are as follows:

Dollars in millions	As Previously Reported	December 31, 2021 Adjustments	As Adjusted
Assets:			
Deferred income taxes	$ 226	$ 5	$ 231
Liabilities:			
Long-term debt	$ 1,852	$ 23	$ 1,875
KBR Shareholders' Equity:			
PIC	$ 2,251	$ (45)	$ 2,206
Retained earnings	1,260	27	1,287

Select unaudited condensed consolidated statement of operations line items, which reflect the adoption of ASU 2020-06 are as follows:

Dollars in millions	As Previously Reported	Three Months Ended March 31, 2021 Adjustments	As Adjusted
Interest Expense	$ (22)	$ 3	$ (19)
Income before income taxes	$ 64	$ 3	$ 67
Provision for income taxes	$ (16)	$ (1)	$ (17)
Net income	$ 48	$ 2	$ 50
Net income attributable to KBR	$ 47	$ 2	$ 49
Net income attributable to KBR per share:			
Basic	$ 0.33	$ 0.02	$ 0.35
Diluted	$ 0.33	$ —	$ 0.33
Basic weighted average common shares outstanding	$ 141	$ —	$ 141
Diluted weighted average common shares outstanding	$ 144	$ 11	$ 155

Select unaudited condensed consolidated statement of cash flows line items, which reflect the adoption of ASU 2020-06 are as follows:

Dollars in millions	As Previously Reported	Three Months Ended March 31, 2021 Adjustments	As Adjusted
Cash flows from operating activities:			
Net Income	$ 48	$ 2	$ 50
Adjustments to reconcile net income to net cash provided by operating activities:			
Deferred income tax	7	1	8
Other	11	(3)	8
Total cash flows provided by operating activities	$ 50	$ —	$ 50

Impact of Adoption of Other New Accounting Standards

Effective January 1, 2022, we adopted ASU No. 2021-04. Earnings Per Share (Topic 260), Debt - Modifications and Extinguishments (Subtopic 470-50), Compensation - Stock Compensation (Topic 718), and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options. This ASU provides guidance for a modification or an exchange of a freestanding equity-classified written call option that is not within the scope of another Topic. It specifically addresses measurement, treatment and recognition of a freestanding equity-classified written call option modification or exchange. The adoption of this standard did not have an impact on our financial statements.

Effective January 1, 2022, we adopted ASU 2021-10, Government Assistance (Topic 832), Disclosures by Business Entities About Government Assistance, which requires entities to provide disclosures on material government assistance transactions for annual reporting periods. The disclosures include information around the nature of the assistance, the related accounting policies used to account for government assistance, the effect of government assistance on the entity's financial statements and any significant terms and conditions of the agreements, including commitments and contingencies. The new standard only impacts annual financial statement footnote disclosures. Therefore, the adoption did not have a material effect on our condensed consolidated financial statements.

Additional Balance Sheet Information

Other Current Liabilities

The components of other current liabilities on our condensed consolidated balance sheets as of March 31, 2022, and December 31, 2021, are presented below:

Dollars in millions	March 31, 2022	December 31, 2021
Current maturities of long-term debt	$ 16	$ 16
Reserve for estimated losses on uncompleted contracts	18	17
Retainage payable	13	13
Restructuring reserve	15	17
Value-added tax payable	49	34
Dividend payable	17	16
Other miscellaneous liabilities	54	65
Total other current liabilities	$ 182	$ 178

Note 2. Business Segment Information

We provide a wide range of professional services and the management of our business is heavily focused on major projects or programs within each of our reportable segments. At any given time, government programs and joint ventures represent a substantial part of our operations. We are organized into two core business segments, Government Solutions and Sustainable Technology Solutions and one non-core business segment as described below:

Government Solutions. Our Government Solutions business segment provides full life-cycle support solutions to defense, intelligence, space, aviation and other programs and missions for military and other government agencies primarily in the U.S., U.K. and Australia. KBR's services cover the full spectrum spanning research and development, advanced prototyping, acquisition support, systems engineering, C4ISR, cyber analytics, space domain awareness, test and evaluation, systems integration and program management, global supply chain management and operations readiness and support. With the acquisition of Frazer-Nash Consultancy Limited ("Frazer-Nash") on October 20, 2021 (described in Note 4 to the consolidated financial statements), our GS business segment also provides a broad range of professional advisory services to deliver high-end systems engineering, systems assurance and technology to customers across the defense, energy and critical infrastructure sectors primarily in the U.K. and Australia.

Sustainable Technology Solutions. Our Sustainable Technology Solutions business segment is anchored by our portfolio of over 70 innovative, proprietary, sustainability-focused process technologies that we license spanning four primary areas: ammonia/syngas/fertilizers, chemical/petrochemicals, clean refining and circular process/circular economy solutions. STS also includes our highly synergistic advisory and consulting practice focused on energy transition and net-zero carbon emission consulting, our high-end engineering, design and professional services offerings, as well as our technology-led industrial solutions build on our KBR INSITE® platform. KBR INSITE® is a proprietary, digital, cloud-based operations and maintenance platform that identifies opportunities for our clients to achieve sustainable improvements in production, reliability, environment impact, energy efficiency and ultimately profitability. From early planning through scope definition, advanced technologies and facility life-cycle support, our STS business segment works closely with customers to provide what we believe is the optimal approach to maximize their return on investment.

Other. Our non-core Other segment includes corporate expenses and selling, general and administrative expenses not allocated to the business segments above.

Operations by Reportable Segment

Dollars in millions	Three Months Ended March 31, 2022	2021 [1]
Revenues:		
Government Solutions	$ 1,459	$ 1,164
Sustainable Technology Solutions	255	297
Total revenues	$ 1,714	$ 1,461
Gross profit:		
Government Solutions	$ 159	$ 116
Sustainable Technology Solutions	37	52
Total gross profit	$ 196	$ 168
Equity in earnings (losses) of unconsolidated affiliates:		
Government Solutions	$ 10	$ 7
Sustainable Technology Solutions	(128)	5
Total equity in earnings (losses) of unconsolidated affiliates	$ (118)	$ 12
Selling, general and administrative expenses:		
Government Solutions	$ (54)	$ (49)
Sustainable Technology Solutions	(15)	(14)
Other	(38)	(26)
Total selling, general and administrative expenses	$ (107)	$ (89)
Acquisition and integration related costs	(1)	(1)
Restructuring charges and asset impairments	(1)	—
Loss on disposition of assets and investments	—	(1)
Operating income (loss)	**$ (31)**	**$ 89**
Interest expense	(20)	(19)
Other non-operating expense	—	(3)
Income (loss) before income taxes	**$ (51)**	**$ 67**

(1) As adjusted for the adoption of ASU 2020-06 using the full retrospective method.

Note 3. Revenue

Disaggregated Revenue

We disaggregate our revenue from customers by business unit, geographic destination and contract type for each of our segments as we believe it best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

Revenue by business unit and reportable segment was as follows:

	Three Months Ended March 31,	
Dollars in millions	**2022**	**2021**
Government Solutions		
Science & Space	$ 253	$ 247
Defense & Intel	378	351
Readiness & Sustainment	533	329
International	295	237
Total Government Solutions	1,459	1,164
Sustainable Technology Solutions	255	297
Total revenue	$ 1,714	$ 1,461

Government Solutions revenue earned from key U.S. government customers includes U.S. DoD agencies and NASA, and is reported as Science & Space, Defense & Intel and Readiness & Sustainment. Government Solutions revenue earned from non-U.S. government customers primarily includes the U.K. MoD and the Australian Defence Force and is reported as International.

Revenue by geographic destination was as follows:

Total by Countries/Regions *Dollars in millions*	Three Months Ended March 31, 2022		
	Government Solutions	Sustainable Technology Solutions	Total
United States	$ 1,011	$ 109	$ 1,120
Middle East	39	49	88
Europe	283	32	315
Australia	90	—	90
Canada	—	2	2
Africa	18	17	35
Asia	3	42	45
Other countries	15	4	19
Total revenue	$ 1,459	$ 255	$ 1,714

Total by Countries/Regions *Dollars in millions*	Three Months Ended March 31, 2021		
	Government Solutions	Sustainable Technology Solutions	Total
United States	$ 749	$ 113	$ 862
Middle East	133	44	177
Europe	173	44	217
Australia	77	5	82
Canada	—	—	—
Africa	19	20	39
Asia	—	51	51
Other countries	13	20	33
Total revenue	$ 1,164	$ 297	$ 1,461

Many of our contracts contain cost reimbursable, time-and-materials and fixed price components. We define contract type based on the component that represents the majority of the contract. Revenue by contract type was as follows:

Dollars in millions	Three Months Ended March 31, 2022		
	Government Solutions	Sustainable Technology Solutions	Total
Cost Reimbursable	$ 955	$ —	$ 955
Time-and-Materials	235	175	410
Fixed Price	269	80	349
Total revenue	$ 1,459	$ 255	$ 1,714

Dollars in millions	Three Months Ended March 31, 2021		
	Government Solutions	Sustainable Technology Solutions	Total
Cost Reimbursable	$ 689	$ —	$ 689
Time-and-Materials	212	190	402
Fixed Price	263	107	370
Total revenue	$ 1,164	$ 297	$ 1,461

Performance Obligations and Contract Liabilities

We recognized revenue from performance obligations satisfied in previous periods of $18 million for the three months ended March 31, 2021.

On March 31, 2022, we had $10.9 billion of transaction price allocated to remaining performance obligations. We expect to recognize approximately 33% of our remaining performance obligations as revenue within one year, 33% in years two through five and 34% thereafter. Revenue associated with our remaining performance obligations to be recognized beyond one year includes performance obligations related to the Aspire Defence project, which has contract terms extending through 2041. Remaining performance obligations do not include variable consideration that was determined to be constrained as of March 31, 2022.

We recognized revenue of $82 million and $107 million for the three months ended March 31, 2022 and 2021, respectively, which was previously included in the contract liability balance at the beginning of each period.

Accounts Receivable

Dollars in millions	March 31, 2022	December 31, 2021
Unbilled	$ 496	$ 698
Trade & other	539	713
Accounts receivable	$ 1,035	$ 1,411

Note 4. Acquisitions

Frazer-Nash Consultancy Limited

On October 20, 2021, we acquired Frazer-Nash in accordance with an agreement with Babcock International Group PLC, a leading UK based provider of specialist systems, engineering and technology solutions. The aggregate consideration paid was approximately $392 million in cash, subject to other post-closing adjustments. As of March 31, 2022, the estimated fair values of net assets acquired were preliminary, with possible updates primarily in our finalization of tax returns. The Company recognized goodwill of approximately $293 million primarily related to future growth opportunities based on an expanded service offering from intellectual capital and a highly skilled assembled workforce and other expected synergies from the combined operations. Intangible assets of $89 million were recognized and comprised of customer relationships and backlog, which will be amortized over a weighted-average period of 14 years. For U.S. tax purposes, the transaction is treated as a stock deal. As a result, there is no step-up in tax basis in the individual assets and liabilities acquired and the goodwill recognized is not deductible for tax purposes.

The following supplemental pro forma, combined financial information has been prepared from historical financial statements that have been adjusted to give effect to the acquisition of Frazer-Nash as though it had been acquired on January 1, 2021. Pro forma adjustments were primarily related to the amortization of intangibles, interest on borrowings related to the acquisition, significant nonrecurring transactions and acquisition related transaction costs. Accordingly, this supplemental pro forma financial information is presented for informational purposes only and is not necessarily indicative of what the actual results of operations of the combined company would have been had the acquisition occurred on January 1, 2021, nor is it indicative of future results of operations.

Dollars in millions	Three Months Ended March 31, 2021 (Unaudited)
Revenue	$ 1,506
Net income attributable to KBR	$ 52
Diluted earnings per share	$ 0.35

Harmonic Limited

On July 1, 2021, we acquired certain assets and assumed certain liabilities of Harmonic Limited ("Harmonic"). The acquired business of Harmonic provides transformation and delivery consultancy project services to UK businesses and is reported within our GS business segment. We accounted for this transaction as an acquisition of a business using the acquisition method under ASC 805, Business Combinations. The agreed-upon purchase price for the acquisition was $19 million, which consisted of cash paid at closing of $17 million, funded from cash on hand, and contingent consideration with an estimated fair value of $2 million that is contingent upon the achievement of certain performance targets over the period from closing through March 31, 2024. We recognized $2 million as an intangible backlog asset, $3 million in net working capital, and goodwill of $14 million arising from the acquisition, which relates primarily to future growth opportunities. The goodwill recognized is not deductible for tax purposes.

Note 5. Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash balances held by our wholly owned subsidiaries as well as cash held by joint ventures that we consolidate. Joint venture and the Aspire project cash balances are limited to specific project activities and are not available for other projects, general cash needs or distribution to us without approval of the board of directors of the respective entities. We expect to use this cash for project costs and distributions of earnings.

The components of our cash and cash equivalents balance are as follows:

	March 31, 2022		
Dollars in millions	International (a)	Domestic (b)	Total
Operating cash and cash equivalents	$ 232	$ 52	$ 284
Short-term investments (c)	6	—	6
Cash and cash equivalents held in consolidated joint ventures and Aspire Defence subcontracting entities	122	—	122
Total	$ 360	$ 52	$ 412

	December 31, 2021		
Dollars in millions	International (a)	Domestic (b)	Total
Operating cash and cash equivalents	$ 218	$ 34	$ 252
Short-term investments (c)	2	—	2
Cash and cash equivalents held in consolidated joint ventures and Aspire Defence subcontracting entities	116	—	116
Total	$ 336	$ 34	$ 370

(a) Includes deposits held by non-U.S. entities with operating accounts that constitute offshore cash for tax purposes.
(b) Includes U.S. dollar and foreign currency deposits held in U.S. entities with operating accounts that constitute onshore cash for tax purposes but may reside either in the U.S. or in a foreign country.
(c) Includes time deposits, money market funds and other highly liquid short-term investments.

Note 6. Unapproved Change Orders and Claims Against Clients and Estimated Recoveries of Claims Against Suppliers and Subcontractors

The amounts of unapproved change orders, and claims against clients and estimated recoveries of claims against suppliers and subcontractors included in determining the profit or loss on contracts are as follows:

Dollars in millions	March 31, 2022	March 31, 2021
Amounts included in project estimates-at-completion at January 1,	$ 426	$ 1,048
(Decrease) increase in project estimates	(117)	(9)
Approved change orders	(271)	(11)
Foreign currency impact	7	5
Amounts included in project estimates-at-completion at March 31,*	$ 45	$ 1,033

(*) As of March 31, 2022, the balance above reflects the Settlement Agreement with Combined Cycle Power Plant Subcontractor Consortium signed in April 2022.

The balance as of March 31, 2022 primarily relates to projects in our Government Solutions segment.

Ichthys LNG Project

We have a 30% ownership interest in the JKC joint venture ("JKC"), which was contracted to perform the engineering, procurement, supply, construction and commissioning of onshore LNG facilities for a client in Darwin, Australia (the "Ichthys LNG Project"). The construction and commissioning of the Ichthys LNG Project is complete, and the facility has been handed over to the client and is producing LNG.

Settlement Agreement with the Client

In October 2021, JKC entered into a binding settlement agreement (the “Settlement Agreement”) that resolved the outstanding claims and disputes between JKC and its client, Ichthys LNG Pty, Ltd (collectively, “the Parties”). As a result of the Settlement Agreement, the Parties agreed to withdraw all claims and terminate all ongoing arbitration and court proceedings between the Parties. As part of the Settlement Agreement, KBR’s letters of credit were also reduced to $82 million from $164 million.

Paint and Insulation Claims Against Insurer and Paint Manufacturer

There has been deterioration of paint and insulation on certain exterior areas of the plant. As part of the Settlement Agreement, the Parties agreed to consult in good faith and to cooperate to seek maximum recovery from the insurance policies and paint manufacturer for the paint and insulation matters. The Parties agreed to collectively pursue claims against the paint manufacturer, and JKC has assigned claims under the insurance policy regarding the paint and insulation matters to the client.

Under the Settlement Agreement, the parties have agreed that if, at the date of final resolution of the above proceedings and claims with respect to the paint and insulation matters, the recovered amount from the paint manufacturer and insurance claim is less than the stipulated ceiling amount in the Settlement Agreement, JKC will pay the client the difference between the stipulated ceiling amount and the recovered amount. JKC has provided for and continues to maintain its contingent liability.

Settlement Agreement with the Combined Cycle Power Plant Subcontractor Consortium

Pursuant to JKC's fixed-price scope of its contract with its client, JKC awarded a fixed-price EPC contract to a subcontractor for the design, construction and commissioning of the Combined Cycle Power Plant (the "Power Plant"). The subcontractor was a consortium consisting of General Electric and GE Electrical International Inc. and a joint venture between UGL Infrastructure Pty Limited and CH2M Hill (collectively, the "Consortium"). On January 25, 2017, JKC received a Notice of Termination from the Consortium, and the Consortium ceased work on the Power Plant and abandoned the construction site.

JKC pursued recourse against the Consortium to recover all of the costs to complete the Power Plant, plus the additional interest and/or general damages. Each of the Consortium partners has joint and several liability with respect to all obligations under the subcontract.

As of March 31, 2022, JKC's claims against the Consortium were approximately $1.7 billion (net of subcontractor bonds and remaining original lump sum subcontract value) for recovery of JKC's costs.

Subsequently, in April 2022, JKC entered into a settlement agreement (the “Subcontractor Settlement Agreement”) to resolve outstanding claims and disputes between JKC and the Consortium. As a result of the Subcontractor Settlement Agreement, KBR expects to receive approximately $271 million of cash in two payments for our proportionate share of the settlement amount. The first payment of $203 million was paid to JKC in April 2022. The second payment for approximately $68 million is expected to be paid to JKC in March 2023, at prevailing exchange rates. KBR recorded a non-cash charge to equity in earnings (losses) of unconsolidated affiliates in the amount of $137 million during the quarter ended March 31, 2022, which reflected KBR’s proportionate share of its claims against the Consortium. KBR's Senior Credit Facility contains certain defined provisions under an 'Ichthys Recovery Event', including requiring JKC to make distributions to the JV partners for their proportionate share of the net cash proceeds. Upon receiving such distribution from JKC, KBR is required to use commercially reasonable efforts to make mandatory prepayments under Term Loan A within three business days of receipt using the net settlement proceeds. KBR is in current communication with JKC to distribute the first payment imminently.

See Note 8 "Equity Method Investments and Variable Interest Entities" to our condensed consolidated financial statements for further discussion regarding our equity method investment in JKC.

Changes in Project-related Estimates

There are many factors that may affect the accuracy of our cost estimates and ultimately our future profitability. These include, but are not limited to, the availability and costs of resources (such as labor, materials and equipment), productivity, weather and ongoing resolution of legacy projects and legal matters. We generally realize both lower and higher than expected margins on projects in any given period. We recognize revisions of revenues and costs in the period in which the revisions are known. This may result in the recognition of costs before the recognition of related revenue recovery, if any.

During the three months ended March 31, 2022 within our STS business segment, we recognized a non-cash charge to equity in earnings of unconsolidated affiliates of $137 million as a result of changes in estimates on the Ichthys LNG Project in connection with the Subcontractor Settlement Agreement discussed above. Additionally, due to the ongoing conflict between Russia and Ukraine, sanctions and trade control measures were implemented against Russia. This may have an impact on our ability to operate in the ordinary course of business as we wind down our business operations in Russia and may result in changes in estimates on our projects as we continue to assess revisions to these estimates when known. The duration and extent to which the trade sanctions against Russia effect our business will depend on future developments which still remain uncertain. As a result, during the quarter, we recognized an unfavorable change of $12 million in gross profit and incurred $4 million in severance and asset impairments costs associated with our intent to exit commercial projects in Russia.

Note 7. Restructuring Charges

During 2020, our management initiated and approved a broad restructuring plan in response to the dislocation of the global energy market resulting from the decline in oil prices and the COVID-19 pandemic. As part of the plan, management approved strategic business restructuring activities and decided to discontinue pursuing certain projects, principally lump-sum EPC and commoditized construction services. The restructuring plan was designed to refine our market focus, optimize costs, and improve operational efficiencies. The restructuring charges were substantially completed in the year ended December 31, 2020. The restructuring liability at March 31, 2022, was $61 million, of which $15 million is included in other current liabilities and $46 million is included in other liabilities. The restructuring liability at December 31, 2021, was $66 million, of which $17 million is included in other current liabilities and $49 million is included in other liabilities.

Note 8. Equity Method Investments and Variable Interest Entities

We conduct some of our operations through joint ventures, which operate through partnerships, corporations and undivided interests and other business forms and are principally accounted for using the equity method of accounting. Additionally, the majority of our joint ventures are VIEs.

The following table presents a rollforward of our equity in and advances to unconsolidated affiliates:

Dollars in millions	Three Months Ended March 31, 2022	Year Ended December 31, 2021
Beginning balance at January 1,	$ 576	$ 881
Equity in earnings (losses) of unconsolidated affiliates	(118)	(170)
Distributions of earnings of unconsolidated affiliates (a)	(5)	(72)
Advances to (payments from) unconsolidated affiliates, net	(7)	(17)
Investments (b)	1	29
Sale of equity method investment (c)	(22)	(39)
Foreign currency translation adjustments	3	(10)
Other (d)	2	(26)
Ending balance	$ 430	$ 576

(a) The Brown & Root Industrial Services joint venture declared a distribution in the fourth quarter of 2021 that was paid to KBR during the three months ended March 31, 2022.
(b) Investments include $1 million and $26 million in funding contributions to JKC for the three months ended March 31, 2022 and the year ended December 31, 2021, respectively.
(c) During the three months ended March 31, 2022, we sold two of our three U.K. Road projects. The carrying value of our investment was $22 million. We received $18 million in cash proceeds and the purchaser agreed to assume the $4 million of consortium relief. In the second quarter of 2022, we sold the one remaining U.K. Road project and recorded a gain of approximately $16 million. During the third quarter of 2021, we sold our investment interest in the Middle East Petroleum Corporation (EBIC Ammonia project). The carrying value of our investment was $39 million. We received $43 million in cash proceeds and recorded a gain of $4 million, of which $1 million was attributable to our non-controlling interests. Subsequent to the receipt of the cash proceeds, we distributed the non-controlling interests' proportionate share of $15 million.
(d) During the year ended December 31, 2021, Other included unearned income related to the Ichthys LNG Project, which was previously recorded outside of the equity method investment balance and will not be realized as a result of the settlement proceedings. See Note 6 "Unapproved Change Orders and Claims Against Clients and Estimated Recoveries of Claims Against Suppliers and Subcontractors" for additional information.

Related Party Transactions

We often provide engineering, construction management and other subcontractor services to our unconsolidated joint ventures and our revenues include amounts related to these services. For the three months ended March 31, 2022 and 2021, our revenues included $104 million and $79 million, respectively, related to the services we provided primarily to the Aspire Defence Limited joint venture within our GS business segment and two other joint ventures within our STS business segment.

Amounts included in our condensed consolidated balance sheets related to services we provided to our unconsolidated joint ventures as of March 31, 2022, and December 31, 2021 are as follows:

Dollars in millions	March 31, 2022	December 31, 2021
Accounts receivable, net of allowance for credit losses	$ 42	$ 35
Contract assets	$ 1	$ 2
Other current assets	$ —	$ 25
Contract liabilities	$ 6	$ 5

Note 9. Retirement Benefits

The components of net periodic pension cost (benefit) related to pension benefits for the three months ended March 31, 2022 and 2021 were as follows:

	Three Months Ended March 31,			
	2022		2021	
Dollars in millions	United States	Int'l	United States	Int'l
Components of net periodic pension benefit				
Interest cost	$ 1	$ 9	$ —	$ 8
Expected return on plan assets	(1)	(22)	(1)	(21)
Recognized actuarial loss	—	6	1	8
Net periodic pension benefit	$ —	$ (7)	$ —	$ (5)

For the three months ended March 31, 2022, we have contributed approximately $11 million of the $45 million we expect to contribute to our plans in 2022.

Note 10. Debt and Other Credit Facilities

Our outstanding debt consisted of the following at the dates indicated:

Dollars in millions	March 31, 2022	December 31, 2021 [1]
Term Loan A	$ 438	$ 441
Term Loan B	510	511
Convertible Senior Notes	350	350
Senior Notes	250	250
Senior Credit Facility	362	364
Unamortized debt issuance costs - Term Loan A	(4)	(4)
Unamortized debt issuance costs and discount - Term Loan B	(12)	(13)
Unamortized debt issuance costs and discount - Convertible Senior Notes	(4)	(4)
Unamortized debt issuance costs and discount - Senior Notes	(4)	(4)
Total debt	1,886	1,891
Less: current portion	16	16
Total long-term debt, net of current portion	$ 1,870	$ 1,875

(1) As adjusted for the adoption of ASU 2020-06 using the full retrospective method.

Senior Credit Facility

On November 18, 2021, we entered into Amendment No. 5 under our existing Credit Agreement, dated as of April 25, 2018 ("Pro Rata Facilities"), consisting of a $1 billion revolving credit facility (the "Revolver"), a $442 million Term Loan A, ("Term Loan A") with debt tranches denominated in US dollars, Australian dollars and British pound sterling and a $512 million Term Loan B ("Term Loan B"), with an aggregate capacity of $1.954 billion ("Senior Credit Facility"). The Amendment, among other things, (i) established an additional tranche of £122.1 million in Term Loan A incurred by Kellogg Brown & Root Limited, a wholly owned indirect subsidiary of KBR, Inc., organized under the laws of England and Wales, (ii) increased capacity and flexibility under certain negative covenants, (iii) permits the netting of unrestricted cash up to a specified cap for purposes of calculating the leverage ratio and (iv) reduced the interest rate payable for applicable margins and commitment fees and extended the maturity dates to November 2026 for Term Loan A and the Revolver. The maturity date of Term Loan B remained unchanged maturing February 2027.

The interest rates with respect to the Revolver and Term Loan A are based on, at the Company's option, the respective adjusted reference rate plus an additional margin or base rate plus additional margin. The interest rate with respect to the Term Loan B is LIBOR plus 2.75%. Additionally, there is a commitment fee with respect to the Revolver.

The details of the applicable margins and commitment fees under the amended Senior Credit Facility are based on the Company's consolidated net leverage ratio as follows:

	Revolver and Term Loan A		
Consolidated Net Leverage Ratio	**Reference Rate (a)**	**Base Rate**	**Commitment Fee**
Greater than or equal to 4.25 to 1.00	2.25 %	1.25 %	0.33 %
Less than 4.25 to 1.00 but greater than or equal to 3.25 to 1.00	2.00 %	1.00 %	0.30 %
Less than 3.25 to 1.00 but greater than or equal to 2.25 to 1.00	1.75 %	0.75 %	0.28 %
Less than 2.25 to 1.00 but greater than or equal to 1.25 to 1.00	1.50 %	0.50 %	0.25 %
Less than 1.25 to 1.00	1.25 %	0.25 %	0.23 %

(a) The reference rate for the Revolver and the U.S. dollar tranche is LIBOR, the Australian dollar tranche is BBSY and the British pound sterling tranche is SONIA.

Term Loan A provides for quarterly principal payments of 0.625% of the aggregate principal amount commencing with the fiscal quarter ending March 31, 2022, increasing to 1.25% starting with the quarter ending March 31, 2024. Term Loan B provides for quarterly principal payments of 0.25% of the initial aggregate principal amounts commencing with the fiscal quarter ending June 30, 2020.

The Senior Credit Facility contains financial covenants of a maximum consolidated net leverage ratio and a consolidated interest coverage ratio (as such terms are defined in the Senior Credit Facility). Our consolidated net leverage ratio as of the last day of any fiscal quarter may not exceed 4.50 to 1 through 2022, reducing to 4.25 to 1 in 2023 and 4.00 to 1 in 2024 and thereafter. Our consolidated interest coverage ratio may not be less than 3.00 to 1 as of the last day of any fiscal quarter. As of March 31, 2022, we were in compliance with our financial covenants related to our debt agreements.

Convertible Senior Notes

Convertible Senior Notes. On November 15, 2018, we issued and sold $350 million of 2.50% Convertible Senior Notes due 2023 (the "Convertible Notes") pursuant to an indenture between us and Citibank, N.A., as trustee. The Convertible Notes are senior unsecured obligations and bear interest at 2.50% per year, and interest is payable on May 1 and November 1 of each year. The Convertible Notes mature on November 1, 2023, and may not be redeemed by us prior to maturity.

The Convertible Notes are convertible into cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. It is our current intent and policy to settle the principal balance of the Convertible Notes in cash at our election, and any excess value upon conversion in shares of our common stock. The initial conversion price of the Convertible Notes is approximately $25.51 (subject to adjustment in certain circumstances), based on the initial conversion rate of 39.1961 Common Shares per $1,000 principal amount of Convertible Notes. Prior to May 1, 2023, the Convertible Notes will be convertible only upon the occurrence of certain events and during certain periods, and thereafter, until the close of business on the second scheduled trading day immediately preceding the maturity date. On February 18, 2022, we declared a quarterly cash dividend of $0.12 per Common Share, which exceeded our per share dividend threshold and adjusted the conversion rate to 39.4809 at a strike price of $25.33.

Convertible Notes Call Spread Overlay. Concurrent with the issuance of the Convertible Notes, we entered into privately negotiated convertible note hedge transactions (the "Note Hedge Transactions") and warrant transactions (the "Warrant Transactions") with the option counterparties. These transactions represent a call spread overlay, whereby the cost of the Note Hedge Transactions we purchased to cover the cash outlay upon conversion of the Convertible Notes was reduced by the sales price of the Warrant Transactions. Each of these transactions is described below.

The Note Hedge Transactions cost an aggregate of $62 million and are expected generally to reduce the potential dilution of common stock and/or offset the cash payments we are required to make in excess of the principal amount upon conversion of the Convertible Notes in the event that the market price of our common stock is greater than the strike price of the Note Hedge Transactions, which was initially $25.51 (subject to adjustment), corresponding approximately to the initial conversion price of the Convertible Notes. The Note Hedge Transactions were accounted for by recording the cost as a reduction to PIC based on the Note Hedge Transactions meeting certain scope exceptions provided under ASC Topic 815.

We received proceeds of $22 million for the Warrant Transactions, in which we sold net-share-settled warrants to the option counterparties in an amount equal to the number of shares of our common stock initially underlying the Convertible Notes, subject to customary anti-dilution adjustments. The original strike price of the warrants was $40.02 per share. The updated strike price as of March 31, 2022 was $39.73. The Warrant Transactions have been accounted for by recording the proceeds received as PIC.

The Note Hedge Transactions and the Warrant Transactions are separate transactions, in each case entered into by us with the option counterparties, and are not part of the terms of the Convertible Notes and will not affect any holder's rights under the Convertible Notes.

As of March 31, 2022, the if-converted value of the Convertible Notes based on the closing share price exceeded the $350 million principal amount by approximately $406 million. The incremental value over the principal amount would be fully offset by the shares we are allowed to purchase under the Note Hedge Transaction. However, the counterparties holding the warrants would have the right to purchase the same number of shares we would receive at a strike price of $39.73 resulting in value of $207 million that would have been delivered to the counterparties as of March 31, 2022.

Senior Notes

On September 30, 2020, we issued and sold $250 million aggregate principal amount of 4.750% Senior Notes due 2028 (the "Senior Notes") pursuant to an indenture among us, the guarantors party thereto and Citibank, N.A., as trustee. The Senior Notes are senior unsecured obligations and are fully and unconditionally guaranteed by each of our existing and future domestic subsidiaries that guarantee our obligations under the Senior Credit Facility and certain other indebtedness. The net proceeds from the offering were approximately $245 million, after deducting fees and estimated offering expenses and were used to finance a portion of the purchase price for the acquisition of Centauri and pay related fees and expenses. Interest is payable semi-annually in arrears on March 30 and September 30 of each year, beginning on March 30, 2021, and the principal is due on September 30, 2028.

At any time prior to September 30, 2023, we may redeem all or part of the Senior Notes at a redemption price equal to 100% of the principal amount of the Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, plus a specified “make-whole premium.” On or after September 30, 2023, we may redeem all or part of the Senior Notes at our option, at the redemption prices set forth in the Senior Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date. At any time prior to September 30, 2023, we may redeem up to 35% of the original aggregate principal amount of the Senior Notes with the net cash proceeds of certain equity offerings at a redemption price equal to 104.750% of the principal amount of the Senior Notes, together with accrued and unpaid interest, if any, to (but not including) the redemption date. If we undergo a change of control, we may be required to make an offer to holders of the Senior Notes to repurchase all of the Senior Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest.

Letters of credit, surety bonds and guarantees

In connection with certain projects, we are required to provide letters of credit, surety bonds or guarantees to our customers in the ordinary course of business as credit support for contractual performance guarantees, advanced payments received from customers and future funding commitments. As of March 31, 2022, we had $1 billion in a committed line of credit under the Senior Credit Facility and $521 million of uncommitted lines of credit to support the issuance of letters of credit. As of March 31, 2022, with respect to our Senior Credit Facility, we had $362 million of outstanding borrowings previously issued to fund the acquisitions of Centauri and Frazer-Nash and $49 million of outstanding letters of credit. With respect to our $521 million of uncommitted lines of credit, we had utilized $215 million for letters of credit as of March 31, 2022. The total remaining capacity of these committed and uncommitted lines of credit was approximately $895 million. Of the letters of credit outstanding under the Senior Credit Facility, none have expiry dates beyond the maturity date of the Senior Credit Facility. Of the total letters of credit outstanding under our bilateral facilities, $85 million relate to our joint venture operations where the letters of credit are posted using our capacity to support our pro-rata share of obligations under various contracts executed by joint ventures of which we are a member.

Nonrecourse Project Debt

Fasttrax Limited, a consolidated joint venture in which we indirectly own a 50% equity interest with an unrelated partner, was awarded a concession contract in 2001 with the U.K. MoD to provide a Heavy Equipment Transporter Service to the British Army. Fasttrax Limited operates and maintains 91 HETs for a term of 22 years. The purchase of the HETs by the joint venture was financed through two series of bonds secured by the assets of Fasttrax Limited and subordinated debt from the joint venture partners. The secured bonds are an obligation of Fasttrax Limited and are not a debt obligation of KBR as they are nonrecourse to the joint venture partners. Accordingly, in the event of a default on the notes, the lenders may only look to the assets of Fasttrax Limited for repayment.

The secured bonds were issued in two classes consisting of Class A 3.5% Index Linked Bonds in the amount of £56.0 million and Class B 5.9% Fixed Rate Bonds in the amount of £20.7 million. Semi-annual payments on both classes of bonds continued through maturity in March 2021. The subordinated notes payable to each of the partners initially bear interest at 11.25% increasing to 16.00% over the term of the notes until maturity in 2025. For financial reporting purposes, only our partner's portion of the subordinated notes appears in the condensed consolidated financial statements.

Note 11. Income Taxes

The effective tax rate was approximately (37)% and 25% for the three months ended March 31, 2022 and 2021, respectively. The effective tax rate for the three months ended March 31, 2022, as compared to the U.S. statutory rate of 21%, was primarily impacted by an equity adjustment on an LNG project. An equity adjustment was recorded on an entity in which KBR is a JV partner in the first quarter of 2022. Since the tax impact for this adjustment was taxed at the JV level, KBR will not receive a tax benefit. Excluding the tax impact of discrete items, our tax rate would be 25% for the three months ended March 31, 2022.

Our estimated annual effective rate for 2022 is 25% excluding the effects of discrete items. Our estimated annual effective rate is subject to change based on the actual jurisdictions where our 2022 earnings are generated.

The valuation allowance for deferred tax assets as of March 31, 2022 and December 31, 2021 was $201 million and $204 million, respectively. The remaining valuation allowance is primarily related to foreign tax credit carryforwards and foreign and state net operating loss carryforwards that, in the judgment of management, are not more likely than not to be realized. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income, in the appropriate character and source, during the periods in which those temporary differences become deductible or within the remaining carryforward period. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income and tax-planning strategies in making this assessment.

The utilization of the unreserved foreign tax credit carryforwards is based on our ability to generate income from foreign sources of approximately $538 million prior to their expiration. The utilization of other net deferred tax assets, excluding those associated with indefinite-lived intangible assets, is based on our ability to generate U.S. forecasted taxable income of approximately $619 million. Changes in our forecasted taxable income, in the appropriate character and source, as well as jurisdiction, could affect the ultimate realization of deferred tax assets.

The provision for uncertain tax positions included in other liabilities and deferred income taxes on our condensed consolidated balance sheets as of March 31, 2022 and December 31, 2021 was $89 million.

Note 12. Commitments and Contingencies

We are a party to litigation and other proceedings that arise in the ordinary course of our business, including matters arising under provisions relating to the protection of the environment. These types of matters could result in fines, penalties, cost reimbursements or contributions, compensatory or treble damages or non-monetary sanctions or relief. We believe the probability is remote that the outcome of any individual matter, including the matters described below, will have a material adverse effect on the corporation as a whole, notwithstanding that the unfavorable resolution of any matter may have a material effect on our net earnings and cash flows in any particular reporting period. Among the factors that we consider in this assessment are the nature of existing legal proceedings and claims, the asserted or possible damages or loss contingency (if estimable), the progress of the case, existing law and precedent, the opinions or views of legal counsel and other advisers, our experience in similar cases and the experience of other companies, the facts available to us at the time of assessment and how we intend to respond to the proceeding or claim. Our assessment of these factors may change over time as individual proceedings or claims progress.

Although we cannot predict the outcome of legal or other proceedings with certainty, when it is probable that a loss has been incurred and the amount is reasonably estimable, U.S. GAAP requires us to accrue an estimate of the probable loss or range of loss or make a statement that such an estimate cannot be made. We follow a thorough process in which we seek to estimate the reasonably possible loss or range of loss, and only if we are unable to make such an estimate do we conclude and disclose that an estimate cannot be made. Accordingly, unless otherwise indicated below in our discussion of legal proceedings, a reasonably possible loss or range of loss associated with any individual legal proceeding cannot be estimated.

Chadian Employee Class Action. In May 2018, former employees of our former Chadian subsidiary, Subsahara Services, Inc. ("SSI"), filed a class action suit claiming unpaid damages arising from the ESSO Chad Development Project for Exxon Mobil Corporation ("Exxon") dating back to the early 2000s. Exxon is also named as a defendant in the case. The SSI employees previously filed two class action cases in or around 2005 and 2006 for alleged unpaid overtime and bonuses. The Chadian Labour Court ruled in favor of the SSI employees in the unpaid overtime case resulting in a settlement of approximately $25 million which was reimbursed by Exxon under its contract with SSI. The second case for alleged unpaid bonuses was ultimately dismissed by the Supreme Court of Chad.

The current case claims $122 million in unpaid bonuses characterized as damages rather than employee bonuses to avoid the previous Chadian Supreme Court dismissal and a 5-year statute of limitations on wage-related claims. SSI's initial defense was filed and a hearing was held in December 2018. A merits hearing was held in February 2019. In March 2019, the Labour Court issued a decision awarding the plaintiffs approximately $34 million including a $2 million provisional award. Exxon and SSI have appealed the award and requested suspension of the provisional award which was approved on April 2, 2019. Exxon and SSI filed a submission to the Court of Appeal on June 21, 2019 and filed briefs at a hearing on February 28, 2020. The plaintiffs failed to file a response on March 13, 2020 and a hearing was scheduled for April 17, 2020. The hearing was postponed due to COVID-19 but took place on September 18, 2020. On October 9, 2020 the appellate court of Moundou awarded the plaintiffs approximately $19 million. SSI filed an appeal of this decision to the Chadian Supreme Court on December 28, 2020. SSI's request for suspension on the enforceability of the award from the Chadian Supreme Court was granted on January 4, 2021. A hearing took place on December 21, 2021, and while a decision was not issued at the hearing, the Reporting Judge of the Chadian Supreme Court indicated, with regard to the fourth plea concerning the unicity of judicial matters, that this ground alone justified quashing the decision. On February 9, 2022, the Chadian Supreme Court issued an abstract of their forthcoming decision upholding the lower court's ruling. We are still awaiting a full decision by the Chadian Supreme Court.

Regardless, at this time, based on our assessment of existing law and precedent, the opinions of legal counsel and other advisers, and the facts available to us at the time of assessment, we do not believe a risk of material loss is probable related to this matter. SSI is no longer an existing entity in Chad or the United States. Further, we believe any amounts ultimately paid to the former employees related to this adverse ruling would be paid by Exxon based on the applicable contract and past actions by Exxon with respect to costs and awards related to this matter.

North West Rail Link Project. We participate in an unincorporated joint venture with two partners to provide engineering and design services in relation to the operations, trains and systems of a metro rail project in Sydney, Australia. The project commenced in 2014 and during its execution encountered delays and disputes resulting in claims and breach notices submitted to the joint venture by the client. Since November 2018, the client has submitted multiple claims alleging breach of contract and breach of duty by the joint venture in its execution of the services, claiming losses and damages of up to approximately $301 million Australian dollars. KBR has a 33% participation interest in the joint venture and the partners have joint and several liability with respect to all obligations under the contract. We believe the gross amount of the claims

significantly exceeds the client's entitlement as well as the joint venture's limits of liability under the contract and that the claims will be covered by project-specific professional indemnity insurance subject to deductibles.

As of March 31, 2022, we have accrued a probable and reasonably estimable potential loss in an amount that is immaterial. At this time, fact discovery and expert review are still ongoing. The joint venture, joint venture insurers and client continue to be engaged in discussions concerning potential resolution of the claims.

Note 13. U.S. Government Matters

We provide services to various U.S. governmental agencies, including the U.S. DoD, NASA and the Department of State. The negotiation, administration and settlement of our contracts are subject to audit by the DCAA. The DCAA serves in an advisory role to the DCMA, which is responsible for the administration of the majority of our contracts. The scope of these audits includes, among other things, the validity of direct and indirect incurred costs, provisional approval of annual billing rates, approval of annual overhead rates, compliance with the FAR and CAS, compliance with certain unique contract clauses and audits of certain aspects of our internal control systems. Based on the information received to date, we do not believe any completed or ongoing government audits will have a material adverse impact on our results of operations, financial position or cash flows. The U.S. government also retains the right to pursue various remedies under any of these contracts which could result in challenges to expenditures, suspension of payments, fines and suspensions or debarment from future business with the U.S. government.

The Company accrued for probable and reasonably estimable unallowable costs associated with open government matters related to our GS business in the amounts of $86 million as of March 31, 2022 and $76 million as of December 31, 2021, which are recorded in other liabilities on our consolidated balance sheets.

Legacy U.S. Government Matters

Between 2002 and 2011, we provided significant support to the U.S. Army and other U.S. government agencies in support of the war in Iraq under the LogCAP III contract. We have been in the process of closing out the LogCAP III contract since 2011, and we expect the contract closeout process to continue for at least another year. As a result of our work under LogCAP III, there are claims and disputes pending between us and the U.S. government that need to be resolved in order to close the contract. The contract closeout process includes resolving objections raised by the U.S. government through a billing dispute process referred to as Form 1s and MFRs. We continue to work with the U.S. government to resolve these issues and are engaged in efforts to reach mutually acceptable resolutions of these outstanding matters. However, for certain of these matters, we have filed claims with the ASBCA or the COFC. We also have matters related to ongoing litigation or investigations involving U.S. government contracts. We anticipate billing additional labor, vendor resolution and litigation costs as we resolve the open matters in the future.

Investigations, Qui Tams and Litigation

The following matters relate to ongoing litigation or federal investigations involving U.S. government contracts. Several of these matters involve allegations of violations of the FCA, which prohibits in general terms fraudulent billings to the U.S. government. Suits brought by private individuals are called "qui tams." In the event we prevail in defending these allegations, a majority of our defense costs will be billable under the LogCAP III contract. All costs billed under LogCAP III are subject to audit by the DCAA for reasonableness.

First Kuwaiti Trading Company arbitration. In April 2008, FKTC, one of our LogCAP III subcontractors providing housing containers, filed for arbitration with the American Arbitration Association all its claims under various LogCAP III subcontracts. After complete hearings on all claims, the arbitration panel awarded FKTC $17 million plus interest for claims involving damages on lost or unreturned vehicles. In addition, we determined that we owe FKTC $32 million in connection with other subcontracts provided we are reimbursed for these same costs by the U.S. government. We lost our claims against the government and have exercised our offset or clawback rights as against FKTC in the arbitration. FKTC does not agree with our right of offset and a final hearing will be needed to resolve this issue and our other counterclaims against FKTC. A hearing was held on January 31 - February 1, 2022. Post-heard briefs have now been filed and we await a decision by the Tribunal, which we anticipate in the second quarter of 2022. Management accrued a probable and reasonably estimable loss amount, which is included in other liabilities on our condensed consolidated balance sheets, to cover either liability as determined by the panel or a negotiated settlement with FKTC on this matter.

Howard qui tam. In March 2011, Geoffrey Howard and Zella Hemphill filed a complaint in the U.S. District Court for the Central District of Illinois alleging that KBR mischarged the government $628 million for unnecessary materials and equipment. In October 2014, the DOJ declined to intervene and the case was partially unsealed. Depositions of some DCMA and KBR personnel have taken place and more which were expected to occur in early 2020 were postponed due to COVID-19 but resumed in 2021. KBR and the relators filed various motions including a motion to dismiss by KBR. Although KBR's motion to dismiss was not granted it remains an option on appeal. Fact discovery has been completed and expert discovery is expected to continue through July 2022. We believe the allegations of fraud by the relators are without merit and, based on our assessment of existing law and precedent, the opinions or views of legal counsel and the facts available to us as of March 31, 2022, we are not able to estimate a reasonably possible loss and accordingly, no amounts have been accrued.

DOJ False Claims Act complaint - Iraq Subcontractor. In January 2014, the DOJ filed a complaint in the U.S. District Court for the Central District of Illinois against KBR and two former KBR subcontractors, including FKTC, alleging that three former KBR employees were offered and accepted kickbacks from these subcontractors in exchange for favorable treatment in the award and performance of subcontracts to be awarded during the course of KBR's performance of the LogCAP III contract in Iraq. The complaint alleges that as a result of the kickbacks, KBR submitted invoices with inflated or unjustified subcontract prices, resulting in alleged violations of the FCA and the Anti-Kickback Act. The DOJ's investigation dates back to 2004. We self-reported most of the violations and tendered credits to the U.S. government as appropriate. On May 22, 2014, FKTC filed a motion to dismiss, which the U.S. government opposed. Following the submission of our answer in April 2014, the U.S. government was granted a Motion to Strike certain affirmative defenses in March 2015. We do not believe this limits KBR's ability to fully defend all allegations in this matter.

Discovery for this complaint is now complete. On March 30, 2020, the Court granted KBR’s motion to transfer the case to the Southern District of Texas and the court allowed one additional deposition to take place. KBR and the U.S government filed various dispositive motions which remained under consideration by the Court for an extended period. In March 2021, while granting some of KBR’s motions for summary judgment, the court also concluded that we breached the FCA as a matter of law as to several subcontracts. We filed for two motions for reconsideration, one addressing the ruling on KBR’s motion for summary judgment and one addressing the U.S. government’s motion. A hearing was held and the Court issued a ruling on both motions, granting in part and denying in part on both motions. The Court also set a trial date for February 2022 which has now been postponed to May 2022. As of March 31, 2022, we have accrued a probable and reasonably estimable loss amount, which is included in other liabilities on our condensed consolidated balance sheets.

Note 14. Claims and Accounts Receivable

Our claims and accounts receivable balance not expected to be collected within the next 12 months was $30 million as of March 31, 2022, and December 31, 2021. Claims and accounts receivable primarily reflect claims filed with the U.S. government related to payments not yet received for costs incurred under various U.S. government cost-reimbursable contracts within our GS business segment. As of March 31, 2022 and December 31, 2021, $29 million of the total claims and accounts receivable balance relate to contracts where our reimbursable costs have exceeded the U.S. government's funded values on the underlying task orders or task orders where the U.S. government has not authorized us to bill. The remaining $1 million as of March 31, 2022, and December 31, 2021 relate to Form 1s issued by the U.S. government questioning or objecting to costs billed to them. We believe the remaining disputed costs will be resolved in our favor, at which time the U.S. government will be required to obligate funds from appropriations for the year in which resolution occurs.

Note 15. Accumulated Other Comprehensive Loss

Changes in AOCL, net of tax, by component

Dollars in millions	Accumulated foreign currency translation adjustments	Accumulated pension liability adjustments	Changes in fair value of derivatives	Total
Balance at December 31, 2021	$ (296)	$ (581)	$ (4)	$ (881)
Other comprehensive income adjustments before reclassifications	(19)	—	17	(2)
Amounts reclassified from AOCL	—	5	2	7
Net other comprehensive income (loss)	(19)	5	19	5
Balance at March 31, 2022	$ (315)	$ (576)	$ 15	$ (876)

Dollars in millions	Accumulated foreign currency translation adjustments	Accumulated pension liability adjustments	Changes in fair value of derivatives	Total
Balance at December 31, 2020	$ (291)	$ (764)	$ (28)	$ (1,083)
Other comprehensive income adjustments before reclassifications	6	—	12	18
Amounts reclassified from AOCL	1	7	3	11
Net other comprehensive income (loss)	7	7	15	29
Balance at March 31, 2021	$ (284)	$ (757)	$ (13)	$ (1,054)

Reclassifications out of AOCL, net of tax, by component

Dollars in millions	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Affected line item on the Condensed Consolidated Statements of Operations
Accumulated foreign currency adjustments			
Reclassification of foreign currency adjustments	$ —	$ (1)	Net income attributable to noncontrolling interests and Gain on disposition of assets and investments
Tax benefit	—	—	Provision for income taxes
Net accumulated foreign currency	$ —	$ (1)	Net of tax
Accumulated pension liability adjustments			
Amortization of actuarial loss (a)	$ (6)	$ (8)	See (a) below
Tax benefit	1	1	Provision for income taxes
Net pension and post-retirement benefits	$ (5)	$ (7)	Net of tax
Changes in fair value for derivatives			
Foreign currency hedge and interest rate swap settlements	$ (3)	$ (4)	Other non-operating expense
Tax benefit	1	1	Provision for income taxes
Net changes in fair value of derivatives	$ (2)	$ (3)	Net of tax

(a) This item is included in the computation of net periodic pension cost. See Note 9 "Retirement Benefits" to our condensed consolidated financial statements for further discussion.

Note 16. Share Repurchases

Authorized Share Repurchase Program

On February 25, 2014, the Board of Directors authorized a plan to repurchase up to $350 million of our outstanding shares of common stock, which replaced and terminated the August 26, 2011 share repurchase program. As of December 31, 2019, $160 million remained available under this authorization. On February 19, 2020, the Board of Directors authorized an increase of approximately $190 million to our share repurchase program, returning the authorization level to $350 million. As of March 31, 2022, $200 million remains available for repurchase under this authorization. The authorization does not obligate the Company to acquire any particular number of shares of common stock and may be commenced, suspended or discontinued without prior notice. The share repurchases are intended to be funded through the Company's current and future cash flows and the authorization does not have an expiration date.

Withheld to Cover Program

We have in place a "withheld to cover" program, which allows us to withhold common shares from employees in connection with the settlement of income tax and related benefit withholding obligations arising from the issuance of share-based equity awards under the KBR, Inc. 2006 Stock and Incentive Plan.

The table below presents information on our share repurchases activity under these programs:

	Three Months Ended March 31, 2022		
	Number of Shares	Average Price per Share	Dollars in Millions
Repurchases under the $350 million authorized share repurchase program	519,332	$ 48.12	$ 25
Withheld to cover shares	170,939	$ 48.70	$ 8
Total	690,271	$ 48.26	$ 33

	Three Months Ended March 31, 2021		
	Number of Shares	Average Price per Share	Dollars in Millions
Repurchases under the $350 million authorized share repurchase program	—	$ —	$ —
Withheld to cover shares	129,376	$ 31.07	$ 4
Total	129,376	$ 31.07	$ 4

Note 17. Income (loss) per Share

Basic income (loss) per share is based upon the weighted average number of common shares outstanding during the period. Dilutive income (loss) per share includes additional common shares that would have been outstanding if potential common shares with a dilutive effect had been issued using the if-converted method for Convertible Debt and the treasury stock method for all other instruments.

A reconciliation of the number of shares used for the basic and diluted income per share calculations is as follows:

	Three Months Ended March 31,	
Shares in millions	2022	2021 (1)
Basic weighted average common shares outstanding	140	141
Stock options, restricted shares, and convertible debt (a)	—	14
Diluted weighted average common shares outstanding (b)	140	155

(1) As adjusted for the adoption of ASU 2020-06 using the full retrospective method.

(a) For the three months ended March 31, 2021, there was a diluted impact primarily related to our Convertible Debt.
(b) In periods for which we report a net loss attributable to KBR, basic net loss per share and diluted net loss per share are identical as the effect of all potential common shares is anti-dilutive and therefore excluded.

Upon our full retrospective adoption of ASU 2020-06 on January 1, 2022, we are required to apply the if-converted method to our Convertible Debt when calculating diluted income (loss) per share. Under the if-converted method, the principal amount and any conversion spread of the Convertible Debt, to the extent dilutive, are assumed to be converted into common stock at the beginning of the period and net income (loss) attributable to KBR is adjusted to reverse the effect of any interest expense associated with the Convertible Debt. For the three months ended March 31, 2022, the Convertible Notes did not impact the calculation of diluted income (loss) per share as they were anti-dilutive. For the three months ended March 31, 2021, the Convertible Notes impacted the calculation of diluted income (loss) per share as the average price of our common stock exceeded the conversion price of $25.40. Additionally, diluted net income (loss) per share did not include any effect from the Warrant Transactions (as defined in Note 10, "Debt and Other Credit Facilities", to our condensed consolidated financial statements) for the three months ended March 31, 2022 as they were anti-dilutive. For the three months ended March 31, 2021, the Warrant Transactions did not impact diluted net income (loss) per share as the average price of our common stock did not exceed the exercise price of $39.85. The Warrant Transactions may have a dilutive effect on diluted net income (loss) per share in the year ending December 31, 2022 in periods for which we report net income attributable to KBR and the average price of our common stock exceeds the applicable exercise price.

For purposes of applying the two-class method in computing income (loss) per share, there was no net earnings allocated to participating securities for the three months ended March 31, 2022 and $0.3 million net earnings allocated to participating securities, or a negligible amount per share, for the three months ended March 31, 2021. For the three months ended March 31, 2022, the diluted income (loss) per share calculation excluded the following weighted-average potential common shares because their inclusion would have been anti-dilutive: 13.8 million related to the Convertible Debt, 13.8 million related to the Warrant Transactions and 0.8 million related to our stock options and restricted stock awards. For the three months ended March 31, 2021, the diluted income (loss) per share calculation excluded the following weighted-average potential common shares because their inclusion would have been anti-dilutive: 13.8 million related to the Warrant Transactions and 1.1 million related to our stock options and restricted stock awards.

Note 18. Fair Value of Financial Instruments and Risk Management

Fair value measurements. The fair value of an asset or liability is the price that would be received to sell an asset or transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company utilizes a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value and defines three levels of inputs that may be used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active, inputs other than quoted prices that are observable for the asset or liability or inputs derived from observable market data. Level 3 inputs are unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The carrying amount of cash and cash equivalents, accounts receivable and accounts payable, as reflected in the condensed consolidated balance sheets, approximates fair value due to the short-term maturities of these financial instruments. The carrying values and estimated fair values of our financial instruments that are not required to be recorded at fair value in our condensed consolidated balance sheets are provided in the following table.

Dollars in millions		March 31, 2022		December 31, 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities (including current maturities):					
Term Loan A	Level 2	$ 438	$ 438	$ 441	$ 441
Term Loan B	Level 2	510	509	511	514
Convertible Notes	Level 2	350	767	350	669
Senior Notes	Level 2	250	244	250	256
Senior Credit Facility	Level 2	362	362	364	364
Nonrecourse project debt	Level 2	2	2	2	2

See Note 10 "Debt and Other Credit Facilities" for further discussion of our term loans, convertibles notes and nonrecourse project debt.

The following disclosures for foreign currency risk and interest rate risk includes the fair value hierarchy levels for our assets and liabilities that are measured at fair value on a recurring basis.

Foreign currency risk. We conduct business globally in numerous currencies and are therefore exposed to foreign currency fluctuations. We may use derivative instruments to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates. We do not use derivative instruments for speculative trading purposes. We generally utilize foreign exchange forwards and currency option contracts to hedge exposures associated with forecasted future cash flows and to hedge exposures present on our balance sheet.

As of March 31, 2022, the gross notional value of our foreign currency exchange forwards and option contracts used to hedge balance sheet exposures was $81 million, all of which had durations of 19 days or less. We also had approximately $8 million (gross notional value) of cash flow hedges which had durations of 26 months or less. The cash flow hedges are primarily related to the British Pound.

The fair value of our balance sheet and cash flow hedges are included in other current assets and other current liabilities on our condensed consolidated balance sheets at March 31, 2022, and December 31, 2021. The fair values of these derivatives are considered Level 2 under ASC 820, Fair Value Measurement, as they are based on quoted prices directly observable in active markets.

The following table summarizes the recognized changes in fair value of our balance sheet hedges offset by remeasurement of balance sheet positions. These amounts are recognized in our condensed consolidated statements of operations for the periods presented. The net of our changes in fair value of hedges and the remeasurement of our assets and liabilities is included in other non-operating expense on our condensed consolidated statements of operations.

Dollars in millions	Three Months Ended March 31,	
	2022	2021
Balance Sheet Hedges - Fair Value	$ —	$ —
Balance Sheet Position - Remeasurement	—	(6)
Net loss	$ —	$ (6)

Interest rate risk. We use interest rate swaps to reduce interest rate risk and to manage net interest expense by converting our LIBOR based loans into fixed-rate loans. In October 2018, we entered into interest rate swap agreements with a notional value of $500 million, which are effective beginning October 2018 and mature in September 2022. Under the October 2018 swap agreements, we receive one-month LIBOR and pay a monthly fixed rate of 3.055% for the term of the swaps. In March 2020, we entered into additional swap agreements with a notional value of $400 million, which are effective beginning October 2022 and mature in January 2027. Under the March 2020 swap agreements, we will receive one-month LIBOR and

pay a monthly fixed rate of 0.965% for the term of the swaps. Our interest rate swaps are reported at fair value using Level 2 inputs. The fair value of the interest rate swaps at March 31, 2022, was a $19 million net asset, of which $22 million is included in other assets, $2 million is included in other current assets and $5 million is included in other current liabilities. The unrealized net gain on these interest rate swaps was $19 million and is included in AOCL as of March 31, 2022. The fair value of the interest rate swaps at December 31, 2021, was a $3 million liability, of which $10 million is included in other current liabilities and $7 million is included in other assets. The unrealized net losses on these interest rate swaps was $3 million and included in AOCL as of December 31, 2021.

Credit Losses. We are exposed to credit losses primarily related to our professional services, project delivery and technologies offered in our STS business segment. We do not consider our GS business segment to be at risk for credit losses because substantially all services within this segment are provided to agencies of the U.S., U.K. and Australian governments. We determined our allowance for credit losses by using a loss-rate methodology, in which we assessed our historical write-off of receivables against our total receivables and contract asset balances over several years. From this historical loss-rate approach, we also considered the current and forecasted economic conditions expected to be in place over the life of our receivables and contract assets.

We monitor our ongoing credit exposure through an active review of our customers' receivables balance against contract terms and due dates. Our activities include timely performance of our accounts receivable reconciliations, assessment of our aging of receivables, dispute resolution and payment confirmation. We also monitor any change in our historical write-off of receivables utilized in our loss-rate methodology and assess for any forecasted change in market conditions to adjust our credit reserve.

At March 31, 2022, our STS business segment that is subject to credit risk reported approximately $357 million of financial assets consisting primarily of accounts receivable and contract assets, net of allowance for credit losses of $13 million. Based on an aging analysis at March 31, 2022, 87% of our accounts receivable related to this segment was outstanding for less than 90 days.

Sales of Receivables. From time to time, we sell certain receivables to unrelated third-party financial institutions under various accounts receivable monetization programs. One such program is with MUFG Bank, Ltd. ("MUFG") under a Master Accounts Receivable Purchase Agreement (the "RPA"), which provides the sale to MUFG of certain of our designated eligible receivables, with a significant portion of such receivables being owed by the U.S. government. The receivables sold under the agreements do not allow for recourse for any credit risk related to our customers if such receivables are not collected by the third-party financial institutions. The Company accounts for these receivable transfers as a sale under ASC Topic 860, Transfers and Servicing, as the receivables have been legally isolated from the Company, the financial institution has the right to pledge or exchange the assets received and we do not maintain effective control over the transferred accounts receivable. Our only continuing involvement with the transferred financial assets is as the collection and servicing agent. As a result, the accounts receivable balance on the condensed consolidated balance sheets is presented net of the transferred amount. During the three months ended March 31, 2022, the Company has derecognized $1,287 million of accounts receivables from the balance sheet under these agreements, of which certain receivables totaling $1,278 million were sold under the MUFG RPA. The fair value of the sold receivables approximated their book value due to their short-term nature. The fees incurred are presented in other non-operating expense on the condensed consolidated statements of operations.

Activity for third-party financial institutions consisted of the following:

Dollars in millions	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Beginning balance	$ 481	112
Sale of receivables	1,287	602
Settlement of receivables	(1,649)	(597)
Cash collected, not yet remitted	(1)	—
Outstanding balances sold to financial institutions	$ 118	$ 117

Note 19. Recent Accounting Pronouncements

New accounting pronouncements requiring implementation in future periods are discussed below.

In 2017, the United Kingdom's Financial Conduct Authority (FCA) announced that after 2021 it would no longer compel banks to submit the rates required to calculate the London Interbank Offered Rate (LIBOR), which have been widely used as reference rates for various securities and financial contracts, including loans, debts and derivatives. This announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. Subsequently in March 2021, the FCA announced some USD LIBOR tenors (overnight, 1-month, 3-month, 6-month and 12-month) will continue to be published until June 30, 2023. Regulators in the U.S. and other jurisdictions have been working to replace these rates with alternative reference interest rates that are supported by transactions in liquid and observable markets, such as the Secured Overnight Financing Rate (SOFR) for USD LIBOR. Currently, our Senior Credit Facility and certain of our derivative instruments reference LIBOR base rates. Our Senior Credit Facility contains provisions to transition into alternative reference rates including calculations to be employed when LIBOR ceases to be available as a benchmark. We have adhered to the ISDA 2020 IBOR Fallbacks Protocol, which will govern our derivatives upon the final termination of USD LIBOR index benchmark. ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, as amended, helps limit the accounting impact from contract modifications, including hedging relationships, due to the transition from LIBOR to alternative reference rates that are completed by December 31, 2022. We do not expect a significant impact to our financial results, financial position or cash flows from the transition from LIBOR to alternative reference rates, but we will continue to monitor the impact of this transition until it is completed.

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which requires entities to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC 2014-09, Revenue from Contracts with Customers (Topic 606). The update will generally result in an entity recognizing contract assets and contract liabilities at amounts consistent with those recorded by the acquiree immediately before the acquisition date rather than at fair value. The new standard is effective on a prospective basis for fiscal years beginning after December 15, 2022, with early adoption permitted. We are currently evaluating the future impact of adoption of this standard.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

The purpose of MD&A is to disclose material changes in our financial condition since the most recent fiscal year-end and results of operations during the current fiscal period as compared to the corresponding period of the preceding fiscal year. The MD&A should be read in conjunction with the condensed consolidated financial statements, accompanying notes and our 2021 Annual Report on Form 10-K.

Overview

KBR Inc., a Delaware corporation ("KBR"), delivers science, technology and engineering solutions to governments and companies around the world. Drawing from its rich 100-year history and culture of innovation and mission focus, KBR creates sustainable value by combining deep domain expertise with its full life cycle capabilities to help clients meet their most pressing challenges. Our capabilities and offerings include the following:

- Scientific research such as quantum science and computing; health and human performance; materials science; life science research; and earth sciences;
- Defense systems engineering such as rapid prototyping; test and evaluation; aerospace acquisition support; systems and platform integration; and sustainment engineering;
- Operational support such as space domain awareness; C4ISR; human spaceflight and satellite operations; integrated supply chain and logistics; and military aviation support;
- Information operations such as cyber analytics and cybersecurity; data analytics; mission planning systems; virtual/augmented reality and technical training; and artificial intelligence and machine learning; and
- Technology such as proprietary, sustainability-focused process licensing; advisory services focused on energy transition; and digitally-enabled asset optimization solutions.

KBR's strategic growth vectors include:

- Defense modernization;
- Space superiority;
- Health and human performance; and
- Sustainable technology.

Key customers include U.S. DoD agencies such as the U.S. Army, U.S. Navy and U.S. Air Force, Missile Defense Agency, National Geospatial-Intelligence Agency, National Reconnaissance Office and other intelligence agencies; U.S. civilian agencies such as NASA, U.S. Geological Survey and National Oceanic and Atmospheric Administration; the U.K. Ministry of Defence, London Metropolitan Police and other U.K. Crown Services; the Royal Australian Air Force, Navy and Army; other national governments; and a wide range of commercial and industrial companies.

Our deployment priorities are to fund organic growth, maintain responsible leverage, maintain an attractive dividend, make strategic, accretive acquisitions and repurchase shares. Our acquisition thesis is centered around moving upmarket, expanding capabilities and broadening customer sets across strategic growth vectors. KBR also develops and prioritizes investment in technologies that are disruptive, innovative and sustainability- and safety-focused. These technologies and solutions enable clients to achieve a cleaner, greener, more energy efficient global future.

On October 20, 2021, we acquired Frazer-Nash Consultancy Limited ("Frazer-Nash"), a leading provider of high-end systems engineering, assurance and technology advisory services used to solve complex challenges. Frazer-Nash provides a broad range of professional advisory services across the defense, renewable energy and critical infrastructure sectors primarily in the U.K. and Australia. Additional information relating to the Frazer-Nash acquisition is described in Note 4 to our condensed consolidated financial statements.

Business Environment and Trends

Government Outlook

On March 15, 2022, President Biden signed into law the $1.5 trillion Consolidated Appropriations Act 2022, which includes $782 billion in defense spending, of which $742 billion is for the DoD, and $730 billion for non-defense discretionary spending representing an increase from the fiscal 2021 budget of 6% and 7%, respectively. The fiscal 2022 U.S. defense spending budget prioritizes and furthers a national security strategy to confront near peer threats around the world, enhances the DoD's cybersecurity strategy and cyber warfare capabilities, increases the priority of military space superiority, directs innovation to meet long-range emerging threats and continues the restoration of military readiness. The budget includes several measures to strengthen emerging technologies including cyber-science and technologies, artificial intelligence, directed energy, hypersonics and biotechnologies. Additionally, the fiscal 2022 defense budget includes $13.6 billion for military and humanitarian support for Ukraine. The non-defense discretionary budget includes $24 billion, or a 3% increase, in funding for NASA to support the continuation of scientific research and exploration as well as increased funding across all agencies to tackle climate change.

On March 28, 2022, President Biden provided his proposed fiscal 2023 budget of $1.6 trillion, which included $813 billion in defense spending, of which $773 billion is for the DoD, and $785 billion for non-defense discretionary spending which represents an increase from the fiscal 2022 budget of 4% and 8%, respectively. The U.S. defense spending budget prioritizes initiatives outlined in the fiscal 2022 budget in addition to, among other things, increased support for the U.S. European Command. The non-defense discretionary spending proposal includes $26 billion, or an 8% increase from the fiscal 2022 budget, in funding for NASA to support the continuation of scientific research, exploration and space technology, as well as increased funding across all agencies to address the climate crisis.

In connection with Operation Allies Welcome ("OAW"), KBR has been engaged by the U.S. DoD to provide humanitarian support across numerous military bases to those awaiting resettlement. Such support includes temporary housing, food service, medical care and other services. We substantially completed this non-recurring OAW support in the first quarter of 2022.

Internationally, our Government Solutions work is performed primarily for the U.K. Ministry of Defence and the Australian Department of Defence. The U.K. government has committed to a 14% increase in defense spending over the coming four years. Recognizing the importance of strong defense and the role the U.K. plays across the globe, the U.K. has prioritized investment in military research and investment in key areas to advance and develop capabilities around artificial intelligence, cyber security and space superiority. The Australian government continues to invest in defense spending, with particular focus on enhancing regional security, modernizing defense capabilities, strengthening cyber defenses and promoting broader economic stability.

In November 2021, we announced that HomeSafe Alliance LLC ("HomeSafe"), a KBR led joint venture with Tier One Relocation, was awarded the global household goods contract by U.S. Transportation Command. The contract ceiling value is $20 billion with a potential 9-year term, inclusive of all options periods. HomeSafe is expected to be the exclusive household goods move management service provider for the U.S. Armed Forces, U.S. DoD civilians and their families. Under this contract, HomeSafe plans to modernize and infuse technology to improve the domestic and international relocation experience for all military personnel and their families. The award of this program is being protested by the non-prevailing parties at the Court of Federal Claims and the transition has been placed on hold.

With defense and civil budgets driven in part by political instability, military conflicts, aging platforms and infrastructure and the need for technology advances, we expect continued opportunities to provide solutions and technologies to mission critical work aligned with our customers' and our nation's critical priorities.

Sustainable Technology Outlook

Long-range commercial market fundamentals are supported by global population growth, expanding global development and an acceleration of demand for energy transition and renewable energy sources. Clients continue to prioritize investment in digital solutions to optimize operations, increase end-product flexibility and energy efficiency, reduce unplanned downtime and minimize environmental footprint. As companies continue to commit to near-term carbon neutrality and longer-range net-zero carbon emissions, we expect spending to continue in areas such as decarbonization; carbon capture, utilization and sequestration; biofuels; and circular economy. Further, leading companies across the world are proactively evaluating clean energy alternatives, including hydrogen and green ammonia which complements KBR's proprietary process technology and capabilities.

We expect climate change and energy transition to continue to be areas of priority and investment as many countries, including the U.S., look to boost their economies and invest in a cleaner future. In advance of the Conference of the Parties 26 meeting in Scotland, the White House released details on its strategy to achieve greenhouse gas emission reduction targets as part of their agenda. On November 15, 2021, President Biden signed the bi-partisan Infrastructure Investment and Jobs Act bill into law which includes climate provisions focused on transportation and resiliency.

In response to Russia's military invasion of Ukraine, we announced our intent to exit commercial projects in Russia in a responsible manner. We expect that the reconfiguration of global supply and demand stemming from expanding sanctions on Russia will result in near and mid-term investments to enable energy, chemical and food production security globally.

Our Business

KBR's business is organized into two core and one non-core business segments as follows:

Core business segments
• Government Solutions
• Sustainable Technology Solutions

Non-core business segment
• Other

See additional information on our business segments in Note 2 to our condensed consolidated financial statements.

Results of Operations

Three months ended March 31, 2022 compared to the three months ended March 31, 2021

The information below is an analysis of our consolidated results for the three months ended March 31, 2022 compared to the three months ended March 31, 2021. See *Results of Operations by Business Segment* below for additional information describing the performance of each of our reportable segments.

Consolidated Results	**Three Months Ended March 31,**			
			2022 vs. 2021	
Dollars in millions	**2022**	**2021 [1]**	**$**	**%**
Revenues	$ 1,714	$ 1,461	$ 253	17 %
Cost of revenues	$ (1,518)	$ (1,293)	$ 225	17 %
Gross profit	**$ 196**	**$ 168**	**$ 28**	**17 %**
Equity in earnings (losses) of unconsolidated affiliates	$ (118)	$ 12	$ (130)	n/m
Selling, general and administrative expenses	$ (107)	$ (89)	$ 18	20 %
Acquisition and integration related costs	$ (1)	$ (1)	$ —	n/m
Restructuring charges and asset impairments	$ (1)	$ —	$ 1	n/m
Loss on disposition of assets and investments	$ —	$ (1)	$ (1)	n/m
Operating income (loss)	**$ (31)**	**$ 89**	**$ (120)**	**(135)%**
Interest expense	$ (20)	$ (19)	$ 1	5 %
Other non-operating expense	$ —	$ (3)	$ (3)	(100) %
Income (loss) before provision for income taxes and noncontrolling interests	**$ (51)**	**$ 67**	**$ (118)**	**(176)%**
Provision for income taxes	$ (19)	$ (17)	$ 2	n/m
Net income (loss)	**$ (70)**	**$ 50**	**$ (120)**	**(240)%**
Net income attributable to noncontrolling interests	$ 1	$ 1	$ —	n/m
Net income (loss) attributable to KBR	**$ (71) 0**	**$ 49**	**$ (120)**	**(245)%**

(1) As adjusted for the adoption of ASU 2020-06 using the full retrospective method.

n/m - not meaningful

Revenues. Revenues increased by $253 million, or 17%, to $1.7 billion for the three months ended March 31, 2022 compared to $1.5 billion for three months ended March 31, 2021. The increase was primarily driven by our GS business segment attributable to continued organic growth in our GS business units, including the OAW program which contributed $269 million in 2022, and the acquisition of Frazer-Nash in October 2021. This growth was partially offset by reduced GS operational tempo in the Middle East, the impact of our announced intent to exit commercial operations in Russia, timing of certain STS projects and the completion or near completion of remaining projects that we strategically exited in 2020.

Gross profit. The increase in overall gross profit of $28 million, or 17%, was primarily driven by items discussed above and lower amortization of intangibles from the Centauri acquisition.

Equity in earnings (losses) of unconsolidated affiliates. The overall decrease in equity in earnings (losses) of unconsolidated affiliates was primarily driven by a non-cash charge in the amount of $137 million associated with the Ichthys LNG Project recognized in the current quarter as a result of a settlement agreement entered into with JKC and the consortium of subcontractors of the Combined Cycle Power Plant. As a result of the settlement agreement, the outstanding claims and disputes between the parties related to the Combined Cycle Power Plant have been resolved and the parties agreed to withdraw all claims and terminate all ongoing arbitration and court proceedings.

Selling, general and administrative expenses. Selling, general and administrative expenses in the three months ended March 31, 2022 were $18 million higher than the same period in 2021, which was primarily driven by incremental expenses from the Frazer-Nash business and the Company's return to the office, increased travel and other corporate initiatives.

Acquisition and integration related costs. Acquisition and integration related costs were $1 million for each of the three months ended March 31, 2022 and 2021 primarily due to costs incurred related to the Company's historical acquisitions.

Loss on disposition of assets and investments. The loss on the disposition of assets and investments remained materially consistent for each of the three months ended March 31, 2022 and 2021.

Interest expense. The increase in interest expense was primarily driven by increased borrowings to finance the acquisition of Frazer-Nash in October 2021.

Other non-operating expense. Other non-operating expense includes interest income, foreign exchange gains and losses and other non-operating income or expense items with the change primarily driven by foreign exchange gains and losses.

Provision for income taxes. The provision for income taxes for the three months ended March 31, 2022 reflects a (37)% tax rate as compared to a 25% tax rate for the three months ended March 31, 2021. The effective tax rate of (37)% for the three months ended March 31, 2022 was primarily impacted by the non-cash charge in equity in earnings associated with the Ichthy's LNG project. Excluding the tax impact of discrete items, our tax rate would be 25% for the three months ended March 31, 2022. See Note 11 to our condensed consolidated financial statements for further discussion on income taxes.

Net income attributable to noncontrolling interests. The net income attributable to noncontrolling interests remained materially consistent for each of the three months ended March 31, 2022 and 2021.

Results of Operations by Business Segment

Dollars in millions	Three Months Ended March 31, 2022	2021	2022 vs. 2021 $	2022 vs. 2021 %
Revenues				
Government Solutions	$ 1,459	$ 1,164	$ 295	25 %
Sustainable Technology Solutions	255	297	(42)	(14)%
Total revenues	$ 1,714	$ 1,461	$ 253	17 %
Gross profit				
Government Solutions	$ 159	$ 116	$ 43	37 %
Sustainable Technology Solutions	37	52	(15)	(29)%
Total gross profit	$ 196	$ 168	$ 28	17 %
Equity in earnings (losses) of unconsolidated affiliates				
Government Solutions	$ 10	$ 7	$ 3	43 %
Sustainable Technology Solutions	(128)	5	(133)	n/m
Total equity in earnings (losses) of unconsolidated affiliates	$ (118)	$ 12	$ (130)	n/m
Total selling, general and administrative expenses	$ (107)	$ (89)	$ 18	20 %
Acquisition and integration related costs	$ (1)	$ (1)	$ —	n/m
Restructuring charges and asset impairments	$ (1)	$ —	$ 1	n/m
Loss on disposition of assets and investments	$ —	$ (1)	$ (1)	n/m
Operating income (loss)	$ (31)	$ 89	$ (120)	(135)%

n/m - not meaningful

Government Solutions

GS revenues increased by $295 million, or 25%, to $1.5 billion for the three months ended March 31, 2022, compared to $1.2 billion for the three months ended March 31, 2021. The increase was primarily driven by organic revenue growth across our GS business units, including work associated with the OAW program which contributed $269 million during the three months ended March 31, 2022. Additionally, the increase is attributed to the acquisition of Frazer-Nash in October 2021. These increases were partially offset by reduced activity in the Middle East.

GS gross profit increased by $43 million, to $159 million for the three months ended March 31, 2022, compared to $116 million for the three months ended March 31, 2021. The increase was primarily driven by items discussed above as well as lower amortization of intangibles from the Centauri acquisition.

GS equity in earnings of unconsolidated affiliates increased by $3 million to $10 million for the three months ended March 31, 2022, compared to $7 million for the three months ended March 31, 2021. The increase was primarily driven by better performance of joint ventures and increased work in our International business.

Sustainable Technology Solutions

STS revenues decreased by $42 million, or 14%, to $255 million for the three months ended March 31, 2022, compared to $297 million for the three months ended March 31, 2021. STS gross profit decreased by $15 million, or 29%, to $37 million

for the three months ended March 31, 2022, compared to $52 million in the three months ended March 31, 2021. The decreases in revenues and gross profit were primarily driven by the $12 million non-cash impact to gross profit resulting from our announced intent to exit commercial operations in Russia, timing of certain STS projects and the completion or near completion of remaining projects that we strategically exited in 2020.

STS equity in earnings (losses) of unconsolidated affiliates decreased by $133 million to $128 million loss for the three months ended March 31, 2022, compared to $5 million in equity earnings for the three months ended March 31, 2021. The decrease was primarily driven by a non-cash charge in the amount of $137 million relating to the settlement agreement with the consortium of subcontractors of the Combined Cycle Power Plant.

Backlog of Unfilled Orders

Backlog generally represents the dollar amount of revenues we expect to realize in the future as a result of performing work on contracts and our pro-rata share of work to be performed by our consolidated and unconsolidated joint ventures. We generally include total expected revenues in backlog when a contract is awarded under a legally binding agreement. In many instances, arrangements included in backlog are complex, nonrepetitive and may fluctuate over the contract period due to the release of contracted work in phases by the customer. Additionally, nearly all contracts allow customers to terminate the agreement at any time for convenience. Certain contracts provide maximum dollar limits, with actual authorization to perform work under the contract agreed upon on a periodic basis with the customer. In these arrangements, only the amounts authorized are included in backlog. For projects where we act solely in a project management capacity, we only include the expected value of our services in backlog.

We define backlog, as it relates to U.S. government contracts, as our estimate of the remaining future revenue from existing signed contracts over the remaining base contract performance period (including customer approved option periods) for which work scope and price have been agreed with the customer. We define funded backlog as the portion of backlog for which funding currently is appropriated, less the amount of revenue we have previously recognized. We define unfunded backlog as the total backlog less the funded backlog. Our GS backlog does not include any estimate of future potential delivery orders that might be awarded under our government-wide acquisition contracts, agency-specific indefinite delivery/indefinite quantity contracts or other multiple-award contract vehicles, nor does it include option periods that have not been exercised by the customer.

Within our GS business segment, we calculate estimated backlog for long-term contracts associated with the U.K. government's PFIs based on the aggregate amount that our client would contractually be obligated to pay us over the life of the project. We update our estimates of the future work to be executed under these contracts on a quarterly basis and adjust backlog if necessary.

We have included in the table below our proportionate share of unconsolidated joint ventures' estimated backlog. As these projects are accounted for under the equity method, only our share of future earnings from these projects will be recorded in our results of operations. Our proportionate share of backlog for projects related to unconsolidated joint ventures totaled $2.5 billion at March 31, 2022, and $2.6 billion at December 31, 2021. As a result of our intent to exit commercial projects in Russia, ending backlog was reduced by $56 million as of March 31, 2022.

The following table summarizes our backlog by business segment as of March 31, 2022, and December 31, 2021, respectively:

Dollars in millions	March 31, 2022	December 31, 2021
Government Solutions	$ 11,572	$ 12,628
Sustainable Technology Solutions	2,412	2,345
Total backlog	$ 13,984	$ 14,973

We estimate that as of March 31, 2022, 29% of our backlog will be executed within one year. Of this amount, 89% will be recognized in revenues on our condensed consolidated statement of operations and 11% will be recorded by our unconsolidated joint ventures. As of March 31, 2022, $71 million of our backlog relates to active contracts that are in a loss position.

As of March 31, 2022, 11% of our backlog was attributable to fixed-price contracts, 46% was attributable to PFIs, 25% was attributable to cost-reimbursable contracts and 18% was attributable to time-and-materials contracts. For contracts that contain fixed-price, cost-reimbursable and time-and-materials components, we classify the individual components as either fixed-price, cost-reimbursable or time-and-materials according to the composition of the contract; however, for smaller contracts, we characterize the entire contract based on the predominant component. As of March 31, 2022, $8.5 billion of our GS backlog was currently funded by our customers.

As of March 31, 2022, we had approximately $4.6 billion of priced option periods not yet exercised by the customer for U.S. government contracts that are not included in the backlog amounts presented above.

The difference between backlog of $14.0 billion and the remaining performance obligations as defined by ASC 606 of $10.9 billion is primarily due to our proportionate share of backlog related to unconsolidated joint ventures which is not included in our remaining performance obligations. See Note 3 to our condensed consolidated financial statements for discussion of the remaining performance obligations.

Transactions with Joint Ventures

We perform many of our projects through incorporated and unincorporated joint ventures. In addition to participating as a joint venture partner, we often provide engineering, procurement, construction, operations or maintenance services to the joint venture as a subcontractor. Where we provide services to a joint venture that we control and therefore consolidate for financial reporting purposes, we eliminate intercompany revenues and expenses on such transactions. In situations where we account for our interest in the joint venture under the equity method of accounting, we do not eliminate any portion of our subcontractor revenues or expenses. We recognize the profit on our services provided to joint ventures that we consolidate and joint ventures that we record under the equity method of accounting primarily using the percentage-of-completion method. See Note 8 to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information. The information discussed therein is incorporated by reference into this Part I, Item 2.

Legal Proceedings

Information relating to various commitments and contingencies is described in Notes 6, 12 and 13 to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, and the information discussed therein is incorporated by reference into this Part I, Item 2.

Liquidity and Capital Resources

Liquidity is provided by available cash and cash equivalents, cash generated from operations, our Senior Credit Facility, (as defined below) and access to capital markets. Our operating cash flow can vary significantly from year to year and is affected by the mix, terms, timing and stage of completion of our projects. We often receive cash in the early phases of our technology projects. On time-and-material and cost reimbursable contracts, we may utilize cash on hand or availability under our Senior Credit Facility to satisfy any periodic operating cash requirements for working capital, as we incur costs and subsequently invoice our customers.

STS services projects may require us to provide credit support for our performance obligations to our customers in the form of letters of credit, surety bonds or guarantees. Our ability to obtain new project awards in the future may be dependent on our ability to maintain or increase our letter of credit and surety bonding capacity, which may be further dependent on the timely release of existing letters of credit and surety bonds. As the need for credit support arises, letters of credit may be issued under the Revolver (as defined below) or with lending counterparties on a bilateral, syndicated or other basis.

As discussed in Note 10 "Debt and Other Credit Facilities" of our condensed consolidated financial statements, on November 18, 2021, we entered into Amendment No. 5 under our existing Credit Agreement, dated as of April 25, 2018 ("Pro Rata Facilities") consisting of a $1 billion revolving credit facility (the "Revolver"), a $442 million Term Loan A, ("Term Loan A") with debt tranches denominated in US dollars, Australian dollars and British pound sterling and a $512 million Term Loan B ("Term Loan B"), with an aggregate capacity of $1.954 billion ("Senior Credit Facility"). The Amendment, among other things, (i) established an additional tranche of £122.1 million in Term Loan A incurred by Kellogg Brown & Root Limited, a wholly owned indirect subsidiary of KBR, Inc., organized under the laws of England and Wales, (ii) increased capacity and flexibility under certain negative covenants, (iii) permits the netting of unrestricted cash up to a specified cap for purposes of calculating the leverage ratio and (iv) reduced the interest rate payable for applicable margins and commitment fees and extended the maturity dates to November 2026 for Term Loan A and the Revolver. The maturity date of Term Loan B remained unchanged maturing February 2027.

We believe that existing cash balances, internally generated cash flows, availability under our Senior Credit Facility and other lines of credit are sufficient to support our business operations for the next 12 months. As of March 31, 2022, we were in compliance with all financial covenants related to our debt agreements.

Cash and cash equivalents totaled $412 million at March 31, 2022, and $370 million at December 31, 2021, and consisted of the following:

Dollars in millions	March 31, 2022	December 31, 2021
Domestic U.S. cash	$ 52	$ 34
International cash	238	220
Joint venture and Aspire Defence project cash	122	116
Total	$ 412	$ 370

Our cash balances are held in numerous accounts throughout the world to fund our global activities. Domestic cash relates to cash balances held by U.S. entities and is largely used to support project activities of those businesses as well as general corporate needs such as the payment of dividends to shareholders, repayment of debt and potential repurchases of our outstanding common stock.

Our international cash balances may be available for general corporate purposes but are subject to local restrictions, such as capital adequacy requirements and maintaining sufficient cash balances to support our U.K. pension plan and other obligations incurred in the normal course of business by those foreign entities. Repatriations of our undistributed foreign earnings are generally free of U.S. tax but may incur withholding and/or state taxes. We consider our future U.S. and non-U.S. cash needs as 1) our anticipated foreign working capital requirements, including funding of our U.K. pension plan, 2) the expected growth opportunities across all geographical markets and 3) our plans to invest in strategic growth opportunities, which may include acquisitions around the world, including whether foreign earnings are permanently reinvested. If management were to completely remove the indefinite investment assertion on all foreign subsidiaries, the exposure to local withholding taxes would be less than $9 million.

Joint venture cash and Aspire Defence project cash balances reflect the amounts held by joint venture entities that we consolidate for financial reporting purposes. These amounts are limited to those entities' activities and are not readily available

for general corporate purposes; however, portions of such amounts may become available to us in the future should there be a distribution of dividends to the joint venture partners. We expect that the majority of the joint venture cash balances will be utilized for the corresponding joint venture purposes or for paying dividends.

As of March 31, 2022, substantially all of our excess cash was held in interest bearing operating accounts or short-term investment accounts with the primary objectives of preserving capital and maintaining liquidity.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Three Months Ended March 31,	
Dollars in millions	**2022**	**2021**
Cash flows provided by operating activities	$ 89	$ 50
Cash flows (used in) investing activities	12	(22)
Cash flows (used in) financing activities	(52)	(22)
Effect of exchange rate changes on cash	(7)	3
Increase in cash and cash equivalents	$ 42	$ 9

Operating Activities. Cash provided by operations totaled $89 million and $50 million for the three months ended March 31, 2022 and 2021, respectively, as compared to net loss of $70 million and net income of $50 million for the three months ended March 31, 2022 and 2021, respectively. Cash flows from operating activities result primarily from earnings and are affected by changes in operating assets and liabilities, which consist primarily of working capital balances for projects. Working capital levels vary from year to year and are primarily affected by the Company's volume of work. These levels are also impacted by the mix, stage of completion and commercial terms of projects. Working capital requirements also vary by project depending on the type of client and location throughout the world.

The primary components of our working capital accounts are accounts receivable, contract assets, accounts payable and contract liabilities. These components are impacted by the size and changes in the mix of our cost-reimbursable and time-and-materials projects versus fixed price projects, and as a result, fluctuations in these components are not uncommon in our business. Specifically, the $370 million favorable cash flow impact related to accounts receivable and the $400 million unfavorable cash flow impact related to accounts payable were primarily driven by collections and payments in the first quarter of 2022 related to the significant volume from the OAW program in the fourth quarter of 2021.

Investing Activities. Cash provided by investing activities totaled $12 million for the three months ended March 31, 2022 and was primarily due to proceeds of $18 million from the sale of our investment interest in two of our three U.K. Roads Projects. See Note 8 "Equity Method Investments and Variable Interest Entities" for further details. This was partially offset by $6 million in capital expenditures.

Cash used in investing activities totaled $22 million for the three months ended March 31, 2021 and was primarily used for our acquisition of a technology license, our investment in a plastics recycling technology and funding our proportionate share of JKC's ongoing legal and commercial costs.

Financing Activities. Cash used in financing activities totaled $52 million for the three months ended March 31, 2022 and was primarily due to approximately $15 million of dividend payments to common shareholders, $25 million for the repurchase of common stock under our share repurchase program, $8 million for the repurchase of common stock under our "withheld to cover" program, $3 million repayment on our finance lease obligations and $4 million in payments on borrowings related to our Senior Credit Facility. See Note 10 "Debt and Other Credit Facilities" for further discussion of our Senior Credit Facility. This was partially offset by the net proceeds received from the issuance of common stock of $4 million.

Cash used in financing activities totaled $22 million for the three months ended March 31, 2021 and was primarily due to approximately $14 million of dividend payments to common shareholders, $4 million repayment on our finance lease obligations and $3 million in payments on borrowings related to our Senior Credit Facility.

Future sources of cash. We believe that future sources of cash include cash flows from operations (including accounts receivable monetization arrangements), cash derived from working capital management and cash borrowings under the Senior Credit Facility.

Future uses of cash. We believe that future uses of cash include working capital requirements, joint venture capital calls, capital expenditures, dividends, pension funding obligations, repayments of borrowings, share repurchases and strategic investments including acquisitions. Our capital expenditures will be focused primarily on facilities and equipment to support our businesses. In addition, we will use cash to make payments under leases and various other obligations, including potential litigation payments, as they arise.

Other factors potentially affecting liquidity

Ichthys LNG Project. In reference to Note 6 "Unapproved Change Orders and Claims Against Clients and Estimated Recoveries of Claims Against Suppliers and Subcontractors" to our condensed consolidated financial statements, in October 2021, JKC entered into a binding settlement agreement (the "Settlement Agreement") that resolved the outstanding claims and disputes between JKC and its client, Ichthys LNG Pty, Ltd (collectively, "the Parties"). As a result of the Settlement Agreement, the Parties agreed to withdraw all claims and terminate all ongoing arbitration and court proceedings between the Parties. As part of the Settlement Agreement, KBR's letters of credit were also reduced to $82 million from $164 million.

In April 2022, JKC entered into a settlement agreement (the "Subcontractor Settlement Agreement") to resolve outstanding claims and disputes between JKC and the consortium of subcontractors. As a result of the Subcontractor Settlement Agreement, KBR expects to receive approximately $271 million of cash in two payments for our proportionate share of the settlement amount. The first payment of $203 million was paid to JKC in April 2022. The second payment for approximately $68 million is expected to be paid to JKC in March 2023, at prevailing exchange rates. KBR recorded a non-cash charge to equity in earnings (losses) of unconsolidated affiliates in the amount of $137 million during the quarter ended March 31, 2022, which reflected KBR's proportionate share of its claims against the Consortium. KBR's Senior Credit Facility contains certain defined provisions under an 'Ichthys Recovery Event', including requiring JKC to make distributions to the JV partners for their proportionate share of the net cash proceeds. Upon receiving such distribution from JKC, KBR is required to use commercially reasonable efforts to make mandatory prepayments under Term Loan A within three business days of receipt using the net settlement proceeds. KBR is in current communication with JKC to distribute the first payment imminently.

U.K. pension obligation. We have recognized on our condensed consolidated balance sheet a funding deficit of $64 million (measured as the difference between the fair value of plan assets and the projected benefit obligation as of March 31, 2022) for our frozen defined benefit pension plans. The total amount of employer pension contributions paid for the three months ended March 31, 2022, was $11 million and primarily related to our defined benefit plan in the U.K. The funding requirements for our U.K. pension plan are determined based on the U.K. Pensions Act 1995. Annual minimum funding requirements are based on a binding agreement with the trustees of the U.K. pension plan that is negotiated on a triennial basis which commenced in 2021 and is required to be completed by June 2022. The current agreement calls for minimum annual contributions of £33 million ($44 million at current exchange rates) until the next minimum funding requirements are finalized. In the future, pension funding may increase or decrease depending on changes in the levels of interest rates, pension plan asset return performance and other factors. A significant increase in our funding requirements for the U.K. pension plan could result in a material adverse impact on our financial position.

Credit Agreement and Senior Credit Facility

Information relating to our Senior Credit Facility is described in Note 10 "Debt and Other Credit Facilities" to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, and the information discussed therein is incorporated by reference into this Part I, Item 2.

Senior Notes

Information relating to our Senior Notes is described in Note 10 "Debt and Other Credit Facilities" to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, and the information discussed therein is incorporated by reference into this Part I, Item 2.

Convertible Senior Notes

Information relating to our Convertible Senior Notes is described in Note 1 "Basis of Presentation" and Note 10 "Debt and Other Credit Facilities" to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, and the information discussed therein is incorporated by reference into this Part I, Item 2.

Nonrecourse Project Debt

Information relating to our nonrecourse project debt is described in Note 10 "Debt and Other Credit Facilities" to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, and the information discussed therein is incorporated by reference into this Part I, Item 2.

Off-Balance Sheet Arrangements

Letters of credit, surety bonds and guarantees. In the ordinary course of business, we may enter into various arrangements providing financial or performance assurance to customers on behalf of certain consolidated and unconsolidated subsidiaries, joint ventures and other jointly executed contracts. Such off-balance sheet arrangements include letters of credit, surety bonds and corporate guarantees to support the creditworthiness or project execution commitments of these entities and typically have various expiration dates ranging from mechanical completion of the project being constructed to a period beyond completion in certain circumstances such as for warranties. We may also guarantee that a project, once completed, will achieve specified performance standards. If the project subsequently fails to meet guaranteed performance standards, we may incur additional costs, pay liquidated damages or be held responsible for the costs incurred by the client to achieve the required performance standards. The potential amount of future payments that we could be required to make under an outstanding performance arrangement is typically the remaining estimated cost of work to be performed by or on behalf of third parties. For cost reimbursable contracts, amounts that may become payable pursuant to guarantee provisions are normally recoverable from the client for work performed under the contract. For lump-sum or fixed-price contracts, the performance guarantee amount is the cost to complete the contracted work, less amounts remaining to be billed to the client under the contract. Remaining billable amounts could be greater or less than the cost to complete the project. If costs exceed the remaining amounts payable under the contract, we may have recourse to third parties, such as owners, subcontractors or vendors for claims.

In our joint venture arrangements, the liability of each partner is usually joint and several. This means that each joint venture partner may become liable for the entire risk of performance guarantees provided by each partner to the customer. Typically, each joint venture partner indemnifies the other partners for any liabilities incurred in excess of the liabilities the other party is obligated to bear under the respective joint venture agreement. We are unable to estimate the maximum potential amount of future payments that we could be required to make under outstanding performance guarantees related to joint venture projects due to a number of factors, including but not limited to, the nature and extent of any contractual defaults by our joint venture partners, resource availability, potential performance delays caused by the defaults, the location of the projects and the terms of the related contracts. See “Item 1A. Risk Factors” contained in Part I of our 2021 Annual Report on Form 10-K for information regarding our fixed-price contracts and operations through joint ventures and partnerships.

In certain limited circumstances, we enter into financial guarantees in the ordinary course of business, with financial institutions and other credit grantors, which generally obligate us to make payment in the event of a default by the borrower. These arrangements generally require the borrower to pledge collateral to support the fulfillment of the borrower’s obligation. We account for both financial and performance guarantees at fair value at issuance in accordance with ASC 460-10 Guarantees and, as of March 31, 2022, we had no material guarantees of the work or obligations of third parties recorded.

As of March 31, 2022, we had $1 billion in a committed line of credit under the Senior Credit Facility and $521 million of uncommitted lines of credit to support the issuance of letters of credit. As of March 31, 2022, with respect to our Senior Credit Facility, we had $362 million of outstanding borrowings previously issued to fund the acquisitions of Centauri and Frazer-Nash and $49 million of outstanding letters of credit. With respect to our $521 million of uncommitted lines of credit, we had utilized $215 million for letters of credit as of March 31, 2022. The total remaining capacity of these committed and uncommitted lines of credit was approximately $895 million. Information relating to our letters of credit is described in Note 10

"Debt and Other Credit Facilities" to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q and the information discussed therein is incorporated by reference into this Part I, Item 2. Other than discussed in this Quarterly Report on Form 10-Q, we have not engaged in any material off-balance sheet financing arrangements through special purpose entities.

Critical Accounting Policies and Estimates

There have been no material changes to our discussion of critical accounting policies and estimates from those set forth in our 2021 Annual Report on Form 10-K, for the year ended December 31, 2021, which discussion is incorporated herein by reference.

See Note 1 "Basis of Presentation" to our condensed consolidated financial statements for a discussion of the impact of the adoption of ASU 2020-06 and the potential impact of other new accounting standards effective for our unaudited condensed financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Cash and cash equivalents are deposited with major banks throughout the world. We invest excess cash and cash equivalents in short-term securities, primarily money market funds, which carry a fixed rate of return. We have not incurred any credit risk losses related to deposits of our cash and cash equivalents.

Foreign Currency Risk. Because of the global nature of our business, we are exposed to market risk associated with changes in foreign currency exchange rates. We have historically attempted to limit exposure to foreign currency fluctuations through provisions requiring the client to pay us in currencies corresponding to the currency in which cost is incurred. In addition to this natural hedge, we may use foreign exchange forward contracts and options to hedge material exposures when forecasted foreign currency revenues and costs are not denominated in the same currency and when efficient markets exist. These derivatives are generally designated as cash flow hedges and are carried at fair value. We do not enter into derivative financial instruments for trading purposes or make speculative investments in foreign currencies. No net gain or loss was recorded for the three months ended March 31, 2022, and net loss of $6 million was recorded for the three months ended March 31, 2021 in other non-operating expense on our condensed consolidated statements of operations. The net loss of $6 million during the three months ended March 31, 2021 consisted primarily of unfavorable foreign currency movements on certain intercompany balance positions denominated in British Pounds and European Euros resulting in foreign currency loss of approximately $7 million, net of $1 million related to changes in the fair value of balance sheet hedges.

We use derivative instruments, such as foreign exchange forward contracts and options, to hedge foreign currency risk related to non-functional currency assets and liabilities on our balance sheet. Each period, these balance sheet hedges are marked to market through earnings and the change in their fair value is largely offset by remeasurement of the underlying assets and liabilities. The fair value of these derivatives was not material to our condensed consolidated balance sheet as of March 31, 2022. Information relating to fair value measurements is described in Note 18 "Financial Instruments and Risk Management" to our condensed consolidated financial statements, which is incorporated by reference into this Item 3.

Interest Rate Risk. We are exposed to market risk for changes in interest rates for the Revolver and term loan borrowings under the Senior Credit Facility. We had $362 million of borrowings outstanding under the Revolver and $948 million outstanding under the term loan portions of the Senior Credit Facility as of March 31, 2022. Borrowings under the Senior Credit Facility bear interest at variable rates as described in Note 10 to our condensed consolidated financial statements.

We manage interest rate exposure by entering into interest rate swap agreements pursuant to which we agree to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated on an agreed-upon notional principal amount. In October 2018, we entered into interest rate swap agreements covering $500 million of notional value of our outstanding term loans. Under these swap agreements, we receive one month LIBOR and pay an average monthly fixed rate of 3.055% for the term of the swaps that expire in September 2022. In March 2020, we entered into additional swap agreements covering notional value of $400 million of our outstanding loans which are effective beginning October 2022. Under these swap agreements, we will receive one-month LIBOR and pay an average monthly fixed rate of 0.965% for the term of the swaps that expire in January 2027. The swap agreements were designated as cash flow hedges at inception in accordance with ASC Topic 815 *Accounting for Derivative and Hedging Transactions*. The fair value of the interest rate swaps at March 31, 2022, was a $19 million net asset, of which $22 million is included in other assets, $2 million is included in other current assets and $5 million is included in other current liabilities.

At March 31, 2022, we had fixed rate debt aggregating $1.1 billion and variable rate debt aggregating $810 million, after taking into account the effects of the interest rate swaps. Our weighted average interest rate for the three months ended March 31, 2022 was 3.43%. If interest rates were to increase by 50 basis points, pre-tax interest expense would increase by approximately $4 million in the next twelve months net of the impact from our swap agreements, based on outstanding borrowings as of March 31, 2022.

Item 4. Controls and Procedures

In accordance with Exchange Act Rules 13a-15 and 15d-15, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2022, to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There were no changes in our internal control reporting during the three months ended March 31, 2022 that have materially affected, or are reasonably likely to affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Information relating to various commitments and contingencies is described in Notes 6, 12 and 13 to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, and the information discussed therein is incorporated by reference into this Part II, Item 1.

Item 1A. Risk Factors

Aside from the below, there are no material changes from the risk factors previously disclosed in Part I, Item 1A in our Annual Report on Form 10-K, which is incorporated herein by reference, for the year ended December 31, 2021.

The ongoing conflict between Russia and Ukraine may adversely affect our business and results of operations.

Political, economic and other conditions in foreign countries and regions, including geopolitical risks such as the current conflict between Russia and Ukraine, may adversely affect our business and operations as a portion of our revenue is derived from foreign operations. We announced our intent to exit commercial projects in Russia in a responsible manner. We do not expect this exit to have a material adverse impact on our results of operations. However, sanctions and trade control measures implemented against Russia in response to the conflict may have an impact on our ability to operate in the ordinary course of business as we wind down our business operations in Russia. Any alleged or actual failure to comply with these measures as we extricate our business operations from Russia may subject us to government scrutiny, civil and/or criminal proceedings, sanctions and other liabilities, which may have an adverse effect on our international operations, financial condition and results of operations. Additionally, the broader implications of this conflict, which may include additional international sanctions, embargoes, regional instability and geopolitical shifts; increased tensions between the United States and countries in which we operate; and the extent of the conflict's effects on our business and results of operations as well as the global economy, cannot be predicted.

To the extent the current conflict between Russia and Ukraine adversely affects our business, it may also have the effect of heightening many other risks disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, any of which could materially and adversely affect our business and results of operations. Such risks include, but are not limited to, the following:

- adverse effects on macroeconomic conditions, including inflation, demand for our products and potential recessionary economic conditions;
- increased cyber security threats;
- adverse changes in trade policies, taxes, government regulations and tariffs;
- our ability to obtain compensation for increased costs incurred related to rising costs of equipment, materials and labor on fixed-price contracts;
- our ability to implement and execute our business strategy;
- disruptions in global supply chains;
- our exposure to foreign currency fluctuations; and
- constraints, volatility or disruption in the capital markets.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On February 25, 2014, the Board of Directors authorized a $350 million share repurchase program. As of December 31, 2019, $160 million remained available under this authorization. On February 19, 2020, the Board of Directors authorized an increase of approximately $190 million to our share repurchase program, returning the authorization level to $350 million. As of March 31, 2022, $200 million remains available for repurchase under this authorization. The authorization does not obligate the Company to acquire any particular number of shares of common stock and may be commenced, suspended or discontinued without prior notice. The share repurchases are intended to be funded through the Company's current and future cash flows and the authorization does not have an expiration date.

The following is a summary of share repurchases of our common stock during the three months ended March 31, 2022:

Purchase Period	Total Shares Repurchased [1]	Average Price Paid per Share	Shares Repurchased as Part of Publicly Announced Plan	Dollar Value of Maximum Number of Shares that May Yet Be Purchased Under the Plan
January 1 - 31, 2022	582,484	$ 48.09	519,332	$ 200,320,822
February 1 - 28, 2022	74,411	$ 49.25	—	$ 200,320,822
March 1 - 31, 2022	33,376	$ 49.15	—	$ 200,320,822
Total	690,271	—	519,332	$ 200,320,822

(1) Included within shares repurchased herein are 170,939 shares acquired from employees in connection with the income tax and related benefit withholding obligations arising from issuance of share-based equity awards under the KBR, Inc. 2006 Stock and Incentive Plan at an average price of $48.70 per share.

Item 6. Exhibits

Exhibit Number	Description
3.1	KBR Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to KBR's current report on Form 8-K filed June 7, 2012; File No. 001-33146)
3.2	Amended and Restated Bylaws of KBR, Inc. (incorporated by reference to Exhibit 3.2 to KBR's annual report on Form 10-K for the year ended December 31, 2013 filed on February 27, 2014; File No. 001-33146)
*10.1+	Form of revised Restricted Stock Unit Agreement (US Employee) pursuant to Amended and Restated KBR, Inc. 2006 Stock and Incentive Plan
*10.2+	Form of revised Restricted Stock Unit Agreement (International Employee) pursuant to Amended and Restated KBR, Inc. 2006 Stock and Incentive Plan
*10.3+	Form of revised Performance Stock Unit Agreement (US Employee) pursuant to Amended and Restated KBR, Inc. 2006 Stock and Incentive Plan
*10.4+	Form of revised Performance Stock Unit Agreement (International Employee) pursuant to Amended and Restated KBR, Inc. 2006 Stock and Incentive Plan
*10.5+	Form of Performance Award Agreement (US/International Employee Cash Only) pursuant to Amended and Restated KBR, Inc. 2006 Stock and Incentive Plan
*10.6+	Form of Performance Award Agreement (US/International Employee Cash/Stock) pursuant to Amended and Restated KBR, Inc. 2006 Stock and Incentive Plan
*31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
**32.1	Certification Furnished Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
**32.2	Certification Furnished Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
***101	The following financial information from this Quarterly Report on Form 10-Q of KBR, Inc. for the quarter ended March 31, 2022 formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Shareholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to the Condensed Consolidated Financial Statements, tagged as blocks of text
104	Cover Page Interactive Data File - formatted as Inline XBRL contained in Exhibit 101

\+ Management contracts or compensatory plans or arrangements

* Filed with this Form 10-Q

** Furnished with this Form 10-Q

*** Interactive data files

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

KBR, INC.

/s/ Mark W. Sopp	/s/ Shad E. Evans
Mark W. Sopp	**Shad E. Evans**
Executive Vice President and Chief Financial Officer	**Senior Vice President of Finance Operations and Chief Accounting Officer**
Dated: April 28, 2022	Dated: April 28, 2022

RESTRICTED STOCK UNIT AGREEMENT

AGREEMENT by and between KBR, Inc., a Delaware corporation (the "Company"), and _____ ("Employee") made effective as of _____ (the "Grant Date").

1. Grant of Restricted Stock Units.

(a) Units. Pursuant to the Amended and Restated KBR, Inc. 2006 Stock and Incentive Plan, as amended and restated (the "Plan"), units evidencing the right to receive _____ shares of the Company's common stock ("Stock"), are awarded to Employee, subject to the conditions of the Plan and this Agreement (the "Restricted Stock Units").

(b) Plan Incorporated. Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Restricted Stock Units shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which is incorporated herein by reference as a part of this Agreement. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan.

2. Terms of Restricted Stock Units. Employee hereby accepts the Restricted Stock Units and agrees with respect thereto as follows:

(a) Forfeiture of Restricted Stock Units. In the event of termination of Employee's employment with the Company or any employing Subsidiary of the Company for any reason other than (i) death or (ii) disability (disability being defined as being physically or mentally incapable of performing either the Employee's usual duties as an Employee or any other duties as an Employee that the Company reasonably makes available and such condition is likely to remain continuously and permanently, as determined by the Company or employing Subsidiary), or except as otherwise provided in the second and third sentences of subparagraph (c) of this Paragraph 2, or if the Employee breaches any of the covenants set forth in Paragraph 10, Employee shall, for no consideration, forfeit all Restricted Stock Units to the extent they are not fully vested.

(b) Assignment of Award. The Restricted Stock Units may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of unless transferable by will or the laws of descent and distribution or pursuant to a "qualified domestic relations order" as defined by the U.S. Internal Revenue Code (the "Code").

(c) Vesting Schedule. The Restricted Stock Units shall vest in accordance with the following schedule provided that Employee has been continuously employed by the Company from the date of this Agreement through the applicable vesting date:

Vesting Date	Vested Percentage of Total Number of Restricted Stock Units
1st Anniversary of Grant Date	33 ⅓%
2nd Anniversary of Grant Date	66 ⅔%
3rd Anniversary of Grant Date	100%

Notwithstanding the foregoing, unless otherwise provided in an Other Agreement pursuant to Paragraph 8, the Restricted Stock Units shall become fully vested on the earliest of (i) the occurrence of Employee's Involuntary Termination or termination for Good Reason within two years following a Corporate Change (as such terms are defined in the Plan) or (ii) the date Employee's employment with the Company is terminated by reason of death or disability (as determined above). In the event Employee's employment is terminated for any other reason, including retirement with the approval of (A) the Committee if Employee is a "senior executive of the Company" (as defined below) or (B) the Company's Chief Executive Officer (the "CEO") if Employee is not a senior executive of the Company, the Committee (or its delegate, as appropriate) or, in the event of retirement of an Employee who is not a senior executive of the Company, the CEO, as applicable, may, in the Committee's (or such delegate's) or the CEO's, as applicable, sole discretion, approve the acceleration of the vesting of any or all Restricted Stock Units that have not yet been forfeited and which are still outstanding and subject to restrictions, such vesting acceleration to be effective on the date of such approval or Employee's termination date, if later. Notwithstanding the foregoing, in no event shall the Restricted Stock Units become fully vested prior to the expiration of one month from the Grant Date. "Senior executive" for purposes of this Agreement shall mean (i) the CEO and (ii) any regular, full-time employee of the Company or an affiliate who (A) is an officer of the Company required to file reports with the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, (B) is an officer of the Company who reports directly to the CEO, (C) is the Chief Accounting Officer of the Company, or (D) is the highest ranking management position (with at least a title of Director or above) with direct oversight over internal audits of the Company.

(d) Stockholder Rights. Employee shall have no rights of a stockholder with respect to shares of Stock subject to this Award unless and until such time as the Award has been settled by the transfer of shares of Stock to Employee, except that Employee shall have the right to receive payments equal to the dividends or distributions declared or paid on a share of Stock at the same time as those dividends or distributions are paid to holders of Stock.

(e) Payment for Vested Restricted Stock Units. Payment for vested Restricted Stock Units shall be made as soon as administratively practicable after vesting, but in no event later than thirty days after the vesting date. Settlement will be made in the form of shares of Stock equal in number to the number of Restricted Stock Units with respect to which payment is being made on the applicable date; provided, however, that payment for a vested Restricted Stock Unit shall be made at the time provided above solely in cash (in lieu of in the form of a share of Stock) in an amount equal to the Fair Market Value as of the vesting date of such Restricted Stock Unit if there are an insufficient number

of shares available for delivery under the Plan at the time of such settlement as determined by the Committee or its delegate in the Committee's or such delegate's sole discretion. Notwithstanding the foregoing, the Company shall not be obligated to deliver any shares of Stock if counsel to the Company determines that such sale or delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Stock is listed or quoted.

(f) Recovery of Benefits. The Company shall seek recovery of any benefits provided hereunder to Employee if such recovery is required by any clawback policy adopted by the Company, which may be amended from time to time, including, but not limited to, any clawback policy adopted to satisfy the minimum clawback requirements adopted under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the regulations thereunder or any other applicable law.

3. Withholding of Tax. The Committee may make such provisions as it may deem appropriate for the withholding of any taxes which it determines is required in connection with this Award. Unless the Committee provides otherwise, to the extent this Award is settled in shares of Stock, the Company shall reduce the number of shares of Stock that would have otherwise been delivered to Employee by a number of shares of Stock having a Fair Market Value equal to the amount required to be withheld.

4. Employment Relationship. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee of the Company, a Parent Corporation or Subsidiary of the Company, or a corporation or a Parent Corporation or subsidiary of such corporation assuming or substituting a new award for this Award. Without limiting the scope of the preceding sentence, it is expressly provided that Employee shall be considered to have terminated employment with the Company at the time of the termination of the "Subsidiary" status under the Plan of the entity or other organization that employs Employee. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee, or its delegate, as appropriate, and its determination shall be final.

5. **Committee's Powers**. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Stock Units.

6. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

7. Compliance with Law. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares of Stock, the Company shall not be required to deliver any shares issuable upon settlement of the Restricted Stock Units prior to the completion of any

registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. Employee understands that the Company is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, Employee agrees that the Company shall have unilateral authority to amend the Plan and the Agreement without Employee's consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

8. Other Agreements. The terms of this Agreement shall be subject to, and shall not modify, the terms and conditions of any employment, severance, and/or change-in-control agreement between the Company (or a Subsidiary) and Employee concerning equity-based awards ("Other Agreement"), except that, notwithstanding anything in such Other Agreement to the contrary, any normal retirement age of 65 or other retirement-based vesting provisions in such Other Agreement shall be of no force or effect for purposes of the vesting of these Restricted Stock Units.

9. Governing Law and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, U.S.A., except to the extent that it implicates matters that are the subject of the General Corporation Law of the State of Delaware, which matters shall be governed by the latter law notwithstanding any conflicts of laws principles that may be applied or invoked directing the application of the laws of another jurisdiction. Exclusive venue for any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it or arising from it, or dispute resolution proceeding arising hereunder for any claim or dispute, the parties hereby submit to and consent to the sole and exclusive jurisdiction of Houston, Harris County, Texas, notwithstanding any conflicts of laws principles that may direct the jurisdiction of any other court, venue, or forum, including the jurisdiction of Employee's home country.

10. Non-Competition; Non-Solicitation; Non-Disclosure.

(a) Following the date Employee enters into this Agreement, the Company and/or its Subsidiary(ies) shall provide Employee access to Confidential Information (as defined below). Such Confidential Information shall be for use only during Employee's employment with the Company, and as an express incentive for the Company to enter into this Agreement and to grant to Employee the Restricted Stock Units (which grant, Employee acknowledges, shall further align Employee's interests with the long-term business interests of the Company and its Subsidiaries) and provide Employee with Confidential Information, Employee has voluntarily agreed to the covenants set forth in this Paragraph 10. Employee agrees and acknowledges that the limitations and restrictions set forth herein, including geographical and temporal restrictions on certain competitive activities, are reasonable in all respects, do not interfere with public interests, will not cause Employee undue hardship, and are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the Company's and its Subsidiaries' trade secrets and other Confidential Information, goodwill and legitimate business interests.

(b) During the Prohibited Period (as defined below), Employee shall not, without the prior written approval of the Company, directly or indirectly, for Employee or on behalf of or in conjunction with any other person or entity of any nature:

(i) engage in or participate within the Market Area (as defined below) in competition with the Company or any of its Subsidiaries in any aspect of the Business (as defined below), which prohibition shall prevent Employee from directly or indirectly: (A) owning, managing, operating, or being an officer or director of, any business that competes with the Company or any of its Subsidiaries in the Market Area, or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with the Company or any of its Subsidiaries in any capacity (with respect to this clause (B)) in which Employee's duties or responsibilities are the same as or similar to the duties or responsibilities that Employee had on behalf of the Company or any of its Subsidiaries, or involve direct or indirect oversight over such duties or responsibilities;

(ii) appropriate any Business Opportunity of, or relating to, the Company or any of its Subsidiaries located in the Market Area;

(iii) solicit, canvass, approach, encourage, entice or induce any customer or supplier of the Company or any of its Subsidiaries for whom or which Employee had responsibility in the final 12 months prior to the termination of Employee's employment with the Company to cease or lessen such customer's or supplier's business with the Company or any of its Subsidiaries; or

(iv) solicit, canvass, approach, encourage, entice or induce any employee or contractor of the Company or any of its Subsidiaries to terminate his, her or its employment or engagement with the Company or any of its Subsidiaries.

(c) Notwithstanding any other provision of this Agreement:

(i) the covenants set forth in this Paragraph 10 shall not apply to restrict any of Employee's activities within the State of California, including if Employee is a California resident; and

(ii) if prohibited by any applicable law regarding non-competition restrictions in Washington, D.C., the covenants set forth in Paragraphs 10(b)(i) and 10(b)(ii) shall not apply with respect to any activities conducted within (including individuals' performance of work in) Washington, D.C.;

provided, however, for the avoidance of doubt, the foregoing exceptions under this Paragraph 10(c) shall not limit any other obligations that Employee owes to the Company or any of its Subsidiaries under any other agreements or applicable laws, including (without limitation) with respect to the protection of Confidential Information.

(d) If Employee is an attorney at law or licensed lawyer in any jurisdiction, none of the restrictions set forth in this Paragraph 10 shall be interpreted or applied in a manner to prevent or restrict Employee from practicing law, as it is the intent of this Paragraph 10 to create certain limitations on Employee's business activities only, and not to create limitations that would restrict Employee from practicing law. If Employee is an attorney at law or licensed to practice law, Employee acknowledges and agrees that, both during Employee's employment with the Company and thereafter, Employee shall be bound by all ethical and professional obligations (including those with respect to conflicts of interest and confidentiality) that may arise from Employee's provision of legal services to, and acting as legal counsel for, the Company and (as applicable) its Subsidiaries.

(e) Employee agrees, both during and after Employee's employment with the Company, not to use or disclose any Confidential Information other than for the benefit of the Company or its Subsidiaries in the course of Employee's duties for the Company or its applicable Subsidiary. All trade secrets, non-public information, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by or disclosed to Employee, individually or in conjunction with others, in connection with Employee's employment with the Company or otherwise during the time that Employee is or has been employed or engaged by the Company or any of its Subsidiaries (whether during business hours or otherwise and whether on the Company's or its Subsidiaries' premises or otherwise), that relate to the Companies' or its Subsidiaries' businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, formulas, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, research and development information, the identity of key contacts within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks) is defined as "Confidential Information". For purposes of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure or wrongful act of Employee or Employee's agents; (ii) was available to Employee on a non-confidential basis before its disclosure by the Company or any of its Subsidiaries; or (iii) becomes available to Employee on a non-confidential basis from a source other than the Company or any of its Subsidiaries; provided, that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, the Company or any of its Subsidiaries.

(f) Notwithstanding the foregoing Paragraph 10(e), nothing in this Agreement shall prohibit or restrict Employee from lawfully (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority (in each instance regarding a possible violation of any law); (ii) responding to any inquiry or legal process directed to Employee from any such governmental authority; (iii) testifying, participating or otherwise assisting in an action or proceeding by any such governmental authority relating to a possible violation of law or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally,

pursuant to the federal Defend Trade Secrets Act of 2016, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (x) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; (y) is made to Employee's attorney in relation to a lawsuit for retaliation against Employee for reporting a suspected violation of law or (z) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Agreement requires Employee to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company or any of its Subsidiaries that Employee has engaged in any such conduct.

(g) Because of the difficulty of measuring economic losses to the Company and its Subsidiaries as a result of a breach or threatened breach of the covenants set forth in this Paragraph 10, and because of the immediate and irreparable damage that would be caused to the Company and its Subsidiaries for which they would have no other adequate remedy, the Company and each of its Subsidiaries shall be entitled to enforce the foregoing covenants, in the event of a breach or threatened breach, by injunctions and restraining orders from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall not be the Company's or its Subsidiaries' exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company and each of its Subsidiaries at law and equity.

(h) The covenants in this Paragraph 10, and each provision and portion hereof, are severable and separate, and the unenforceability of any specific covenant (or portion thereof) shall not affect the provisions of any other covenant (or portion thereof). Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which such arbitrator or court deems reasonable, and this Agreement shall thereby be reformed.

(i) The following terms shall have the following meanings:

(i) "Business" shall mean the business and operations that are the same or similar to those performed by the Company and any of its Subsidiaries for which Employee provides services or about which Employee obtains Confidential Information during Employee's employment with the Company.

(ii) "Business Opportunity" shall mean any commercial, investment or other business opportunity relating to the Business.

(iii) "Market Area" shall mean: (i) during that portion of the Prohibited Period that exists during which Employee is employed by the Company, any geographic area or market where Employee provides, or has provided, services to the Company or any of its Subsidiaries; and (ii) during that portion of the

Prohibited Period that exists following the date that Employee is no longer employed by the Company, any geographic area or market where Employee provided services to the Company or any of its Subsidiaries as of the date Employee is no longer employed by the Company or during the 12 months prior to such date.

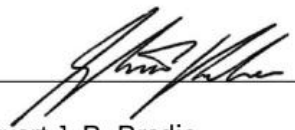
(iv) "Prohibited Period" shall mean the period during which Employee is employed by the Company and continuing for a period of 12 months following the date that Employee is no longer employed by the Company; provided, however, with respect to a termination of employment with the Company on or after the date upon which a Corporate Change occurs, the Prohibited Period shall end on the date of such termination of employment with respect to the obligations under Paragraphs 10(b)(i) and 10(b)(ii).

11. Section 409A. Notwithstanding anything in this Agreement to the contrary, if any provision in this Agreement would result in the imposition of an applicable tax under Section 409A of the Code and related regulations and United States Department of the Treasury pronouncements ("Section 409A"), that provision will be reformed to avoid imposition of the applicable tax and no action taken to comply with Section 409A shall be deemed to adversely affect Employee's rights under this Agreement.

[Signatures on the following page.]

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and Employee has executed this Agreement, all as of the date first above written.

KBR, INC.

By: 

Name: Stuart J. B. Bradie
Title: President and CEO

EMPLOYEE:

_____

Date: _____

RESTRICTED STOCK UNIT AGREEMENT

AGREEMENT by and between KBR, Inc., a Delaware corporation (the "Company"), and _____ ("Employee") made effective as of _____ (the "Grant Date").

1. Grant of Restricted Stock Units.

(a) Units. Pursuant to the Amended and Restated KBR, Inc. 2006 Stock and Incentive Plan, as amended and restated (the "Plan"), units evidencing the right to receive _____ shares of the Company's common stock ("Stock"), are awarded to Employee, subject to the conditions of the Plan and this Agreement (the "Restricted Stock Units").

(b) Plan Incorporated. Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Restricted Stock Units shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which is incorporated herein by reference as a part of this Agreement. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan.

2. Terms of Restricted Stock Units. Employee hereby accepts the Restricted Stock Units and agrees with respect thereto as follows:

(a) Forfeiture of Restricted Stock Units. In the event of termination of Employee's employment with the Company or any employing Subsidiary of the Company for any reason other than (i) death or (ii) disability (disability being defined as being physically or mentally incapable of performing either the Employee's usual duties as an Employee or any other duties as an Employee that the Company or employing Subsidiary reasonably makes available and such condition is likely to remain continuously and permanently, as determined by the Company or employing Subsidiary), or except as otherwise provided in the second and third sentences of subparagraph (c) of this Paragraph 2, or if the Employee breaches any of the covenants set forth in Paragraph 10, Employee shall, for no consideration, forfeit all Restricted Stock Units to the extent they are not fully vested.

(b) Assignment of Award. The Restricted Stock Units may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of unless transferable by will or the laws of descent and distribution or, if Employee is exclusively subject to the laws of the United States, pursuant to a "qualified domestic relations order" as defined by the U.S. Internal Revenue Code (the "Code").

(c) Vesting Schedule. The Restricted Stock Units shall vest in accordance with the following schedule provided that Employee has been continuously employed by the Company from the date of this Agreement through the applicable vesting date:

Vesting Date	Vested Percentage of Total Number of Restricted Stock Units
1st Anniversary of Grant Date	33 ⅓%
2nd Anniversary of Grant Date	66 ⅔%
3rd Anniversary of Grant Date	100%

Notwithstanding the foregoing, unless otherwise provided in an Other Agreement pursuant to Paragraph 12, the Restricted Stock Units shall become fully vested on the earliest of (i) the occurrence of Employee's Involuntary Termination or termination for Good Reason within two years following a Corporate Change (as such terms are defined in the Plan) or (ii) the date Employee's employment with the Company is terminated by reason of death or disability (as determined above). In the event Employee's employment is terminated for any other reason, including retirement with the approval of (A) the Committee if Employee is a "senior executive of the Company" (as defined below) or (B) the Company's Chief Executive Officer (the "CEO") if Employee is not a senior executive of the Company, the Committee (or its delegate, as appropriate) or, in the event of retirement of an Employee who is not a senior executive of the Company, the CEO, as applicable, may, in the Committee's (or such delegate's) or the CEO's, as applicable, sole discretion, approve the acceleration of the vesting of any or all Restricted Stock Units that have not yet been forfeited and which are still outstanding and subject to restrictions, with such vesting acceleration to be effective on the date of such approval or Employee's termination date, if later. Notwithstanding the foregoing, in no event shall the Restricted Stock Units become fully vested prior to the expiration of one month from the Grant Date. "Senior executive" for purposes of this Agreement shall mean (i) the CEO and (ii) any regular, full-time employee of the Company or an affiliate who (A) is an officer of the Company required to file reports with the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, (B) is an officer of the Company who reports directly to the CEO, (C) is the Chief Accounting Officer of the Company, or (D) is the highest ranking management position (with at least a title of Director or above) with direct oversight over internal audits of the Company.

(d) Stockholder Rights. Employee shall have no rights of a stockholder with respect to shares of Stock subject to this Award unless and until such time as the Award has been settled by the transfer of shares of Stock to Employee.

(e) Payment for Vested Restricted Stock Units. Payment for vested Restricted Stock Units shall be made as soon as administratively practicable after vesting, but in no event later than thirty days after the vesting date. Settlement will be made in the form of shares of Stock equal in number to the number of Restricted Stock Units with respect to which payment is being made on the applicable date; provided, however, that payment for a vested Restricted Stock Unit shall be made at the time provided above solely in cash (in lieu of in the form of a share of Stock) in an amount equal to the Fair Market Value as of the vesting date of such Restricted Stock Unit if there are an insufficient number of shares available for delivery under the Plan at the time of such settlement as determined by the Committee or its delegate in the Committee's or such delegate's sole discretion. Notwithstanding the foregoing, the Company shall not be obligated to deliver any shares

of Stock if counsel to the Company determines that such sale or delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Stock is listed or quoted.

(f) Recovery of Benefits. The Company shall seek recovery of any benefits provided hereunder to Employee if such recovery is required by any clawback policy adopted by the Company, which may be amended from time to time, including, but not limited to, any clawback policy adopted to satisfy the minimum clawback requirements adopted under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the regulations thereunder or any other applicable law.

3. Responsibility for Taxes. Employee acknowledges that, regardless of any action taken by the Company, or if different, Employee's employer ("Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Employee's participation in the Plan and legally applicable to Employee ("Tax-Related Items"), is and remains Employee's responsibility and may exceed the amount actually withheld by the Company and/or the Employer. Employee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Stock acquired pursuant to such settlement and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Employee's liability for Tax-Related Items or achieve any particular tax result. Further, if Employee is subject to Tax-Related Items in more than one jurisdiction, Employee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, Employee agrees to pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Employee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) withholding from Employee's wages or other cash compensation paid to Employee by the Company and/or the Employer; or

(b) withholding from proceeds of the sale of shares of Stock acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on Employee's behalf pursuant to this authorization without further consent); or

(c) withholding in shares of Stock to be issued upon settlement of the Restricted Stock Units.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Employee may receive a refund of any over-withheld amount in cash and will have no entitlement to the Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Stock, for tax purposes, Employee is deemed to have been issued the full number of shares of Stock subject to the vested Restricted Stock Units, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items.

Employee agrees to pay to the Company or the Employer, including through withholding from Employee's wages or other cash compensation paid to Employee by the Company and/or the Employer, any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Employee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Stock or the proceeds of the sale of Stock, if Employee fails to comply with Employee's obligations in connection with the Tax-Related Items.

Notwithstanding the preceding provisions of this Paragraph 3, Employee's liability with respect to Tax-Related Items shall be subject to any international tax assignment agreement then in effect between Employee and the Company, the Employer or any of their respective affiliates or any tax policies or procedures applicable to the Employee's home country, and in the event of any conflict between the terms of this Paragraph 3 and the terms of such international tax assignment agreement or such tax policies or procedures, the terms of such international tax assignment agreement or such tax policies or procedures, as applicable, shall control.

4. Employment Relationship. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee of the Company, a Parent Corporation or Subsidiary of the Company, or a corporation or a Parent Corporation or subsidiary of such corporation assuming or substituting a new award for this Award. Without limiting the scope of the preceding sentence, it is expressly provided that Employee shall be considered to have terminated employment with the Company at the time of the termination of the "Subsidiary" status under the Plan of the entity or other organization that employs Employee. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee, or its delegate, as appropriate, and its determination shall be final.

5. **Committee's Powers**. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Stock Units.

6. Data Privacy Notice and Consent.

(a) Declaration of Consent. By accepting the Restricted Stock Units ***via the Company's acceptance procedure, Employee is declaring that he or she agrees*** with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned below, including recipients located in countries which may not have a similar ***level of protection from the perspective of the data protection laws in Employee's*** country.

(b) Data Collection and Usage. The Company and the Employer may collect, process and use certain personal information about Employee, including, but not ***limited to, Employee's name, home address and telephone number, email address, date*** of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to shares awarded, canceled, exercised, ***vested, unvested or outstanding in Employee's favor ("Data"), for the purposes of*** implementing, administering and managing the Plan. The legal basis, where required, ***for the processing of Data is Employee's consent.***

(c) Stock Plan Administration Service Providers. The Company transfers Data, or parts thereof, to Morgan Stanley Smith Barney, an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and may share Data with different service providers that serve in a similar manner. Employee acknowledges and ***understands that the Company's service provider will open an account for Employee to*** receive and trade shares of Stock acquired under the Plan and that Employee will be asked to agree on separate terms and data processing practices with the service provider, ***which is a condition of Employee's ability to participate in the Plan.***

(d) International Data Transfers. The Company and its service provider, are based in the United States. Employee understands that his or her country may have enacted data privacy laws that are different from the laws of the United States. As a result, in the absence of appropriate safeguards such as standard data protection cl***auses, the processing of Employee's Data in the United States or, as the case may be,*** other countries might not be subject to substantive data processing principles or supervision by data protection authorities. In addition, Employee might not have enforceable rights regarding the processing of his or her Data in such countries. The ***Company's legal basis for the transfer of Data is Employee's consent.***

(e) Data Retention. The Company will hold and use the Data only as long as is necessary to implement, admini***ster and manage Employee's participation in*** the Plan, or as required to comply with legal or regulatory obligations, including under tax, labor, securities and exchange control laws.

(f) Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and Employee is providing the consents herein on a purely voluntary basis. Employee understands that he or she may withdraw consent at any time with future effect for any or no reason. If Employee does not consen***t, or if Employee later seeks to revoke his or her consent, Employee's salary*** from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to offer Restr***icted Stock Units to Employee or administer or maintain Employee's*** participation in the Plan.

(g) Data Subject Rights. Employee understands that data subject rights vary depending on the applicable law and that, depending on where Employee is based and subject to the conditions set out in the applicable law, Employee may have, without limitation, the rights to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent ***authorities in Employee's jurisdiction, and/or (vii) receive a list with the names and*** addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Employee understands that he or she can contact ***Employee's local human resources representative.***

By clicking the "Accept" or similar button implemented into the relevant web page or platform, Employee declares, without limitation, his or her consent to the data processing operations described in this Agreement. Employee understands and acknowledges that he or she may withdraw consent at any time with future effect for any or no reason as described in sub-section (f) above.

7. Nature of Grant. By accepting the grant of the Restricted Stock Units, the Employee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of Restricted Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted Stock Units, or benefits in lieu of Restricted Stock Units even if Restricted Stock Units have been awarded in the past;

(c) all decisions with respect to future Restricted Stock Units or other grants, if any, will be at the sole discretion of the Company;

(d) the grant of Restricted Stock Units and Employee's participation in the Plan will not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Employer or any Subsidiary of the Company and shall not interfere with the ability of the Employer to terminate Employee's employment or service relationship (if any);

(e) Employee's participation in the Plan is voluntary;

(f) the Restricted Stock Units and the Stock underlying the Restricted Stock Units, and the income and value of the same, are not intended to replace any pension rights or compensation;

(g) the Restricted Stock Units and the Stock underlying the Restricted Stock Units, and the income and value of the same, are not part of normal or expected compensation or salary for any purpose, including but not limited to, calculation of any severance, resignation, termination, redundancy or end-of-service payments, holiday-pay, bonuses, long-service awards, leave-related payments, pension or retirement benefits, or similar mandatory payments;

(h) the future value of the Stock is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of Restricted Stock Units resulting from Employee ceasing to provide employment or other services to the Company or the Employer (for any reason whatsoever, and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Employee is employed or the terms of Employee's employment agreement, if any);

(j) in the event of termination of Employee's employment or other services (for any reason whatsoever, whether or not later found to be invalid, or in breach of employment laws in the jurisdiction where Employee is employed or the terms of Employee's employment agreement, if any), unless otherwise provided in this Agreement or determined by the Company, Employee's right to vest in the Restricted Stock Units under the Plan, if any, will terminate effective as of the date that Employee is no longer actively providing services and will not be extended by any notice period (e.g., active services would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Employee is employed or the terms of Employee's employment agreement, if any); the Committee shall have the exclusive discretion to determine when Employee is no longer actively providing services for purposes of the Award (including whether Employee may still be considered to be providing services while on an approved leave of absence);

(k) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred

to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company;

(l) unless otherwise agreed with the Company, the Restricted Stock Units and the Stock underlying the Restricted Stock Units, and the income and value of the same, are not granted as consideration for, or in connection with, services Employee may provide as a director of a Subsidiary; and

(m) neither the Company, the Employer nor any Subsidiary of the Company shall be liable for any foreign exchange rate fluctuation between Employee's local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to Employee pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any shares of Stock acquired upon settlement.

8. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Employee's participation in the Plan, or Employee's acquisition or sale of the underlying shares of Stock. Employee should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

10. Non-Competition; Non-Solicitation; Non-Disclosure.

(a) Following the date Employee enters into this Agreement, the Company and/or its Subsidiary(ies) shall provide Employee access to Confidential Information (as defined below). Such Confidential Information shall be for use only during Employee's employment with the Company, and as an express incentive for the Company to enter into this Agreement and to grant to Employee the Restricted Stock Units (which grant, Employee acknowledges, shall further align Employee's interests with the long-term business interests of the Company and its Subsidiaries) and provide Employee with Confidential Information, Employee has voluntarily agreed to the covenants set forth in this Paragraph 10. Employee agrees and acknowledges that the limitations and restrictions set forth herein, including geographical and temporal restrictions on certain competitive activities, are reasonable in all respects, do not interfere with public interests, will not cause Employee undue hardship, and are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the Company's and its Subsidiaries' trade secrets and other Confidential Information, goodwill and legitimate business interests.

(b) During the Prohibited Period (as defined below), Employee shall not, without the prior written approval of the Company, directly or indirectly, for Employee or on behalf of or in conjunction with any other person or entity of any nature:

(i) engage in or participate within the Market Area (as defined below) in competition with the Company or any of its Subsidiaries in any aspect of the Business (as defined below), which prohibition shall prevent Employee from

directly or indirectly: (A) owning, managing, operating, or being an officer or director of, any business that competes with the Company or any of its Subsidiaries in the Market Area, or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with the Company or any of its Subsidiaries in any capacity (with respect to this clause (B)) in which Employee's duties or responsibilities are the same as or similar to the duties or responsibilities that Employee had on behalf of the Company or any of its Subsidiaries, or involve direct or indirect oversight over such duties or responsibilities;

(ii) appropriate any Business Opportunity of, or relating to, the Company or any of its Subsidiaries located in the Market Area;

(iii) solicit, canvass, approach, encourage, entice or induce any customer or supplier of the Company or any of its Subsidiaries for whom or which Employee had responsibility in the final 12 months prior to the termination of Employee's employment with the Company to cease or lessen such customer's or supplier's business with the Company or any of its Subsidiaries; or

(iv) solicit, canvass, approach, encourage, entice or induce any employee or contractor of the Company or any of its Subsidiaries to terminate his, her or its employment or engagement with the Company or any of its Subsidiaries.

(c) Notwithstanding any other provision of this Agreement:

(i) the covenants set forth in this Paragraph 10 shall not apply to restrict any of Employee's activities within the State of California, including if Employee is a California resident; and

(ii) if prohibited by any applicable law regarding non-competition restrictions in Washington, D.C., the covenants set forth in Paragraphs 10(b)(i) and 10(b)(ii) shall not apply with respect to any activities conducted within (including individuals' performance of work in) Washington, D.C.;

provided, however, for the avoidance of doubt, the foregoing exceptions under this Paragraph 10(c) shall not limit any other obligations that Employee owes to the Company or any of its Subsidiaries under any other agreements or applicable laws, including (without limitation) with respect to the protection of Confidential Information.

(d) If Employee is an attorney at law or licensed lawyer in any jurisdiction, none of the restrictions set forth in this Paragraph 10 shall be interpreted or applied in a manner to prevent or restrict Employee from practicing law, as it is the intent of this Paragraph 10 to create certain limitations on Employee's business activities only, and not to create limitations that would restrict Employee from practicing law. If Employee is an attorney at law or licensed to practice law, Employee acknowledges and agrees that, both during Employee's employment with the Company and thereafter, Employee shall be bound by all ethical and professional obligations (including those with respect to conflicts

of interest and confidentiality) that may arise from Employee's provision of legal services to, and acting as legal counsel for, the Company and (as applicable) its Subsidiaries.

(e) Employee agrees, both during and after Employee's employment with the Company, not to use or disclose any Confidential Information other than for the benefit of the Company or its Subsidiaries in the course of Employee's duties for the Company or its applicable Subsidiary. All trade secrets, non-public information, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by or disclosed to Employee, individually or in conjunction with others, in connection with Employee's employment with the Company or otherwise during the time that Employee is or has been employed or engaged by the Company or any of its Subsidiaries (whether during business hours or otherwise and whether on the Company's or its Subsidiaries' premises or otherwise), that relate to the Companies' or its Subsidiaries' businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, formulas, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, research and development information, the identity of key contacts within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks) is defined as "Confidential Information". For purposes of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure or wrongful act of Employee or Employee's agents; (ii) was available to Employee on a non-confidential basis before its disclosure by the Company or any of its Subsidiaries; or (iii) becomes available to Employee on a non-confidential basis from a source other than the Company or any of its Subsidiaries; provided, that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, the Company or any of its Subsidiaries.

(f) Notwithstanding the foregoing Paragraph 10(e), nothing in this Agreement shall prohibit or restrict Employee from lawfully (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority (in each instance regarding a possible violation of any law); (ii) responding to any inquiry or legal process directed to Employee from any such governmental authority; (iii) testifying, participating or otherwise assisting in an action or proceeding by any such governmental authority relating to a possible violation of law or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (x) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; (y) is made to Employee's attorney in relation to a lawsuit for retaliation against Employee for reporting a suspected violation of law or (z) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Agreement requires

Employee to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company or any of its Subsidiaries that Employee have engaged in any such conduct.

(g) Because of the difficulty of measuring economic losses to the Company and its Subsidiaries as a result of a breach or threatened breach of the covenants set forth in this Paragraph 10, and because of the immediate and irreparable damage that would be caused to the Company and its Subsidiaries for which they would have no other adequate remedy, the Company and each of its Subsidiaries shall be entitled to enforce the foregoing covenants, in the event of a breach or threatened breach, by injunctions and restraining orders from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall not be the Company's or its Subsidiaries' exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company and each of its Subsidiaries at law and equity.

(h) The covenants in this Paragraph 10, and each provision and portion hereof, are severable and separate, and the unenforceability of any specific covenant (or portion thereof) shall not affect the provisions of any other covenant (or portion thereof). Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which such arbitrator or court deems reasonable, and this Agreement shall thereby be reformed.

(i) The following terms shall have the following meanings:

(i) "Business" shall mean the business and operations that are the same or similar to those performed by the Company and any of its Subsidiaries for which Employee provides services or about which Employee obtains Confidential Information during Employee's employment with the Company.

(ii) "Business Opportunity" shall mean any commercial, investment or other business opportunity relating to the Business.

(iii) "Market Area" shall mean: (i) during that portion of the Prohibited Period that exists during which Employee is employed by the Company, any geographic area or market where Employee provides, or has provided, services to the Company or any of its Subsidiaries; and (ii) during that portion of the Prohibited Period that exists following the date that Employee is no longer employed by the Company, any geographic area or market where Employee provided services to the Company or any of its Subsidiaries as of the date Employee is no longer employed by the Company or during the 12 months prior to such date.

(iv) "Prohibited Period" shall mean the period during which Employee is employed by the Company and continuing for a period of 12 months following the date that Employee is no longer employed by the Company; provided,

however, with respect to a termination of employment with the Company on or after the date upon which a Corporate Change occurs, the Prohibited Period shall end on the date of such termination of employment with respect to the obligations under Paragraphs 10(b)(i) and 10(b)(ii).

11. Compliance with Law. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares of Stock, the Company shall not be required to deliver any shares issuable upon settlement of the Restricted Stock Units prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. Employee understands that the Company is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, Employee agrees that the Company shall have unilateral authority to amend the Plan and the Agreement without Employee's consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

12. Other Agreements. The terms of this Agreement shall be subject to, and shall not modify, the terms and conditions of any employment, severance, and/or change-in-control agreement between the Company (or a Subsidiary) and Employee concerning equity-based awards ("Other Agreement"), except that, notwithstanding anything in such Other Agreement to the contrary, any normal retirement age of 65 or other retirement-based vesting provisions in such Other Agreement shall be of no force or effect for purposes of the vesting of these Restricted Stock Units.

13. Governing Law and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, U.S.A., except to the extent that it implicates matters that are the subject of the General Corporation Law of the State of Delaware, which matters shall be governed by the latter law notwithstanding any conflicts of laws principles that may be applied or invoked directing the application of the laws of another jurisdiction. Exclusive venue for any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it or arising from it, or dispute resolution proceeding arising hereunder for any claim or dispute, the parties hereby submit to and consent to the sole and exclusive jurisdiction of Houston, Harris County, Texas, notwithstanding any conflicts of laws principles that may direct the jurisdiction of any other court, venue, or forum, including the jurisdiction of Employee's home country.

14. Language. Employee acknowledges and represents that he or she is proficient in the English language or has consulted with an advisor who is sufficiently proficient in English, as to allow Employee to understand the terms of this Agreement and any other documents related to the Plan. If Employee has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different from the English version, the English version will control.

15. Insider Trading/Market Abuse Laws. Employee acknowledges that, depending on Employee's country of residence or the country of residence of Employee's broker, Employee may be subject to insider trading restrictions and/or market abuse laws, which may affect Employee's ability to accept, acquire, sell or otherwise dispose of shares of Stock, rights to shares of Stock (e.g., Restricted Stock Units) or rights linked to the value of shares of Stock during such times as Employee is considered to have "inside information" regarding the Company, as defined by the laws or regulations in Employee's country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders placed by Employee before Employee possessed inside information. Furthermore, Employee could be prohibited from (i) disclosing inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Keep in mind third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Employee acknowledges that it is his or her responsibility to be informed of and compliant with such regulations, and Employee should speak to his or her personal advisor on this matter.

16. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

17. Severability. If one or more of the provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed so as to foster the intent of this Agreement and the Plan.

18. Section 409A. Notwithstanding anything in this Agreement to the contrary, if any provision in this Agreement would result in the imposition of an applicable tax under Section 409A of the Code and related regulations and United States Department of the Treasury pronouncements ("Section 409A"), that provision will be reformed to avoid imposition of the applicable tax and no action taken to comply with Section 409A shall be deemed to adversely affect Employee's rights under this Agreement.

19. Addendum. Notwithstanding any provision in this Agreement or the Plan to the contrary, the Restricted Stock Units shall be subject to the special terms and provisions set forth in the Addendum to this Agreement for Employee's country. Moreover, if Employee relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to Employee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes part of this Agreement.

20. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Employee's participation in the Plan, on the Restricted Stock Units and on any shares of Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Employee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

21. Waiver. Employee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or any subsequent breach by Employee or any other Employee.

22. Foreign Asset/Account Reporting, Exchange Control Requirements. Certain foreign asset and/or foreign account reporting requirements and exchange controls may affect Employee's ability to acquire or hold shares of Stock under the Plan or cash received from participating in the Plan in a brokerage or bank account outside Employee's country. Employee may be required to report such accounts, assets or transactions to the tax or other authorities in Employee's country. Employee may also be required to repatriate sale proceeds or other funds received as a result of Employee's participation in the Plan to Employee's country through a designated bank or broker and/or within a certain time after receipt. Employee is responsible for complying with any applicable regulations and should consult his or her personal legal and tax advisors for any details.

[Signatures on the following page.]

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and Employee has executed this Agreement, all as of the date first above written.

KBR, INC.

By: _____

Name: Stuart J. B. Bradie
Title: President and CEO

EMPLOYEE:

_____

Date: _____

Addendum
KBR, INC.

Terms and Conditions of Restricted Stock Unit Grant

SPECIAL PROVISIONS OF RESTRICTED STOCK UNITS IN CERTAIN COUNTRIES

This Addendum includes special country-specific terms that apply to residents in countries listed below. This Addendum is part of the Agreement. Unless otherwise provided below, capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Agreement.

This Addendum also includes information regarding exchange controls and certain other issues of which Employee should be aware with respect to Employee's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2022. Such laws are often complex, change frequently, certain individual exchange control reporting requirements may apply upon vesting of Restricted Stock Units and/or sale of Stock and results may be different based on the particular facts and circumstances. As a result, the Company strongly recommends that Employee does not rely on the information noted herein as the only source of information relating to the consequences of Employee's participation in the Plan because the information may be out of date at the time Employee's Restricted Stock Units vest or Employee sells shares of Stock acquired under the Plan.

In addition, the information is general in nature and may not apply to Employee's particular situation, and the Company is not in a position to assure Employee of any particular result. Accordingly, Employee should seek appropriate professional advice as to how the relevant laws in Employee's country may apply to Employee's situation.

If Employee is a citizen or resident of a country other than the country in which Employee is working, or if Employee transfers employment after the Restricted Stock Units are granted to Employee, the information contained in this Addendum for the country Employee works in at the time of grant may not be applicable to Employee and the Company, in its discretion, may determine to what extent the terms and conditions contained herein shall be applicable to Employee. If Employee transfers residency and/or employment to another country or is considered a resident of another country listed in the Addendum after the Restricted Stock Units are granted to Employee, the terms and/or information contained for that new country (rather than the original grant country) may be applicable to Employee.

AUSTRALIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Offer Document.

This offer document sets out information regarding the grant of Restricted Stock Units to Australian resident employees of the Company and its Australian Subsidiary(ies). The offer of Restricted Stock Units under the Plan to Australian resident employees is intended to comply with the provisions of the Australian Corporations Act 2001 (Cth) ("Corporations Act"), Australian Securities and Investments Commission ("ASIC") Regulatory Guide 49 and ASIC Class Order 14/1000.

Additional Documents.

In addition to the information set out in the Agreement, including this Addendum, Employee is also being provided with copies of the following documents:

(a) the Plan; and
(b) the Plan prospectus.

(collectively, the "Additional Documents"). The Additional Documents provide further information to help Employee make an informed investment decision about participating in the Plan. Neither the Plan nor the Plan prospectus is a prospectus for the purposes of the Corporations Act.

Employee should not rely upon any oral statements made in relation to this offer. Employee should rely only upon the statements contained in the Agreement, including this Addendum, and the Additional Documents when considering participation in the Plan.

General Information Only.

The information herein is general information only. It is not advice or information that takes into account any **Employees'** objectives and financial situation.

Employees should consider obtaining their own financial product advice from a person who is licensed by ASIC to give such advice.

Risk Factors for Australian Residents.

Employee should have regard to risk factors relevant to investment in securities generally and, in particular, to the holding of shares of Stock. For example, the price at which a share of Stock is quoted on the New York Stock Exchange ("NYSE") may increase or decrease due to a number of factors. There is no guarantee that the price of a share of Stock will increase. Factors which may affect the price of a share of Stock include fluctuations in the domestic and international market for the listed stocks, general economic conditions, including interest rates, inflation rates, legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

More information about potential factors that could affect the Company's business and financial results is included in the Company's most recent Annual Report on Form 10-K and other filings the Company may make from time to time with the U.S. Securities and Exchange Commission. Copies of these reports are available at http://sec.gov and upon request to the Company.

In addition, Employee should be aware that the Australian dollar value of the shares of Stock Employee may acquire under the Plan will be affected by the U.S./Australian dollar exchange rate. Participating in the Plan involves risks related to fluctuations in this rate of exchange.

Common Stock in a U.S. Corporation.

Common stock of a U.S. corporation is analogous to ordinary shares of an Australian corporation. Each holder of a share of Stock is entitled to one vote. Further, shares of Stock are not liable to any further calls for payment of capital or for other assessment by the Company and have no sinking fund provisions, pre-emptive rights, conversion rights or redemption provisions.

Ascertaining the Market Price of Shares.

Employee may ascertain the market price of a share of Stock by obtaining the current trading price of a share on the NYSE at https://www.nyse.com/index under the ticker "KBR". The Australian dollar equivalent of that price can be obtained at: http://www.rba.gov.au/statistics/frequency/exchange-rates.html.

This will not be a prediction of the market price of an individual share when such shares are acquired under the Plan or of the applicable exchange rate on the acquisition date.

Tax Information.

The Plan is a plan to which subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Exchange Control Information.

Exchange control reporting is required for cash transactions exceeding AUD10,000 and for international fund transfers. The Australian bank assisting with the transaction will file the report for Employee. If there is no Australian bank involved in the transfer, Employee will have to file the report.

AZERBAIJAN
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Payment for Vested Restricted Stock Units.

The following provision replaces Paragraph 2(e) of the Agreement:

Notwithstanding anything in the Agreement, the Restricted Stock Units do not provide Employee with any right to receive shares of Stock. Upon vesting, the Restricted Stock Units shall be settled and paid only in cash through local payroll in an amount equal to the Fair Market Value of the shares of Stock as of the vesting date less any Tax-Related Items. Such payment shall be made as soon as administratively practicable after vesting, but in no event later than thirty days after the vesting date. Further, Employee agrees to bear any currency fluctuation risk between the time the Restricted Stock Units vest and the time the cash payment is distributed to Employee.

Securities Law Information.

Employee understands that the Agreement, the Plan and all other materials Employee may receive regarding Employee's participation in the Plan do not constitute advertising or offering of securities in Azerbaijan. The offering of the Restricted Stock Units pursuant to the Plan has not been and will not be registered in Azerbaijan.

BAHRAIN
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

The Agreement, the Plan and all other materials Employee may receive regarding participation in the Plan do not constitute advertising or the offering of securities in Bahrain, nor do they constitute an allotment of securities in Bahrain. Any Stock issued upon settlement of the Restricted Stock Units will be deposited into a Company-designated brokerage account outside Bahrain. In no event will Stock be issued or delivered in Bahrain. The issuance of Stock pursuant to the Restricted Stock Units described herein has not and will not be registered in Bahrain and, hence, the Stock described herein may not be admitted or used for offering, placement or public circulation in Bahrain. Accordingly, Employee may not make any public advertising or announcements regarding the Restricted Stock Units or Stock in Bahrain, promote Stock to legal entities or individuals in Bahrain, or sell Stock directly to other legal entities or individuals in Bahrain. Any disposition or sale of Stock must take place outside Bahrain.

CANADA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Restricted Stock Units Payable Only in Stock.

The following provision supplements Paragraph 2(e) of the Agreement:

Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the award of Restricted Stock Units does not provide any right for Employee to receive a cash payment and shall be paid in shares of Stock only.

Foreign Account/Asset Tax Reporting Information.

Employee may be required to report his or her specified foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of his or her specified foreign property exceeds C$100,000 at any time in the year. Foreign specified property includes cash, any shares of Stock issued to Employee upon vesting and settlement of the Award as well as the Restricted Stock Units. Restricted Stock Units must be reported - generally at a nil cost - if the C$100,000 cost threshold is exceeded because of other foreign property that Employee holds. If shares of Stock are acquired, their cost generally is the adjusted cost base ("ACB"). The ACB would normally equal the fair market value of the shares of Stock issued to Employee upon vesting and settlement of the Award, but if Employee owns other shares, this ACB may have to be averaged with the ACB of the other shares. The Form T1135 is required for every year during which foreign specified property exceeds C$100,000 and must be filed with Employee's annual tax return.

Termination of Employment.

The following provision supplements Paragraph 7(j) of the Agreement and supplements the balance of the Agreement:

For purposes of this Award, in the event of Employee's termination of employment for any reason (regardless of the reason for such termination and whether or not the termination is later found to be invalid, unlawful or in breach of employment laws in the jurisdiction where Employee is providing services or the terms of Employee's employment agreement, if any), unless otherwise provided in this Agreement or the Plan, Employee's right to vest in the Restricted Stock Units, if any, will terminate effective as of the date that is the earliest of (1) the date Employee is no longer actually providing services to the Company or any of its Subsidiaries; or (2) the date Employee receives (or provides) written notice of termination of employment. Subject to the below, on and after such date, Employee will no longer be considered to be an "employee" or "employed" for the purposes of this Agreement. Unless explicitly required by applicable legislation, such date will exclude and will not be extended by any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under statute, contract, common/civil law or otherwise. Furthermore, Employee will not earn, or be entitled to earn, any pro-rated vesting for that portion of time before the date on which Employee's right to vest terminates, nor will Employee be entitled to any compensation for lost vesting. Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Employee's right to vest in the Restricted Stock Units, if any, will

terminate effective as of the last day of Employee's minimum statutory notice period, but Employee will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Employee's statutory notice period, nor will Employee be entitled to any compensation for lost vesting.

Securities Law Information.

Employee is permitted to sell shares of Stock acquired under the Plan through the designated broker appointed under the Plan, if any, provided that the sale of such shares takes place outside Canada through the facilities of a stock exchange on which the shares of Stock are listed (i.e., the New York Stock Exchange).

The following provisions shall apply if Employee is a resident of Ontario:

Post-Employment Non-Competition - Ontario

If Employee is employed in the Province of Ontario and Employee is not an Executive within the meaning of Section 67.2(4) of the Employment Standards Act, 2000, the covenant in Paragraph 10(b)(i) shall not apply to Employee.

The following provisions shall apply if Employee is a resident of Quebec:

Data Privacy.

This provision supplements Paragraph 6 of the Agreement:

Employee hereby authorizes the Company and representatives of any Subsidiary to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Employee further authorizes the Company and any Subsidiary and the administrators of the Plan to disclose and discuss the Plan with their advisors. Employee further authorizes the Company and any Subsidiary to record such information and to keep such information in Employee's file.

Language Consent.

The parties acknowledge that it is their express wish that the Agreement, including this Addendum, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée.

Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciares, éxécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

CHINA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Payment for Vested Restricted Stock Units.

The following provision replaces Paragraph 2(e) of the Agreement:

Notwithstanding anything in the Agreement, the Restricted Stock Units do not provide Employee with any right to receive shares of Stock. Upon vesting, the Restricted Stock Units shall be settled and paid only in cash through local payroll in an amount equal to the Fair Market Value of the shares of Stock as of the vesting date less any Tax-Related Items. Such payment shall be made as soon as administratively practicable after vesting, but in no event later than thirty days after the vesting date. Further, Employee agrees to bear any currency fluctuation risk between the time the Restricted Stock Units vest and the time the cash payment is distributed to Employee.

FINLAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

There are no country-specific provisions.

GERMANY
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

Cross-border payments in excess of €12,500 (e.g., proceeds from the sale of shares of Stock) must be reported monthly to the German Federal Bank. Employee is responsible for satisfying the reporting obligation and must file the report electronically by the fifth day of the month following the month in which the payment is received. A copy of the form can be accessed via the German Federal Bank's website at www.bundesbank.de and is available in both German and English.

INDIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

Employee must repatriate the proceeds from the sale of shares of Stock and any cash dividends paid on such Stock within the period of time required under applicable regulations. Employee will receive a foreign inward remittance certificate ("FIRC") from the bank where Employee deposits the foreign currency. Employee should maintain the FIRC received from the bank as evidence of the repatriation of the funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is Employee's responsibility to comply with applicable exchange control laws in India.

Foreign Account/Asset Tax Reporting Information.

Employee is required to declare in his or her annual tax return (a) any foreign assets held by him or her or (b) any foreign bank accounts for which he or she has signing authority.

MEXICO
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Acknowledgement of the Agreement.

In accepting the award of Restricted Stock Units, Employee acknowledges that Employee has received a copy of the Plan, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement. Employee further acknowledges that Employee has read and specifically and expressly approves the terms and conditions of Paragraph 7 of the Agreement, in which the following is clearly described and established:

(1) Employee's participation in the Plan does not constitute an acquired right.

(2) The Plan and Employee's participation in the Plan are offered by the Company on a wholly discretionary basis.

(3) Employee's participation in the Plan is voluntary.

(4) The Company and its Subsidiaries are not responsible for any decrease in the value of the underlying shares of Stock.

Labor Law Acknowledgement and Policy Statement.

In accepting the award of Restricted Stock Units, Employee expressly recognizes that KBR, Inc., with registered offices at 601 Jefferson Street, Suite 3400, Houston, Texas 77002, U.S.A., is solely responsible for the administration of the Plan and that Employee's participation in the Plan and acquisition of shares of Stock does not constitute an employment relationship between Employee and KBR, Inc. since Employee is participating in the Plan on a wholly commercial basis and Employee's sole employer is a Subsidiary of the Company in Mexico ("KBR-Mexico"), not KBR, Inc. in the U.S. Based on the foregoing, Employee expressly recognizes that the Plan and the benefits that Employee may derive from participation in the Plan do not establish any rights between Employee and Employee's employer, KBR-Mexico, and do not form part of the employment conditions and/or benefits provided by KBR-Mexico and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Employee's employment.

Employee further understands that Employee's participation in the Plan is as a result of a unilateral and discretionary decision of KBR, Inc.; therefore, KBR, Inc. reserves the absolute right to amend and/or discontinue Employee's participation at any time without any liability to Employee.

Finally, Employee hereby declares that he or she does not reserve to Employee any action or right to bring any claim against KBR, Inc. for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and Employee therefore grants a full and broad release to KBR, Inc., its Subsidiary, branches, representation offices, its shareholders, officers, agents or legal representatives with respect to any claim that may arise.

Reconocimiento del Convenio.

Aceptando este Premio (Award),[1] el Participante (Employee) reconoce que ha recibido una copia del Plan, que lo ha revisado como así también el Convenio en su totalidad, y comprende y está de acuerdo con todas las disposiciones tanto del Plan como del Convenio. Asimismo, el Participante reconoce que ha leído y específicamente y expresamente manifiesta la conformidad del Participante con los términos y condiciones establecidos en la cláusula 7 de dicho Convenio, en el cual se establece claramente que:

(1) La participación del Participante en el Plan de ninguna manera constituye un derecho adquirido.

(2) Que el Plan y la participación del Participante en el mismo es una oferta por parte de KBR, Inc. de forma completamente discrecional.

(3) Que la participación del Participante en el Plan es voluntaria.

(4) Que KBR, Inc. y sus Entidades Relacionadas no son responsables por cualquier pérdida en el valor de el Premio y/o Acciones otorgadas mediante el Plan.

Reconocimiento de Ausencia de Relación Laboral y Declaración de la Política.

Aceptando este Premio, el Participante reconoce que KBR, Inc. y sus oficinas registradas en 601 Jefferson Street, Suite 3400, Houston, Texas 77002, U.S.A., es el único responsable de la administración del Plan y que la participación del Participante en el mismo y la adquisicion de Acciones no constituye de ninguna manera una relación laboral entre el Participante y KBR, Inc., toda vez que la participación del Participante en el Plan deriva únicamente de una relación comercial con KBR, Inc., reconociendo expresamente que el único empleador del Participante es la Subsidaria de la Compania en Mexico *("KBR-Mexico"), no es KBR, Inc. en los Estados Unidos.* Derivado de lo anterior, el Participante expresamente reconoce que el Plan y los beneficios que pudieran derivar del mismo no establecen ningún derecho entre el Participante y su empleador, KBR-México, y no forman parte de las condiciones laborales y/o prestaciones otorgadas por KBR-México, y expresamente el Participante reconoce que cualquier modificación al Plan o la terminación del mismo de manera alguna podrá ser interpretada como una modificación de los condiciones de trabajo del Participante.

Asimismo, el Participante entiende que su participación en el Plan es resultado de la decisión unilateral y discrecional de KBR, Inc., por lo tanto, KBR, Inc. se reserva el derecho absoluto para modificar y/o terminar la participación del Participante en cualquier momento, sin ninguna responsabilidad para el Participante.

Finalmente, el Participante manifiesta que no se reserva ninguna acción o derecho que origine una demanda en contra de KBR, Inc., por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y en consecuencia el Participante otorga un amplio y total finiquito a KBR, Inc., sus Entidades Relacionadas, afiliadas, sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales con respecto a cualquier demanda que pudiera surgir.

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[1] *El término "Premio" se refiere a la palabra "Restricted Stock Units."*

Securities Law Information.

The Restricted Stock Units granted, and any shares of Stock acquired, under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, Agreement and any other document relating to the Restricted Stock Units may not be publicly distributed in Mexico. These materials are addressed to Employee because of his or her existing relationship with the Company and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities, but rather a private placement of securities addressed specifically to individuals who are present service providers made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

POLAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

If Employee holds foreign securities (including shares of Stock) and maintains accounts abroad, Employee may be required to file certain reports with the National Bank of Poland. Specifically, if the value of securities and cash held in such foreign accounts exceeds PLN 7 million, Employee must file reports on the transactions and balances of the accounts on a quarterly basis. Further, any fund transfers in excess of €15,000 (or PLN 15,000 if such transfer of funds is connected with business activity of an entrepreneur) into or out of Poland must be effected through a bank in Poland. Polish residents are required to store all documents related to foreign exchange transactions for a period of five years.

QATAR
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

There are no country-specific provisions.

ROMANIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Language Consent.

By accepting the grant of Restricted Stock Units, Employee acknowledges that he or she is proficient in reading and understanding English and fully understands the terms of the documents related to the grant (the Agreement and the Plan), which were provided in the English language. Employee accept the terms of those documents accordingly.

Consimtamant cu privire la limba.

Prin acceptarea acordarii de Restricted Stock Units, Employee confirma ca acesta sau aceasta are un nivel adecvat de cunoastere in ce priveste cititirea si intelegerea limbii engleze, a citit si confirma ca a inteles pe deplin termenii documentelor referitoare la acordare (Acordul si Planul), care au fost furnizate in limba engleza. Employee accepta termenii acestor documente in consecinta.

Exchange Control Information.

If Employee remits foreign currency into Romania (e.g., proceeds from the sale of shares of Stock), Employee may be required to provide the Romanian bank through which the foreign currency is transferred with appropriate documentation explaining the source of the funds.

SAUDI ARABIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If Employee does not understand the contents of this document, Employee should consult his or her own advisor or an authorized financial advisor.

SINGAPORE
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

The grant of Restricted Stock Units is being made in reliance of section 273(1)(f) of the Securities and Futures Act (Chap. 289) ("SFA") for which it is exempt from the prospectus and registration requirements under the SFA and is not made to Employee with a view of the Restricted Stock Units being subsequently offered to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Employee should note that the Restricted Stock Units are subject to section 257 of the SFA and Employee will not be able to make (i) any subsequent sale of the shares of Stock in Singapore or (ii) any offer of such subsequent sale of the shares of Stock subject to the Restricted Stock Units in Singapore, unless such sale or offer in is made (a) more than six months after the Grant Date or (b) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA, or pursuant to, and in accordance with the condition of, any other applicable provisions of the SFA.

Director Notification Information.

If Employee is a director of a Singapore Subsidiary, Employee must notify the Singapore Subsidiary in writing within two business days of Employee receiving or disposing of an interest (e.g., Restricted Stock Units, shares of Stock, etc.) in the Company or any Subsidiary or within two business days of Employee becoming a director if such an interest exists at the time. This notification requirement also applies to an associate director of the Singapore Subsidiary and to a shadow director of the Singapore Subsidiary (i.e., an individual who is not on the board of directors of the Singapore Subsidiary but who has sufficient control so that the board of directors of the Singapore Subsidiary acts in accordance with the "directions and instructions" of the individual).

SOUTH KOREA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Foreign Account/Asset Tax Reporting Information.

Employee must declare all of his or her foreign financial accounts (i.e., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authorities and file a report with respect to such accounts if the value of such accounts exceeds a certain threshold (currently, KRW 500 million (or an equivalent amount in foreign currency)) on any month-end date during the year.

SWITZERLAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

Neither this document nor any other materials relating to the Restricted Stock Units (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA"), (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee of the Company, or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to Article 51 of FinSA or any other Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority.

THAILAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

If the proceeds from the sale of shares of Stock or any cash dividends received in relation to such shares of Stock exceed USD 1,000,000 (or its equivalent amount) in a single transaction, Employee is required to immediately repatriate the funds to Thailand upon receipt and either (i) convert the repatriated foreign currency into Thai Baht or (ii) deposit such foreign currency into his/her foreign currency deposit account opened with any commercial bank in Thailand, within 360 calendar days from the date on which the proceeds are repatriated into Thailand. Employee is also required to inform the details of the transaction (i.e., identification information and purpose of the transaction) to the remittance bank acting as an authorized agent of the Bank of Thailand to report the inward remittance of funds into Thailand.

UNITED ARAB EMIRATES
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

The Plan is only being offered to qualified Employees and is in the nature of providing equity incentives to Employees in the United Arab Emirates ("UAE"). Any documents related to the Plan, including the Plan, Plan prospectus and other grant documents ("Plan Documents"), are intended for distribution only to such Employees and must not be delivered to, or relied on by, any other person. Prospective stockholders should conduct their own due diligence on the securities. If Employee does not understand the contents of the Plan Documents, Employee should consult an authorized financial adviser.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any Plan Documents nor taken steps to verify the information set out in them, and thus, are not responsible for such documents.

UNITED KINGDOM
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Withholding of Taxes.

This section supplements Paragraph 3 of the Agreement.

Without limitation to Paragraph 3 of the Agreement, Employee agrees that he or she is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or the Employer, as applicable, or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). Employee also agrees to indemnify and keep indemnified the Company and the Employer, as applicable, for any Tax-Related Items that they are required to pay or withhold or have paid or will pay on Employee's behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if Employee is an officer or executive director (as within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In this case, the amount of any income tax not collected within 90 days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to Employee on which additional income tax and national insurance contributions may be payable. Employee acknowledges that Employee ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any national insurance contributions due on this additional benefit. Employee acknowledges that the Company or the Employer may recover any such additional income tax and national insurance contributions at any time thereafter by any of the means referred to in Paragraph 3 of the Agreement.

PERFORMANCE STOCK UNIT AGREEMENT

AGREEMENT by and between KBR, Inc., a Delaware corporation (the "Company"), and _____ ("Employee") made effective as of _____ (the "Grant Date").

1. Grant of Performance Stock Units.

(a) Units. Pursuant to the Amended and Restated KBR, Inc. 2006 Stock and Incentive Plan, as amended and restated (the "Plan"), units evidencing the right to receive _____ shares of the Company's common stock ("Stock"), are awarded to Employee, subject to the conditions of the Plan and this Agreement (the "Performance Stock Units").

(b) Plan Incorporated. Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Performance Stock Units shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which is incorporated herein by reference as a part of this Agreement. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan.

2. Terms of Performance Stock Units. Employee hereby accepts the Performance Stock Units and agrees with respect thereto as follows:

(a) Forfeiture of Performance Stock Units. In the event of termination of Employee's employment with the Company or any employing Subsidiary of the Company for any reason other than (i) death or (ii) disability (disability being defined as being physically or mentally incapable of performing either the Employee's usual duties as an Employee or any other duties as an Employee that the Company reasonably makes available and such condition is likely to remain continuously and permanently, as determined by the Company or employing Subsidiary), or except as otherwise provided in the second and third sentences of subparagraph (c) of this Paragraph 2, or if the Employee breaches any of the covenants set forth in Paragraph 10, Employee shall, for no consideration, forfeit all Performance Stock Units to the extent they are not fully vested. In addition, except as otherwise provided in the second and third sentences of subparagraph (c) of this Paragraph 2, Employee shall, for no consideration, forfeit all of the Performance Stock Units on December 31, 2022, if the Committee that administers the Plan (the "Committee") determines, in its sole discretion, that calendar year 2022 was not a successful year for the Company. Any such determination by the Committee shall be made on or before the first anniversary of the Grant Date.

(b) Assignment of Award. The Performance Stock Units may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of unless transferable by will or the laws of descent and distribution or pursuant to a "qualified domestic relations order" as defined by the U.S. Internal Revenue Code (the "Code").

(c) Vesting Schedule. The Performance Stock Units shall vest in accordance with the following schedule provided that Employee has been continuously employed by the Company from the date of this Agreement through the applicable vesting date and such Performance Stock Units have not been forfeited pursuant to the last two sentences of subparagraph (a) of this Paragraph 2:

Vesting Date	Vested Percentage of Total Number of Performance Stock Units
1st Anniversary of Grant Date	33 ⅓%
2nd Anniversary of Grant Date	66 ⅔%
3rd Anniversary of Grant Date	100%

Notwithstanding the foregoing, unless otherwise provided in an Other Agreement pursuant to Paragraph 8, the Performance Stock Units shall become fully vested on the earliest of (i) the occurrence of Employee's Involuntary Termination or termination for Good Reason within two years following a Corporate Change (as such terms are defined in the Plan) or (ii) the date Employee's employment with the Company is terminated by reason of death or disability (as determined above); provided, however, that if the Performance Stock Units have been forfeited pursuant to the last two sentences of subparagraph (a) of this Paragraph 2 prior to the date of the occurrence of an event described in clause (i) or (ii) of this sentence, then the Performance Stock Units shall remain forfeited and shall not vest upon the occurrence of any such event. In the event Employee's employment is terminated for any other reason, including retirement with the approval of (A) the Committee if Employee is a "senior executive of the Company" (as defined below) or (B) the Company's Chief Executive Officer (the "CEO) if Employee is not a senior executive of the Company, the Committee (or its delegate, as appropriate) or, in the event of retirement of an Employee who is not a senior executive of the Company, the CEO, as applicable, may, in the Committee's (or such delegate's) or the CEO's, as applicable, sole discretion, approve the acceleration of the vesting of any or all Performance Stock Units that have not yet been forfeited and which are still outstanding and subject to restrictions, such vesting acceleration to be effective on the date of such approval or Employee's termination date, if later. Notwithstanding the foregoing, in no event shall the Performance Stock Units become fully vested prior to the expiration of one month from the Grant Date. "Senior executive" for purposes of this Agreement shall mean (i) the CEO and (ii) any regular, full-time employee of the Company or an affiliate who (A) is an officer of the Company required to file reports with the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, (B) is an officer of the Company who reports directly to the CEO, (C) is the Chief Accounting Officer of the Company, or (D) is the highest ranking management position (with at least a title of Director or above) with direct oversight over internal audits of the Company.

(d) Stockholder Rights. Employee shall have no rights of a stockholder with respect to shares of Stock subject to this Award unless and until such time as the Award has been settled by the transfer of shares of Stock to Employee, except that Employee shall have the right to receive payments equal to the dividends or distributions declared or paid on a share of Stock at the same time as those dividends or distributions

are paid to holders of Stock. Notwithstanding the previous sentence, Employee shall accrue dividends or distributions declared or paid on a share of Stock at the same time as those dividends or distributions are paid to holders of Stock, but shall not have the right to receive such payments or distributions until such shares of Stock have satisfied the performance objective described in the last two sentences of subparagraph (a) of this Paragraph 2 (in which case, any such accrued dividends or distributions with respect to such shares shall be paid within 30 days after the date such performance objective has been satisfied). If such shares do not satisfy such performance objective and are forfeited, the accrued dividends or distributions with respect to such shares shall also be forfeited.

(e) Payment for Vested Performance Stock Units. Payment for vested Performance Stock Units shall be made as soon as administratively practicable after vesting, but in no event later than thirty days after the vesting date. Settlement will be made in the form of shares of Stock equal in number to the number of Performance Stock Units with respect to which payment is being made on the applicable date; provided, however, that payment for a vested Performance Stock Unit shall be made at the time provided above solely in cash (in lieu of in the form of a share of Stock) in an amount equal to the Fair Market Value as of the vesting date of such Performance Stock Unit if there are an insufficient number of shares available for delivery under the Plan at the time of such settlement as determined by the Committee or its delegate in the Committee's or such delegate's sole discretion. Notwithstanding the foregoing, the Company shall not be obligated to deliver any shares of Stock if counsel to the Company determines that such sale or delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Stock is listed or quoted.

(f) Recovery of Benefits. The Company shall seek recovery of any benefits provided hereunder to Employee if such recovery is required by any clawback policy adopted by the Company, which may be amended from time to time, including, but not limited to, any clawback policy adopted to satisfy the minimum clawback requirements adopted under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the regulations thereunder or any other applicable law.

3. Withholding of Tax. The Committee may make such provisions as it may deem appropriate for the withholding of any taxes which it determines is required in connection with this Award. Unless the Committee provides otherwise, to the extent this Award is settled in shares of Stock, the Company shall reduce the number of shares of Stock that would have otherwise been delivered to Employee by a number of shares of Stock having a Fair Market Value equal to the amount required to be withheld.

4. Employment Relationship. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee of the Company, a Parent Corporation or Subsidiary of the Company, or a corporation or a Parent Corporation or subsidiary of such corporation assuming or substituting a new award for this Award. Without limiting the scope of the preceding sentence, it is expressly provided that Employee shall be considered to have terminated employment with the Company at the time of the termination of the "Subsidiary" status under the Plan of the entity or other organization that employs Employee. Any

question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee, or its delegate, as appropriate, and its determination shall be final.

5. **Committee's Powers**. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Performance Stock Units.

6. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

7. Compliance with Law. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares of Stock, the Company shall not be required to deliver any shares issuable upon settlement of the Performance Stock Units prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. Employee understands that the Company is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, Employee agrees that the Company shall have unilateral authority to amend the Plan and the Agreement without Employee's consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

8. Other Agreements. The terms of this Agreement shall be subject to, and shall not modify, the terms and conditions of any employment, severance, and/or change-in-control agreement between the Company (or a Subsidiary) and Employee concerning equity-based awards ("Other Agreement"), except that, notwithstanding anything in such Other Agreement to the contrary, any normal retirement age of 65 or other retirement-based vesting provisions in such Other Agreement shall be of no force or effect for purposes of the vesting of these Performance Stock Units.

9. Governing Law and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, U.S.A., except to the extent that it implicates matters that are the subject of the General Corporation Law of the State of Delaware, which matters shall be governed by the latter law notwithstanding any conflicts of laws principles that may be applied or invoked directing the application of the laws of another jurisdiction. Exclusive venue for any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it or arising from it, or dispute resolution proceeding arising hereunder for any claim or dispute, the parties hereby submit to and consent to the sole and exclusive jurisdiction of Houston, Harris County, Texas, notwithstanding any conflicts of laws principles that may direct the jurisdiction of any other court, venue, or forum, including the jurisdiction of Employee's home country.

10. Non-Competition; Non-Solicitation; Non-Disclosure.

(a) Following the date Employee enters into this Agreement, the Company and/or its Subsidiary(ies) shall provide Employee access to Confidential Information (as defined below). Such Confidential Information shall be for use only during Employee's employment with the Company, and as an express incentive for the Company to enter into this Agreement and to grant to Employee the Performance Stock Units (which grant, Employee acknowledges, shall further align Employee's interests with the long-term business interests of the Company and its Subsidiaries) and provide Employee with Confidential Information, Employee has voluntarily agreed to the covenants set forth in this Paragraph 10. Employee agrees and acknowledges that the limitations and restrictions set forth herein, including geographical and temporal restrictions on certain competitive activities, are reasonable in all respects, do not interfere with public interests, will not cause Employee undue hardship, and are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the Company's and its Subsidiaries' trade secrets and other Confidential Information, goodwill and legitimate business interests.

(b) During the Prohibited Period (as defined below), Employee shall not, without the prior written approval of the Company, directly or indirectly, for Employee or on behalf of or in conjunction with any other person or entity of any nature:

(i) engage in or participate within the Market Area (as defined below) in competition with the Company or any of its Subsidiaries in any aspect of the Business (as defined below), which prohibition shall prevent Employee from directly or indirectly: (A) owning, managing, operating, or being an officer or director of, any business that competes with the Company or any of its Subsidiaries in the Market Area, or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with the Company or any of its Subsidiaries in any capacity (with respect to this clause (B)) in which Employee's duties or responsibilities are the same as or similar to the duties or responsibilities that Employee had on behalf of the Company or any of its Subsidiaries, or involve direct or indirect oversight over such duties or responsibilities;

(ii) appropriate any Business Opportunity of, or relating to, the Company or any of its Subsidiaries located in the Market Area;

(iii) solicit, canvass, approach, encourage, entice or induce any customer or supplier of the Company or any of its Subsidiaries for whom or which Employee had responsibility in the final 12 months prior to the termination of Employee's employment with the Company to cease or lessen such customer's or supplier's business with the Company or any of its Subsidiaries; or

(iv) solicit, canvass, approach, encourage, entice or induce any employee or contractor of the Company or any of its Subsidiaries to terminate his, her or its employment or engagement with the Company or any of its Subsidiaries.

(c) Notwithstanding any other provision of this Agreement:

(i) the covenants set forth in this Paragraph 10 shall not apply to restrict any of Employee's activities within the State of California, including if Employee is a California resident; and

(ii) if prohibited by any applicable law regarding non-competition restrictions in Washington, D.C., the covenants set forth in Paragraphs 10(b)(i) and 10(b)(ii) shall not apply with respect to any activities conducted within (including individuals' performance of work in) Washington, D.C.;

provided, however, for the avoidance of doubt, the foregoing exceptions under this Paragraph 10(c) shall not limit any other obligations that Employee owes to the Company or any of its Subsidiaries under any other agreements or applicable laws, including (without limitation) with respect to the protection of Confidential Information.

(d) If Employee is an attorney at law or licensed lawyer in any jurisdiction, none of the restrictions set forth in this Paragraph 10 shall be interpreted or applied in a manner to prevent or restrict Employee from practicing law, as it is the intent of this Paragraph 10 to create certain limitations on Employee's business activities only, and not to create limitations that would restrict Employee from practicing law. If Employee is an attorney at law or licensed to practice law, Employee acknowledges and agrees that, both during Employee's employment with the Company and thereafter, Employee shall be bound by all ethical and professional obligations (including those with respect to conflicts of interest and confidentiality) that may arise from Employee's provision of legal services to, and acting as legal counsel for, the Company and (as applicable) its Subsidiaries.

(e) Employee agrees, both during and after Employee's employment with the Company, not to use or disclose any Confidential Information other than for the benefit of the Company or its Subsidiaries in the course of Employee's duties for the Company or its applicable Subsidiary. All trade secrets, non-public information, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by or disclosed to Employee, individually or in conjunction with others, in connection with Employee's employment with the Company or otherwise during the time that Employee is or has been employed or engaged by the Company or any of its Subsidiaries (whether during business hours or otherwise and whether on the Company's or its Subsidiaries' premises or otherwise), that relate to the Companies' or its Subsidiaries' businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, formulas, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, research and development information, the identity of key contacts

within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks) is defined as "Confidential Information". For purposes of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure or wrongful act of Employee or Employee's agents; (ii) was available to Employee on a non-confidential basis before its disclosure by the Company or any of its Subsidiaries; or (iii) becomes available to Employee on a non-confidential basis from a source other than the Company or any of its Subsidiaries; provided, that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, the Company or any of its Subsidiaries.

(f) Notwithstanding the foregoing Paragraph 10(e), nothing in this Agreement shall prohibit or restrict Employee from lawfully (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority (in each instance regarding a possible violation of any law); (ii) responding to any inquiry or legal process directed to Employee from any such governmental authority; (iii) testifying, participating or otherwise assisting in an action or proceeding by any such governmental authority relating to a possible violation of law or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (x) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; (y) is made to Employee's attorney in relation to a lawsuit for retaliation against Employee for reporting a suspected violation of law or (z) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Agreement requires Employee to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company or any of its Subsidiaries that Employee has engaged in any such conduct.

(g) Because of the difficulty of measuring economic losses to the Company and its Subsidiaries as a result of a breach or threatened breach of the covenants set forth in this Paragraph 10, and because of the immediate and irreparable damage that would be caused to the Company and its Subsidiaries for which they would have no other adequate remedy, the Company and each of its Subsidiaries shall be entitled to enforce the foregoing covenants, in the event of a breach or threatened breach, by injunctions and restraining orders from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall not be the Company's or its Subsidiaries' exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company and each of its Subsidiaries at law and equity.

(h) The covenants in this Paragraph 10, and each provision and portion hereof, are severable and separate, and the unenforceability of any specific covenant (or portion thereof) shall not affect the provisions of any other covenant (or portion thereof). Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which such arbitrator or court deems reasonable, and this Agreement shall thereby be reformed.

(i) The following terms shall have the following meanings:

(i) "Business" shall mean the business and operations that are the same or similar to those performed by the Company and any of its Subsidiaries for which Employee provides services or about which Employee obtains Confidential Information during Employee's employment with the Company.

(ii) "Business Opportunity" shall mean any commercial, investment or other business opportunity relating to the Business.

(iii) "Market Area" shall mean: (i) during that portion of the Prohibited Period that exists during which Employee is employed by the Company, any geographic area or market where Employee provides, or has provided, services to the Company or any of its Subsidiaries; and (ii) during that portion of the Prohibited Period that exists following the date that Employee is no longer employed by the Company, any geographic area or market where Employee provided services to the Company or any of its Subsidiaries as of the date Employee is no longer employed by the Company or during the 12 months prior to such date.

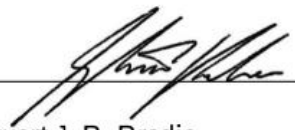
(iv) "Prohibited Period" shall mean the period during which Employee is employed by the Company and continuing for a period of 12 months following the date that Employee is no longer employed by the Company; provided, however, with respect to a termination of employment with the Company on or after the date upon which a Corporate Change occurs, the Prohibited Period shall end on the date of such termination of employment with respect to the obligations under Paragraphs 10(b)(i) and 10(b)(ii).

11. Section 409A. Notwithstanding anything in this Agreement to the contrary, if any provision in this Agreement would result in the imposition of an applicable tax under Section 409A of the Code and related regulations and United States Department of the Treasury pronouncements ("Section 409A"), that provision will be reformed to avoid imposition of the applicable tax and no action taken to comply with Section 409A shall be deemed to adversely affect Employee's rights under this Agreement.

[Signatures on the following page.]

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and Employee has executed this Agreement, all as of the date first above written.

KBR, INC.

By: 

Name: Stuart J. B. Bradie
Title: President and CEO

EMPLOYEE:

_____

Date: _____

PERFORMANCE STOCK UNIT AGREEMENT

AGREEMENT by and between KBR, Inc., a Delaware corporation (the "Company"), and _____ ("Employee") made effective as of _____ (the "Grant Date").

1. Grant of Performance Stock Units.

(a) Units. Pursuant to the Amended and Restated KBR, Inc. 2006 Stock and Incentive Plan, as amended and restated (the "Plan"), units evidencing the right to receive _____ shares of the Company's common stock ("Stock"), are awarded to Employee, subject to the conditions of the Plan and this Agreement (the "Performance Stock Units").

(b) Plan Incorporated. Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Performance Stock Units shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which is incorporated herein by reference as a part of this Agreement. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan.

2. Terms of Performance Stock Units. Employee hereby accepts the Performance Stock Units and agrees with respect thereto as follows:

(a) Forfeiture of Performance Stock Units. In the event of termination of Employee's employment with the Company or any employing Subsidiary of the Company for any reason other than (i) death or (ii) disability (disability being defined as being physically or mentally incapable of performing either the Employee's usual duties as an Employee or any other duties as an Employee that the Company or employing Subsidiary reasonably makes available and such condition is likely to remain continuously and permanently, as determined by the Company or employing Subsidiary), or except as otherwise provided in the second and third sentences of subparagraph (c) of this Paragraph 2, or if the Employee breaches any of the covenants set forth in Paragraph 10, Employee shall, for no consideration, forfeit all Performance Stock Units to the extent they are not fully vested. In addition, except as otherwise provided in the second and third sentences of subparagraph (c) of this Paragraph 2, Employee shall, for no consideration, forfeit all of the Performance Stock Units on December 31, 2022, if the Committee that administers the Plan (the "Committee") determines, in its sole discretion, that calendar year 2022 was not a successful year for the Company. Any such determination by the Committee shall be made on or before the first anniversary of the Grant Date.

(b) Assignment of Award. The Performance Stock Units may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of unless transferable by will or the laws of descent and distribution or, if Employee is exclusively subject to the laws of the United States, pursuant to a "qualified domestic relations order" as defined by the U.S. Internal Revenue Code (the "Code").

(c) Vesting Schedule. The Performance Stock Units shall vest in accordance with the following schedule provided that Employee has been continuously employed by the Company from the date of this Agreement through the applicable vesting date and such Performance Stock Units have not been forfeited pursuant to the last two sentences of subparagraph (a) of this Paragraph 2:

Vesting Date	Vested Percentage of Total Number of Performance Stock Units
1st Anniversary of Grant Date	33 ⅓%
2nd Anniversary of Grant Date	66 ⅔%
3rd Anniversary of Grant Date	100%

Notwithstanding the foregoing, unless otherwise provided in an Other Agreement pursuant to Paragraph 12, the Performance Stock Units shall become fully vested on the earliest of (i) the occurrence of Employee's Involuntary Termination or termination for Good Reason within two years following a Corporate Change (as such terms are defined in the Plan) or (ii) the date Employee's employment with the Company is terminated by reason of death or disability (as determined above); provided, however, that if the Performance Stock Units have been forfeited pursuant to the last two sentences of subparagraph (a) of this Paragraph 2 prior to the date of the occurrence of an event described in clause (i) or (ii) of this sentence, then the Performance Stock Units shall remain forfeited and shall not vest upon the occurrence of any such event. In the event Employee's employment is terminated for any other reason, including retirement with the approval of (A) the Committee if Employee is a "senior executive of the Company" (as defined below) or (B) the Company's Chief Executive Officer (the "CEO") if Employee is not a senior executive of the Company, the Committee (or its delegate, as appropriate) or, in the event of retirement of an Employee who is not a senior executive of the Company, the CEO, as applicable, may, in the Committee's (or such delegate's) or the CEO's, as applicable, sole discretion, approve the acceleration of the vesting of any or all Performance Stock Units that have not yet been forfeited and which are still outstanding and subject to restrictions, with such vesting acceleration to be effective on the date of such approval or Employee's termination date, if later. Notwithstanding the foregoing, in no event shall the Performance Stock Units become fully vested prior to the expiration of one month from the Grant Date. "Senior executive" for purposes of this Agreement shall mean (i) the CEO and (ii) any regular, full-time employee of the Company or an affiliate who (A) is an officer of the Company required to file reports with the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, (B) is an officer of the Company who reports directly to the CEO, (C) is the Chief Accounting Officer of the Company, or (D) is the highest ranking management position (with at least a title of Director or above) with direct oversight over internal audits of the Company.

(d) Stockholder Rights. Employee shall have no rights of a stockholder with respect to shares of Stock subject to this Award unless and until such time as the Award has been settled by the transfer of shares of Stock to Employee.

(e) Payment for Vested Performance Stock Units. Payment for vested Performance Stock Units shall be made as soon as administratively practicable after vesting, but in no event later than thirty days after the vesting date. Settlement will be made in the form of shares of Stock equal in number to the number of Performance Stock Units with respect to which payment is being made on the applicable date; provided, however, that payment for a vested Performance Stock Unit shall be made at the time provided above solely in cash (in lieu of in the form of a share of Stock) in an amount equal to the Fair Market Value as of the vesting date of such Performance Stock Unit if there are an insufficient number of shares available for delivery under the Plan at the time of such settlement as determined by the Committee or its delegate in the Committee's or such delegate's sole discretion. Notwithstanding the foregoing, the Company shall not be obligated to deliver any shares of Stock if counsel to the Company determines that such sale or delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Stock is listed or quoted.

(f) Recovery of Benefits. The Company shall seek recovery of any benefits provided hereunder to Employee if such recovery is required by any clawback policy adopted by the Company, which may be amended from time to time, including, but not limited to, any clawback policy adopted to satisfy the minimum clawback requirements adopted under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the regulations thereunder or any other applicable law.

3. Responsibility for Taxes. Employee acknowledges that, regardless of any action taken by the Company, or if different, Employee's employer ("Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Employee's participation in the Plan and legally applicable to Employee ("Tax-Related Items"), is and remains Employee's responsibility and may exceed the amount actually withheld by the Company and/or the Employer. Employee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Stock Units, including but not limited to, the grant, vesting or settlement of the Performance Stock Units, the subsequent sale of Stock acquired pursuant to such settlement and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Performance Stock Units to reduce or eliminate the Employee's liability for Tax-Related Items or achieve any particular tax result. Further, if Employee is subject to Tax-Related Items in more than one jurisdiction, Employee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, Employee agrees to pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Employee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) withholding from Employee's wages or other cash compensation paid to Employee by the Company and/or the Employer; or

(b) withholding from proceeds of the sale of shares of Stock acquired upon settlement of the Performance Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on Employee's behalf pursuant to this authorization without further consent); or

(c) withholding in shares of Stock to be issued upon settlement of the Performance Stock Units.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Employee may receive a refund of any over-withheld amount in cash and will have no entitlement to the Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Stock, for tax purposes, Employee is deemed to have been issued the full number of shares of Stock subject to the vested Performance Stock Units, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items.

Employee agrees to pay to the Company or the Employer, including through withholding from Employee's wages or other cash compensation paid to Employee by the Company and/or the Employer, any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Employee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Stock or the proceeds of the sale of Stock, if Employee fails to comply with Employee's obligations in connection with the Tax-Related Items.

Notwithstanding the preceding provisions of this Paragraph 3, Employee's liability with respect to Tax-Related Items shall be subject to any international tax assignment agreement then in effect between Employee and the Company, the Employer or any of their respective affiliates or any tax policies or procedures applicable to the Employee's home country, and in the event of any conflict between the terms of this Paragraph 3 and the terms of such international tax assignment agreement or such tax policies or procedures, the terms of such international tax assignment agreement or such tax policies or procedures, as applicable, shall control.

4. Employment Relationship. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee of the Company, a Parent Corporation or Subsidiary of the Company, or a corporation or a Parent Corporation or subsidiary of such corporation assuming or substituting a new award for this Award. Without limiting the scope of the preceding sentence, it is expressly provided that Employee shall be considered to have terminated employment with the Company at the time of the termination of the "Subsidiary" status under the Plan of the entity or other organization that employs Employee. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee, or its delegate, as appropriate, and its determination shall be final.

5. **Committee's Powers**. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Performance Stock Units.

6. Data Privacy Notice and Consent.

(a) Declaration of Consent. By accepting the Performance Stock Units via t***he Company's acceptance procedure, Employee is declaring that he or she*** agrees with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned below, including recipients located in countries which may not have a similar ***level of protection from the perspective of the data protection laws in Employee's*** country.

(b) Data Collection and Usage. The Company and the Employer may collect, process and use certain personal information about Employee, including, but not ***limited to, Employee's name, home address and telephone number, email address, date*** of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all Performance Stock Units or any other entitlement to shares awarded, canceled, ***exercised, vested, unvested or outstanding in Employee's favor ("Data"), for the*** purposes of implementing, administering and managing the Plan. The legal basis, ***where required, for the processing of Data is Employee's consent.***

(c) Stock Plan Administration Service Providers. The Company transfers Data, or parts thereof, to Morgan Stanley Smith Barney, an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and may share Data with different service providers that serve in a similar manner. Employee acknowledges and ***understands that the Company's service provider will open an account for Employee to*** receive and trade shares of Stock acquired under the Plan and that Employee will be asked to agree on separate terms and data processing practices with the service provider, ***which is a condition of Employee's ability to participate in the Plan.***

(d) International Data Transfers. The Company and its service provider, are based in the United States. Employee understands that his or her country may have enacted data privacy laws that are different from the laws of the United States. As a result, in the absence of appropriate safeguards such as standard data protection ***clauses, the processing of Employee's Data in the United*** States or, as the case may be, other countries might not be subject to substantive data processing principles or supervision by data protection authorities. In addition, Employee might not have enforceable rights regarding the processing of his or her Data in such countries. The ***Company's legal basis for the transfer of Data is Employee's consent.***

(e) Data Retention. The Company will hold and use the Data only as ***long as is necessary to implement, administer and manage Employee's participation in*** the Plan, or as required to comply with legal or regulatory obligations, including under tax, labor, securities and exchange control laws.

(f) Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and Employee is providing the consents herein on a purely voluntary basis. Employee understands that he or she may withdraw consent at any time with future effect for any or no reason. If Employee does not consent, or if Employee later seeks to revoke his or her consent, Emplo***yee's salary*** from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to offer Performance Stock Units to Employee or administer or maintain Employee***'s*** participation in the Plan.

(g) Data Subject Rights. Employee understands that data subject rights vary depending on the applicable law and that, depending on where Employee is based and subject to the conditions set out in the applicable law, Employee may have, without limitation, the rights to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent ***authorities in Employee's jurisdiction, and/or (vii) receive a list with the names and*** addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Employee understands that he or she can contact ***Employee's local human resources representative.***

By clicking the "Accept" or similar button implemented into the relevant web page or platform, Employee declares, without limitation, his or her consent to the data processing operations described in this Agreement. Employee understands and acknowledges that he or she may withdraw consent at any time with future effect for any or no reason as described in sub-section (f) above.

7. Nature of Grant. By accepting the grant of the Performance Stock Units, the Employee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of Performance Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future awards of Performance Stock Units, or benefits in lieu of Performance Stock Units even if Performance Stock Units have been awarded in the past;

(c) all decisions with respect to future Performance Stock Units or other grants, if any, will be at the sole discretion of the Company;

(d) the grant of Performance Stock Units and Employee's participation in the Plan will not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Employer or any Subsidiary of the Company and shall not interfere with the ability of the Employer to terminate Employee's employment or service relationship (if any);

(e) Employee's participation in the Plan is voluntary;

(f) the Performance Stock Units and the Stock underlying the Performance Stock Units, and the income and value of the same, are not intended to replace any pension rights or compensation;

(g) the Performance Stock Units and the Stock underlying the Performance Stock Units, and the income and value of the same, are not part of normal or expected compensation or salary for any purpose, including but not limited to, calculation of any severance, resignation, termination, redundancy or end-of-service payments, holiday-pay, bonuses, long-service awards, leave-related payments, pension or retirement benefits, or similar mandatory payments;

(h) the future value of the Stock is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of Performance Stock Units resulting from Employee ceasing to provide employment or other services to the Company or the Employer (for any reason whatsoever, and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Employee is employed or the terms of Employee's employment agreement, if any);

(j) in the event of termination of Employee's employment or other services (for any reason whatsoever, whether or not later found to be invalid, or in breach of employment laws in the jurisdiction where Employee is employed or the terms of Employee's employment agreement, if any), unless otherwise provided in this Agreement or determined by the Company, Employee's right to vest in the Performance Stock Units under the Plan, if any, will terminate effective as of the date that Employee is no longer actively providing services and will not be extended by any notice period (e.g., active services would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Employee is employed or the terms of Employee's employment agreement, if any); the Committee shall have the exclusive discretion to determine when Employee is no longer actively providing services for purposes of the Award (including whether Employee may still be considered to be providing services while on an approved leave of absence);

(k) unless otherwise provided in the Plan or by the Company in its discretion, the Performance Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Performance Stock Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or

substituted for, in connection with any corporate transaction affecting the shares of the Company;

(l) unless otherwise agreed with the Company, the Performance Stock Units and the Stock underlying the Performance Stock Units, and the income and value of the same, are not granted as consideration for, or in connection with, services Employee may provide as a director of a Subsidiary; and

(m) neither the Company, the Employer nor any Subsidiary of the Company shall be liable for any foreign exchange rate fluctuation between Employee's local currency and the United States Dollar that may affect the value of the Performance Stock Units or of any amounts due to Employee pursuant to the settlement of the Performance Stock Units or the subsequent sale of any shares of Stock acquired upon settlement.

8. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Employee's participation in the Plan, or Employee's acquisition or sale of the underlying shares of Stock. Employee should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

10. Non-Competition; Non-Solicitation; Non-Disclosure.

(a) Following the date Employee enters into this Agreement, the Company and/or its Subsidiary(ies) shall provide Employee access to Confidential Information (as defined below). Such Confidential Information shall be for use only during Employee's employment with the Company, and as an express incentive for the Company to enter into this Agreement and to grant to Employee the Performance Stock Units (which grant, Employee acknowledges, shall further align Employee's interests with the long-term business interests of the Company and its Subsidiaries) and provide Employee with Confidential Information, Employee has voluntarily agreed to the covenants set forth in this Paragraph 10. Employee agrees and acknowledges that the limitations and restrictions set forth herein, including geographical and temporal restrictions on certain competitive activities, are reasonable in all respects, do not interfere with public interests, will not cause Employee undue hardship, and are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the Company's and its Subsidiaries' trade secrets and other Confidential Information, goodwill and legitimate business interests.

(b) During the Prohibited Period (as defined below), Employee shall not, without the prior written approval of the Company, directly or indirectly, for Employee or on behalf of or in conjunction with any other person or entity of any nature:

(i) engage in or participate within the Market Area (as defined below) in competition with the Company or any of its Subsidiaries in any aspect of the Business (as defined below), which prohibition shall prevent Employee from directly or indirectly: (A) owning, managing, operating, or being an officer or director of, any business that competes with the Company or any of its Subsidiaries in the Market Area, or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with the Company or any of its Subsidiaries in any capacity (with respect to this clause (B)) in which Employee's duties or responsibilities are the same as or similar to the duties or responsibilities that Employee had on behalf of the Company or any of its Subsidiaries, or involve direct or indirect oversight over such duties or responsibilities;

(ii) appropriate any Business Opportunity of, or relating to, the Company or any of its Subsidiaries located in the Market Area;

(iii) solicit, canvass, approach, encourage, entice or induce any customer or supplier of the Company or any of its Subsidiaries for whom or which Employee had responsibility in the final 12 months prior to the termination of Employee's employment with the Company to cease or lessen such customer's or supplier's business with the Company or any of its Subsidiaries; or

(iv) solicit, canvass, approach, encourage, entice or induce any employee or contractor of the Company or any of its Subsidiaries to terminate his, her or its employment or engagement with the Company or any of its Subsidiaries.

(c) Notwithstanding any other provision of this Agreement:

(i) the covenants set forth in this Paragraph 10 shall not apply to restrict any of Employee's activities within the State of California, including if Employee is a California resident; and

(ii) if prohibited by any applicable law regarding non-competition restrictions in Washington, D.C., the covenants set forth in Paragraphs 10(b)(i) and 10(b)(ii) shall not apply with respect to any activities conducted within (including individuals' performance of work in) Washington, D.C.;

provided, however, for the avoidance of doubt, the foregoing exceptions under this Paragraph 10(c) shall not limit any other obligations that Employee owes to the Company or any of its Subsidiaries under any other agreements or applicable laws, including (without limitation) with respect to the protection of Confidential Information.

(d) If Employee is an attorney at law or licensed lawyer in any jurisdiction, none of the restrictions set forth in this Paragraph 10 shall be interpreted or applied in a manner to prevent or restrict Employee from practicing law, as it is the intent of this Paragraph 10 to create certain limitations on Employee's business activities only, and not to create limitations that would restrict Employee from practicing law. If Employee

is an attorney at law or licensed to practice law, Employee acknowledges and agrees that, both during Employee's employment with the Company and thereafter, Employee shall be bound by all ethical and professional obligations (including those with respect to conflicts of interest and confidentiality) that may arise from Employee's provision of legal services to, and acting as legal counsel for, the Company and (as applicable) its Subsidiaries.

(e) Employee agrees, both during and after Employee's employment with the Company, not to use or disclose any Confidential Information other than for the benefit of the Company or its Subsidiaries in the course of Employee's duties for the Company or its applicable Subsidiary. All trade secrets, non-public information, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by or disclosed to Employee, individually or in conjunction with others, in connection with Employee's employment with the Company or otherwise during the time that Employee is or has been employed or engaged by the Company or any of its Subsidiaries (whether during business hours or otherwise and whether on the Company's or its Subsidiaries' premises or otherwise), that relate to the Companies' or its Subsidiaries' businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, formulas, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, research and development information, the identity of key contacts within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks) is defined as "Confidential Information". For purposes of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure or wrongful act of Employee or Employee's agents; (ii) was available to Employee on a non-confidential basis before its disclosure by the Company or any of its Subsidiaries; or (iii) becomes available to Employee on a non-confidential basis from a source other than the Company or any of its Subsidiaries; provided, that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, the Company or any of its Subsidiaries.

(f) Notwithstanding the foregoing Paragraph 10(e), nothing in this Agreement shall prohibit or restrict Employee from lawfully (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority (in each instance regarding a possible violation of any law); (ii) responding to any inquiry or legal process directed to Employee from any such governmental authority; (iii) testifying, participating or otherwise assisting in an action or proceeding by any such governmental authority relating to a possible violation of law or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (x) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; (y) is made to Employee's attorney

in relation to a lawsuit for retaliation against Employee for reporting a suspected violation of law or (z) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Agreement requires Employee to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company or any of its Subsidiaries that Employee have engaged in any such conduct.

(g) Because of the difficulty of measuring economic losses to the Company and its Subsidiaries as a result of a breach or threatened breach of the covenants set forth in this Paragraph 10, and because of the immediate and irreparable damage that would be caused to the Company and its Subsidiaries for which they would have no other adequate remedy, the Company and each of its Subsidiaries shall be entitled to enforce the foregoing covenants, in the event of a breach or threatened breach, by injunctions and restraining orders from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall not be the Company's or its Subsidiaries' exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company and each of its Subsidiaries at law and equity.

(h) The covenants in this Paragraph 10, and each provision and portion hereof, are severable and separate, and the unenforceability of any specific covenant (or portion thereof) shall not affect the provisions of any other covenant (or portion thereof). Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which such arbitrator or court deems reasonable, and this Agreement shall thereby be reformed.

(i) The following terms shall have the following meanings:

(i) "Business" shall mean the business and operations that are the same or similar to those performed by the Company and any of its Subsidiaries for which Employee provides services or about which Employee obtains Confidential Information during Employee's employment with the Company.

(ii) "Business Opportunity" shall mean any commercial, investment or other business opportunity relating to the Business.

(iii) "Market Area" shall mean: (i) during that portion of the Prohibited Period that exists during which Employee is employed by the Company, any geographic area or market where Employee provides, or has provided, services to the Company or any of its Subsidiaries; and (ii) during that portion of the Prohibited Period that exists following the date that Employee is no longer employed by the Company, any geographic area or market where Employee provided services to the Company or any of its Subsidiaries as of the date Employee is no longer employed by the Company or during the 12 months prior to such date.

(iv) "Prohibited Period" shall mean the period during which Employee is employed by the Company and continuing for a period of 12 months following the date that Employee is no longer employed by the Company; provided, however, with respect to a termination of employment with the Company on or after the date upon which a Corporate Change occurs, the Prohibited Period shall end on the date of such termination of employment with respect to the obligations under Paragraphs 10(b)(i) and 10(b)(ii).

11. Compliance with Law. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares of Stock, the Company shall not be required to deliver any shares issuable upon settlement of the Performance Stock Units prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. Employee understands that the Company is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, Employee agrees that the Company shall have unilateral authority to amend the Plan and the Agreement without Employee's consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

12. Other Agreements. The terms of this Agreement shall be subject to, and shall not modify, the terms and conditions of any employment, severance, and/or change-in-control agreement between the Company (or a Subsidiary) and Employee concerning equity-based awards ("Other Agreement"), except that, notwithstanding anything in such Other Agreement to the contrary, any normal retirement age of 65 or other retirement-based vesting provisions in such Other Agreement shall be of no force or effect for purposes of the vesting of these Performance Stock Units.

13. Governing Law and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, U.S.A., except to the extent that it implicates matters that are the subject of the General Corporation Law of the State of Delaware, which matters shall be governed by the latter law notwithstanding any conflicts of laws principles that may be applied or invoked directing the application of the laws of another jurisdiction. Exclusive venue for any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it or arising from it, or dispute resolution proceeding arising hereunder for any claim or dispute, the parties hereby submit to and consent to the sole and exclusive jurisdiction of Houston, Harris County, Texas, notwithstanding any conflicts of laws principles that may direct the jurisdiction of any other court, venue, or forum, including the jurisdiction of Employee's home country.

14. Language. Employee acknowledges and represents that he or she is proficient in the English language or has consulted with an advisor who is sufficiently proficient in English, as to allow Employee to understand the terms of this Agreement and any other documents related to the Plan. If Employee has received this Agreement or any other document related to the

Plan translated into a language other than English and if the translated version is different from the English version, the English version will control.

15. Insider Trading/Market Abuse Laws. Employee acknowledges that, depending on Employee's country of residence or the country of residence of Employee's broker, Employee may be subject to insider trading restrictions and/or market abuse laws, which may affect Employee's ability to accept, acquire, sell or otherwise dispose of shares of Stock, rights to shares of Stock (e.g., Performance Stock Units) or rights linked to the value of shares of Stock during such times as Employee is considered to have "inside information" regarding the Company, as defined by the laws or regulations in Employee's country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders placed by Employee before Employee possessed inside information. Furthermore, Employee could be prohibited from (i) disclosing inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Keep in mind third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Employee acknowledges that it is his or her responsibility to be informed of and compliant with such regulations, and Employee should speak to his or her personal advisor on this matter.

16. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

17. Severability. If one or more of the provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed so as to foster the intent of this Agreement and the Plan.

18. Section 409A. Notwithstanding anything in this Agreement to the contrary, if any provision in this Agreement would result in the imposition of an applicable tax under Section 409A of the Code and related regulations and United States Department of the Treasury pronouncements ("Section 409A"), that provision will be reformed to avoid imposition of the applicable tax and no action taken to comply with Section 409A shall be deemed to adversely affect Employee's rights under this Agreement.

19. Addendum. Notwithstanding any provision in this Agreement or the Plan to the contrary, the Performance Stock Units shall be subject to the special terms and provisions set forth in the Addendum to this Agreement for Employee's country. Moreover, if Employee relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to Employee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes part of this Agreement.

20. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Employee's participation in the Plan, on the Performance Stock Units and on any shares of Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Employee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

21. Waiver. Employee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or any subsequent breach by Employee or any other Employee.

22. Foreign Asset/Account Reporting, Exchange Control Requirements. Certain foreign asset and/or foreign account reporting requirements and exchange controls may affect Employee's ability to acquire or hold shares of Stock under the Plan or cash received from participating in the Plan in a brokerage or bank account outside Employee's country. Employee may be required to report such accounts, assets or transactions to the tax or other authorities in Employee's country. Employee may also be required to repatriate sale proceeds or other funds received as a result of Employee's participation in the Plan to Employee's country through a designated bank or broker and/or within a certain time after receipt. Employee is responsible for complying with any applicable regulations and should consult his or her personal legal and tax advisors for any details.

[Signatures on the following page.]

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and Employee has executed this Agreement, all as of the date first above written.

KBR, INC.

By:_____

Name: Stuart J. B. Bradie
Title: President and CEO

EMPLOYEE:

_____

Date:_____

Addendum
KBR, INC.

Terms and Conditions of Performance Stock Unit Grant

SPECIAL PROVISIONS OF PERFORMANCE STOCK UNITS IN CERTAIN COUNTRIES

This Addendum includes special country-specific terms that apply to residents in countries listed below. This Addendum is part of the Agreement. Unless otherwise provided below, capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Agreement.

This Addendum also includes information regarding exchange controls and certain other issues of which Employee should be aware with respect to Employee's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2022. Such laws are often complex, change frequently, certain individual exchange control reporting requirements may apply upon vesting of Performance Stock Units and/or sale of Stock and results may be different based on the particular facts and circumstances. As a result, the Company strongly recommends that Employee does not rely on the information noted herein as the only source of information relating to the consequences of Employee's participation in the Plan because the information may be out of date at the time Employee's Performance Stock Units vest or Employee sells shares of Stock acquired under the Plan.

In addition, the information is general in nature and may not apply to Employee's particular situation, and the Company is not in a position to assure Employee of any particular result. Accordingly, Employee should seek appropriate professional advice as to how the relevant laws in Employee's country may apply to Employee's situation.

If Employee is a citizen or resident of a country other than the country in which Employee is working, or if Employee transfers employment after the Performance Stock Units are granted to Employee, the information contained in this Addendum for the country Employee works in at the time of grant may not be applicable to Employee and the Company, in its discretion, may determine to what extent the terms and conditions contained herein shall be applicable to Employee. If Employee transfers residency and/or employment to another country or is considered a resident of another country listed in the Addendum after the Performance Stock Units are granted to Employee, the terms and/or information contained for that new country (rather than the original grant country) may be applicable to Employee.

AUSTRALIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Offer Document.

This offer document sets out information regarding the grant of Performance Stock Units to Australian resident employees of the Company and its Australian Subsidiary(ies). The offer of Performance Stock Units under the Plan to Australian resident employees is intended to comply with the provisions of the Australian Corporations Act 2001 (Cth) ("Corporations Act"), Australian Securities and Investments Commission ("ASIC") Regulatory Guide 49 and ASIC Class Order 14/1000.

Additional Documents.

In addition to the information set out in the Agreement, including this Addendum, Employee is also being provided with copies of the following documents:

(a) the Plan; and
(b) the Plan prospectus.

(collectively, the "Additional Documents"). The Additional Documents provide further information to help Employee make an informed investment decision about participating in the Plan. Neither the Plan nor the Plan prospectus is a prospectus for the purposes of the Corporations Act.

Employee should not rely upon any oral statements made in relation to this offer. Employee should rely only upon the statements contained in the Agreement, including this Addendum, and the Additional Documents when considering participation in the Plan.

General Information Only.

The information herein is general information only. It is not advice or information that takes into account any **Employees'** objectives and financial situation.

Employees should consider obtaining their own financial product advice from a person who is licensed by ASIC to give such advice.

Risk Factors for Australian Residents.

Employee should have regard to risk factors relevant to investment in securities generally and, in particular, to the holding of shares of Stock. For example, the price at which a share of Stock is quoted on the New York Stock Exchange ("NYSE") may increase or decrease due to a number of factors. There is no guarantee that the price of a share of Stock will increase. Factors which may affect the price of a share of Stock include fluctuations in the domestic and international market for the listed stocks, general economic conditions, including interest rates, inflation rates, legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

More information about potential factors that could affect the Company's business and financial results is included in the Company's most recent Annual Report on Form 10-K and other filings the Company may make from time to time with the U.S. Securities and Exchange Commission. Copies of these reports are available at http://sec.gov and upon request to the Company.

In addition, Employee should be aware that the Australian dollar value of the shares of Stock Employee may acquire under the Plan will be affected by the U.S./Australian dollar exchange rate. Participating in the Plan involves risks related to fluctuations in this rate of exchange.

Common Stock in a U.S. Corporation.

Common stock of a U.S. corporation is analogous to ordinary shares of an Australian corporation. Each holder of a share of Stock is entitled to one vote. Further, shares of Stock are not liable to any further calls for payment of capital or for other assessment by the Company and have no sinking fund provisions, pre-emptive rights, conversion rights or redemption provisions.

Ascertaining the Market Price of Shares.

Employee may ascertain the market price of a share of Stock by obtaining the current trading price of a share on the NYSE at https://www.nyse.com/index under the ticker "KBR". The Australian dollar equivalent of that price can be obtained at: http://www.rba.gov.au/statistics/frequency/exchange-rates.html.

This will not be a prediction of the market price of an individual share when such shares are acquired under the Plan or of the applicable exchange rate on the acquisition date.

Tax Information.

The Plan is a plan to which subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Exchange Control Information.

Exchange control reporting is required for cash transactions exceeding AUD10,000 and for international fund transfers. The Australian bank assisting with the transaction will file the report for Employee. If there is no Australian bank involved in the transfer, Employee will have to file the report.

AZERBAIJAN
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Payment for Vested Performance Stock Units.

The following provision replaces Paragraph 2(e) of the Agreement:

Notwithstanding anything in the Agreement, the Performance Stock Units do not provide Employee with any right to receive shares of Stock. Upon vesting, the Performance Stock Units shall be settled and paid only in cash through local payroll in an amount equal to the Fair Market Value of the shares of Stock as of the vesting date less any Tax-Related Items. Such payment shall be made as soon as administratively practicable after vesting, but in no event later than thirty days after the vesting date. Further, Employee agrees to bear any currency fluctuation risk between the time the Performance Stock Units vest and the time the cash payment is distributed to Employee.

Securities Law Information.

Employee understands that the Agreement, the Plan and all other materials Employee may receive regarding Employee's participation in the Plan do not constitute advertising or offering of securities in Azerbaijan. The offering of the Performance Stock Units pursuant to the Plan has not been and will not be registered in Azerbaijan.

BAHRAIN
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

The Agreement, the Plan and all other materials Employee may receive regarding participation in the Plan do not constitute advertising or the offering of securities in Bahrain, nor do they constitute an allotment of securities in Bahrain. Any Stock issued upon settlement of the Performance Stock Units will be deposited into a Company-designated brokerage account outside Bahrain. In no event will Stock be issued or delivered in Bahrain. The issuance of Stock pursuant to the Performance Stock Units described herein has not and will not be registered in Bahrain and, hence, the Stock described herein may not be admitted or used for offering, placement or public circulation in Bahrain. Accordingly, Employee may not make any public advertising or announcements regarding the Performance Stock Units or Stock in Bahrain, promote Stock to legal entities or individuals in Bahrain, or sell Stock directly to other legal entities or individuals in Bahrain. Any disposition or sale of Stock must take place outside Bahrain.

CANADA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Performance Stock Units Payable Only in Stock.

The following provision supplements Paragraph 2(e) of the Agreement:

Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the award of Performance Stock Units does not provide any right for Employee to receive a cash payment and shall be paid in shares of Stock only.

Foreign Account/Asset Tax Reporting Information.

Employee may be required to report his or her specified foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of his or her specified foreign property exceeds C$100,000 at any time in the year. Foreign specified property includes cash, any shares of Stock issued to Employee upon vesting and settlement of the Award as well as the Performance Stock Units. Performance Stock Units must be reported - generally at a nil cost - if the C$100,000 cost threshold is exceeded because of other foreign property that Employee holds. If shares of Stock are acquired, their cost generally is the adjusted cost base ("ACB"). The ACB would normally equal the fair market value of the shares of Stock issued to Employee upon vesting and settlement of the Award, but if Employee owns other shares, this ACB may have to be averaged with the ACB of the other shares. The Form T1135 is required for every year during which foreign specified property exceeds C$100,000 and must be filed with Employee's annual tax return.

Termination of Employment.

The following provision supplements Paragraph 7(j) of the Agreement and supplements the balance of the Agreement:

For purposes of this Award, in the event of Employee's termination of employment for any reason (regardless of the reason for such termination and whether or not the termination is later found to be invalid, unlawful or in breach of employment laws in the jurisdiction where Employee is providing services or the terms of Employee's employment agreement, if any), unless otherwise provided in this Agreement or the Plan, Employee's right to vest in the Performance Stock Units, if any, will terminate effective as of the date that is the earliest of (1) the date Employee is no longer actually providing services to the Company or any of its Subsidiaries; or (2) the date Employee receives (or provides) written notice of termination of employment. Subject to the below, on and after such date, Employee will no longer be considered to be an "employee" or "employed" for the purposes of this Agreement. Unless explicitly required by applicable legislation, such date will exclude and will not be extended by any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under statute, contract, common/civil law or otherwise. Furthermore, Employee will not earn, or be entitled to earn, any pro-rated vesting for that portion of time before the date on which Employee's right to vest terminates, nor will Employee be entitled to any compensation for lost vesting. Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Employee's right to vest in the Performance Stock Units, if any, will terminate effective as of the last day of Employee's minimum

statutory notice period, but Employee will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Employee's statutory notice period, nor will Employee be entitled to any compensation for lost vesting.

Securities Law Information.

Employee is permitted to sell shares of Stock acquired under the Plan through the designated broker appointed under the Plan, if any, provided that the sale of such shares takes place outside Canada through the facilities of a stock exchange on which the shares of Stock are listed (i.e., the New York Stock Exchange).

The following provisions shall apply if Employee is a resident of Ontario:

Post-Employment Non-Competition - Ontario

If Employee is employed in the Province of Ontario and Employee is not an Executive within the meaning of Section 67.2(4) of the Employment Standards Act, 2000, the covenant in Paragraph 10(b)(i) shall not apply to Employee.

The following provisions shall apply if Employee is a resident of Quebec:

Data Privacy.

This provision supplements Paragraph 6 of the Agreement:

Employee hereby authorizes the Company and representatives of any Subsidiary to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Employee further authorizes the Company and any Subsidiary and the administrators of the Plan to disclose and discuss the Plan with their advisors. Employee further authorizes the Company and any Subsidiary to record such information and to keep such information in Employee's file.

Language Consent.

The parties acknowledge that it is their express wish that the Agreement, including this Addendum, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée.

Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciares, éxécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

CHINA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Payment for Vested Performance Stock Units.

The following provision replaces Paragraph 2(e) of the Agreement:

Notwithstanding anything in the Agreement, the Performance Stock Units do not provide Employee with any right to receive shares of Stock. Upon vesting, the Performance Stock Units shall be settled and paid only in cash through local payroll in an amount equal to the Fair Market Value of the shares of Stock as of the vesting date less any Tax-Related Items. Such payment shall be made as soon as administratively practicable after vesting, but in no event later than thirty days after the vesting date. Further, Employee agrees to bear any currency fluctuation risk between the time the Performance Stock Units vest and the time the cash payment is distributed to Employee.

FINLAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

There are no country-specific provisions.

GERMANY
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

Cross-border payments in excess of €12,500 (e.g., proceeds from the sale of shares of Stock), must be reported monthly to the German Federal Bank. Employee is responsible for satisfying the reporting obligation and must file the report electronically by the fifth day of the month following the month in which the payment is received. A copy of the form can be accessed via the German Federal Bank's website at www.bundesbank.de and is available in both German and English.

INDIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

Employee must repatriate the proceeds from the sale of shares of Stock and any cash dividends paid on such Stock within the period of time required under applicable regulations. Employee will receive a foreign inward remittance certificate ("FIRC") from the bank where Employee deposits the foreign currency. Employee should maintain the FIRC received from the bank as evidence of the repatriation of the funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is Employee's responsibility to comply with applicable exchange control laws in India.

Foreign Account/Asset Tax Reporting Information.

Employee is required to declare in his or her annual tax return (a) any foreign assets held by him or her or (b) any foreign bank accounts for which he or she has signing authority.

MEXICO
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Acknowledgement of the Agreement.

In accepting the award of Performance Stock Units, Employee acknowledges that Employee has received a copy of the Plan, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement. Employee further acknowledges that Employee has read and specifically and expressly approves the terms and conditions of Paragraph 7 of the Agreement, in which the following is clearly described and established:

(1) Employee's participation in the Plan does not constitute an acquired right.

(2) The Plan and Employee's participation in the Plan are offered by the Company on a wholly discretionary basis.

(3) Employee's participation in the Plan is voluntary.

(4) The Company and its Subsidiaries are not responsible for any decrease in the value of the underlying shares of Stock.

Labor Law Acknowledgement and Policy Statement.

In accepting the award of Performance Stock Units, Employee expressly recognizes that KBR, Inc., with registered offices at 601 Jefferson Street, Suite 3400, Houston, Texas 77002, U.S.A., is solely responsible for the administration of the Plan and that Employee's participation in the Plan and acquisition of shares of Stock does not constitute an employment relationship between Employee and KBR, Inc. since Employee is participating in the Plan on a wholly commercial basis and Employee's sole employer is a Subsidiary of the Company in Mexico ("KBR-Mexico"), not KBR, Inc. in the U.S. Based on the foregoing, Employee expressly recognizes that the Plan and the benefits that Employee may derive from participation in the Plan do not establish any rights between Employee and Employee's employer, KBR-Mexico, and do not form part of the employment conditions and/or benefits provided by KBR-Mexico and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Employee's employment.

Employee further understands that Employee's participation in the Plan is as a result of a unilateral and discretionary decision of KBR, Inc.; therefore, KBR, Inc. reserves the absolute right to amend and/or discontinue Employee's participation at any time without any liability to Employee.

Finally, Employee hereby declares that he or she does not reserve to Employee any action or right to bring any claim against KBR, Inc. for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and Employee therefore grants a full and broad release to KBR, Inc., its Subsidiary, branches, representation offices, its shareholders, officers, agents or legal representatives with respect to any claim that may arise.

Reconocimiento del Convenio.

Aceptando este Premio (Award),[1] el Participante (Employee) reconoce que ha recibido una copia del Plan, que lo ha revisado como así también el Convenio en su totalidad, y comprende y está de acuerdo con todas las disposiciones tanto del Plan como del Convenio. Asimismo, el Participante reconoce que ha leído y específicamente y expresamente manifiesta la conformidad del Participante con los términos y condiciones establecidos en la cláusula 7 de dicho Convenio, en el cual se establece claramente que:

(1) La participación del Participante en el Plan de ninguna manera constituye un derecho adquirido.

(2) Que el Plan y la participación del Participante en el mismo es una oferta por parte de KBR, Inc. de forma completamente discrecional.

(3) Que la participación del Participante en el Plan es voluntaria.

(4) Que KBR, Inc. y sus Entidades Relacionadas no son responsables por cualquier pérdida en el valor de el Premio y/o Acciones otorgadas mediante el Plan.

Reconocimiento de Ausencia de Relación Laboral y Declaración de la Política.

Aceptando este Premio, el Participante reconoce que KBR, Inc. y sus oficinas registradas en 601 Jefferson Street, Suite 3400, Houston, Texas 77002, U.S.A., es el único responsable de la administración del Plan y que la participación del Participante en el mismo y la adquisicion de Acciones no constituye de ninguna manera una relación laboral entre el Participante y KBR, Inc., toda vez que la participación del Participante en el Plan deriva únicamente de una relación comercial con KBR, Inc., reconociendo expresamente que el único empleador del Participante es la Subsidaria de la Compania en Mexico *("KBR-Mexico"), no es KBR, Inc. en los Estados Unidos.* Derivado de lo anterior, el Participante expresamente reconoce que el Plan y los beneficios que pudieran derivar del mismo no establecen ningún derecho entre el Participante y su empleador, KBR-México, y no forman parte de las condiciones laborales y/o prestaciones otorgadas por KBR-México, y expresamente el Participante reconoce que cualquier modificación al Plan o la terminación del mismo de manera alguna podrá ser interpretada como una modificación de los condiciones de trabajo del Participante.

Asimismo, el Participante entiende que su participación en el Plan es resultado de la decisión unilateral y discrecional de KBR, Inc., por lo tanto, KBR, Inc. se reserva el derecho absoluto para modificar y/o terminar la participación del Participante en cualquier momento, sin ninguna responsabilidad para el Participante.

Finalmente, el Participante manifiesta que no se reserva ninguna acción o derecho que origine una demanda en contra de KBR, Inc., por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y en consecuencia el Participante otorga un amplio y total finiquito a KBR, Inc., sus Entidades Relacionadas, afiliadas, sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales con respecto a cualquier demanda que pudiera surgir.

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[1] El término "Premio" se refiere a la palabra "Performance Stock Units."

Securities Law Information.

The Performance Units granted, and any shares of Stock acquired, under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, Agreement and any other document relating to the Performance Units may not be publicly distributed in Mexico. These materials are addressed to Employee because of his or her existing relationship with the Company and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities, but rather a private placement of securities addressed specifically to individuals who are present service providers made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

POLAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

If Employee holds foreign securities (including shares of Stock) and maintains accounts abroad, Employee may be required to file certain reports with the National Bank of Poland. Specifically, if the value of securities and cash held in such foreign accounts exceeds PLN 7 million, Employee must file reports on the transactions and balances of the accounts on a quarterly basis. Further, any fund transfers in excess of €15,000 (or PLN 15,000 if such transfer of funds is connected with business activity of an entrepreneur) into or out of Poland must be effected through a bank in Poland. Polish residents are required to store all documents related to foreign exchange transactions for a period of five years.

QATAR
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

There are no country-specific provisions.

ROMANIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Language Consent.

By accepting the grant of Performance Stock Units, Employee acknowledges that he or she is proficient in reading and understanding English and fully understands the terms of the documents related to the grant (the Agreement and the Plan), which were provided in the English language. Employee accept the terms of those documents accordingly.

Consimtamant cu privire la limba.

Prin acceptarea acordarii de Performance Stock Units, Employee confirma ca acesta sau aceasta are un nivel adecvat de cunoastere in ce priveste cititirea si intelegerea limbii engleze, a citit si confirma ca a inteles pe deplin termenii documentelor referitoare la acordare (Acordul si Planul), care au fost furnizate in limba engleza. Employee accepta termenii acestor documente in consecinta.

Exchange Control Information.

If Employee remits foreign currency into Romania (e.g., proceeds from the sale of shares of Stock), Employee may be required to provide the Romanian bank through which the foreign currency is transferred with appropriate documentation explaining the source of the funds.

SAUDI ARABIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If Employee does not understand the contents of this document, Employee should consult his or her own advisor or an authorized financial advisor.

SINGAPORE
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

The grant of Performance Stock Units is being made in reliance of section 273(1)(f) of the Securities and Futures Act (Chap. 289) ("SFA") for which it is exempt from the prospectus and registration requirements under the SFA and is not made to Employee with a view of the Performance Stock Units being subsequently offered to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Employee should note that the Performance Stock Units are subject to section 257 of the SFA and Employee will not be able to make (i) any subsequent sale of the shares of Stock in Singapore or (ii) any offer of such subsequent sale of the shares of Stock subject to the Performance Stock Units in Singapore, unless such sale or offer in is made (a) more than six months after the Grant Date or (b) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA, or pursuant to, and in accordance with the condition of, any other applicable provisions of the SFA.

Director Notification Information.

If Employee is a director of a Singapore Subsidiary, Employee must notify the Singapore Subsidiary in writing within two business days of Employee receiving or disposing of an interest (e.g., Performance Stock Units, shares of Stock, etc.) in the Company or any Subsidiary or within two business days of Employee becoming a director if such an interest exists at the time. This notification requirement also applies to an associate director of the Singapore Subsidiary and to a shadow director of the Singapore Subsidiary (i.e., an individual who is not on the board of directors of the Singapore Subsidiary but who has sufficient control so that the board of directors of the Singapore Subsidiary acts in accordance with the "directions and instructions" of the individual).

SOUTH KOREA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Foreign Account/Asset Tax Reporting Information.

Employee must declare all of his or her foreign financial accounts (i.e., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authorities and file a report with respect to such accounts if the value of such accounts exceeds a certain threshold (currently, KRW 500 million (or an equivalent amount in foreign currency)) on any month-end date during the year.

SWITZERLAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

Neither this document nor any other materials relating to the Performance Units (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA"), (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee of the Company, or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to Article 51 of FinSA or any other Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority.

THAILAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

If the proceeds from the sale of shares of Stock or any cash dividends received in relation to such shares of Stock exceed USD 1,000,000 (or its equivalent amount) in a single transaction, Employee is required to immediately repatriate the funds to Thailand upon receipt and either (i) convert the repatriated foreign currency into Thai Baht or (ii) deposit such foreign currency into his/her foreign currency deposit account opened with any commercial bank in Thailand, within 360 calendar days from the date on which the proceeds are repatriated into Thailand. Employee is also required to inform the details of the transaction (i.e., identification information and purpose of the transaction) to the remittance bank acting as an authorized agent of the Bank of Thailand to report the inward remittance of funds into Thailand.

UNITED ARAB EMIRATES
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

The Plan is only being offered to qualified Employees and is in the nature of providing equity incentives to Employees in the United Arab Emirates ("UAE"). Any documents related to the Plan, including the Plan, Plan prospectus and other grant documents ("Plan Documents"), are intended for distribution only to such Employees and must not be delivered to, or relied on by, any other person. Prospective stockholders should conduct their own due diligence on the securities. If Employee does not understand the contents of the Plan Documents, Employee should consult an authorized financial adviser.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any Plan Documents nor taken steps to verify the information set out in them, and thus, are not responsible for such documents.

UNITED KINGDOM
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Withholding of Taxes.

This section supplements Paragraph 3 of the Agreement.

Without limitation to Paragraph 3 of the Agreement, Employee agrees that he or she is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or the Employer, as applicable, or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). Employee also agrees to indemnify and keep indemnified the Company and the Employer, as applicable, for any Tax-Related Items that they are required to pay or withhold or have paid or will pay on Employee's behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if Employee is an officer or executive director (as within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In this case, the amount of any income tax not collected within 90 days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to Employee on which additional income tax and national insurance contributions may be payable. Employee acknowledges that Employee ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any national insurance contributions due on this additional benefit. Employee acknowledges that the Company or the Employer may recover any such additional income tax and national insurance contributions at any time thereafter by any of the means referred to in Paragraph 3 of the Agreement.

US/INTERNATIONAL EMPLOYEE (CASH ONLY)

PERFORMANCE AWARD AGREEMENT

Grant Date:_____

Re: Performance Unit Grant

I am pleased to inform you that KBR, Inc. (the "Company") has granted you Performance Units under the Company's Amended and Restated 2006 Stock and Incentive Plan, as amended and restated (the "Plan"), subject to the terms and conditions in the Plan and as set forth in this Performance Award Agreement, including any exhibits attached hereto (collectively, the "Agreement") as follows:

1. Grant of Performance Units.

The number of Performance Units granted to you as a Performance Award under the Plan is _____. Each Performance Unit shall have a target value of $1.00. The actual value, if any, of a Performance Unit at the end of the Performance Period (as defined in Exhibit A) will, subject to Paragraph 3 below, be determined based on the level of achievement during the Performance Period of the performance objectives set forth in Exhibit A hereto, which is made a part hereof for all purposes. Eighty percent of the Performance Units shall be "Tranche One PUs" and twenty percent of the Performance Units shall be "Tranche Two PUs."

2. Terms of Performance Units.

(a) Vesting. Except as otherwise provided in subparagraphs (b) and (d) below, you will vest in the Performance Units earned (if any) for the Performance Period only if you are an employee of the Company or a Subsidiary on the date such earned Performance Units are paid, as provided in Paragraph 3 below.

In addition, except as otherwise provided in subparagraphs (b) and (d) below, you shall, for no consideration, forfeit all of the Tranche Two PUs on December 31, 2022, if the Committee that administers the Plan (the "Committee") determines, in its sole discretion, that calendar year 2022 was not a successful year for the Company. Any such determination by the Committee shall be made on or before March 31, 2023.

(b) Death, Disability or Retirement. Unless otherwise provided in an agreement pursuant to Paragraph 14, if you cease to be an employee of the Company or a Subsidiary as a result of (i) your death, (ii) your permanent disability (disability being defined as being physically or mentally incapable of performing either your usual duties as an employee or any other duties as an employee that the Company reasonably makes available and such condition is likely to remain continuously and permanently, as determined by the Company or employing Subsidiary), or (iii) your retirement with the approval of (A) the Committee if you are a "senior executive of

the Company" (as defined below) or (B) the Company's Chief Executive Officer (the "CEO") if you are not a senior executive of the Company (with such approval to be granted or withheld in the sole discretion of the Committee or the CEO, as applicable), then, in any such case, a prorata portion of your Performance Units that become "earned", if any, as provided in Exhibit A, will become vested; provided, however, that if the Tranche Two PUs have been forfeited pursuant to the last two sentences of subparagraph (a) above prior to the occurrence of an event described in clause (i), (ii) or (iii) of this sentence, then the Tranche Two PUs shall remain forfeited, no portion of the Tranche Two PUs will vest upon the occurrence of any such event, and the prorata portion of your Performance Units that become "earned", if any, and that may become vested pursuant to this sentence shall be determined based solely upon the Tranche One PUs. The "prorata portion" that becomes vested shall be a fraction, the numerator of which is the number of days in the Performance Period in which you were an employee of the Company or a Subsidiary and the denominator of which is the total number of days in the Performance Period. If your termination for the above reasons is after the end of the Performance Period but before payment of the Performance Units earned, if any, for such Performance Period, you will be fully vested in any such earned Performance Units that have not yet been forfeited and which are still outstanding. "Senior executive of the Company" for purposes of this Agreement shall mean (i) the CEO and (ii) any regular, full-time employee of the Company or an affiliate who (A) is an officer of the Company required to file reports with the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, (B) is an officer of the Company who reports directly to the CEO, (C) is the Chief Accounting Officer of the Company, or (D) is the highest ranking management position (with at least a title of Director or above) with direct oversight over internal audits of the Company.

(c) Other Terminations. If you terminate employment from the Company and its Subsidiaries for any reason other than as provided in subparagraph (b) above or subparagraph (d) below or if you breach any of the covenants set forth in Paragraph 6, all unvested Performance Units held by you shall be forfeited without payment immediately upon such termination or the occurrence of such breach (as applicable).

(d) Corporate Change. Notwithstanding any other provision hereof, unless otherwise provided in an agreement pursuant to Paragraph 14, your Performance Units shall become fully vested at the maximum earned percentage provided in Exhibit A upon your Involuntary Termination or termination for Good Reason within two years following a Corporate Change (as provided in the Plan) (a "Double Trigger Event") during the Performance Period; provided, however, that if the Tranche Two PUs have been forfeited pursuant to the last two sentences of subparagraph (a) above prior to the occurrence of a Double Trigger Event, then the Tranche Two PUs shall remain forfeited, no portion of the Tranche Two PUs will vest upon the occurrence of the Double Trigger Event, and the portion of your Performance Units that

become vested pursuant to this sentence shall be determined based solely upon the Tranche One PUs. If a Double Trigger Event occurs after the end of the Performance Period and prior to payment of the earned Performance Units, you will be 100% vested in your earned Performance Units that have not yet been forfeited and which are still outstanding upon the Double Trigger Event and payment will be made in accordance with the results achieved for the Performance Period ended as provided in Exhibit A.

For purposes of this Agreement, employment with the Company includes employment with a Subsidiary. For the avoidance of doubt, it is expressly provided that you shall be considered to have terminated employment with the Company at the time of the termination of the "Subsidiary" status under the Plan of the entity or other organization that employs you.

3. Payment of Vested Performance Units. As soon as administratively practicable after the end of the Performance Period, but no later than the March 15th following the end of the Performance Period, or with respect to a Double Trigger Event occurring prior to the end of the Performance Period, the date of the Double Trigger Event (but no later than the March 15th following the calendar year in which occurs the date of the Double Trigger Event), you shall be entitled to receive from the Company a payment in cash equal to the product of the Payout Percentage (as defined in Exhibit A) and the sum of the target values of your vested Performance Units; provided, however, that such payment amount may be reduced, but not increased, by any amount (including a reduction resulting in a payment of $0) in the sole discretion of (a) the Committee if you are a senior executive of the Company or (b) the CEO if you are not a senior executive of the Company (provided, further, that any such discretion to reduce such payment amount may not be exercised by the Committee or the CEO, as applicable, at any time after the occurrence of a Corporate Change). Except as provided in Exhibit A with respect to a Double Trigger Event, if the performance thresholds set forth in Exhibit A are not met, no payment shall be made with respect to the Performance Units, whether or not vested. Notwithstanding the foregoing, in no event may the amount paid to you by the Company in any year with respect to Performance Units earned hereunder exceed the applicable limit under Article V of the Plan.

4. Recovery of Payment of Vested Performance Units. If, within the three-year period beginning on the date that you receive a payment pursuant to Paragraph 3, the basis upon which the performance measurements were achieved during any calendar year of the Performance Period changes because of any restatement of or revision to the Company's financial results, shareholder return, or any other performance measure for the same calendar year, regardless of fault, and the value of the Performance Units earned at the end of the Performance Period is determined to have resulted in an overpayment based on such calendar year's restated or revised financial results, shareholder return or other performance measure, the Committee (or the CEO if you are not a senior executive of the Company) may, in its sole and absolute discretion, seek recovery of the amount of the Performance Award determined to be an overpayment or hold the overpayment as debit against future Awards for up to a three-year period following the end of the Performance Period. In addition, the Company may seek recovery of any benefits provided to you under

this Agreement if such recovery is required by any clawback policy adopted by the Company, which may be amended from time to time, including, but not limited to, any clawback policy adopted to satisfy the minimum clawback requirements adopted under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the regulations thereunder or any other applicable law or securities exchange listing standard. The Company reserves the right, without your consent, to adopt any such clawback policy, including, but not limited to, such clawback policies applicable to this Performance Award with retroactive effect.

5. Limitations Upon Transfer. All rights under this Agreement shall belong to you and may not be transferred, assigned, pledged, or hypothecated in any way (whether by operation of law or otherwise), other than by will or the applicable laws of descent and distribution or, if you are exclusively subject to the laws of the United States, pursuant to a "qualified domestic relations order" (as defined by the Code), and shall not be subject to execution, attachment, or similar process. Upon any attempt to transfer, assign, pledge, hypothecate, or otherwise dispose of such rights contrary to the provisions in this Agreement or the Plan, or upon the levy of any attachment or similar process upon such rights, such rights shall immediately become null and void.

6. Non-Competition; Non-Solicitation; Non-Disclosure.

(a) Following the date you enter into this Agreement, the Company and/or its Subsidiary(ies) shall provide you access to Confidential Information (as defined below). Such Confidential Information shall be for use only during your employment with the Company, and as an express incentive for the Company to enter into this Agreement and to grant to you the Performance Units (which grant, you acknowledge, shall further align your interests with the long-term business interests of the Company and its Subsidiaries) and provide you with Confidential Information, you have voluntarily agreed to the covenants set forth in this Paragraph 6. You agree and acknowledge that the limitations and restrictions set forth herein, including geographical and temporal restrictions on certain competitive activities, are reasonable in all respects, do not interfere with public interests, will not cause you undue hardship, and are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the Company's and its Subsidiaries' trade secrets and other Confidential Information, goodwill and legitimate business interests.

(b) During the Prohibited Period (as defined below), you shall not, without the prior written approval of the Company, directly or indirectly, for yourself or on behalf of or in conjunction with any other person or entity of any nature:

(i) engage in or participate within the Market Area (as defined below) in competition with the Company or any of its Subsidiaries in any aspect of the Business (as defined below), which prohibition shall prevent you from directly or indirectly: (A) owning, managing, operating, or being an officer or director of, any business that competes with the Company or any of its

Subsidiaries in the Market Area, or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with the Company or any of its Subsidiaries in any capacity (with respect to this clause (B)) in which your duties or responsibilities are the same as or similar to the duties or responsibilities that you had on behalf of the Company or any of its Subsidiaries, or involve direct or indirect oversight over such duties or responsibilities;

(ii) appropriate any Business Opportunity of, or relating to, the Company or any of its Subsidiaries located in the Market Area;

(iii) solicit, canvass, approach, encourage, entice or induce any customer or supplier of the Company or any of its Subsidiaries for whom or which you had responsibility in the final 12 months prior to the termination of your employment with the Company to cease or lessen such customer's or supplier's business with the Company or any of its Subsidiaries; or

(iv) solicit, canvass, approach, encourage, entice or induce any employee or contractor of the Company or any of its Subsidiaries to terminate his, her or its employment or engagement with the Company or any of its Subsidiaries.

(c) Notwithstanding any other provision of this Agreement:

(i) the covenants set forth in this Paragraph 6 shall not apply to restrict any of your activities within the State of California, including if you are a California resident; and

(ii) if prohibited by any applicable law regarding non-competition restrictions in Washington, D.C., the covenants set forth in Paragraphs 6(b)(i) and 6(b)(ii) shall not apply with respect to any activities conducted within (including individuals' performance of work in) Washington, D.C.;

provided, however, for the avoidance of doubt, the foregoing exceptions under this Paragraph 6(c) shall not limit any other obligations that you owe to the Company or any of its Subsidiaries under any other agreements or applicable laws, including (without limitation) with respect to the protection of Confidential Information.

(d) If you are an attorney at law or licensed lawyer in any jurisdiction, none of the restrictions set forth in this Paragraph 6 shall be interpreted or applied in a manner to prevent or restrict you from practicing law, as it is the intent of this Paragraph 6 to create certain limitations on your business activities only, and not to create limitations that would restrict you from practicing law. If you are an attorney at law or licensed to practice law, you acknowledge and agree that, both during your employment with the Company and thereafter, you shall be bound by all ethical

and professional obligations (including those with respect to conflicts of interest and confidentiality) that may arise from your provision of legal services to, and acting as legal counsel for, the Company and (as applicable) its Subsidiaries.

(e) You agree, both during and after your employment with the Company, not to use or disclose any Confidential Information other than for the benefit of the Company or its Subsidiaries in the course of your duties for the Company or its applicable Subsidiary. All trade secrets, non-public information, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by or disclosed to you, individually or in conjunction with others, in connection with your employment with the Company or otherwise during the time that you are or have been employed or engaged by the Company or any of its Subsidiaries (whether during business hours or otherwise and whether on the Company's or its Subsidiaries' premises or otherwise), that relate to the Companies' or its Subsidiaries' businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, formulas, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, research and development information, the identity of key contacts within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks) is defined as "Confidential Information". For purposes of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure or wrongful act of you or your agents; (ii) was available to you on a non-confidential basis before its disclosure by the Company or any of its Subsidiaries; or (iii) becomes available to you on a non-confidential basis from a source other than the Company or any of its Subsidiaries; provided, that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, the Company or any of its Subsidiaries.

(f) Notwithstanding the foregoing Paragraph 6(e), nothing in this Agreement shall prohibit or restrict you from lawfully (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority (in each instance regarding a possible violation of any law); (ii) responding to any inquiry or legal process directed to you from any such governmental authority; (iii) testifying, participating or otherwise assisting in an action or proceeding by any such governmental authority relating to a possible violation of law or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (x) is made (A) in

confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; (y) is made to your attorney in relation to a lawsuit for retaliation against you for reporting a suspected violation of law or (z) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Agreement requires you to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company or any of its Subsidiaries that you have engaged in any such conduct.

(g) Because of the difficulty of measuring economic losses to the Company and its Subsidiaries as a result of a breach or threatened breach of the covenants set forth in this Paragraph 6, and because of the immediate and irreparable damage that would be caused to the Company and its Subsidiaries for which they would have no other adequate remedy, the Company and each of its Subsidiaries shall be entitled to enforce the foregoing covenants, in the event of a breach or threatened breach, by injunctions and restraining orders from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall not be the Company's or its Subsidiaries' exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company and each of its Subsidiaries at law and equity.

(h) The covenants in this Paragraph 6, and each provision and portion hereof, are severable and separate, and the unenforceability of any specific covenant (or portion thereof) shall not affect the provisions of any other covenant (or portion thereof). Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which such arbitrator or court deems reasonable, and this Agreement shall thereby be reformed.

(i) The following terms shall have the following meanings:

(i) "Business" shall mean the business and operations that are the same or similar to those performed by the Company and any of its Subsidiaries for which you provide services or about which you obtain Confidential Information during your employment with the Company.

(ii) "Business Opportunity" shall mean any commercial, investment or other business opportunity relating to the Business.

(iii) "Market Area" shall mean: (i) during that portion of the Prohibited Period that exists during which you are employed by the Company, any geographic area or market where you provide, or have provided, services to the

Company or any of its Subsidiaries; and (ii) during that portion of the Prohibited Period that exists following the date that you are no longer employed by the Company, any geographic area or market where you provided services to the Company or any of its Subsidiaries as of the date you are no longer employed by the Company or during the 12 months prior to such date.

(iv) "Prohibited Period" shall mean the period during which you are employed by the Company and continuing for a period of 12 months following the date that you are no longer employed by the Company; provided, however, with respect to a termination of employment with the Company on or after the date upon which a Corporate Change occurs, the Prohibited Period shall end on the date of such termination of employment with respect to the obligations under Paragraphs 6(b)(i) and 6(b)(ii).

7. Withholding of Tax. You acknowledge that, regardless of any action taken by the Company or, if different, your employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (1) do not make representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Units including, but not limited to, the grant, vesting or payout of the Performance Units; and (2) do not commit to structure the terms of the Performance Units or any aspect of the Performance Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company and/or your Employer or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (a) withholding from your wages or other cash compensation paid to you by the Company and/or your Employer, or (b) withholding from the payout of the Performance Units.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the Performance Units. You agree to pay the Company or the Employer, including through withholding from your wages or other cash compensation paid to you by the Company or the Employer, any amount of Tax-Related Items that the Company or the Employer may

be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to deliver the cash settlement, or any other form of pay-out for the Performance Units, if you fail to comply with your obligations in connection with the Tax-Related Items.

Notwithstanding the preceding provisions of this Paragraph 7, your liability with respect to Tax-Related Items shall be subject to any international tax assignment agreement then in effect between you and the Company, the Employer or any of their respective affiliates or any tax policies or procedures applicable to your home country, and in the event of any conflict between the terms of this Paragraph 7 and the terms of such international tax assignment agreement or such tax policies or procedures, the terms of such international tax assignment agreement or such tax policies or procedures, as applicable, shall control.

8. Nature of Grant. In accepting the Performance Units, you acknowledge, understand and agree that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan; (b) the grant of the Performance Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Units, or benefits in lieu of Performance Units, even if Performance Units have been granted in the past; (c) all decisions with respect to future Performance Units or other grants, if any, will be at the sole discretion of the Company; (d) the grant of Performance Units and your participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, your Employer, or any Subsidiary and shall not interfere with the ability of the Employer to terminate your employment or service relationship (if any); (e) you are voluntarily participating in the Plan; (f) the Performance Units, and the income and value of same, are not intended to replace any pension rights or compensation; (g) the Performance Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday-pay, bonuses, long-service awards, leave-related payments, pension or retirement benefits or similar mandatory payments; (h) the future value of the Performance Units is unknown, indeterminable and cannot be predicted with certainty; (i) no claim or entitlement to compensation or damages shall arise from the forfeiture of the Performance Units resulting from you ceasing to provide employment or other services to the Company or your Employer (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); (j) in the event of involuntary termination of your active employment or other services (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), unless otherwise provided in this Agreement or determined by the Company, your right to vest in the Performance Units under the Plan, if any, will terminate effective as of the date that you are no longer actively providing services and will not be extended by any notice period (e.g., active services would not include any contractual notice period or any period of "garden leave" or similar period mandated under

employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), except as expressly provided herein, and that the Company shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the Performance Units (including whether you may still be considered to be providing services while on an approved leave of absence); (k) unless otherwise provided in the Plan or by the Company in its discretion, the Performance Units and the benefits evidenced by this Agreement do not create any entitlement to have the Performance Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; (l) unless otherwise agreed with the Company, the Performance Units, and the income and value of same, are not granted as consideration for, or in connection with, services you may provide as a director of a Subsidiary; (m) if you are requested to make repayment under Paragraph 4, you will make repayment immediately; and (n) the following provisions apply only if you are providing services outside the United States: (i) the Performance Units, and the income and value of same, are not part of normal or expected compensation or salary for any purpose; and (ii) neither the Company, the Employer nor any Subsidiary shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Performance Units or the subsequent payout of the Performance Units.

9. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

10. Data Privacy.

(a) Declaration of Consent. By accepting the Performance Units via the ***Company's acceptance procedure, you are declaring that you agree with the data*** processing practices described herein and consent to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned below, including recipients located in countries which may not have a similar level of protection from the perspective of the data protection laws in your country.

(b) Data Collection and Usage. The Company and the Employer may collect, process and use certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company and details of all Performance Units, ***whether vested or unvested, held in your favor ("Data"), for the purposes of*** implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is your consent.

(c) Plan Administration Service Providers. The Company may select a service provider to assist in the implementation, administration and management of the

Plan and the Company may share Data with such service provider. In such case, you may be asked to agree on separate terms and data processing practices with the service provider(s), which will be a condition of your ability to participate in the Plan.

(d) International Data Transfers. The Company is based in the United States, which means that it will be necessary for Data to be transferred to, and processed in, the United States. You understand that your country may have enacted data privacy laws that are different from the laws of the United States. As a result, in the absence of appropriate safeguards such as standard data protection clauses, the processing of your Data in the United States or, as the case may be, other countries might not be subject to substantive data processing principles or supervision by data protection authorities. In addition, you might not have enforceable rights regarding the processing of your Data ***in such countries. The Company's legal basis for the transfer of Data is your consent.***

(e) Data Retention. The Company will hold and use the Data only as long as is necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax, labor and exchange control laws.

(f) Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and you are providing the consents herein on a purely voluntary basis. You understand that you may withdraw consent at any time with future effect for any or no reason. If you do not consent, or if you later seek to revoke your consent, your salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to offer Performance Units to you or administer or maintain your participation in the Plan.

(g) Data Subject Rights. You understand that data subject rights vary depending on the applicable law and that, depending on where you are based and subject to the conditions set out in the applicable law, you may have, without limitation, the rights to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, you understand that you can contact your local human resources representative.

By clicking the "Accept" or similar button implemented into the relevant web page or platform, you declare, without limitation, your consent to the data processing operations described in this Agreement. You understand and acknowledge that you may withdraw consent at any time with future effect for any or no reason as described in sub-section (f) above.

11. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company or upon any person lawfully claiming under you.

12. Modification. Except to the extent permitted by the Plan, any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby.

13. Plan Controls. This grant is subject to the terms of the Plan, which are hereby incorporated by reference. In the event of a conflict between the terms of this Agreement and the Plan, the Plan shall be the controlling document. Capitalized terms used herein or in Exhibit A and not otherwise defined herein or in Exhibit A shall have the meaning ascribed to them in the Plan.

14. Other Agreements. The terms of this Agreement shall be subject to and governed by, and shall not modify, the terms and conditions of any employment, severance, and/or change-in-control agreement between the Company (or a Subsidiary) and you ("Other Agreement"), except that, notwithstanding anything in such Other Agreement to the contrary, any normal retirement age of 65 or other retirement-based vesting, payment or benefit provisions in such Other Agreement shall be of no force or effect for all purposes of the Performance Units granted under this Agreement.

15. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any document related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

16. Severability. If one or more of the provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed so as to foster the intent of this Agreement and the Plan.

17. Language. You acknowledge and represent that you are proficient in the English language or have consulted with an advisor who is sufficiently proficient in English, as to allow you to understand the terms of this Agreement and any other documents related to the Plan. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different from the English version, the English version will control.

18. Governing Law and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, U.S.A., except to the extent that it implicates matters that are the subject of the General Corporation Law of the State of Delaware, which matters shall be governed by the latter law notwithstanding any conflicts of laws principles that may be applied or invoked directing the application of the laws of another jurisdiction. The parties hereby submit to and consent to the sole and exclusive jurisdiction of Houston, Harris County, Texas, as exclusive venue for any action, lawsuit

or other proceedings brought to enforce this Agreement, relating to it or arising from it, or dispute resolution proceeding arising hereunder for any claim or dispute, notwithstanding any conflicts of laws principles that may direct the jurisdiction of any other court, venue, or forum, including the jurisdiction of the employee's home country.

19. Compliance with Law. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Performance Units, the Company shall not be required to deliver any payment from the payout of the Performance Units prior to the completion of any registration or qualification under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval, the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to seek approval or clearance from any governmental authority for payout of the Performance Units. Further, you agree that the Company shall have unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary to comply with any applicable law prior to the payout of the Performance Units.

20. Exhibit B. Notwithstanding any provisions in this document, the Performance Units shall be subject to any special terms and conditions set forth in Exhibit B to this Agreement for your country. Moreover, if you relocate to one of the countries included in Exhibit B, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Exhibit B constitutes part of this Agreement.

21. Imposition of Other Requirements. The Company reserves the right to impose other requirements on your participation in the Plan and on the Performance Units, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

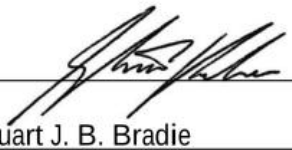
22. Waiver. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

23. Foreign Asset/Account Reporting, Exchange Control Requirements. Certain foreign asset and/or foreign account reporting requirements and exchange controls may affect your ability to hold cash received from participating in the Plan in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You may also be required to repatriate funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. You are responsible for complying with any applicable regulations and you should consult your personal legal and tax advisors for any details.

[Signatures on the following page.]

By signing below, you agree that the grant of these Performance Units is under and governed by the terms and conditions of the Plan, including the terms and conditions set forth in this Agreement, including Exhibit A and, to the extent applicable, Exhibit B. This grant shall be void and of no effect unless you execute this Agreement prior to the payment of your vested performance units.

KBR, INC.

By: 

Name: Stuart J. B. Bradie
Title: President and CEO

EMPLOYEE:

_____

Date: _____

EXHIBIT A

To Performance Award Agreement

Performance Goals

Except as otherwise provided in the Agreement, the provisions of this Exhibit A shall determine the extent, if any, that the Performance Units become "earned" and payable.

I. Performance Period

The Performance Period shall be the period beginning January 1, 2022, and ending December 31, 2024.

II. Total **Shareholder Return ("TSR")**

The payment of a Performance Unit will be determined, in part, based on the comparison of (i) the average of the TSRs (as defined below) of the Company's common stock measured at the end of each calendar quarter during the Performance Period, with each quarter's TSR indexed back to the beginning of the calendar year in which such calendar quarter occurs, to (ii) the average of the TSRs of each of the common stocks of the members of the Peer Group measured at the end of each calendar quarter during the Performance Period, with each quarter's TSR indexed back to the beginning of the calendar year in which such calendar quarter occurs.

"TSR" or "Total Shareholder Return" shall mean, with respect to a calendar quarter, the change in the price of a share of common stock from the beginning of the calendar year in which such calendar quarter occurs (as measured by the simple average of the closing prices of a share of such stock trading during regular trading hours for the last twenty trading days preceding the beginning of such calendar year) until the end of the applicable calendar quarter to be measured during the Performance Period (as measured by the simple average of the closing prices of a share of such stock trading during regular trading hours for the last twenty trading days of the calendar quarter), adjusted to reflect the reinvestment of dividends (if any) through the purchase of common stock at the closing price on the corresponding dividend payment date, which shall be the ex-dividend date, and rounded to the first decimal place. Dividends per share paid other than in the form of cash shall have a value equal to the amount of such dividends reported by the issuer to its shareholders for purposes of Federal income taxation.

A. Average TSR

The average TSR for a company for the Performance Period shall be the sum of the TSRs of the company measured at the end of each calendar quarter during the Performance Period, divided by 12. The average TSR for a company during the Performance Period shall be calculated based on the following formula:

2022 TSR Formula - Sustained Performance

$$\text{Average indexed performance} = \frac{\sum_{q=1}^{q=12} (x_q / x)}{12}$$

where:

- x = share price at beginning of calendar year in which the applicable calendar quarter occurs (measured by simple average of the closing prices of a share trading during regular trading hours for the last twenty trading days preceding the beginning of such calendar year)
- x_q = closing share price at the end of each quarter (measured by simple average of the closing prices of a share trading during regular trading hours for the last twenty trading days of such calendar quarter, and adjusted for dividends paid (where the dividend payment date is the ex-dividend date))
- q = quarter number (1 through 12)

Example 1:

Date	Share price * (x)	Index (x_q / x)
1/1/2022	$ 20.00	
3/31/2022	$ 22.00	110.0
6/30/2022	$ 24.00	120.0
9/30/2022	$ 21.00	105.0
12/31/2022	$ 20.00	100.0
3/31/2023	$ 18.00	90.0
6/30/2023	$ 22.00	110.0
9/30/2023	$ 25.00	125.0
12/31/2023	$ 28.00	140.0
3/31/2024	$ 31.00	110.7
6/30/2024	$ 33.00	117.9
9/30/2024	$ 30.00	107.1
12/31/2024	$ 28.00	100.0

$$\sum_{q=1}^{q=12} (x_q / x) = 1{,}335.7$$

$$\frac{\sum_{q=1}^{q=12} (x_q / x)}{12} = 111.3$$

* Average price adjusted for dividends paid in the period, where the dividend payment date is the ex-dividend date.

B. Peer Group and TSR Payout

Once the average TSR for the Company during the Performance Period is calculated, the average TSR for each company in the Peer Group shall be calculated.

The Peer Group shall consist of the following companies (including KBR, Inc.):

Booz Allen Hamilton Holding Corporation	Leidos Holdings, Inc.
CACI International Inc	ManTech International Corporation
Fluor Corporation	Parsons Corporation
Jacobs Engineering Group Inc.	Science Applications International Corporation

No company shall be added to, or removed from, the Peer Group during the Performance Period, except that a company shall be removed from the Peer Group if during such period (i) such company ceases to maintain publicly available statements of operations prepared in accordance with GAAP, (ii) such company is not the surviving entity in any merger, consolidation, or other reorganization (or survives only as a subsidiary of an entity other than a previously wholly owned entity of such company), or (iii) such company sells, leases, or exchanges all or substantially all of its assets to any other person or entity (other than a previously wholly owned entity of such company).

If one or more Peer Group companies are removed from the Peer Group, then the percentiles and TSR payouts will adjust for the change in "n" of the formula provided below; provided, however, that the adjustment must require at least a 90.0 percentile to receive the maximum TSR payout and at least a 20.0 percentile to receive the threshold TSR payout. After the average TSR is determined for the Company and each company in the Peer Group, the Company's average TSR rank among the average TSRs for the Peer Group for the Performance Period and the Company's applicable TSR payout percentage shall be determined by the following formula:

TSR Peer Group Percentile and TSR Payout Percentage Table

		Threshold	Target	Maximum
Percentile	<20%	20%	50%	**≥90%**
TSR Payout Percentage	0%	25%	100%	200%

LTI TSR Calculation Method			
	Ranking	Percentile *	TSR Payout Percentage**
Maximum	1	100.0%	200.0%
	2	87.5%	193.8%
	3	75.0%	162.5%
	4	62.5%	131.3%
Target	5	50.0%	100.0%
	6	37.5%	68.8%
Threshold	7	25.0%	37.5%
	8	12.5%	0.0%
	9	0.0%	0.0%

* Rounded to 1 decimal place.

** For a Percentile ranking between Threshold and Target or Target and Maximum, the TSR Payout Percentage earned shall be determined by linear interpolation between maximum and threshold based on the Percentile ranking achieved. Rounded to 1 decimal place.

Percentile for TSR purposes

$$\text{Percentile} = \frac{(n - r)}{(n - 1)} * 100\%$$

where:

n = number of Peer Group companies (including KBR)

r = KBR ranking in the list of companies (including KBR)

Example 1

KBR ranked 2nd out of 9 companies

$\frac{(9 - 2)}{(9 - 1)} * 100\% = 87.5\%$

Example 2

KBR ranked 4th out of 9 companies

$\frac{(9 - 4)}{(9 - 1)} * 100\% = 62.5\%$

Example 3

KBR ranked 3rd out of 8 companies

$\frac{(8 - 3)}{(8 - 1)} * 100\% = 71.4\%$

Example 4

KBR ranked 5th out of 7 companies

$\frac{(7 - 5)}{(7 - 1)} * 100\% = 33.3\%$

Notwithstanding any of the foregoing or Part IV. of this Exhibit A, if on the Grant Date you are an employee of the Company or any employing Subsidiary of the Company who is either the CEO or a direct report to the CEO and the Company's average TSR (as determined pursuant to Part II.A. of this Exhibit A) at the end of the Performance Period is negative (i.e., an index below 100), then no payment hereunder with respect to the TSR performance measure will exceed the Target (100%) payout under the TSR Peer Group Percentile and TSR Payout Table above; provided, however, that this sentence shall not apply if, pursuant to the first sentence of Paragraph 2(d) of the Agreement, your outstanding Performance Units become fully vested at the maximum earned percentage provided in Exhibit A (200%) upon a Double Trigger Event occurring during the Performance Period.

III. Book-to-Bill

The payment of a Performance Unit will be determined, in part, based on the Average Book-to-Bill Payout Ratio as determined under Part III. of this Exhibit A.

For purposes of Part III. of this Exhibit A, the following terms shall have the following meanings:

"Average Book-to-Bill Payout Ratio" means the quotient obtained by dividing (i) the sum of the Book-to-Bill Payout Ratios for each of the three calendar years in the Performance Period by (ii) three.

"Book-to-Bill Payout Ratio" means, with respect to a calendar year during the Performance Period, the amount determined in accordance with the following table:

		Threshold	Target	Maximum
Book-to-Bill Ratio for the calendar year	< Threshold Ratio for the calendar year	Threshold Ratio for the calendar year	Target Ratio for the calendar year	≥Maximum Ratio for the calendar year
Book-to-Bill Payout Ratio for the calendar year*	0%	25%	100%	200%

* If the Book-to-Bill Ratio for the calendar year is between the Threshold Ratio and the Target Ratio under the first row of the table above, then the Book-to-Bill Payout Ratio for such calendar year shall be determined by linear interpolation between Threshold (25%) and Target (100%) based on the Book-to-Bill Ratio result. If the Book-to-Bill Ratio for the calendar year is between the Target Ratio and the Maximum Ratio under the first row of the table above, then the Book-to-Bill Payout Ratio for such calendar year shall be determined by linear interpolation between Target (100%) and Maximum (200%) based on the Book-to-Bill Ratio result. Each Book-to-Bill Payout Ratio determined by linear interpolation shall be rounded to one decimal place.

"Book-to-Bill Ratio" means, with respect to a calendar year, the quotient obtained by dividing (i) the aggregate dollar amount of the Company's and its consolidated subsidiaries new orders for projects awarded during such year (which shall include, without limitation, new projects for such

year, options exercised during such year with respect to projects (including new projects), and the expansion during such year of the scope of projects (including new projects); however, any contraction during such year of the scope of a project (including a new project) shall reduce the amount described in this clause (i)), by (ii) the aggregate dollar amount of the Company's and its consolidated subsidiaries revenues for projects completed during such calendar year. The Book-to-Bill Ratio for each calendar year shall be determined by the Committee in its sole discretion.

"Maximum Ratio" means, with respect to a calendar year during the Performance Period, a Book-to-Bill Ratio established by the Committee as the Maximum Ratio for such calendar year, which ratio shall be greater than the Target Ratio established by the Committee for such calendar year.

"Target Ratio" means, with respect to a calendar year during the Performance Period, a Book-to-Bill Ratio established by the Committee as the Target Ratio for such calendar year, which ratio shall be greater than the Threshold Ratio and less than the Maximum Ratio established by the Committee for such calendar year.

"Threshold Ratio" means, with respect to a calendar year during the Performance Period, a Book-to-Bill Ratio established by the Committee as the Threshold Ratio for such calendar year, which ratio shall be less than the Target Ratio established by the Committee for such calendar year.

IV. Determination of the "Earned" Value of Performance Units

Performance Percentage	Column A	Column B			
	Weighting	<Threshold 0%	Threshold 25%	Target 100%	Maximum 200%
Company's Average TSR Rank with Peer Group Members' Average TSR	50%	<20%	20%	50%	90%

For a result (the "Performance Percentage") between Threshold and Target or Target and Maximum in Column B, the Performance Percentage earned shall be determined by linear interpolation between maximum and threshold based on the result achieved for the performance measure.

The "target" value of a Performance Unit is $1.00; its maximum value is $2.00 per unit if the maximum performance objective for the performance measure in Column B in the table above and the maximum Average Book-to-Bill Payout Ratio are achieved, and the Performance Unit value will be zero if the threshold performance objective for the performance measure in Column B in the table above is not achieved and the Average Book-to-Bill Payout Ratio is 0%. The value of an "earned" Performance Unit shall be determined by multiplying its "target" value of $1.00 by the Payout Percentage for the Performance Period, subject to reduction as provided in Paragraph 3 of the Agreement. The "Payout Percentage" for the Performance Period shall be equal to the sum of (i) the product of 50% and the Average Book-to-Bill Payout Ratio and (ii) the product obtained by multiplying Column A by the Column B Performance Percentage result for the TSR performance measure.

Notwithstanding the foregoing, unless otherwise provided in an agreement pursuant to Paragraph 14 of the Agreement, for purposes of determining the Payout Percentage for payment upon a Double Trigger Event occurring prior to the end of the Performance Period, (i) the Column B result for the TSR performance measure shall be deemed to have been met at the maximum level (200%) and (ii) the Average Book-to-Bill Payout Ratio shall be deemed to have been met at the maximum level (200%).

V. Adjustments to Performance Measurements for Significant Events

If, after the beginning of the Performance Period, there is a change in accounting standards required by the Financial Accounting Standards Board, the performance results shall be adjusted by the Company's independent accountants as appropriate to disregard such change. In addition, the results of the Company or a peer group company shall be adjusted to reflect any stock splits or other events described in Article XIII of the Plan.

VI. Committee Certification

As soon as reasonably practical following the end of the Performance Period, but in no event later than the March 15th following the end of the Performance Period, the Committee shall review and determine the performance results for the Performance Period and certify those results in writing. No Performance Units earned and vested shall be payable prior to the Committee's certification; provided, however, Committee certification shall not apply in the event of a Double Trigger Event, unless otherwise provided in an agreement pursuant to paragraph 14 of the Agreement.

EXHIBIT B

KBR, INC.

Terms and Conditions of Performance Unit Grant

SPECIAL PROVISIONS OF PERFORMANCE UNITS IN CERTAIN COUNTRIES

This Exhibit B includes special country-specific terms that apply to residents in countries listed below. This Exhibit B is part of the Agreement. Unless otherwise provided below, capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Agreement.

This Exhibit B also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the exchange control and other laws in effect in the respective countries as of January 2022. Such laws are often complex and change frequently. Note certain individual exchange control reporting requirements may apply upon vesting of the Performance Units and results may be different based on the particular facts and circumstances. As a result, the Company strongly recommends that you do not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time your Performance Units vest or your Performance Units are settled under the Plan.

In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

If you are a citizen or resident of a country other than the country in which you are working or if you transfer employment after the Performance Units are granted to you, the information contained in this Exhibit B for the country you work in at the time of grant may not be applicable to you and the Company, in its discretion, may determine to what extent the terms and conditions contained herein shall be applicable to you. If you transfer residency and/or employment to another country or are considered a resident of another country listed in this Exhibit B after the Performance Units are granted to you, the terms and/or information contained for that new country (rather than the original grant country) may be applicable to you.

AUSTRALIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

Exchange control reporting is required for cash transactions exceeding AUD10,000 and for international fund transfers. The Australian bank assisting with the transaction will file the report for you. If there is no Australian bank involved in the transfer, you will have to file the report.

AZERBAIJAN
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Payment of Vested Performance Units.

The following supplements Paragraph 3 of the Agreement:

Notwithstanding anything in the Agreement, any payment in connection with the vesting of the Performance Units will be paid to you in cash through local payroll. Further, you agree to bear any currency fluctuation risk between the time the Performance Units vest and the time the cash payment is distributed to you.

Securities Law Information.

You understand that the Agreement, the Plan and all other materials you may receive regarding your participation in the Plan do not constitute advertising or offering of securities in Azerbaijan. The offering of the Performance Units pursuant to the Plan has not been and will not be registered in Azerbaijan.

BAHRAIN
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

There are no country specific provisions.

CANADA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Foreign Account/Asset Tax Reporting Information.

You may be required to report your specified foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of your specified foreign property exceeds C$100,000 at any time in the year. Foreign specified property includes Performance Units settled in cash. Performance Units must be reported - generally at a nil cost - if the C$100,000 cost threshold is exceeded because of other foreign property that you hold. The Form T1135 is required for every year during which your foreign specified property exceeds C$100,000 and must be filed with your annual tax return.

Termination of Employment.

The following provision supplements Paragraph 8(j) of the Agreement and supplements the balance of the Agreement:

For purposes of this Award, in the event of your termination of employment for any reason (regardless of the reason for such termination and whether or not the termination is later found to be invalid, unlawful or in breach of employment laws in the jurisdiction where you are providing services or the terms of your employment agreement, if any), unless otherwise provided in this Agreement or the Plan, your right to vest in the Performance Units, if any, will terminate effective as of the date that is the earliest of (1) the date you are no longer actually providing services to the Company or any of its Subsidiaries; or (2) the date you receive (or provide) written notice of termination of employment. Subject to the below, on and after such date, you will no longer be considered to be an "employee" or "employed" for the purposes of this Agreement. Unless explicitly required by applicable legislation, such date will exclude and will not be extended by any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under statute, contract, common/civil law or otherwise. Furthermore, you will not earn, or be entitled to earn, any pro-rated vesting for that portion of time before the date on which your right to vest terminates, nor will you be entitled to any compensation for lost vesting. Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, your right to vest in the Performance Units, if any, will terminate effective as of the last day of your minimum statutory notice period, but you will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of your statutory notice period, nor will you be entitled to any compensation for lost vesting.

The following provisions shall apply if you are a resident of Ontario:

Post-Employment Non-Competition - Ontario

If you are employed in the Province of Ontario and you are not an Executive within the meaning of Section 67.2(4) of the Employment Standards Act, 2000, the covenant in Paragraph 6(b)(i) shall not apply to you.

The following provisions shall apply if you are a resident of Quebec:

Data Privacy.

This provision supplements Paragraph 10 of the Agreement:

You hereby authorize the Company and representatives of any Subsidiary to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize the Company and any Subsidiary and the administrators of the Plan to disclose and discuss the Plan with their advisors. You further authorize the Company and any Subsidiary to record such information and to keep such information in your file.

Language Consent.

The parties acknowledge that it is their express wish that the Agreement, including this Exhibit, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée.

Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciares, éxécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

CHINA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Payment of Vested Performance Units.

The following supplements Paragraph 3 of the Agreement:

Notwithstanding anything in the Agreement, any payment in connection with the vesting of the Performance Units will be paid to you in cash through local payroll. Further, you agree to bear any currency fluctuation risk between the time the Performance Units vest and the time the cash payment is distributed to you.

FINLAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

There are no country specific provisions.

GERMANY
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

Cross-border payments in excess of €12,500 (e.g., the payout of the Performance Units), must be reported monthly to the German Federal Bank. You are responsible for satisfying the reporting obligation and must file the report electronically by the fifth day of the month following the month in which the payment is received. A copy of the form can be accessed via the German Federal Bank's website at www.bundesbank.de and is available in both German and English.

INDIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

It is your responsibility to comply with applicable exchange control laws in India, including but not limited to any approval or repatriation requirements that may apply.

You must repatriate the proceeds from the settlement of your Performance Units, within the period of time required under applicable regulations. You will receive a foreign inward remittance certificate ("FIRC") from the bank where you deposit the foreign currency. You should maintain the FIRC received from the bank as evidence of the repatriation of the funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation.

Foreign Account/Asset Tax Reporting Information.

You are required to declare in your annual tax return (a) any foreign assets held by you or (b) any foreign bank accounts for which you have signing authority.

MEXICO
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Acknowledgement of the Agreement.

In accepting the award of Performance Units, you acknowledge that you have received a copy of the Plan, have reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and the Agreement. You further acknowledge that you have read and specifically and expressly approve the terms and conditions of Paragraph 8 of the Agreement, in which the following is clearly described and established:

(1) Your participation in the Plan does not constitute an acquired right.

(2) The Plan and your participation in the Plan are offered by the Company on a wholly discretionary basis.

(3) Your participation in the Plan is voluntary.

Labor Law Acknowledgement and Policy Statement.

In accepting the award of Performance Units, you expressly recognize that KBR, Inc., with registered offices at 601 Jefferson Street, Suite 3400, Houston, Texas 77002, U.S.A., is solely responsible for the administration of the Plan and that your participation in the Plan and receipt of Performance Units does not constitute an employment relationship between you and KBR, Inc. since you are participating in the Plan on a wholly commercial basis and your sole employer is a Subsidiary of the Company in Mexico ("KBR-Mexico"), not KBR, Inc. in the U.S. Based on the foregoing, you expressly recognize that the Plan and the benefits that you may derive from participation in the Plan do not establish any rights between you and your Employer, KBR-Mexico, and do not form part of the employment conditions and/or benefits provided by KBR-Mexico and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

You further understand that your participation in the Plan is as a result of a unilateral and discretionary decision of KBR, Inc.; therefore, KBR, Inc. reserves the absolute right to amend and/or discontinue your participation at any time without any liability to you.

Finally, you hereby declare that you do not reserve to yourself any action or right to bring any claim against KBR, Inc. for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and you therefore grant a full and broad release to KBR, Inc., its Subsidiary, affiliates, branches, representation offices, its shareholders, officers, agents or legal representatives with respect to any claim that may arise.

Reconocimiento del Convenio.

Aceptando este Premio (Award),[1] el Participante reconoce que ha recibido una copia del Plan, que lo ha revisado como así también el Convenio en el Participante totalidad, y comprende y está de acuerdo con todas las disposiciones tanto del Plan como del Convenio. Asimismo, su reconoce que ha leído y específicamente y expresamente manifiesta la conformidad del Participante con los términos y condiciones establecidos en la cláusula 7 le dicho Convenio, en el cual se establece claramente que:

(1) La participación del Participante en el Plan de ninguna manera constituye un derecho adquirido.

(2) Que el Plan y la participación del Participante en el mismo es una oferta por parte de KBR, Inc. de forma completamente discrecional.

(3) Que la participación del Participante en el Plan es voluntaria.

Reconocimiento de Ausencia de Relación Laboral y Declaración de la Política.

Aceptando este Premio, el Participante reconoce que KBR, Inc. y sus oficinas registradas en 601 Jefferson Street, Suite 3400, Houston, Texas 77002, U.S.A., es el único responsable de la administración del Plan y que la participación del Participante en el mismo y la adquisicion de Acciones no constituye de ninguna manera una relación laboral entre el Participante y KBR, Inc., toda vez que la participación del Participante en el Plan deriva únicamente de una relación comercial con KBR, Inc., reconociendo expresamente que el único empleador del Participante es la Subsidaria de la Compania en Mexico *("KBR-Mexico")), no es KBR, Inc. en los Estados* Unidos. Derivado de lo anterior, el Participante expresamente reconoce que el Plan y los beneficios que pudieran derivar del mismo no establecen ningún derecho entre el Participante y su empleador, KBR-México, y no forman parte de las condiciones laborales y/o prestaciones otorgadas por KBR-México, y expresamente el Participante reconoce que cualquier modificación al Plan o la terminación del mismo de manera alguna podrá ser interpretada como una modificación de los condiciones de trabajo del Participante.

Asimismo, el Participante entiende que su participación en el Plan es resultado de la decisión unilateral y discrecional de KBR, Inc., por lo tanto, KBR, Inc. se reserva el derecho absoluto para modificar y/o terminar la participación del Participante en cualquier momento, sin ninguna responsabilidad para el Participante.

Finalmente, el Participante manifiesta que no se reserva ninguna acción o derecho que origine una demanda en contra de KBR, Inc., por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y en consecuencia el Participante otorga un amplio y total finiquito a KBR, Inc., sus Entidades Relacionadas, afiliadas, sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales con respecto a cualquier demanda que pudiera surgir.

[1] El término "Premio" se refiere a la palabra "Performance Units."

POLAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

If you hold foreign securities and maintain accounts abroad, you may be required to file certain reports with the National Bank of Poland. Specifically, if the value of securities and cash held in such foreign accounts exceeds PLN 7 million, you must file reports on the transactions and balances of the accounts on a quarterly basis. Further, any fund transfers in excess of €15,000 (or PLN 15,000 if such transfer of funds is connected with business activity of an entrepreneur) into or out of Poland must be effected through a bank in Poland. Polish residents are required to store all documents related to foreign exchange transactions for a period of five years.

QATAR
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

There are no country-specific provisions.

ROMANIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Language Consent.

By accepting the grant of Performance Units, you acknowledge that you are proficient in reading and understanding English and fully understand the terms of the documents related to the grant (the Agreement and the Plan), which were provided in the English language. You accept the terms of those documents accordingly.

Consimtamant cu privire la limba.

Prin acceptarea acordării Unităților de Performanță, recunoașteți că aveți competență în citirea și înțelegerea limbii engleze și înțelegeți pe deplin termenii documentelor legate de grant (Acordul și Planul), care au fost furnizate în limba engleză. Acceptați termenii acestor documente în consec*ință.*

Exchange Control Information.

If you remit foreign currency into Romania (e.g., the payout of the Performance Units), you may be required to provide the Romanian bank through which the foreign currency is transferred with appropriate documentation explaining the source of the funds.

SAUDI ARABIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

There are no country-specific provisions.

SINGAPORE
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Director Notification Information.

If you are a director of a Singapore Subsidiary, you must notify the Singapore Subsidiary in writing within two business days of receiving or disposing of an interest in the Company or any Subsidiary or within two business days of you becoming a director if such an interest exists at the time. This notification requirement also applies if you are an associate director of the Singapore Subsidiary or a shadow director of the Singapore Subsidiary (i.e., an individual who is not on the board of directors of the Singapore Subsidiary but who has sufficient control so that the board of directors of the Singapore Subsidiary acts in accordance with the "directions and instructions" of the individual).

SOUTH KOREA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Foreign Account/Asset Tax Reporting Information.

You must declare all of your foreign financial accounts (i.e., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authorities and file a report with respect to such accounts if the value of such accounts exceeds a certain threshold (currently, KRW 500 million (or an equivalent amount in foreign currency)) on any month-end date during the year.

THAILAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

If the cash proceeds received in connection with the payout of the Performance Units exceed a certain threshold (currently USD 1,000,000) in a single transaction, you are required to immediately repatriate the funds to Thailand upon receipt and either (i) convert the repatriated foreign currency into Thai Baht or (ii) deposit such foreign currency into your foreign currency deposit account opened with any commercial bank in Thailand, within 360 calendar days from the date on which the proceeds are repatriated into Thailand. You are also required to inform the details of the transaction (i.e., identification information and purpose of the transaction) to the remittance bank acting as an authorized agent of the Bank of Thailand to report the inward remittance of funds into Thailand.

SWITZERLAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

There are no country-specific provisions.

UNITED ARAB EMIRATES
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

There are no country-specific provisions.

UNITED KINGDOM
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Withholding of Taxes.

This section supplements Paragraph 7 of the Agreement:

Without limitation to Paragraph 7 of the Agreement, you agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer, as applicable, or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and the Employer, as applicable, for any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are an officer or executive director (as within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In this case, the amount of any income tax not collected from or paid by you within 90 days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You acknowledge that you ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any national insurance contributions due on this additional benefit. You acknowledge that the Company or the Employer may recover any such additional income tax and national insurance contributions at any time thereafter by any of the means referred to in Paragraph 7 of the Agreement.

PERFORMANCE AWARD AGREEMENT

Grant Date:_____

Re: Performance Unit Grant

I am pleased to inform you that KBR, Inc. (the "Company") has granted you two classes of performance units (one class being referred to as the "Book-to-Bill Performance Units," the other class being referred to as the "TSR Performance Units," and the two classes collectively referred to as the "Performance Units") under the Company's Amended and Restated 2006 Stock and Incentive Plan, as amended and restated (the "Plan"), subject to the terms and conditions in the Plan and as set forth in this Performance Award Agreement, including any exhibits attached hereto (collectively, the "Agreement") as follows:

1. Grant of Performance Units.

The number of Book-to-Bill Performance Units granted to you as a Performance Award under the Plan is _____. Each Book-to-Bill Performance Unit shall have a target value of $1.00. The actual value, if any, of a Book-to-Bill Performance Unit at the end of the Performance Period (as defined in Exhibit A) will, subject to Paragraph 3 below, be determined based on the level of achievement during the Performance Period of the Book-to-Bill -related performance objectives set forth in Exhibit A hereto, which is made a part hereof for all purposes.

The target number of TSR Performance Units granted to you as a Performance Award under the Plan is _____. Each TSR Performance Unit represents the right to receive one share of the Company's common stock ("Stock"). The number of TSR Performance Units subject to this Agreement may be adjusted upward or downward in accordance with the level of achievement during the Performance Period of the TSR-related performance objectives set forth in Exhibit A hereto. You shall have no right to dividend equivalents with respect to any of the Performance Units.

Eighty percent of each class of the Performance Units shall be "Tranche One PUs" and twenty percent of each class of the Performance Units shall be "Tranche Two PUs."

2. Terms of Performance Units.

(a) Vesting. Except as otherwise provided in subparagraphs (b) and (d) below, you will vest in the Performance Units earned (if any) for the Performance Period only if you are an employee of the Company or a Subsidiary on the date such earned Performance Units are paid, as provided in Paragraph 3 below.

In addition, except as otherwise provided in subparagraphs (b) and (d) below, you shall, for no consideration, forfeit all of the Tranche Two PUs on

December 31, 2022, if the Committee that administers the Plan (the "Committee") determines, in its sole discretion, that calendar year 2022 was not a successful year for the Company. Any such determination by the Committee shall be made on or before March 31, 2023.

(b) Death, Disability or Retirement. Unless otherwise provided in an agreement pursuant to Paragraph 14, if you cease to be an employee of the Company or a Subsidiary as a result of (i) your death, (ii) your permanent disability (disability being defined as being physically or mentally incapable of performing either your usual duties as an employee or any other duties as an employee that the Company reasonably makes available and such condition is likely to remain continuously and permanently, as determined by the Company or employing Subsidiary), or (iii) your retirement with the approval of the Committee (with such approval to be granted or withheld in the sole discretion of the Committee), then, in any such case, a prorata portion of each class of your Performance Units that become "earned," if any, as provided in Exhibit A, will become vested; provided, however, that if the Tranche Two PUs have been forfeited pursuant to the last two sentences of subparagraph (a) above prior to the occurrence of an event described in clause (i), (ii) or (iii) of this sentence, then the Tranche Two PUs shall remain forfeited, no portion of the Tranche Two PUs will vest upon the occurrence of any such event, and the prorata portion of each class of your Performance Units that become "earned", if any, and that may become vested pursuant to this sentence shall be determined based solely upon the Tranche One PUs. The "prorata portion" that becomes vested shall be a fraction, the numerator of which is the number of days in the Performance Period in which you were an employee of the Company or a Subsidiary and the denominator of which is the total number of days in the Performance Period. If your termination for the above reasons is after the end of the Performance Period but before payment of the Performance Units earned, if any, for such Performance Period, you will be fully vested in any such earned Performance Units that have not yet been forfeited and which are still outstanding.

(c) Other Terminations. If you terminate employment from the Company and its Subsidiaries for any reason other than as provided in subparagraph (b) above or subparagraph (d) below or if you breach any of the covenants set forth in Paragraph 6, all unvested Performance Units held by you shall be forfeited without payment immediately upon such termination or the occurrence of such breach (as applicable).

(d) Corporate Change. Notwithstanding any other provision hereof, unless otherwise provided in an agreement pursuant to Paragraph 14, your Performance Units shall become fully vested at the maximum earned percentage provided in Exhibit A upon your Involuntary Termination or termination for Good Reason within two years following a Corporate Change (as provided in the Plan) (a "Double Trigger Event") during the Performance Period; provided, however, that if the Tranche Two PUs have been forfeited pursuant to the last two sentences of subparagraph (a) above prior to the occurrence of a Double Trigger Event, then the Tranche Two PUs shall

remain forfeited, no portion of the Tranche Two PUs will vest upon the occurrence of the Double Trigger Event, and the portion of your Performance Units that become vested pursuant to this sentence shall be determined based solely upon the Tranche One PUs. If a Double Trigger Event occurs after the end of the Performance Period and prior to payment of the earned Performance Units, you will be 100% vested in your earned Performance Units that have not yet been forfeited and which are still outstanding upon the Double Trigger Event and payment will be made in accordance with the results achieved for the Performance Period ended as provided in Exhibit A.

For purposes of this Agreement, employment with the Company includes employment with a Subsidiary. For the avoidance of doubt, it is expressly provided that you shall be considered to have terminated employment with the Company at the time of the termination of the "Subsidiary" status under the Plan of the entity or other organization that employs you.

3. Payment of Vested Performance Units. As soon as administratively practicable after the end of the Performance Period, but no later than the March 15th following the end of the Performance Period, or with respect to a Double Trigger Event occurring prior to the end of the Performance Period, the date of the Double Trigger Event (but no later than the March 15th following the calendar year in which occurs the date of the Double Trigger Event), you shall be entitled to receive from the Company (a) a payment in cash equal to the product of the "Average Book-to-Bill Payout Ratio" (as defined in Exhibit A) and the sum of the target values of your vested Book-to-Bill Performance Units and (b) a payment in a number of shares of Stock (rounded to the nearest wholes share) equal to the product of the "TSR Payout Percentage" (as determined in accordance with Exhibit A) and your vested target TSR Performance Units; provided, however, that such payment amounts may be reduced, but not increased, by any amount (including a reduction resulting in a payment of $0 and zero shares of Stock) in the sole discretion of the Committee and, in the case of any such reduction, the Committee shall determine the allocation of such reduction between the payments otherwise provided for in clauses (a) and (b) above (provided that any such discretion to reduce such payment amounts may not be exercised by the Committee at any time after the occurrence of a Corporate Change). Except as provided in Exhibit A with respect to a Double Trigger Event, if the performance thresholds set forth in Exhibit A with respect to a class of Performance Units are not met, no payment shall be made with respect to such class of Performance Units, whether or not vested. Notwithstanding the foregoing, in no event may the amount paid to you by the Company in any year with respect to Performance Units earned hereunder exceed any applicable limit under Article V of the Plan. Further, the Company shall not be obligated to deliver any shares of Stock if counsel to the Company determines that such delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Stock is listed or quoted.

4. Recovery of Payment of Vested Performance Units. If, within the three-year period beginning on the date that you receive a payment pursuant to Paragraph 3, the basis upon

which the performance measurements were achieved during any calendar year of the Performance Period changes because of any restatement of or revision to the Company's financial results, shareholder return, or any other performance measure for the same calendar year, regardless of fault, and the value of the Performance Units earned at the end of the Performance Period is determined to have resulted in an overpayment based on such calendar year's restated or revised financial results, shareholder return or other performance measure, the Committee may, in its sole and absolute discretion, seek recovery of the amount of the Performance Award determined to be an overpayment or hold the overpayment as debit against future Awards for up to a three-year period following the end of the Performance Period. In addition, the Company may seek recovery of any benefits provided to you under this Agreement if such recovery is required by any clawback policy adopted by the Company, which may be amended from time to time, including, but not limited to, any clawback policy adopted to satisfy the minimum clawback requirements adopted under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the regulations thereunder or any other applicable law or securities exchange listing standard. The Company reserves the right, without your consent, to adopt any such clawback policy, including, but not limited to, such clawback policies applicable to this Performance Award with retroactive effect.

5. Limitations Upon Transfer. All rights under this Agreement shall belong to you and may not be transferred, assigned, pledged, or hypothecated in any way (whether by operation of law or otherwise), other than by will or the applicable laws of descent and distribution or, if you are exclusively subject to the laws of the United States, pursuant to a "qualified domestic relations order" (as defined by the Code), and shall not be subject to execution, attachment, or similar process. Upon any attempt to transfer, assign, pledge, hypothecate, or otherwise dispose of such rights contrary to the provisions in this Agreement or the Plan, or upon the levy of any attachment or similar process upon such rights, such rights shall immediately become null and void.

6. Non-Competition; Non-Solicitation; Non-Disclosure.

(a) Following the date you enter into this Agreement, the Company and/or its Subsidiary(ies) shall provide you access to Confidential Information (as defined below). Such Confidential Information shall be for use only during your employment with the Company, and as an express incentive for the Company to enter into this Agreement and to grant to you the Performance Units (which grant, you acknowledge, shall further align your interests with the long-term business interests of the Company and its Subsidiaries) and provide you with Confidential Information, you have voluntarily agreed to the covenants set forth in this Paragraph 6. You agree and acknowledge that the limitations and restrictions set forth herein, including geographical and temporal restrictions on certain competitive activities, are reasonable in all respects, do not interfere with public interests, will not cause you undue hardship, and are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the Company's and its Subsidiaries' trade secrets and other Confidential Information, goodwill and legitimate business interests.

(b) During the Prohibited Period (as defined below), you shall not, without the prior written approval of the Company, directly or indirectly, for yourself or on behalf of or in conjunction with any other person or entity of any nature:

(i) engage in or participate within the Market Area (as defined below) in competition with the Company or any of its Subsidiaries in any aspect of the Business (as defined below), which prohibition shall prevent you from directly or indirectly: (A) owning, managing, operating, or being an officer or director of, any business that competes with the Company or any of its Subsidiaries in the Market Area, or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with the Company or any of its Subsidiaries in any capacity (with respect to this clause (B)) in which your duties or responsibilities are the same as or similar to the duties or responsibilities that you had on behalf of the Company or any of its Subsidiaries, or involve direct or indirect oversight over such duties or responsibilities;

(ii) appropriate any Business Opportunity of, or relating to, the Company or any of its Subsidiaries located in the Market Area;

(iii) solicit, canvass, approach, encourage, entice or induce any customer or supplier of the Company or any of its Subsidiaries for whom or which you had responsibility in the final 12 months prior to the termination of your employment with the Company to cease or lessen such customer's or supplier's business with the Company or any of its Subsidiaries; or

(iv) solicit, canvass, approach, encourage, entice or induce any employee or contractor of the Company or any of its Subsidiaries to terminate his, her or its employment or engagement with the Company or any of its Subsidiaries.

(c) Notwithstanding any other provision of this Agreement:

(i) the covenants set forth in this Paragraph 6 shall not apply to restrict any of your activities within the State of California, including if you are a California resident; and

(ii) if prohibited by any applicable law regarding non-competition restrictions in Washington, D.C., the covenants set forth in Paragraphs 6(b)(i) and 6(b)(ii) shall not apply with respect to any activities conducted within (including individuals' performance of work in) Washington, D.C.;

provided, however, for the avoidance of doubt, the foregoing exceptions under this Paragraph 6(c) shall not limit any other obligations that you owe to the Company or any of

its Subsidiaries under any other agreements or applicable laws, including (without limitation) with respect to the protection of Confidential Information.

(d) If you are an attorney at law or licensed lawyer in any jurisdiction, none of the restrictions set forth in this Paragraph 6 shall be interpreted or applied in a manner to prevent or restrict you from practicing law, as it is the intent of this Paragraph 6 to create certain limitations on your business activities only, and not to create limitations that would restrict you from practicing law. If you are an attorney at law or licensed to practice law, you acknowledge and agree that, both during your employment with the Company and thereafter, you shall be bound by all ethical and professional obligations (including those with respect to conflicts of interest and confidentiality) that may arise from your provision of legal services to, and acting as legal counsel for, the Company and (as applicable) its Subsidiaries.

(e) You agree, both during and after your employment with the Company, not to use or disclose any Confidential Information other than for the benefit of the Company or its Subsidiaries in the course of your duties for the Company or its applicable Subsidiary. All trade secrets, non-public information, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by or disclosed to you, individually or in conjunction with others, in connection with your employment with the Company or otherwise during the time that you are or have been employed or engaged by the Company or any of its Subsidiaries (whether during business hours or otherwise and whether on the Company's or its Subsidiaries' premises or otherwise), that relate to the Companies' or its Subsidiaries' businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, formulas, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, research and development information, the identity of key contacts within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks) is defined as "Confidential Information". For purposes of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure or wrongful act of you or your agents; (ii) was available to you on a non-confidential basis before its disclosure by the Company or any of its Subsidiaries; or (iii) becomes available to you on a non-confidential basis from a source other than the Company or any of its Subsidiaries; provided, that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, the Company or any of its Subsidiaries.

(f) Notwithstanding the foregoing Paragraph 6(e), nothing in this Agreement shall prohibit or restrict you from lawfully (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to,

or otherwise assisting in an investigation by, any governmental authority (in each instance regarding a possible violation of any law); (ii) responding to any inquiry or legal process directed to you from any such governmental authority; (iii) testifying, participating or otherwise assisting in an action or proceeding by any such governmental authority relating to a possible violation of law or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (x) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; (y) is made to your attorney in relation to a lawsuit for retaliation against you for reporting a suspected violation of law or (z) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Agreement requires you to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company or any of its Subsidiaries that you have engaged in any such conduct.

(g) Because of the difficulty of measuring economic losses to the Company and its Subsidiaries as a result of a breach or threatened breach of the covenants set forth in this Paragraph 6, and because of the immediate and irreparable damage that would be caused to the Company and its Subsidiaries for which they would have no other adequate remedy, the Company and each of its Subsidiaries shall be entitled to enforce the foregoing covenants, in the event of a breach or threatened breach, by injunctions and restraining orders from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall not be the Company's or its Subsidiaries' exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company and each of its Subsidiaries at law and equity.

(h) The covenants in this Paragraph 6, and each provision and portion hereof, are severable and separate, and the unenforceability of any specific covenant (or portion thereof) shall not affect the provisions of any other covenant (or portion thereof). Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which such arbitrator or court deems reasonable, and this Agreement shall thereby be reformed.

(i) The following terms shall have the following meanings:

(i) "Business" shall mean the business and operations that are the same or similar to those performed by the Company and any of its Subsidiaries for

which you provide services or about which you obtain Confidential Information during your employment with the Company.

(ii) "Business Opportunity" shall mean any commercial, investment or other business opportunity relating to the Business.

(iii) "Market Area" shall mean: (i) during that portion of the Prohibited Period that exists during which you are employed by the Company, any geographic area or market where you provide, or have provided, services to the Company or any of its Subsidiaries; and (ii) during that portion of the Prohibited Period that exists following the date that you are no longer employed by the Company, any geographic area or market where you provided services to the Company or any of its Subsidiaries as of the date you are no longer employed by the Company or during the 12 months prior to such date.

(iv) "Prohibited Period" shall mean the period during which you are employed by the Company and continuing for a period of 12 months following the date that you are no longer employed by the Company; provided, however, with respect to a termination of employment with the Company on or after the date upon which a Corporate Change occurs, the Prohibited Period shall end on the date of such termination of employment with respect to the obligations under Paragraphs 6(b)(i) and 6(b)(ii).

7. Withholding of Tax. You acknowledge that, regardless of any action taken by the Company or, if different, your employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (1) do not make representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Units including, but not limited to, the grant, vesting or payout of the Performance Units, the subsequent sale of any Stock that may be issued under this Agreement and the receipt of any dividends; and (2) do not commit to structure the terms of the Performance Units or any aspect of the Performance Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company and/or your Employer or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (a) withholding

from your wages or other cash compensation paid to you by the Company and/or your Employer, or (b) withholding from the payout of the Performance Units; provided, however, that if you receive shares of Stock pursuant to Paragraph 3, then withholding with respect to such shares shall be in the form of shares of Stock.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the Performance Units or, if applicable, any Stock that may have been issuable under this Agreement. You agree to pay the Company or the Employer, including through withholding from your wages or other cash compensation paid to you by the Company or the Employer, any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to deliver the cash settlement, or any other form of pay-out for the Performance Units, if you fail to comply with your obligations in connection with the Tax-Related Items.

Notwithstanding the preceding provisions of this Paragraph 7, your liability with respect to Tax-Related Items shall be subject to any international tax assignment agreement then in effect between you and the Company, the Employer or any of their respective affiliates or any tax policies or procedures applicable to your home country, and in the event of any conflict between the terms of this Paragraph 7 and the terms of such international tax assignment agreement or such tax policies or procedures, the terms of such international tax assignment agreement or such tax policies or procedures, as applicable, shall control.

8. Nature of Grant. In accepting the Performance Units, you acknowledge, understand and agree that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan; (b) the grant of the Performance Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Units, or benefits in lieu of Performance Units, even if Performance Units have been granted in the past; (c) all decisions with respect to future Performance Units or other grants, if any, will be at the sole discretion of the Company; (d) the grant of Performance Units and your participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, your Employer, or any Subsidiary and shall not interfere with the ability of the Employer to terminate your employment or service relationship (if any); (e) you are voluntarily participating in the Plan; (f) the Performance Units, and the income and value of same, are not intended to replace any pension rights or compensation; (g) the Performance Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday-pay, bonuses, long-service awards, leave-related payments, pension or retirement benefits or similar mandatory payments; (h) the future value of the Performance Units and any Stock that may be issued under this Agreement is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from the forfeiture of the Performance Units resulting from you ceasing to provide employment or other services to the Company or your Employer (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); (j) in the event of involuntary termination of your active employment or other services (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), unless otherwise provided in this Agreement or determined by the Company, your right to vest in the Performance Units under the Plan, if any, will terminate effective as of the date that you are no longer actively providing services and will not be extended by any notice period (e.g., active services would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), except as expressly provided herein, and that the Company shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the Performance Units (including whether you may still be considered to be providing services while on an approved leave of absence); (k) unless otherwise provided in the Plan or by the Company in its discretion, the Performance Units and the benefits evidenced by this Agreement do not create any entitlement to have the Performance Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; (l) unless otherwise agreed with the Company, the Performance Units, and the income and value of same, are not granted as consideration for, or in connection with, services you may provide as a director of a Subsidiary; (m) if you are requested to make repayment under Paragraph 4, you will make repayment immediately; and (n) the following provisions apply only if you are providing services outside the United States: (i) the Performance Units, and the income and value of same, are not part of normal or expected compensation or salary for any purpose; and (ii) neither the Company, the Employer nor any Subsidiary shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Performance Units or the subsequent payout of the Performance Units or sale of any shares of Stock that may be issued under this Agreement.

9. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

10. Data Privacy.

(a) Declaration of Consent. By accepting the Performance Units via the ***Company's acceptance procedure, you are declaring that you agree with the data*** processing practices described herein and consent to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned below,

including recipients located in countries which may not have a similar level of protection from the perspective of the data protection laws in your country.

(b) Data Collection and Usage. The Company and the Employer may collect, process and use certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company and details of all Performance Units, ***whether vested or unvested, held in your favor ("Data"), for the purposes of*** implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is your consent.

(c) Plan Administration Service Providers. The Company may select a service provider to assist in the implementation, administration and management of the Plan and the Company may share Data with such service provider. In such case, you may be asked to agree on separate terms and data processing practices with the service provider(s), which will be a condition of your ability to participate in the Plan.

(d) International Data Transfers. The Company is based in the United States, which means that it will be necessary for Data to be transferred to, and processed in, the United States. You understand that your country may have enacted data privacy laws that are different from the laws of the United States. As a result, in the absence of appropriate safeguards such as standard data protection clauses, the processing of your Data in the United States or, as the case may be, other countries might not be subject to substantive data processing principles or supervision by data protection authorities. In addition, you might not have enforceable rights regarding the processing of your Data ***in such countries. The Company's legal basis for the transfer of Data is your consent.***

(e) Data Retention. The Company will hold and use the Data only as long as is necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax, labor and exchange control laws.

(f) Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and you are providing the consents herein on a purely voluntary basis. You understand that you may withdraw consent at any time with future effect for any or no reason. If you do not consent, or if you later seek to revoke your consent, your salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to offer Performance Units to you or administer or maintain your participation in the Plan.

(g) Data Subject Rights. You understand that data subject rights vary depending on the applicable law and that, depending on where you are based and subject to the conditions set out in the applicable law, you may have, without limitation, the rights to (i) request access or copies of Data the Company processes, (ii) rectification of

incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, you understand that you can contact your local human resources representative.

By clicking the "Accept" or similar button implemented into the relevant web page or platform, you declare, without limitation, your consent to the data processing operations described in this Agreement. You understand and acknowledge that you may withdraw consent at any time with future effect for any or no reason as described in sub-section (f) above.

11. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company or upon any person lawfully claiming under you.

12. Modification. Except to the extent permitted by the Plan, any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby.

13. Plan Controls. This grant is subject to the terms of the Plan, which are hereby incorporated by reference. In the event of a conflict between the terms of this Agreement and the Plan, the Plan shall be the controlling document. Capitalized terms used herein or in Exhibit A and not otherwise defined herein or in Exhibit A shall have the meaning ascribed to them in the Plan.

14. Other Agreements. The terms of this Agreement shall be subject to and governed by, and shall not modify, the terms and conditions of any employment, severance, and/or change-in-control agreement between the Company (or a Subsidiary) and you ("Other Agreement"), except that, notwithstanding anything in such Other Agreement to the contrary, any normal retirement age of 65 or other retirement-based vesting, payment or benefit provisions in such Other Agreement shall be of no force or effect for all purposes of the Performance Units granted under this Agreement.

15. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any document related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

16. Severability. If one or more of the provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed so as to foster the intent of this Agreement and the Plan.

17. Language. You acknowledge and represent that you are proficient in the English language or have consulted with an advisor who is sufficiently proficient in English, as to allow you to understand the terms of this Agreement and any other documents related to the Plan. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different from the English version, the English version will control.

18. Governing Law and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, U.S.A., except to the extent that it implicates matters that are the subject of the General Corporation Law of the State of Delaware, which matters shall be governed by the latter law notwithstanding any conflicts of laws principles that may be applied or invoked directing the application of the laws of another jurisdiction. The parties hereby submit to and consent to the sole and exclusive jurisdiction of Houston, Harris County, Texas, as exclusive venue for any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it or arising from it, or dispute resolution proceeding arising hereunder for any claim or dispute, notwithstanding any conflicts of laws principles that may direct the jurisdiction of any other court, venue, or forum, including the jurisdiction of the employee's home country.

19. Compliance with Law. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Performance Units, the Company shall not be required to deliver any payment from the payout of the Performance Units prior to the completion of any registration or qualification under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval, the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to register or qualify any shares of Stock that may be required to be delivered pursuant to this Agreement with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for payout of the Performance Units. Further, you agree that the Company shall have unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary to comply with any applicable law prior to the payout of the Performance Units.

20. Insider Trading/Market Abuse Laws. You acknowledge that, depending on your country of residence or the country of residence of your broker, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell or otherwise dispose of any shares of Stock required to be issued under this Agreement, rights to shares of such Stock or rights linked to the value of such shares of Stock during such times as you are considered to have "inside information" regarding the Company, as defined by the laws or regulations in your (or your broker's) country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you place before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a

"need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Keep in mind third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to be informed of and compliant with such regulations, and you are hereby advised to speak to your personal advisor on this matter.

21. Exhibit B. Notwithstanding any provisions in this document, the Performance Units shall be subject to any special terms and conditions set forth in Exhibit B to this Agreement for your country. Moreover, if you relocate to one of the countries included in Exhibit B, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Exhibit B constitutes part of this Agreement.

22. Imposition of Other Requirements. The Company reserves the right to impose other requirements on your participation in the Plan, on the Performance Units and on any shares of Stock that may be issued under this Agreement, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

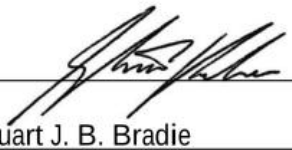
23. Waiver. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

24. Foreign Asset/Account Reporting, Exchange Control Requirements. Certain foreign asset and/or foreign account reporting requirements and exchange controls may affect your ability to acquire or hold cash and/or, if applicable, shares of Stock received from participating in the Plan in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You may also be required to repatriate sales proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. You are responsible for complying with any applicable regulations and you should consult your personal legal and tax advisors for any details.

[Signatures on the following page.]

By signing below, you agree that the grant of these Performance Units is under and governed by the terms and conditions of the Plan, including the terms and conditions set forth in this Agreement, including Exhibit A and, to the extent applicable, Exhibit B. This grant shall be void and of no effect unless you execute this Agreement prior to the payment of your vested performance units.

KBR, INC.

By: 

Name: Stuart J. B. Bradie
Title: President and CEO

EMPLOYEE:

_____

Date: _____

EXHIBIT A

To Performance Award Agreement

Performance Goals

Except as otherwise provided in the Agreement, the provisions of this Exhibit A shall determine the extent, if any, that the Performance Units become "earned" and payable.

I. Performance Period

The Performance Period shall be the period beginning January 1, 2022, and ending December 31, 2024.

II. Total Shareholder Return ("TSR")

The payment of a TSR Performance Unit will be determined based on the comparison of (i) the average of the TSRs (as defined below) of the Company's common stock measured at the end of each calendar quarter during the Performance Period, with each quarter's TSR indexed back to the beginning of the calendar year in which such calendar quarter occurs, to (ii) the average of the TSRs of each of the common stocks of the members of the Peer Group measured at the end of each calendar quarter during the Performance Period, with each quarter's TSR indexed back to the beginning of the calendar year in which such calendar quarter occurs.

"TSR" or "Total Shareholder Return" shall mean, with respect to a calendar quarter, the change in the price of a share of common stock from the beginning of the calendar year in which such calendar quarter occurs (as measured by the simple average of the closing prices of a share of such stock trading during regular trading hours for the last twenty trading days preceding the beginning of such calendar year) until the end of the applicable calendar quarter to be measured during the Performance Period (as measured by the simple average of the closing prices of a share of such stock trading during regular trading hours for the last twenty trading days of the calendar quarter), adjusted to reflect the reinvestment of dividends (if any) through the purchase of common stock at the closing price on the corresponding dividend payment date, which shall be the ex-dividend date, and rounded to the first decimal place. Dividends per share paid other than in the form of cash shall have a value equal to the amount of such dividends reported by the issuer to its shareholders for purposes of Federal income taxation.

A. Average TSR

The average TSR for a company for the Performance Period shall be the sum of the TSRs of the company measured at the end of each calendar quarter during the Performance Period, divided by 12. The average TSR for a company during the Performance Period shall be calculated based on the following formula:

2022 TSR Formula - Sustained Performance

$$\text{Average indexed performance} = \frac{\sum_{q=1}^{q=12} (x_q / x)}{12}$$

where:

- x = share price at beginning of calendar year in which the applicable calendar quarter occurs (measured by simple average of the closing prices of a share trading during regular trading hours for the last twenty trading days preceding the beginning of such calendar year)
- x_q = closing share price at the end of each quarter (measured by simple average of the closing prices of a share trading during regular trading hours for the last twenty trading days of such calendar quarter, and adjusted for dividends paid (where the dividend payment date is the ex-dividend date))
- q = quarter number (1 through 12)

Example 1:

Date	Share price * (x)	Index (x_q / x)
1/1/2022	$ 20.00	
3/31/2022	$ 22.00	110.0
6/30/2022	$ 24.00	120.0
9/30/2022	$ 21.00	105.0
12/31/2022	$ 20.00	100.0
3/31/2023	$ 18.00	90.0
6/30/2023	$ 22.00	110.0
9/30/2023	$ 25.00	125.0
12/31/2023	$ 28.00	140.0
3/31/2024	$ 31.00	110.7
6/30/2024	$ 33.00	117.9
9/30/2024	$ 30.00	107.1
12/31/2024	$ 28.00	100.0

$$\sum_{q=1}^{q=12} (x_q / x) = 1{,}335.7$$

$$\frac{\sum_{q=1}^{q=12} (x_q / x)}{12} = 111.3$$

* Average price adjusted for dividends paid in the period, where the dividend payment date is the ex-dividend date.

B. Peer Group and TSR Payout

Once the average TSR for the Company during the Performance Period is calculated, the average TSR for each company in the Peer Group shall be calculated.

The Peer Group shall consist of the following companies (including KBR, Inc.):

Booz Allen Hamilton Holding Corporation	Leidos Holdings, Inc.
CACI International Inc	ManTech International Corporation
Fluor Corporation	Parsons Corporation
Jacobs Engineering Group Inc.	Science Applications International Corporation

No company shall be added to, or removed from, the Peer Group during the Performance Period, except that a company shall be removed from the Peer Group if during such period (i) such company ceases to maintain publicly available statements of operations prepared in accordance with GAAP, (ii) such company is not the surviving entity in any merger, consolidation, or other reorganization (or survives only as a subsidiary of an entity other than a previously wholly owned entity of such company), or (iii) such company sells, leases, or exchanges all or substantially all of its assets to any other person or entity (other than a previously wholly owned entity of such company).

If one or more Peer Group companies are removed from the Peer Group, then the percentiles and TSR payouts will adjust for the change in "n" of the formula provided below; provided, however, that the adjustment must require at least a 90.0 percentile to receive the maximum TSR payout and at least a 20.0 percentile to receive the threshold TSR payout. After the average TSR is determined for the Company and each company in the Peer Group, the Company's average TSR rank among the average TSRs for the Peer Group for the Performance Period and the Company's applicable "TSR Payout Percentage" shall be determined by the following formula:

TSR Peer Group Percentile and TSR Payout Percentage Table

		Threshold	Target	Maximum
Percentile	<20%	20%	50%	**≥90%**
TSR Payout Percentage	0%	25%	100%	200%

LTI TSR Calculation Method			
	Ranking	Percentile *	TSR Payout Percentage**
Maximum	1	100.0%	200.0%
	2	87.5%	193.8%
	3	75.0%	162.5%
	4	62.5%	131.3%
Target	5	50.0%	100.0%
	6	37.5%	68.8%
Threshold	7	25.0%	37.5%
	8	12.5%	0.0%
	9	0.0%	0.0%

* Rounded to 1 decimal place.

** For a Percentile ranking between Threshold and Target or Target and Maximum, the TSR Payout Percentage earned shall be determined by linear interpolation between maximum and threshold based on the Percentile ranking achieved. Rounded to 1 decimal place.

Percentile for TSR purposes

$$\text{Percentile} = \frac{(n - r)}{(n - 1)} * 100\%$$

where:

n = number of Peer Group companies (including KBR)

r = KBR ranking in the list of companies (including KBR)

Example 1

KBR ranked 2nd out of 9 companies

$\frac{(9 - 2)}{(9 - 1)} * 100\% = 87.5\%$

Example 2

KBR ranked 4th out of 9 companies

$\frac{(9 - 4)}{(9 - 1)} * 100\% = 62.5\%$

Example 3

KBR ranked 3rd out of 8 companies

$\frac{(8 - 3)}{(8 - 1)} * 100\% = 71.4\%$

Example 4

KBR ranked 5th out of 7 companies

$\frac{(7 - 5)}{(7 - 1)} * 100\% = 33.3\%$

The TSR Payout Percentage and related payout shall be subject to reduction as provided in Paragraph 3 of the Agreement.

Notwithstanding any of the foregoing, (a) unless otherwise provided in an agreement pursuant to Paragraph 14 of the Agreement, the TSR Payout Percentage shall equal 200% for payment in connection with a Double Trigger Event as provided in Paragraph 2(d) of the Agreement, and (b) if on the Grant Date you are an employee of the Company or any employing Subsidiary of the Company who is either the Company's Chief Executive Officer or a direct report to the Company's Chief Executive Officer and the Company's average TSR (as determined pursuant to Part II.A. of this Exhibit A) at the end of the Performance Period is negative (i.e., an index below 100), then no payment hereunder with respect to the TSR performance measure will exceed the Target (100%) payout under the TSR Peer Group Percentile and TSR Payout Percentage Table above; provided, however, that this clause (b) shall not apply if, pursuant to the first sentence of Paragraph 2(d) of the Agreement, your outstanding Performance Units become fully vested at the maximum earned percentage provided in Exhibit A (200%) upon a Double Trigger Event occurring during the Performance Period.

III. Book-to-Bill

A. Book-to-Bill Determinations in General

The payment of a Book-to-Bill Performance Unit will be determined based on the Average Book-to-Bill Payout Ratio as determined under Part III. of this Exhibit A.

For purposes of Part III. of this Exhibit A, the following terms shall have the following meanings:

"Average Book-to-Bill Payout Ratio" means the quotient obtained by dividing (i) the sum of the Book-to-Bill Payout Ratios for each of the three calendar years in the Performance Period by (ii) three.

"Book-to-Bill Payout Ratio" means, with respect to a calendar year during the Performance Period, the amount determined in accordance with the following table:

		Threshold	Target	Maximum
Book-to-Bill Ratio for the calendar year	< Threshold Ratio for the calendar year	Threshold Ratio for the calendar year	Target Ratio for the calendar year	≥Maximum Ratio for the calendar year
Book-to-Bill Payout Ratio for the calendar year*	0%	25%	100%	200%

* If the Book-to-Bill Ratio for the calendar year is between the Threshold Ratio and the Target Ratio under the first row of the table above, then the Book-to-Bill Payout Ratio for such calendar year shall be determined by linear interpolation between Threshold (25%)

and Target (100%) based on the Book-to-Bill Ratio result. If the Book-to-Bill Ratio for the calendar year is between the Target Ratio and the Maximum Ratio under the first row of the table above, then the Book-to-Bill Payout Ratio for such calendar year shall be determined by linear interpolation between Target (100%) and Maximum (200%) based on the Book-to-Bill Ratio result. Each Book-to-Bill Payout Ratio determined by linear interpolation shall be rounded to one decimal place.

"Book-to-Bill Ratio" means, with respect to a calendar year, the quotient obtained by dividing (i) the aggregate dollar amount of the Company's and its consolidated subsidiaries new orders for projects awarded during such year (which shall include, without limitation, new projects for such year, options exercised during such year with respect to projects (including new projects), and the expansion during such year of the scope of projects (including new projects); however, any contraction during such year of the scope of a project (including a new project) shall reduce the amount described in this clause (i)), by (ii) the aggregate dollar amount of the Company's and its consolidated subsidiaries revenues for projects completed during such calendar year. The Book-to-Bill Ratio for each calendar year shall be determined by the Committee in its sole discretion.

"Maximum Ratio" means, with respect to a calendar year during the Performance Period, a Book-to-Bill Ratio established by the Committee as the Maximum Ratio for such calendar year, which ratio shall be greater than the Target Ratio established by the Committee for such calendar year.

"Target Ratio" means, with respect to a calendar year during the Performance Period, a Book-to-Bill Ratio established by the Committee as the Target Ratio for such calendar year, which ratio shall be greater than the Threshold Ratio and less than the Maximum Ratio established by the Committee for such calendar year.

"Threshold Ratio" means, with respect to a calendar year during the Performance Period, a Book-to-Bill Ratio established by the Committee as the Threshold Ratio for such calendar year, which ratio shall be less than the Target Ratio established by the Committee for such calendar year.

B. **Determination of the "Earned" Value of** Book-to-Bill Performance Units

The "target" value of a Book-to-Bill Performance Unit is $1.00; its maximum value is $2.00 per unit, and its minimum value will be zero per unit. The value of an "earned" Book-to-Bill Performance Unit shall be determined by multiplying its "target" value of $1.00 by the Average Book-to-Bill Payout Ratio for the Performance Period, subject to reduction as provided in Paragraph 3 of the Agreement.

Notwithstanding the foregoing, unless otherwise provided in an agreement pursuant to Paragraph 14 of the Agreement, the Average Book-to-Bill Payout Ratio shall be deemed to have been met at the maximum level (200%) in connection with a Double Trigger Event as provided in Paragraph 2(d) of the Agreement.

IV. Adjustments to Performance Measurements for Significant Events

If, after the beginning of the Performance Period, there is a change in accounting standards required by the Financial Accounting Standards Board, the performance results shall be adjusted by the Company's independent accountants as appropriate to disregard such change. In addition, the results of the Company or a peer group company shall be adjusted to reflect any stock splits or other events described in Article XIII of the Plan.

V. Committee Certification

As soon as reasonably practical following the end of the Performance Period, but in no event later than the March 15th following the end of the Performance Period, the Committee shall review and determine the performance results for the Performance Period and certify those results in writing. No Performance Units earned and vested shall be payable prior to the Committee's certification; provided, however, Committee certification shall not apply in the event of a Double Trigger Event, unless otherwise provided in an agreement pursuant to paragraph 14 of the Agreement.

EXHIBIT B

KBR, INC.

Terms and Conditions of Performance Unit Grant

SPECIAL PROVISIONS OF PERFORMANCE UNITS IN CERTAIN COUNTRIES

This Exhibit B includes special country-specific terms that apply to residents in countries listed below. This Exhibit B is part of the Agreement. Unless otherwise provided below, capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Agreement.

This Exhibit B also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the exchange control and other laws in effect in the respective countries as of January 2022. Such laws are often complex and change frequently. Note certain individual exchange control reporting requirements may apply upon vesting of the Performance Units and results may be different based on the particular facts and circumstances. As a result, the Company strongly recommends that you do not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time your Performance Units vest or your Performance Units are settled under the Plan.

In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

If you are a citizen or resident of a country other than the country in which you are working or if you transfer employment after the Performance Units are granted to you, the information contained in this Exhibit B for the country you work in at the time of grant may not be applicable to you and the Company, in its discretion, may determine to what extent the terms and conditions contained herein shall be applicable to you. If you transfer residency and/or employment to another country or are considered a resident of another country listed in this Exhibit B after the Performance Units are granted to you, the terms and/or information contained for that new country (rather than the original grant country) may be applicable to you.

AUSTRALIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Offer Document.

This offer document sets out information regarding the grant of Performance Units to Australian resident employees of the Company and its Australian Subsidiary(ies). The offer of Performance Units under the Plan to Australian resident employees is intended to comply with the provisions of the Australian Corporations Act 2001 (Cth) ("Corporations Act"), Australian Securities and Investments Commission ("ASIC") Regulatory Guide 49 and ASIC Class Order 14/1000.

Additional Documents.

In addition to the information set out in the Agreement, including this Exhibit B, you are also being provided with copies of the following documents:

(a) the Plan; and
(b) the Plan prospectus.

(collectively, the "Additional Documents"). The Additional Documents provide further information to help you make an informed investment decision about participating in the Plan. Neither the Plan nor the Plan prospectus is a prospectus for the purposes of the Corporations Act.

You should not rely upon any oral statements made in relation to this offer. You should rely only upon the statements contained in the Agreement, including this Exhibit B, and the Additional Documents when considering participation in the Plan.

General Information Only.

The information herein is general information only. It is not advice or information that takes into account your objectives and financial situation.

You should consider obtaining your own financial product advice from a person who is licensed by ASIC to give such advice.

Risk Factors for Australian Residents.

You should have regard to risk factors relevant to investment in securities generally and, in particular, to the holding of shares of Stock. For example, the price at which a share of Stock is quoted on the New York Stock Exchange ("NYSE") may increase or decrease due to a number of factors. There is no guarantee that the price of a share of Stock will increase. Factors which may affect the price of a share of Stock include fluctuations in the domestic and international market for the listed stocks, general economic conditions, including interest rates, inflation rates, legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

More information about potential factors that could affect the Company's business and financial results is included in the Company's most recent Annual Report on Form 10-K and other filings the Company may make from time to time with the U.S. Securities and Exchange Commission. Copies of these reports are available at http://sec.gov and upon request to the Company.

In addition, you should be aware that the Australian dollar value of the shares of Stock you may acquire under the Plan will be affected by the U.S./Australian dollar exchange rate. Participating in the Plan involves risks related to fluctuations in this rate of exchange.

Common Stock in a U.S. Corporation.

Common stock of a U.S. corporation is analogous to ordinary shares of an Australian corporation. Each holder of a share of Stock is entitled to one vote. Further, shares of Stock are not liable to any further calls for payment of capital or for other assessment by the Company and have no sinking fund provisions, pre-emptive rights, conversion rights or redemption provisions.

Ascertaining the Market Price of Shares.

You may ascertain the market price of a share of Stock by obtaining the current trading price of a share on the NYSE at https://www.nyse.com/index under the ticker "KBR". The Australian dollar equivalent of that price can be obtained at: http://www.rba.gov.au/statistics/frequency/exchange-rates.html.

This will not be a prediction of the market price of an individual share when such shares are acquired under the Plan or of the applicable exchange rate on the acquisition date.

Tax Information.

The Plan is a plan to which subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Exchange Control Information.

Exchange control reporting is required for cash transactions exceeding AUD10,000 and for international fund transfers. The Australian bank assisting with the transaction will file the report for you. If there is no Australian bank involved in the transfer, you will have to file the report.

AZERBAIJAN
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Payment of Vested Performance Units.

The following supplements Paragraph 3 of the Agreement:

Notwithstanding anything in the Agreement, any payment in connection with the vesting of the Performance Units will be paid to you in cash through local payroll. Further, you agree to bear any currency fluctuation risk between the time the Performance Units vest and the time the cash payment is distributed to you.

Securities Law Information.

You understand that the Agreement, the Plan and all other materials you may receive regarding your participation in the Plan do not constitute advertising or offering of securities in Azerbaijan. The offering of the Performance Units pursuant to the Plan has not been and will not be registered in Azerbaijan.

BAHRAIN
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

The Agreement, the Plan and all other materials you may receive regarding participation in the Plan do not constitute advertising or the offering of securities in Bahrain, nor do they constitute an allotment of securities in Bahrain. Any Stock issued upon settlement of the Performance Units will be deposited into a Company-designated brokerage account outside Bahrain. In no event will Stock be issued or delivered in Bahrain. The issuance of Stock pursuant to the Performance Units described herein has not and will not be registered in Bahrain and, hence, the Stock described herein may not be admitted or used for offering, placement or public circulation in Bahrain. Accordingly, you may not make any public advertising or announcements regarding the Performance Units or Stock in Bahrain, promote Stock to legal entities or individuals in Bahrain, or sell Stock directly to other legal entities or individuals in Bahrain. Any disposition or sale of Stock must take place outside Bahrain.

CANADA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Foreign Account/Asset Tax Reporting Information.

You may be required to report your specified foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of your specified foreign property exceeds C$100,000 at any time in the year. Foreign specified property includes cash, any shares of Stock issued to you upon vesting and settlement of your Award as well as the Performance Units. Performance Units must be reported - generally at a nil cost - if the C$100,000 cost threshold is exceeded because of other foreign property that you hold. If shares of Stock are acquired, their cost generally is the adjusted cost base ("ACB"). The ACB would normally equal the fair market value of the shares of Stock issued to you upon vesting and settlement of your Award, but if you own other shares, this ACB may have to be averaged with the ACB of the other shares. The Form T1135 is required for every year during which your foreign specified property exceeds C$100,000 and must be filed with your annual tax return.

Termination of Employment.

The following provision supplements Paragraph 8(j) of the Agreement and supplements the balance of the Agreement:

For purposes of this Award, in the event of your termination of employment for any reason (regardless of the reason for such termination and whether or not the termination is later found to be invalid, unlawful or in breach of employment laws in the jurisdiction where you are providing services or the terms of your employment agreement, if any), unless otherwise provided in this Agreement or the Plan, your right to vest in the Performance Units, if any, will terminate effective as of the date that is the earliest of (1) the date you are no longer actually providing services to the Company or any of its Subsidiaries; or (2) the date you receive (or provide) written notice of termination of employment. Subject to the below, on and after such date, you will no longer be considered to be an "employee" or "employed" for the purposes of this Agreement. Unless explicitly required by applicable legislation, such date will exclude and will not be extended by any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under statute, contract, common/civil law or otherwise. Furthermore, you will not earn, or be entitled to earn, any pro-rated vesting for that portion of time before the date on which your right to vest terminates, nor will you be entitled to any compensation for lost vesting. Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, your right to vest in the Performance Units, if any, will terminate effective as of the last day of your minimum statutory notice period, but you will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of your statutory notice period, nor will you be entitled to any compensation for lost vesting.

The following provisions shall apply if you are a resident of Ontario:

Post-Employment Non-Competition - Ontario

If you are employed in the Province of Ontario and you are not an Executive within the meaning of Section 67.2(4) of the Employment Standards Act, 2000, the covenant in Paragraph 6(b)(i) shall not apply to you.

The following provisions shall apply if you are a resident of Quebec:

Data Privacy.

This provision supplements Paragraph 10 of the Agreement:

You hereby authorize the Company and representatives of any Subsidiary to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize the Company and any Subsidiary and the administrators of the Plan to disclose and discuss the Plan with their advisors. You further authorize the Company and any Subsidiary to record such information and to keep such information in your file.

Language Consent.

The parties acknowledge that it is their express wish that the Agreement, including this Exhibit, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée.

Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciares, éxécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

CHINA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Payment of Vested Performance Units.

The following supplements Paragraph 3 of the Agreement:

Notwithstanding anything in the Agreement, any payment in connection with the vesting of the Performance Units will be paid to you in cash through local payroll. Further, you agree to bear any currency fluctuation risk between the time the Performance Units vest and the time the cash payment is distributed to you.

FINLAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

There are no country specific provisions.

GERMANY
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

Cross-border payments in excess of €12,500 (e.g., the payout of the Performance Units, proceeds from the sale of shares of Stock), must be reported monthly to the German Federal Bank. You are responsible for satisfying the reporting obligation and must file the report electronically by the fifth day of the month following the month in which the payment is received. A copy of the form can be accessed via the German Federal Bank's website at www.bundesbank.de and is available in both German and English.

INDIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

You must repatriate (i) the proceeds from the settlement of your Performance Units, (ii) the proceeds from the sale of shares of Stock and/or (iii) any cash dividends paid on such Stock within the period of time required under applicable regulations. You will receive a foreign inward remittance certificate ("FIRC") from the bank where you deposit the foreign currency. You should maintain the FIRC received from the bank as evidence of the repatriation of the funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is your responsibility to comply with applicable exchange control laws in India.

Foreign Account/Asset Tax Reporting Information.

You are required to declare in your annual tax return (a) any foreign assets held by you or (b) any foreign bank accounts for which you have signing authority.

MEXICO
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Acknowledgement of the Agreement.

In accepting the award of Performance Units, you acknowledge that you have received a copy of the Plan, have reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and the Agreement. You further acknowledge that you have read and specifically and expressly approve the terms and conditions of Paragraph 7 of the Agreement, in which the following is clearly described and established:

(1) Your participation in the Plan does not constitute an acquired right.

(2) The Plan and your participation in the Plan are offered by the Company on a wholly discretionary basis.

(3) Your participation in the Plan is voluntary.

Labor Law Acknowledgement and Policy Statement.

In accepting the award of Performance Units, you expressly recognize that KBR, Inc., with registered offices at 601 Jefferson Street, Suite 3400, Houston, Texas 77002, U.S.A., is solely responsible for the administration of the Plan and that your participation in the Plan and receipt of Performance Units does not constitute an employment relationship between you and KBR, Inc. since you are participating in the Plan on a wholly commercial basis and your sole employer is a Subsidiary of the Company in Mexico ("KBR-Mexico"), not KBR, Inc. in the U.S. Based on the foregoing, you expressly recognize that the Plan and the benefits that you may derive from participation in the Plan do not establish any rights between you and your Employer, KBR-Mexico, and do not form part of the employment conditions and/or benefits provided by KBR-Mexico and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

You further understand that your participation in the Plan is as a result of a unilateral and discretionary decision of KBR, Inc.; therefore, KBR, Inc. reserves the absolute right to amend and/or discontinue your participation at any time without any liability to you.

Finally, you hereby declare that you do not reserve to yourself any action or right to bring any claim against KBR, Inc. for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and you therefore grant a full and broad release to KBR, Inc., its Subsidiary, affiliates, branches, representation offices, its shareholders, officers, agents or legal representatives with respect to any claim that may arise.

Reconocimiento del Convenio.

Aceptando este Premio (Award),[1] el Participante reconoce que ha recibido una copia del Plan, que lo ha revisado como así también el Convenio en el Participante totalidad, y comprende y está de acuerdo con todas las disposiciones tanto del Plan como del Convenio. Asimismo, su reconoce que ha leído y específicamente y expresamente manifiesta la conformidad del Participante con los términos y condiciones establecidos en la cláusula 7 le dicho Convenio, en el cual se establece claramente que:

(1) La participación del Participante en el Plan de ninguna manera constituye un derecho adquirido.

(2) Que el Plan y la participación del Participante en el mismo es una oferta por parte de KBR, Inc. de forma completamente discrecional.

(3) Que la participación del Participante en el Plan es voluntaria.

Reconocimiento de Ausencia de Relación Laboral y Declaración de la Política.

Aceptando este Premio, el Participante reconoce que KBR, Inc. y sus oficinas registradas en 601 Jefferson Street, Suite 3400, Houston, Texas 77002, U.S.A., es el único responsable de la administración del Plan y que la participación del Participante en el mismo y la adquisicion de Acciones no constituye de ninguna manera una relación laboral entre el Participante y KBR, Inc., toda vez que la participación del Participante en el Plan deriva únicamente de una relación comercial con KBR, Inc., reconociendo expresamente que el único empleador del Participante es *la Subsidaria de la Compania en Mexico ("KBR-Mexico")), no es KBR, Inc. en los Estados* Unidos. Derivado de lo anterior, el Participante expresamente reconoce que el Plan y los beneficios que pudieran derivar del mismo no establecen ningún derecho entre el Participante y su empleador, KBR-México, y no forman parte de las condiciones laborales y/o prestaciones otorgadas por KBR-México, y expresamente el Participante reconoce que cualquier modificación al Plan o la terminación del mismo de manera alguna podrá ser interpretada como una modificación de los condiciones de trabajo del Participante.

Asimismo, el Participante entiende que su participación en el Plan es resultado de la decisión unilateral y discrecional de KBR, Inc., por lo tanto, KBR, Inc. se reserva el derecho absoluto para modificar y/o terminar la participación del Participante en cualquier momento, sin ninguna responsabilidad para el Participante.

Finalmente, el Participante manifiesta que no se reserva ninguna acción o derecho que origine una demanda en contra de KBR, Inc., por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y en consecuencia el Participante otorga un amplio y total finiquito a KBR, Inc., sus Entidades Relacionadas, afiliadas, sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales con respecto a cualquier demanda que pudiera surgir.

[1] El término "Premio" se refiere a la palabra "Performance Units."

Securities Law Information.

The Performance Units granted, and any shares of Stock acquired, under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, Agreement and any other document relating to the Performance Units may not be publicly distributed in Mexico. These materials are addressed to you because of your existing relationship with the Company and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities, but rather a private placement of securities addressed specifically to individuals who are present service providers made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

POLAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

If you hold foreign securities (including shares of Stock) and maintains accounts abroad, you may be required to file certain reports with the National Bank of Poland. Specifically, if the value of securities and cash held in such foreign accounts exceeds PLN 7 million, you must file reports on the transactions and balances of the accounts on a quarterly basis. Further, any fund transfers in excess of €15,000 (or PLN 15,000 if such transfer of funds is connected with business activity of an entrepreneur) into or out of Poland must be effected through a bank in Poland. Polish residents are required to store all documents related to foreign exchange transactions for a period of five years.

QATAR
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

There are no country-specific provisions.

ROMANIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Language Consent.

By accepting the grant of Performance Units, you acknowledge that you are proficient in reading and understanding English and fully understand the terms of the documents related to the grant (the Agreement and the Plan), which were provided in the English language. You accept the terms of those documents accordingly.

Consimtamant cu privire la limba.

*Prin acceptarea acordării Unităților de Performanță, recunoașteți că aveți competență în citirea și înțelegerea limbii engleze și înțelegeți pe deplin termenii documentelor legate de grant (Acordul și Planul), care au fost furnizate în limba engleză. Acceptați termenii acestor docume*nte în *consecință.*

Exchange Control Information.

If you remit foreign currency into Romania (e.g., the payout of the Performance Units, proceeds from the sale of shares of Stock), you may be required to provide the Romanian bank through which the foreign currency is transferred with appropriate documentation explaining the source of the funds.

SAUDI ARABIA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult your own advisor or an authorized financial advisor.

SINGAPORE
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

The grant of Performance Units is being made in reliance of section 273(1)(f) of the Securities and Futures Act (Chap. 289) ("SFA") for which it is exempt from the prospectus and registration requirements under the SFA and is not made to you with a view of the Performance Units being subsequently offered to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. You should note that the Performance Units are subject to section 257 of the SFA and you will not be able to make (i) any subsequent sale of the shares of Stock in Singapore or (ii) any offer of such subsequent sale of the shares of Stock subject to the Performance Units in Singapore, unless such sale or offer in is made (a) more than six months after the Grant Date or (b) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA, or pursuant to, and in accordance with the condition of, any other applicable provisions of the SFA.

Director Notification Information.

If you are a director of a Singapore Subsidiary, you must notify the Singapore Subsidiary in writing within two business days of receiving or disposing of an interest (e.g., Performance Units, shares of Stock, etc.) in the Company or any Subsidiary or within two business days of you becoming a director if such an interest exists at the time. This notification requirement also applies if you are an associate director of the Singapore Subsidiary or a shadow director of the Singapore Subsidiary (i.e., an individual who is not on the board of directors of the Singapore Subsidiary but who has sufficient control so that the board of directors of the Singapore Subsidiary acts in accordance with the "directions and instructions" of the individual).

SOUTH KOREA
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Foreign Account/Asset Tax Reporting Information.

You must declare all of your foreign financial accounts (i.e., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authorities and file a report with respect to such accounts if the value of such accounts exceeds a certain threshold (currently, KRW 500 million (or an equivalent amount in foreign currency)) on any month-end date during the year.

SWITZERLAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

Neither this document nor any other materials relating to Performance Units (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA"), (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee of the Company, or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to Article 51 of FinSA or any other Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority.

THAILAND
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Exchange Control Information.

If the cash proceeds received in connection with the payout of the Performance Units, the proceeds from the sale of shares of Stock and/or any cash dividends received in relation to such shares of Stock exceed USD 1,000,000 (or its equivalent amount) in a single transaction, you are required to immediately repatriate the funds to Thailand upon receipt and either (i) convert the repatriated foreign currency into Thai Baht or (ii) deposit such foreign currency into your foreign currency deposit account opened with any commercial bank in Thailand, within 360 calendar days from the date on which the proceeds are repatriated into Thailand. You are also required to inform the details of the transaction (i.e., identification information and purpose of the transaction) to the remittance bank acting as an authorized agent of the Bank of Thailand to report the inward remittance of funds into Thailand.

UNITED ARAB EMIRATES
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Securities Law Information.

The Plan is only being offered to qualified employees and is in the nature of providing equity incentives to employees in the United Arab Emirates ("UAE"). Any documents related to the Plan, including the Plan, Plan prospectus and other grant documents ("Plan Documents"), are intended for distribution only to such employees and must not be delivered to, or relied on by, any other person. Prospective stockholders should conduct their own due diligence on the securities. If you do not understand the contents of the Plan Documents, you should consult an authorized financial adviser.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any Plan Documents nor taken steps to verify the information set out in them, and thus, are not responsible for such documents.

UNITED KINGDOM
AMENDED AND RESTATED KBR, INC. 2006 STOCK AND INCENTIVE PLAN

Withholding of Taxes.

This section supplements Paragraph 6 of the Agreement:

Without limitation to Paragraph 6 of the Agreement, you agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer, as applicable, or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and the Employer, as applicable, for any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are an officer or executive director (as within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In this case, the amount of any income tax not collected from or paid by you within 90 days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You acknowledge that you ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any national insurance contributions due on this additional benefit. You acknowledge that the Company or the Employer may recover any such additional income tax and national insurance contributions at any time thereafter by any of the means referred to in Paragraph 6 of the Agreement.

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Stuart J. B. Bradie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of KBR, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2022

/s/ Stuart J. B. Bradie

Stuart J. B. Bradie
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Mark W. Sopp, certify that:

1. I have reviewed this quarterly report on Form 10-Q of KBR, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2022

/s/ Mark W. Sopp

Mark W. Sopp
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
UNDER SECTION 906 OF THE SARBANES OXLEY ACT OF 2002, 18 U.S.C. 1350

The undersigned, the Chief Executive Officer of KBR, Inc. (the "Company"), hereby certifies that to his knowledge, on the date hereof:

a) the Form 10-Q of the Company for the period ended March 31, 2022, filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section l3(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stuart J. B. Bradie

Stuart J. B. Bradie

Chief Executive Officer

Date: April 28, 2022

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
UNDER SECTION 906 OF THE SARBANES OXLEY ACT OF 2002, 18 U.S.C. 1350

The undersigned, the Chief Financial Officer of KBR, Inc. (the "Company"), hereby certifies that to his knowledge, on the date hereof:

a) the Form 10-Q of the Company for the period ended March 31, 2022, filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section l3(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mark W. Sopp
Mark W. Sopp
Chief Financial Officer

Date: April 28, 2022