

COMPENSATION COMMITTEE CHARTER

OF

KBR, INC.

Article I. Purpose

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of KBR, Inc. (the “Corporation”) is appointed by the Board to assist the Board by assuming primary responsibility for overseeing and evaluating issues relating to the Corporation’s compensation and employee benefit plans and practices, including executive compensation.

The Committee is also charged with making regular reports to the Board and delivering any reports that may from time to time be required by the rules of the New York Stock Exchange (“NYSE”) or the Securities and Exchange Commission (the “SEC”) to be included in the Corporation’s annual proxy statement or annual report on Form 10-K.

Article II. Membership

The Committee shall be appointed by the Board and shall consist of one or more members of the Board. Each member of the Committee shall first be nominated by the Nominating and Corporate Governance Committee of the Board and then be elected by the full Board, with interested members of the Board recusing themselves as appropriate, and shall serve until the expiration of such member’s term or until such member’s earlier resignation, retirement or removal. The members of the Committee may be removed at any time, with or without cause, by majority vote of the Board.

Prior to their election and annually thereafter, members of the Committee shall have been affirmatively determined by the Board to be “independent” as such term is defined under the NYSE rules; *provided, however*, (i) at least one member of the Committee must be independent at the time of the Corporation’s initial public offering; (ii) at least two members of the Committee must be independent within 90 days after the Corporation’s initial public offering; and (iii) all members of the Committee must be independent within one year after the Corporation’s initial public offering. In addition, a majority of the members of the Committee shall qualify both (i) as “non-employee directors” in the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and (ii) as “outside directors” in the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Board shall elect a Chairperson of the Committee who will chair all regular sessions of the Committee and set the agendas for Committee meetings. This Chairperson shall serve until the expiration of his or her term or until his or her earlier resignation, retirement, or removal. If the Chairperson is absent from a particular meeting, another member of the Committee shall serve as chairperson for purposes of that meeting.

Article III. Meetings

The Committee will meet as often as the members shall determine to be necessary or appropriate, but at least two times during each year.

Members representing 50% or more of the members of the Committee shall constitute a quorum. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take action by unanimous written consent to the fullest extent permitted by the General Corporation Law of the State of Delaware.

The Committee will cause to be kept adequate minutes of all its proceedings and will report its actions to the next meeting of the Board. Committee members will be furnished with copies of the minutes of each meeting and any action taken by unanimous written consent.

Reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting, accompanied by any recommendations to the Board approved by the Committee.

Article IV. Authority

The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to engage and obtain advice and assistance from outside legal counsel or other experts or consultants, as it deems appropriate in its sole discretion and without seeking approval of the Board. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Corporation. The Committee will take all necessary steps to preserve the privileged nature of those communications. The Committee may request any officer or employee of the Corporation or the Corporation's outside legal counsel or other experts or consultants to attend a meeting of the Committee or to meet with any members of, or advisers to, the Committee.

The Committee may only select a compensation consultant or other adviser to the Committee after taking into consideration the factors identified by the SEC (as well as any other factors identified by the NYSE) that affect the independence of such consultant or adviser. The Committee shall have the sole authority to retain (or obtain the advice of) and terminate any compensation consultant or other adviser, including the sole authority to approve the consultant or adviser's fees and other retention terms. The Committee shall be directly responsible for the appointment, determining the compensation, and the oversight of the work of its compensation consultant and other advisers.

The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any consultants or other advisers employed by the Committee, and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate.

Article V. Responsibilities and Duties

The Committee shall have the following responsibilities and duties:

1. To periodically review the compensation paid to non-employee directors (including Board and committee chairpersons) in the form of annual retainers and meeting fees, if any, and to make recommendations to the Board regarding any adjustments;
2. To evaluate and advise the Board regarding the compensation policies applicable to the executive officers of the Corporation, which shall include guidance regarding the specific relationship of corporate performance to executive compensation;
3. To review and recommend to the Board:
 - the corporate goals and objectives relevant to compensation for the Chief Executive Officer of the Corporation (the “CEO”);
 - the CEO’s performance in light of these established goals and objectives;
 - the CEO’s compensation, including salary, bonus, incentive and equity compensation based on this evaluation;
 - the long-term incentive compensation component of the CEO’s compensation after considering the Corporation’s performance and relative stockholder return, the value of similar incentive awards to chief executive officers at comparable companies, the awards given to the CEO in past years, and any other factors it deems relevant;
4. To review the CEO’s recommendations with respect to, and approve, the compensation to be paid to the Corporation’s other executive officers in accordance with the general compensation policies established by the Board;
5. To review and make recommendations to the Board with respect to the Corporation’s incentive compensation and other stock-based plans;
6. To assist the full Board with respect to the administration of the Corporation’s incentive compensation and other stock-based plans;
7. To maintain appropriate, regular contact with management of the Corporation;
8. To review and discuss with the Corporation’s management the “Compensation Discussion and Analysis” as required by the SEC, and based on such review and discussion, the Committee shall determine whether to recommend to the Board that the “Compensation Discussion and Analysis” be included in the Corporation’s annual proxy statement or annual report on Form 10-K;
9. To prepare and publish, over the names of the members of the Committee, an annual executive compensation report as required by the SEC to be included in the Corporation’s annual proxy statement or annual report on Form 10-K;

10. To evaluate its own performance, and review the adequacy of this Charter, at least annually, delivering a report setting forth the results of such evaluation and review, and any recommended changes, to the Board for its approval;
11. To review the risk assessment of the Corporation's compensation plans to ensure that the programs do not create risks that are reasonably likely to have a material adverse effect on the Corporation;
12. To only select a compensation consultant or other adviser to the Committee after considering the factors identified by the SEC as affecting the independence of such consultant or adviser, including, but not limited to the following (as well as any other factors identified by the NYSE):
 - the provision of other services to the Corporation by the employer of the consultant or other adviser;
 - the amount of fees received from the Corporation by the employer of the compensation consultant or other adviser, as a percentage of the total revenue of the employer of the compensation consultant or other adviser;
 - the policies and procedures of the employer of the compensation consultant or other adviser that are designed to prevent conflicts of interest;
 - any business or personal relationship of the compensation consultant or other adviser with a member of the Committee;
 - any stock of the Corporation owned by the compensation consultant or other adviser;
 - any business or personal relationship between the compensation consultant or other advisor or the compensation consultant's or other advisor's employer and any executive officer of the Corporation; and
13. To approve disclosures and make recommendations to the Board regarding the disclosures on the Corporation's Advisory Vote On Executive Compensation and the Advisory Vote On The Frequency of Advisory Votes On Executive Compensation to be included in the Corporation's annual proxy statement or annual report on Form 10-K and to disclose on Form 8-K, if required, the frequency in which the Corporation will hold the Advisory Vote On Executive Compensation.
