

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 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.

A majority of Committee members 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 advisors to, the Committee.

The Committee shall have the sole authority to retain and terminate any compensation consulting firm, including the sole authority to approve the firm's fees and other retention terms.

The Corporation shall provide for appropriate funding, as determined by the Committee, for compensation to any advisors 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 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:
2. 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, 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;
3. 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;
 4. To review and make recommendations to the Board with respect to the Corporation's incentive compensation and other stock-based plans;
 5. To assist the full Board with respect to the administration of the Corporation's incentive compensation and other stock-based plans;
 6. To maintain appropriate, regular contact with management of the Corporation;
 7. 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;
 8. 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; and
 9. 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.
