

KBR, INC.
Form 10-Q
July 25, 2012
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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 June 30, 2012

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 1-33146

KBR, Inc.

(a Delaware Corporation)
20-4536774
601 Jefferson Street
Suite 3400
Houston, Texas 77002
(Address of Principal Executive Offices)
Telephone Number – Area Code (713) 753-3011

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

“(Do not check if a smaller reporting company)”

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

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As of July 11, 2012, there were 147,323,837 shares of KBR, Inc. common stock, \$0.001 par value per share, outstanding.

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Forward-Looking and Cautionary Statements

This report 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 Securities Exchange Act of 1934, 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 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 2011 Annual Report on Form 10-K contained in Part I under “Risk Factors”.

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.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

KBR, Inc.

Condensed Consolidated Statements of Income

(In millions, except for per share data)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue:				
Services	\$2,029	\$2,416	\$3,993	\$4,693
Equity in earnings of unconsolidated affiliates, net	33	41	70	85
Total revenue	2,062	2,457	4,063	4,778
Operating costs and expenses:				
Cost of services	1,879	2,231	3,717	4,365
General and administrative	52	58	107	102
Loss (gain) on disposition of assets, net	2	(1)	(2)	(2)
Total operating costs and expenses	1,933	2,288	3,822	4,465
Operating income	129	169	241	313
Interest expense, net	(2)	(5)	(4)	(10)
Foreign currency gains, net	3	2	2	3
Other non-operating income (expense)	1	—	(1)	(1)
Income before income taxes and noncontrolling interests	131	166	238	305
Less: Provision for income taxes	(19)	(39)	(28)	(61)
Net Income	112	127	210	244
Less: Net income attributable to noncontrolling interests	(8)	(27)	(15)	(39)
Net income attributable to KBR	\$104	\$100	\$195	\$205
Net income attributable to KBR per share:				
Basic	\$0.70	\$0.65	\$1.31	\$1.35
Diluted	\$0.70	\$0.65	\$1.31	\$1.34
Basic weighted average common shares outstanding	148	151	148	151
Diluted weighted average common shares outstanding	149	152	149	152
Cash dividends declared per share	\$0.05	\$0.05	\$0.10	\$0.10

See accompanying notes to condensed consolidated financial statements.

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

Three Months
Ended