Risk Factors Comparison 2024-02-20 to 2023-02-17 Form: 10-K

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Risks Related to Operations of Our Business • ~~A~~ **Any** loss, cancellation or delay in **one or more** projects by our significant customers in the future could negatively affect our financial performance. • Our results of operations and cash flows depend on the award of new contracts and the timing of the performance of ~~these~~ **existing** contracts. • ~~The ongoing~~ **Ongoing international** ~~conflict~~ **conflicts** ~~between Russia and Ukraine~~, and other geopolitical conditions, may adversely affect our business and results of operations. • **Global** ~~The COVID- 19 pandemic and other~~ pandemics, epidemics, outbreaks of infectious diseases or public health crises have disrupted our business and could have a material adverse effect on our future results of operations and financial performance. • If we are unable to enforce our intellectual property rights, our competitive position could be adversely impacted. • We may not properly leverage or appropriately invest in technology advancements, which could result in the potential loss of market share and profits. • If we are unable to attract and retain senior management **and key technical professionals with elite skills and appropriate government qualifications**, our ability to pursue and compete for projects to grow our business may be adversely affected. • The nature of our business exposes us to potential liability claims and contract disputes **that may exceed or be excluded from existing insurance coverage**. • Dependence on third- party subcontractors and equipment manufacturers could adversely affect our financial performance on contracts. • We use estimates in recognizing revenues, and if we make changes to estimates used in recognizing revenues, our profitability may be adversely affected. • We conduct a portion of our operations through joint ventures and partnerships, which exposes us to risks and uncertainties, many of which are outside of our control. • The nature of our contracts subjects us to risks associated with cost overruns, operating cost inflation and potential claims for liquidated damages. • ~~We work in locations and on projects where there are high security risks, which could result in harm to our employees, contractors and clients. •~~ Our backlog of unfilled orders is subject to unexpected adjustments and cancellations ~~. • We make equity investments in privately financed projects in which we could sustain significant losses~~. • We have made and may continue to make business combinations, which may present certain risks and uncertainties. • International and political events may adversely affect our operations. • Internal or external cybersecurity or privacy breaches, or systems and information technology interruption or failure could adversely impact our ability to operate or expose us to significant financial losses and reputational harm. • An impairment of all or part of our goodwill or our intangible assets could have a material adverse impact on our net earnings and net worth. • Our actual results could differ from the estimates and assumptions used to prepare our financial statements. • We ship a significant amount of cargo using seagoing vessels, exposing us to certain maritime risks. Risks Related to Our Industry • The U. S. government awards its contracts through a rigorous competitive process and our efforts to obtain future contracts may be unsuccessful. • **Our profitability and cash flow may vary based on the mix of our contracts and programs, our performance, and our ability to control costs. • The U. S. government may adopt new contract rules and regulations or revise its procurement practices in a manner adverse to us at any time. •** Heightened competition could impact our ability to obtain contracts which could reduce our market share and profits ~~. • If we are unable to hire or retain employees with adequate security clearances, we may be unable to perform our U. S. government work~~. • Our U. S. government contract work is regularly reviewed and audited and these reviews can lead to withholding or delay of payments **to us** and other remedies against us. • Several of our contracts with the U. S. government are classified, which may limit investor insight into portions of our business. • Demand for our services provided under government contracts are directly affected by spending by our customers. • Fluctuations in commodity prices may affect our customers' investment decisions and result in existing project cancellations or delays. Risks Related to Financial Conditions and Markets • Current or future economic conditions, including recession or inflation, in the credit markets may negatively affect the ability to operate our or our customers' businesses, finance working capital, implement our acquisition strategy and access our cash and short- term investments. • We may be unable to obtain new contract awards if we are unable to provide our customers with letters of credit, surety bonds or other credit enhancements. • Our Senior Credit Facility imposes restrictions that limit our operating flexibility and may result in additional expenses. • Our indebtedness and the associated covenants could materially adversely affect our ability to obtain additional financing. • We may be required to contribute additional cash to meet any ~~underfunded~~ --- **unfunded** benefit obligations associated with defined benefit plans we manage. • We are subject to foreign currency exchange risks. Risks Related to Our Common Stock • If we need to sell or issue additional shares of common stock to refinance existing debt ~~,~~ **or** to finance future acquisitions ~~or to settle the Convertible Notes or warrants~~, our existing shareholder ownership could be diluted. • Provisions in our charter documents, Delaware law and our Senior Credit Facility may inhibit a takeover or impact operational control that could adversely affect the value of our common stock. • We may change our dividend policy in the future. Risks Related to Regulations and Compliance • We could be adversely impacted if we fail to comply with international export and domestic laws. • We are subject to anti- bribery laws in the U. S. and other jurisdictions, violations of which could result in suspension or debarment of our ability to contract with governments. • Certain of our work sites are inherently dangerous and we are subject to various environmental and worker health and safety laws and regulations. • Our effective tax rate and tax positions may vary. Risks Related to Climate Change • There is a rapidly evolving awareness and focus from stakeholders with respect to global climate change and the related emphasis on environmental, social and governance practices, which could affect our business. • Climate change and related environmental issues could have a material adverse impact on our business, financial condition and results of operations. • We may be unable to achieve our sustainability commitments and targets which could result in the loss of investors and customers and damage to our reputation. PART I Item 1. Business Company Overview KBR, Inc., a Delaware corporation (" KBR" or, the" Company"), delivers science, technology, engineering and logistics support 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; C5ISR; 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 **; • Professional advisory services across the defense, renewable energy and critical infrastructure sectors** ; and • Sustainable decarbonization solutions that accelerate and enable energy transition and climate change solutions such as proprietary, sustainability- focused process licensing; advisory services focused on energy transition; high- end engineering, design and **management** program ~~management~~ offerings; and digitally- enabled asset optimization solutions. Our people leverage dynamic teams that combine deep mission understanding, market- leading technical expertise and an unwavering operational focus to deliver solutions to solve our clients' most complex issues. In ~~2022~~ **2023** , KBR' s operating model continued to shift toward agile, technology- driven, solutions- oriented delivery and was streamlined to increase strategic focus to move upmarket into differentiated areas that we believe will provide attractive returns and consistent growth with favorable cash conversion. Our key areas of strategic focus are as follows: • Government. KBR delivers 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., the U. K. and Australia under long- term programs with key technical, scientific or mission- specific differentiation. KBR' s services cover the full spectrum spanning research and development, advanced prototyping, acquisition support, systems engineering, systems assurance and technology, C5ISR, cyber analytics, space domain awareness, test and evaluation, systems integration and program management, global supply chain management, digital transformation and operations readiness and support. 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. MoD, London Metropolitan Police, other U. K. Crown Services; the Royal Australian Air Force, Navy and Army; and other national governments. Areas of long- term strategic focus include defense modernization, space superiority and health and human performance. • Sustainable Technology. Consistent with our corporate focus towards sustainability, KBR continues to develop and prioritize investment in commercial process technologies that are innovative, proprietary and sustainability- focused. We market high- end advisory and consulting services focused on broad- based energy transition and net- zero carbon emission solutions; high- end engineering, design and program management centered around decarbonization, energy efficiency, environmental impact and asset optimization; and digitally- enabled operating and monitoring solutions. Key customers include commercial and industrial companies. Areas of long- term strategic focus include sustainable technology solutions, energy transition, energy security and technology- led asset optimization. Competitive Advantages We operate in global markets with customers who demand innovation, technical and domain expertise and digitally- enabled, technology- led sustainable solutions. We seek to differentiate ourselves in areas in which we believe we have a competitive advantage, including: • People ◦ Distinctive, mission- focused and inclusive team ethos and culture, which we refer to as " One KBR ". ◦ Deep domain expertise resident across nationally recognized subject matter experts. ◦ ~~Highly~~ **Employee base that includes individuals with high** - **level security** ~~cleared~~ - **clearance** ~~employee base~~ . • Sustainability Leadership ◦ Our Zero Harm philosophy includes ten key areas of sustainability focus across our company and correspond with the United Nations' (U. N.) Sustainable Development Goals (SDGs). ◦ As signatories to the U. N. Global Compact, we align our business with the U. N. SDGs that serve as a benchmark for accomplishing our sustainability goals. ◦ We have a dedicated Global Sustainability Committee made up of leaders from across key corporate and business functions, and the Chair of that Committee reports quarterly to the Board. ◦ Achieved carbon neutrality from 2019 and established a 2030 operational net- zero carbon ambition. ◦ Based on our Science Based Targets Initiative commitments, we have set preliminary reduction targets in line with a 1. 5 degree Celsius ambition. These targets include a 25 % reduction in business travel, renewable energy agreements and certifications and increasing our green fleets. ◦ We have a dedicated Net Zero Roadmap project team working with each section of the business to measure and monitor GHG emissions for developing discrete and tailored reduction programs, alongside the corporate level reduction plans and targets. ◦ As an industry leader, we have and will continue to invest in the development of disruptive, innovative clean energy solutions that promote a cleaner, greener future and a sustainable world. ◦ World leader in ammonia technology, a leading hydrogen energy enabler, with a fully developed, proprietary, end- to- end green ammonia solution K- GreeNTM. ◦ Exclusive licensor of Hydro- PRTTM, a cutting- edge, scalable technology that utilizes supercritical steam to convert a wide range of single- use and other plastics into virgin- grade feedstocks used to produce new plastics, delivering a truly circular economy. ◦ Safe and responsible operations are essential, and our Zero Harm culture prioritizes the safety and security of our people as well as the active management of our environmental impact. • Technical Excellence and Digital Solutions ◦ Innovative, sustainable, proprietary process technology, expertise and solutions. ◦ Innovative digital solutions and advanced capabilities to improve operations, reliability and environmental impact, including machine learning and artificial intelligence. ◦ Virtual and augmented reality visualizations to provide greater perspectives, insights and training in a controlled environment. • Customer Relationships ◦ Customer missions and objectives are placed at the center of our planning and delivery model. ◦ Decades of enduring relationships with government and commercial client base. • Financial Strength ◦ Diverse portfolio of multi- year, mission critical programs creating stability and resilience. ◦ Low capital intensity business model generating favorable operating cash flows. ◦ Strong liquidity with ample capacity for growth. Our Business Segments 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. Our business is organized into two core business segments and one non- core business segment as follows: Core business segments • Government Solutions • Sustainable Technology Solutions Non- core business segment • Other Our business segments are 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, C5ISR, cyber analytics, space domain awareness, test and evaluation, systems integration and program management, global supply chain management ~~and~~ **,** operations readiness and support **and** ~~. With the acquisition of Frazer- Nash Consultancy Limited (" Frazer- Nash") on October 20, 2021, we have expanded our broad range of~~ professional advisory services ~~that deliver high- end systems engineering, systems assurance and technology to customers~~ across the defense, renewable energy and critical infrastructure sectors ~~in the U. K. Additionally, with the acquisition of VIMA Group (" VIMA") on August 2, 2022, we deliver solutions across a number of large- scale, high priority digital transformation programs to support our clients in ensuring availability of effective digital and information technology as guided by the U. K.' s Digital Strategy for Defence. Additional information relating to the Frazer- Nash and VIMA acquisitions is described in Part II of this Annual Report on Form 10- K in Note 4 to our consolidated financial statements~~ . Sustainable Technology Solutions. Our Sustainable Technology Solutions business segment is anchored by our portfolio of over ~~70~~ **80** innovative, proprietary, sustainability- focused process technologies that accelerate and enable energy transition across the industrial base in four primary verticals: ammonia / syngas, chemical / petrochemicals, clean refining and circular process / circular economy solutions. STS also provides highly synergistic services including advisory and consulting focused on broad- based energy transition and net- zero carbon emission solutions, high- end engineering, design and program management centered around decarbonization, energy efficiency, environmental impact and asset optimization, as well as our digitally- enabled operating and monitoring solutions. Through early planning and scope definition, advanced technologies and facility life- cycle optimization, 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 ~~core~~ business segments above. Significant Customers We provide services to a diverse customer base, including domestic and foreign governments and commercial and industrial companies. We generate significant revenues within our GS business segment from key U. S. government customers including U. S. DoD and NASA, and from the U. K government. No other customers represented 10 % or more of consolidated revenues in any of the periods presented. The following table summarizes our revenues from contracts with U. S. and U. K. government agencies for which we are the prime contractor, as well as for those contracts in which we are a subcontractor and the ultimate customer is a U. S. or U. K. government agency, respectively. Revenues and ~~percent~~ **percentage** of consolidated revenues **from** ~~attributable to~~ major customers ~~by year~~ : Years ended **, December 29,** December 31, **December 31,** Dollars in **millions202320222021U** ~~millions, except percentage amounts202220212020U~~ . S. government ~~(all agencies)~~ **$ 4, 000 58 %** $ 4, 034 61 % $ 5, 122 70 % **U. K. government** $ **634 9** ~~3, 079 53~~ % ~~U. K. government (all agencies)~~ $ 584 9 % $ 508 7 % ~~$ 573 10 %~~ Information relating to our customer concentration is described in " Item 1A. Risk Factors " contained in Part I of this Annual Report on Form 10- K. Also, see further explanations in Note 1 to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10- K ~~. Recent Developments VIMA Acquisition On August 2, 2022, we acquired VIMA, a U. K. based leading provider of digital transformation solutions to defense and other public sector clients. VIMA Group delivers solutions across a number of large- scale, high priority digital transformation programs to support its clients in ensuring availability of effective digital and information technology as guided by the U. K.' s Digital Strategy for Defence. The company is a trusted advisor and a top five supplier to Defence Digital and Navy Digital – both organizations within the UK MoD with several highly strategic, fast- growing programs. Mura Technology Investment In June 2022, we announced that we entered into an agreement to invest an additional £ 80 million in Mura Technology (" Mura") that will bring KBR' s aggregate investment in Mura to approximately 18. 5 %. This investment provides Mura incremental capital to accelerate development of its plastics recycling projects and enables KBR to participate more fully in this sustainability- focused, high growth sector. Funding will be made in two tranches with the first payment made in the quarter ended June 30, 2022 and the remainder in 2023. With a strategic approach to commercializing and scaling its proprietary, differentiated plastics recycling solution, Mura is well positioned for profitable growth and value creation as the plastics circular economy develops and matures. Phase 1 of Plaquemines LNG Full Notice to Proceed In May 2022, KBR' s joint venture with Zachry Group, KZJV, was issued a full notice to proceed with Phase 1 of Plaquemines LNG. KZJV, in which KBR holds a non- majority interest, will integrate highly modularized, owner- furnished equipment for the 13. 3 million tonnes per annum (MTPA) nameplate facility. KBR will provide project management, engineering, program integration and interface management and commissioning support under an innovative commercial structure that promotes collaboration and enhances overall program performance. HomeSafe Alliance LLC Contract Award 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 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 global relocation experience for all military personnel and their families. In October 2022, the award was upheld in the Court of Federal Claims, and the period for appeal of the Court' s decision has expired. Subsequent to the Court of Federal Claims ruling, U. S. Transportation Command lifted the stop work order on the contract in November 2022 and KBR is proceeding with work under the award~~ . Significant Joint Ventures and Alliances We enter into joint ventures and alliances with other reputable industry participants to capitalize on the strengths of each party, provide greater flexibility in delivering our services based on expertise, cost and geographical efficiency, increase the number of opportunities that can be pursued, reduce exposure and diversify risk. Our significant joint ventures and alliances are described below. All joint venture ownership percentages presented are stated as of December ~~31~~ **29** , ~~2022~~ **2023** . Aspire Defence Limited, a joint venture owned by KBR and two financial investors, provides a range of facilities life cycle management services at the British Army' s garrisons at Aldershot and across the Salisbury Plain in the U. K. KBR owns 45 % of Aspire Defence Limited that is reported within our GS business segment using the equity method of accounting. In 2016, we established the Affinity joint venture with Elbit Systems Ltd. to procure, operate and maintain aircraft and aircraft- related assets over an 18- year contract period, in support of the UKMFTS project. KBR owns a 50 % interest in Affinity. In addition, KBR owns a 50 % interest in the two joint ventures, Affinity Capital Works and Affinity Flying Services, which provide procurement, operations and management support services under subcontracts with Affinity. The investments are accounted for within our GS business segment using the equity method of accounting. Brown & Root Industrial Services is a joint venture with Bernhard Capital Partners and offers maintenance services, turnarounds and small capital projects, primarily in North America, in which we own 50 % equity interest. The investment is accounted for within our STS business segment using the equity method of accounting. JKC Australia LNG is a joint venture contracted to perform the engineering, procurement, supply, construction and commissioning of onshore LNG facilities for a client in Darwin, Australia. The project ~~was~~ **is** being executed through two entities (collectively," JKC"), which are VIEs, in which we own a 30 % equity interest. The investment is accounted for within our STS business segment using the equity method of accounting. KZJV is a joint venture with Zachary Group that performs certain design, engineering, procurement and construction- related services for a LNG facility in Plaquemines Parish, Louisiana. KBR owns a 45 % interest in KZJV, which is a VIE. The investment is accounted for within our STS business segment using the equity method of accounting. HomeSafe, a KBR led joint venture with Tier One Relocation, was established to be the exclusive provider of household goods move management services for the U. S. Armed Forces, U. S. DoD civilians and their families. KBR owns a 72 % interest in HomeSafe. The joint venture is a VIE that is consolidated for financial reporting purposes and is accounted for within our GS business segment. Additional information relating to our joint ventures is described in Part II of this Annual Report on Form 10- K in Note ~~10~~ **9** to our consolidated financial statements. Backlog of Unfulfilled Orders Backlog is our estimate of the U. S. dollar amount of future revenues we expect to realize as a result of performing work on awarded contracts. For projects within our ~~consolidated and~~ unconsolidated joint ventures, we have included our percentage ownership of the joint venture' s estimated revenues in backlog to provide an indication of future work to be performed. The future revenues we expect to realize as a result of backlog were $ **17. 3 billion and $** 15. 6 billion ~~and $ 15. 0 billion~~ as of **December 29, 2023 and** December 31, 2022 ~~and 2021~~ , respectively, with approximately **24 % and** 25 ~~% and 17~~ %, respectively, related to work being executed by joint ventures accounted for using the equity method of accounting. We estimate as of December ~~31~~ **29** , ~~2022~~ **2023** , ~~36~~ **30** % of our backlog will be recognized as revenues or equity in earnings of unconsolidated affiliates within fiscal year ~~2023~~ **2024** . For additional information regarding backlog, see our discussion within " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations " contained in Part II of this Annual Report on Form 10- K. Government Contracts and Regulations Our business is heavily regulated. We contract with numerous U. S. government agencies and entities, principally the U. S. DoD and NASA. When working with these and other U. S. government agencies and entities, we must comply with various laws and regulations relating to the formation, administration and performance of contracts. U. S. government contracts are generally subject to the FAR, which sets forth policies, procedures and requirements for the acquisition of goods and services by the U. S. government, other agency- specific regulations that implement or supplement the FAR, such as the DoD FAR Supplement (" DFARS") and other applicable laws and regulations. These regulations impose a broad range of requirements, many of which are unique to government contracting, including various procurement, import and export, security, contract pricing and cost, contract termination and adjustment and audit requirements. Among other things, these laws and regulations: • require certification and disclosure of all cost and pricing data in connection with certain contract negotiations; • define allowable and unallowable costs and otherwise govern our right to reimbursement under various cost- type U. S. government contracts; • require compliance with CAS; • require reviews by the DCAA, DCMA and other regulatory agencies for compliance with a contractor' s business systems; • restrict the use and dissemination of and require the protection of unclassified contract- related information and information classified for national security purposes and the export of certain products and technical data; and • prohibit competing for work if an actual or potential organizational conflict of interest, as defined by these laws and regulations, related to such work exists and / or cannot be appropriately mitigated, neutralized or avoided. Our GS business segment primarily performs work under cost- reimbursable contracts in the U. S. with the DoD and other U. S. governmental agencies. If the U. S. government concludes costs charged to a contract are not reimbursable under the terms of the contract or applicable procurement regulations, these costs are disallowed or, if already reimbursed, we may be required to refund the reimbursed amounts to the customer. Such conditions may also include interest and other financial penalties. If performance issues arise under any of our government contracts, the customer retains the right to pursue remedies, which could include termination under any affected contract. Generally, our customers have the contractual right to terminate or reduce the amount of work under our contracts at any time. For more information, see " Item 1A. Risk Factors " contained in Part I of this Annual Report on Form 10- K. Our GS business segment also participates in PFI contracts, such as the Aspire Defence and UKMFTS projects. PFIs are long- term contracts that outsource the responsibility for the construction, procurement, financing, operation and maintenance of government- owned assets to the private sector. These contracts may contain both fixed- price and cost- reimbursable elements. The PFI projects in which KBR participates are all located in the U. K. with contractual terms ranging from 15 to 35 years ~~,~~ and involve the provision of services to various types of assets ranging from acquisition and maintenance of major military equipment and housing to transportation infrastructure. Under most of these PFI contracts, the primary deliverables of the contracting entity are the initial construction or procurement of assets for the customer and the subsequent provision of lifecycle management services for the life of such assets. The amount of renumeration from the customer to the contracting entity is negotiated on each contract and varies depending on the specific terms for each PFI. Contract Types The Company performs work under contracts that broadly consist of fixed- price, cost- reimbursable, time- and- materials or a combination of the three. **Under fixed- price contracts, we perform a defined scope of work for a specified fee to cover all costs and any profit element.** Fixed- price ~~contracts include both lump- sum and unit- rate contracts. Under lump- sum contracts, we perform a defined scope of work for a specified fee to cover all costs and any profit element. Lump- sum~~ contracts entail risk to us because they require us to predetermine the work to be performed, the project execution schedule and all the costs associated with the scope of work. **Additionally,** ~~Unit~~ **unit** - rate contracts are essentially fixed- price contracts with the only variable being units of work to be performed. Further, our fixed- price contracts may include cost escalation and other features that allow for increases in price should certain events occur or conditions change. Fixed- price contracts are typically subject to change orders if the scope of work changes or unforeseen conditions arise resulting in adjustments to the fixed price. Although fixed- price contracts involve greater risk than cost- reimbursable contracts, they also are potentially more profitable because the owner / customer pays a premium to transfer project risks to us. Time- and- materials contracts typically provide for negotiated fixed hourly rates for specified categories of direct labor. The rates cover the cost of direct labor, indirect expense and fee. These contracts can also allow for reimbursement of cost of material plus a fee, if applicable. In U. S. government contracting, this type of contract is generally used when there is uncertainty of the extent or duration of the work to be performed by the contractor at the time of contract award or it is not possible to anticipate costs with any reasonable degree of confidence. With respect to time- and- materials contracts, we assume the price risk because our costs of performance may exceed negotiated hourly rates. In commercial and non- U. S. government contracting, this contract is generally used for defined and non- defined scope contracts where there is a higher degree of uncertainty and risks as to the scope of work. These types of contracts may also provide for a guaranteed maximum price where the total cost plus the fee cannot exceed an agreed upon guaranteed maximum price or not- to- exceed provisions. Under cost- reimbursable contracts, the price is generally variable based upon our actual allowable costs incurred for materials, equipment, reimbursable labor hours, overhead and G & A expenses. Profit on cost- reimbursable contracts may be in the form of a fixed fee or a mark- up applied to costs incurred, or a combination of the two. The fee may also be an incentive fee based on performance indicators, milestones or targets and can be based on customer discretion or in the form of an award fee determined based on customer evaluation of the Company' s performance against contractual criteria. Cost- reimbursable contracts may also provide for a guaranteed maximum price where the total fee plus the total cost cannot exceed an agreed upon guaranteed maximum price. Cost- reimbursable contracts are generally less risky because the owner / customer retains many of the project risks, however it generally requires us to use our best efforts to accomplish the scope of the work within a specified time and budget. Cost- reimbursable contracts with the U. S. government are generally subject to the FAR and are competitively priced based on estimated or actual costs of providing the contractual goods or services. The FAR provides guidance on types of costs that are allowable in establishing prices for goods and services provided to the U. S. government and its agencies. Pricing for non- U. S. government agencies and commercial customers is based on specific negotiations with each customer. Raw Materials and Suppliers Equipment and materials essential to our business are obtained from a variety of global sources. The principal equipment and materials we use in our business are subject to availability and price fluctuations due to customer demand, producer capacity and market conditions. We monitor the availability and price of equipment and materials on a regular basis. Our procurement function seeks to leverage our size and buying power to ensure that we have access to key equipment and materials at low prices and ideal delivery schedules. While ~~the COVID- 19 pandemic and other~~ political and economic conditions **and regional conflict and war** have resulted in significant supply chain disruptions and inflation globally and within the United States **that are still ongoing** , we have not experienced, and do not anticipate experiencing, any significant procurement difficulties, as we purchase our required materials and equipment from a variety of sources. However, a number of factors that we may not be able to predict or control could result in increased costs for materials ~~, including the continued impact of the COVID- 19 pandemic,~~ as well as global trade relationships **, regional conflict and wars** and other general market and political conditions. These potential increased costs could reduce profitability on our contracts, particularly those that are fixed price. See " Item 1A. Risk Factors " contained in Part I of this Annual Report on Form 10- K for more information. Intellectual Property The use of intellectual property generally benefits our STS business segment. We have developed, acquired or otherwise have the right to license leading technologies, including technologies held under license from third parties, used for the production of a variety of petrochemicals and in the areas of olefins, refining, fertilizers, coal gasification, semi- submersibles and specialty chemicals. We also license a variety of technologies for the transformation of raw materials into commodity chemicals such as phenol which is used in the production of consumer end products. In addition, we are a licensor of ammonia process technologies used in the conversion of natural gas to ammonia with a fully developed, proprietary, end- to- end green ammonia solution K- GreeNTM. We are the exclusive licensor of Hydro- PRTTM, a cutting- edge, scalable technology that utilizes supercritical steam to convert a wide range of single- use and other plastics into commercial raw materials used to produce new plastics. **In 2023, we launched our Sustainable Aviation Fuel technology to extend our decarbonization efforts into the aviation sector.** We also offer technologies for crystallization and evaporation, concentration and purification of strong inorganic acids. We believe our technology portfolio and experience in the commercial application of these technologies and our related know- how differentiates us, enables our sustainability strategy and enhances our margins. Our rights to make use of technologies licensed to us are governed by written agreements of varying durations, including some with fixed terms that are subject to renewal based on mutual agreement. Generally, each agreement may be further extended and we have historically been able to renew existing agreements before they expire. We expect these and other similar agreements to be extended so long as it is mutually advantageous to both parties at the time of renewal. For technologies we own, we protect our rights, know- how and trade secrets through patents and confidentiality agreements. Seasonality Our operations are not generally affected by seasonality. However, various factors can affect the distribution of our sales between accounting periods, including the timing of government awards, the availability of government funding, product deliveries and customer acceptance. Additionally, weather and natural phenomena can temporarily affect the performance of our services. Environmental Regulation Our business involves design, management, operations and maintenance at various project sites throughout the world, which may be in and around sensitive environmental areas, such as rivers, lakes and wetlands. Our operations may require us to manage, handle, transport and dispose of toxic or hazardous substances, which are subject to stringent and complex laws relating to environmental protection. Significant fines, penalties and other sanctions may be imposed for non- compliance with environmental and worker health and safety laws and regulations, and some laws provide for joint and several strict liabilities for remediation of releases of hazardous substances, rendering a person liable for environmental damage, without regard to negligence or fault on the part of such person. These laws and regulations may expose us to liability arising out of the conduct of operations or conditions caused by others, or for our acts that were in compliance with all applicable laws at the time these acts were performed. For example, there are a number of governmental laws that strictly regulate the handling, removal, treatment, transportation and disposal of toxic and hazardous substances, such as the Comprehensive Environmental Response Compensation and Liability Act of 1980, and comparable national and state laws that impose strict, joint and several liabilities for the entire cost of cleanup, without regard to whether a company knew of or caused the release of hazardous substances. In addition, some environmental regulations can impose liability for the entire clean- up costs on owners, operators, transporters and other persons arranging for the treatment or disposal of such hazardous substances related to contaminated facilities or project sites. Other environmental laws applicable to our and customers' operations affecting us include, but are not limited to, the Resource Conservation and Recovery Act, the National Environmental Policy Act, the Clean Air Act, the Clean Water Act, the Occupational Safety and Health Act and the Toxic Substances Control Act as well as other comparable foreign and state laws. Liabilities related to environmental contamination or human exposure to hazardous substances or a failure to comply with any applicable environmental and worker health and safety laws and regulations could result in substantial costs to us, including cleanup costs, fines, civil or criminal sanctions, third- party claims for property damage, personal injury or cessation of remediation activities. Additional information relating to environmental regulations is described in" Item 1A. Risk Factors " contained in Part I of this Annual Report on Form 10- K and in Note ~~14~~ **13** to our consolidated financial statements. Human Capital Management Every day, the people of KBR help solve some of the world' s most challenging scientific, technological and engineering problems. From our promising new interns to world- renowned experts, this diverse Team of Teams delivers for our customers, so in turn, we put them first. At the end of ~~2022~~ **2023** , we employed approximately ~~30~~ **34** , 000 people performing diverse, complex and mission critical roles in ~~34~~ **over 30** countries. In addition, our unconsolidated joint ventures employ approximately 9, 000 employees. Our Employee Value Proposition (" EVP") is the unique set of experiences and offerings that help differentiate KBR from other competitors for our employees' time and talents and describes in practical terms how we put our people first. Purpose & Values At the ~~tip~~ **center** of our EVP is Purpose ~~and Values~~ **, because at KBR, we do work that matters, helping to solve the great challenges of our time while striving to create a better, safer, more sustainable world** . Our vision is to bring together the best and brightest employees to deliver technology and solutions that help our customers accomplish their most critical missions and objectives ~~. We believe the~~ **, and this important** work **enables** ~~we do is important and inspiring, enabling~~ us to attract and retain some of the world' s best talent, who thrive in this purposeful environment ~~where they can make a difference~~ . Our ~~values~~ **Values unite** ~~are the glue that binds~~ us ~~together~~ across our diverse global cultures, guiding our behavior and decision making ~~across~~ **throughout** KBR. **We** ~~Since refreshing our values in 2020, we~~ have embedded ~~them~~ **our values** in our business processes, **established them as a foundation for our learning and development activities and regularly** ~~celebrated~~ - **celebrate** employees who epitomize our values- led behavior ~~and established them as a foundation for our learning and development activities~~ . **Our** ~~Even with the challenges of transitioning to a long- term hybrid and remote working environment, we have been successful in maintaining our corporate culture as our~~ employees have told us that their experience is ~~fully~~ aligned to our values **even in the ' new normal' of a hybrid and flexible working environment** . While our One KBR Values unite us, as a global business operating in distinct markets and environments, we recognize and respect that our cultures are different. Acknowledging this diversity, our sustainability culture weaves a golden thread through KBR. Our employees take enormous pride in being part of an organization with a philosophical, practical and proven commitment to Zero Harm. Health and Safety We are subject to numerous worker health and safety laws and regulations ~~. In the U. S., these laws and regulations include the Federal Occupational Safety and Health Act and comparable state legislation, the Mine Safety and Health Administration laws and safety requirements of the Departments of State, Defense, Energy and Transportation of the U. S. government. We are also subject to similar requirements in other countries in which we have extensive operations, including the U. K. where we are subject to the various regulations enacted by the Health and Safety Act of 1974. These laws and regulations are frequently changing, and it is impossible to predict with certainty the effect of such laws and regulations on us in the future~~ . Our commitment to the health and safety of each employee as well as anyone we work with is the foundation of our Zero Harm culture. We know that our ~~employee~~ **employees** ' ~~s~~ willingness to implement each commitment into their daily work tasks is vital to our operations and has contributed to our strong safety performance among our customers, partners and peers. The six core processes that comprise our Transactional Health, Safety, Security, Environmental (" HSSE") Management that lead to Transformational Leadership are non- negotiable KBR safety standards that are required to be observed and followed by employees and contractors at all locations and projects. By requiring all of our employees to personally internalize and adhere to these standards, we aim to safeguard our individual health and safety and the well- being of all those around us. ~~The way we live, work and interact was abruptly altered with the COVID- 19 pandemic, but KBR remained vigilant and our people' s commitment to health, safety and security never wavered during this challenging time. KBR quickly implemented safe work practices and procedures aimed at keeping our employees, contractors and visitors safe during the pandemic.~~ We believe **that** KBR has provided the tools and processes our people need to achieve the mindset of 24 / 7 Zero Harm. One process known as the Courage to Care Conversation ~~,~~ is instrumental in developing a continual awareness of unsafe acts through observation, intervention and conversation. A web- application to log ~~a conversation~~ **conversations** was created in- house and is available to all KBR employees. The goal of the Courage to Care Conversation is to continuously evaluate the work environment and to focus on people and their actions. Thanks to our people' s commitment to our Zero Harm culture, we recorded another consecutive year of industry- leading HSSE performance, with a total recordable incident rate of 0. ~~079~~ **067** . Our Journey to Zero Harm has allowed us to create a company culture where safe execution is non- negotiable and people take responsibility and accountability. When it comes to safety, we strive for one number: Zero. Ethics and Compliance ~~Our~~ **KBR' s ethics and our** Code of Business Conduct (the " Code ") **are rooted in our values and provide the standards and support to help us successfully navigate issues, make the right decisions, and conduct our business with the integrity that reflects our heritage and ethical reputation. Additionally, our Code** is essential to how we as a Team of Teams interact with the world around us and to our success. ~~The Code is based on our One KBR Values, and, in particular, " We are People of Integrity " guides us in everything we do. We will be rolling out a revised Code of Business Conduct in the first half of 2023 that aligns more closely with our values, demonstrates KBR' s commitment to integrity and provides additional guidance to employees about how to always make integrity- based decisions.~~ We believe **that** an ethical culture, where employees are treated fairly, respectfully ~~,~~ and without favoritism, is key to employee satisfaction and retention. We promote a speak- up culture where employees are comfortable with making reports of possible unethical behavior and workplace issues. The Business Integrity Team has implemented a Question Manager as part of our Ethics Hotline for employees to receive advice, confidentially or anonymously, ~~for~~ **on** ethical or other inquiries. Employees speaking ~~–~~up and reporting issues ~~enables~~ - **enable** us to address and remediate these issues early and effectively while instilling confidence that employee concerns are heard and addressed. The recent People Perspective Survey indicates that a ~~significant~~ majority of our employees feel safe to report misconduct and reflects our dedication to an ethical culture. Retaliation ~~is not tolerated and~~ undermines a speak- up culture **and is not tolerated** . Our Code sets forth our anti- retaliation commitment, which is reinforced in our communications and our annual Ethics training. To further convey to the workforce that reports of unethical behavior are investigated and remediated, the Ethics training incorporates ~~incidents~~ **examples** of past misconduct **incidents** ~~. The " lessons learned " approach provides further guidance to employees that unethical behavior will not be tolerated and demonstrates our continued commitment to our value: We are People of Integrity~~ . Career As well as providing meaningful work from Day 1, our employees and job applicants are attracted to KBR because of the opportunity to develop personally and reach their full potential. ~~Therefore, Career Development~~ **Providing the opportunity to ' Grow' at KBR** is a ~~valuable~~ **key** component in our EVP. We have a good reputation **among our employees** for providing growth opportunities and **have** ~~continue~~ **continued** to focus on enhancing these growth prospects in a number of ways throughout ~~2022~~ **2023** ~~. Early~~ **with the introduction of internal** ~~Career~~ **career** ~~Professionals~~ **fairs and expansion of global career opportunities.** In ~~2022~~ **addition** , we ~~continued to provide~~ **invest in training our employees across a range of topics that align with and enhance our values, including programs that focus on leadership, I & D, ethics and** technical ~~and professional~~ development ~~, networking and community outreach opportunities through IMPACT, our long- standing Employee Resource Group (" ERG ") for early career professionals. Initiatives in 2022 included: • One Ocean, where IMPACT members work with schools and environmental and like- minded organizations to develop creative, practical solutions to ecological challenges facing the world today; • Virtual site visits, where graduates and other employees have used HoloLens technology to see how their engineering designs are coming to life on the other side of the planet; and • Launch Pad, a newly developed one- stop shop of learning and educational resources to help early career professionals jumpstart their professional development journey within KBR~~ . Technical Professionals For our Technical Talent, our One KBR Tech Fellows program provides funding and opportunities for these world- leading scientists and technical professionals to conduct advanced research into topics ranging from carbon capture to machine learning. Our Fellows also provide valuable input into strategy development, business development and talent development within KBR. KBR Communities of Interest (" COIs") are collaborative, virtual forums for subject matter experts and those who support them. Our COIs continue to evolve, ensuring that subject matter experts across the globe can connect and collaborate on Data Science & Analytics, Digital Engineering, Cloud, Cyber and other technical specialties that inform our customers' and society' s greatest challenges today. ~~In 2022~~ **Our flagship leadership program** , **the** ~~another cohort graduated from our~~ Global Leadership Development Program **, is** designed to expand the capabilities of future **executives** ~~C- suite leaders~~ . As well as developing strategic thinking through research projects ranging from sustainability investments to digital supply chain solutions, these leaders attended intense learning events focused on executive skills and leading courageously and with integrity. **We also strengthen our future** ~~At the other end of the~~ leadership ~~career ladder~~ **by running regular Manager Excellence Programs, and in 2023** , we **launched** ~~completed the pilot of~~ our ~~new~~ Front Line Leaders ~~program~~ **Program globally** , ~~designed~~ to support employees newly transitioning into these critical roles. **Talent Development &** ~~Following the success of this pilot, we plan to roll the program out globally, starting in 2023.~~ Succession Planning In ~~2022~~ **2023** , we ~~significantly~~ **continued to** ~~expanded~~ -- **expand** the scope of our Talent Calibration conversations, covering ~~almost 3~~ **over 4** , ~~000~~ **100** KBR employees in this rigorous assessment of performance and potential. As well as providing organization- wide talent trends and data, these conversations lead to individual career plans and added rigor to our succession plans. The Board Nominations & Corporate Governance Committee received regular updates on this process throughout the year, culminating in detailed discussions on updated succession plans for the CEO and Executive Leadership Team. Performance Management ~~2022~~ **2023** also saw the expansion of our new agile approach to performance management, focused on forward- looking discussions on performance and priorities between managers and their team members. Our employee survey showed that this modern, real- time performance management approach was welcomed by a majority of participants, helping us retain critical talent, so in 2023 we ~~plan to adopt~~ **adopted** Agile Performance & Development across KBR. **Inclusion & Diversity At** ~~Work Environment Central to our EVP is the overall employee experience at~~ KBR, ~~and~~ we aim to **become a magnet** ~~differentiate KBR by creating the best work environment that we can~~ for ~~our employees~~ **diverse talent** , ~~encompassing matters such as our approaches~~ **known for a culture of belonging and equality. Our commitment** to Inclusion & Diversity (" I & D ") ~~, Employee Engagement and Employee Resource Groups. The adoption of flexible working practices~~

~~for many people in KBR continues to help us attract and retain the best talent, no matter where in the world they work. Additionally in 2022, our major businesses and functions also started introducing more flexible working practices, such as part-time or job- share opportunities, to widen our talent reach even further. Our employees appreciate this approach as evidenced by our survey results. At KBR, we aim to become a magnet for diverse talent, known for a culture of belonging and equality. Our commitment to I & D~~ helps us innovate, helps our global Team of Teams perform and helps create an environment where everyone can belong. We believe we have made significant progress over many years and our progress is acknowledged by our employees. **Their continued efforts help us to further build our reputation as a leader in this space, as exemplified by our maintaining a ranking on Forbes' s World' s Top Companies for Women list in 2023.** To help us continue our progress in I & D, we review trends and patterns using anonymized employee demographics to ensure we are providing equality of opportunity for all. We ~~plan to expand~~ **expanded** our data capture further in 2023, encompassing veteran status and sexual ~~preference~~ **orientation in relevant markets** . Having this data helps us monitor our I & D progress, however, we respect our employees' right to privacy. We maintain strict confidentiality for all those who voluntarily disclose and provide opt- out options for those who prefer not to disclose their personal information. As of December ~~31~~ **29** , ~~2022~~ **2023 , where permitted by law** , our employees voluntarily self- disclosed the following gender and race / ethnicity demographics: **December 29, 2023White47. 8 % Asian22. 8 % Black8. 1 % Hispanic / Latino6. 1 % Prefer not to answer5. 7 % Not disclosed5. 3 % Other Ethic Group2. 2 % Multiracial2. 0 % December 29, 2023Men73. 9 % Women25. 7 % Not Disclosed0. 2 % Prefer not to answer0. 1 % Other Gender Identity / Non- binary0. 1 %** Our Board of Directors is ~~30~~ **33** % female and ~~30~~ **22** % ethnic or racial minority. Our Executive Leadership Team (" ELT") is ~~25~~ **22** % female and ~~8~~ **11** % ethnic or racial minority. In ~~2022~~ **2023** , our I & D Council researched best practices for **STEM outreach, communications, manager support, and** inclusion **for all** ~~of people with disabilities, advancement of women into operational and business leadership roles and retention of diverse talent~~ . ~~We~~ **In 2024, we** plan to incorporate their recommendations into our **global plans as well as the local** I & D Improvement Plans ~~in 2023~~ for every business and function. ~~Their continued efforts help us to further build our reputation as a leader in this space, which was once again epitomized in 2022 when we retained our listing as one of Fortune' s World' s Top Female- Friendly Employer~~ **Employee** ~~-~~ **Engagement** Our annual employee survey measures our progress through the eyes of our people. **We** ~~Having completed our first global survey in 2021, in 2022 we went a step further by partnering~~ -- **partner** with Great Place to Work to conduct the survey on our behalf, enabling us to ~~expand~~ **provide** the **survey in multiple** languages ~~in which the survey was conducted~~ and benchmark how we perform compared to other similar organizations. ~~As well as facilitating~~ **A significant majority of our employees who responded to the survey reported that they believe KBR is** a **Great Place to Work** ~~dramatic increase in participation levels~~ , **resulting** ~~this partnership resulted~~ in KBR being certified as a Great Place to Work in several countries, including the U. S., U. K., Australia and India. We **continue** ~~were also pleased~~ to **make** ~~note significant~~ improvements in a number of survey focus areas ~~from 2021~~ , including: • ~~Promotions~~ **Benefits** – we ~~launched guidance~~ **improved our employee benefits offerings in 2023, such as the introduction of Next Gen Flex Work, which allows employees in eligible countries to work up to four weeks each year in a different location and provides an opportunity** for **sabbatical leave, as well as the expansion of our Employee Stock Purchase Plan to new markets. These changes and improved communications resulted in an increase in** employees **'** ~~and managers in 2022 to ensure our promotions processes are fair and transparent, resulting in a substantial increase in~~ positive **perception of our benefits.** ~~scores for this survey topic;~~ • ~~Fun~~ **Celebrations** – with ~~people regularly back in~~ the ~~workplace~~ **introduction of One KBR Values Awards** , ~~our social scene has been~~ **expansion of celebratory events across different business areas and a deliberate focus** on ~~overdrive in 2022 and~~ **connections through our EVP,** we ~~made a~~ **were pleased to see survey responses improve positively for celebrating special events and for providing opportunities for special recognition. For example, in 2023 we held our first KBR Global Hackathon, which** ~~concerted~~ -- **connected** ~~effort~~ **hundreds of employees** to **develop innovative solutions to challenges related to digitalization, sustainability and branding. We** ~~celebrate~~ **celebrated** ~~individual~~ **the achievements of the top teams in six regions,** and **each region' s overall winners attended the final in Abu Dhabi, during which the ELT selected the global winners. In 2024, this** team **will travel around** ~~successes, resulting in another significant uplift in survey scores for this survey topic; and • Development – the roll- out of Agile Performance Management and other~~ -- **the world with KBR, further building connections across business** ~~initiatives outlined above helped secure a positive response from employees regarding career~~ and ~~personal development~~ **geographic boundaries** . **With over 16** ~~In addition to the 12~~ , 000 employee ~~comments~~ **responses** , the data from our survey was reviewed in detail by different team leaders and across different business areas, resulting in tailored action plans that are already being executed across KBR. ~~During~~ **Employee Resource Groups Our employees are encouraged to create and join multiple employee resource groups (" ERGs ") where they can continue to develop cultural competence across various categories of diversity, enhance their personal networks, develop leadership skills and actively contribute to workplace culture. In** ~~2022~~ **2023** , we **continued** ~~undertook a global communications program focused on Connections,~~ to **provide technical and professional development,** ~~help reinforce our Team of Teams value in the new world of hybrid working~~ **networking and community outreach opportunities through IMPACT, our long- standing ERG for early career professionals** . **We** ~~Our Connections program~~ also ~~benefited from the inspiring work of our ERGs, which we believe continues to provide a crucial platform for all employees to have a voice at KBR. As well as IMPACT' s work described above, we~~ have OK NoW, focused on Mental Health & Fitness, and a range of I & D **-** focused ERGs, which come together to collaborate in the All- In Community. With events ranging from book clubs and picnics to discussions on pay equity and mindfulness, the ERGs create a vibrant community for networking, advocacy and education across KBR. **We also support** ~~Compensation & Benefits The final piece of the EVP puzzle relates to our remuneration strategy~~ and ~~how we provide a good~~ **partner with charitable organizations through our ERGs.** ~~total~~ **Total** ~~reward~~ **Reward** ~~package to our people.~~ Competition for talent continued to be fierce in ~~2022~~ **2023** , compounded by high levels of inflation in the general economy. Recognizing the impact of the fluid economic environment on our employees, at the beginning of the year, we committed to ~~carry~~ **carrying** out an additional mid- year salary review. By staying current with pay trends and partnering with our customers, we applied an additional increase in compensation mid- year for select employees across various levels in the organization. ~~We simultaneously embedded a systematic approach to pay equity and are increasing our focus on pay transparency, both of which support our I & D strategy. Through~~ **Throughout** ~~2022~~ **2023** , we introduced improved benefits packages for many employees ~~. For example~~ **as described above** , **and** we ~~undertook a comprehensive~~ **continue to benchmark** benefits ~~strategy review~~ in **local markets** ~~the US,~~ and ~~designed innovative~~ **expand our** offerings **to** ~~based on direct employee feedback, which helped~~ -- **help** ~~address~~ **us attract and retain** ~~their~~ -- **the best** ~~diverse personal preferences. We also focused on family- friendly benefits as part of our benefits roadmap in 2022~~ and **brightest talent** ~~have enhanced our parental leave offerings across the U. S., U. K. and India~~ . Talent Acquisition While the different components of our EVP outlined above help us attract and retain some of the best talent in KBR, we recognize that the ' war for talent' demands continued innovation and improvement in Talent Acquisition. In ~~2022~~ **2023** , we **continued** ~~invested considerably~~ to raise KBR' s brand awareness while providing an attractive and streamlined candidate journey to ensure we have the right people in the right place at the right time. We appointed ~~one of our senior People function leaders as~~ a global leader for talent acquisition, helping bring together our community of recruiters to identify and institute best practices from sourcing to onboarding. ~~At the same time, we have increased our social media presence through campaigns such as ' Belong, Connect, Grow – Change the World' on LinkedIn, which focuses on real people doing important work and creates a buzz around KBR. Our brand collateral has also expanded, with new videos being produced, innovations such as a ' digital postcard' which highlights our EVP and tells the compelling KBR story, and a refreshed Career Site showcasing our people, our values and our impact on society.~~ During ~~2022~~ **2023** , we also **embedded our** ~~invested in a new~~ Candidate Relationship Management platform that is integrated with our HR system. This platform uses artificial intelligence to promote suitable career opportunities to candidates, helps implement ongoing marketing campaigns and enables recruiters to focus on attracting and securing talent rather than dedicating time and resources to administrative matters. ~~Finally, upskilling and supporting hiring managers has also been a major area of focus, as they re- learn the skill of ' selling' to candidates at the same time as assessing their suitability for a role at KBR. We have provided them new support materials such as our Hiring Manager Playbook which includes tips, FAQs, key statistics and other practical guidance to help us secure the best talent.~~ As a result of this innovation and team effort, we hired over 7, ~~000~~ **900** employees in ~~2022~~ **2023** , supporting our ability to deliver excellent solutions for our customers and meet our strategic growth targets. Of the new hires, ~~27~~ **25** % are female and ~~47~~ **54** % are an ethnic or racial minority. Website Access Our Annual Reports on Form 10- K, Quarterly Reports on Form 10- Q, Current Reports on Form 8- K and amendments to those reports filed or furnished pursuant to Section 13 (a) or 15 (d) of the Exchange Act are made available free of charge on our website at www. kbr. com as soon as reasonably practicable after we have electronically filed the material with, or furnished it to, the SEC. The SEC maintains a website that contains reports, proxy and information statements and other information regarding issuers like us that file electronically with the SEC at www. sec. gov. Item 1A. Risk Factors A significant portion of our revenues is generated by large, recurring business from certain significant customers, including the U. S. government. ~~A~~ **Any** loss, cancellation or delay in **one or more** projects by our significant customers in the future could negatively affect our financial performance. A considerable percentage of our revenues, particularly in our GS business segment, is generated from transactions with certain significant customers. Revenues from the U. S. government represented ~~61~~ **58** % of our total consolidated revenues for the year ended December ~~31~~ **29** , ~~2022~~ **2023** . Budget uncertainty, the potential for U. S. government shutdowns, the use of continuing resolutions and the federal debt ceiling can adversely affect our industry and the funding for our contracts. If appropriations are delayed or a government shutdown were to occur and were to continue for an extended period of time, we could be at risk of contract cancellations and other disruptions and nonpayment. When the U. S. government operates under a continuing resolution, new contract starts are restricted and funding for our programs may be unavailable, reduced or delayed. Shifting funding priorities or federal budget compromises, also could result in reductions in overall defense spending on an absolute or inflation- adjusted basis, which could adversely impact our business. Our revenues are directly ~~or~~ **and** indirectly derived from contract awards. Reductions in the number and amounts of new awards, delays in the timing of anticipated awards or potential cancellations of such prospects as a result of economic conditions, material and equipment pricing and availability or other factors could adversely impact our long- term projected results. It is particularly difficult to predict whether or when we will receive large- scale international and domestic projects as these contracts usually involve a lengthy and complex bidding and selection process. This process can be affected by a number of factors **,** including market conditions and governmental and environmental approvals **, and in some cases, the customer' s ability to secure the necessary financing for a project to proceed** . As a portion of our revenues is generated from such projects, our results of operations and cash flows can fluctuate significantly from quarter to quarter depending on the timing of our contract awards and the commencement or progress of work under awarded contracts ~~. In addition, many of these contracts are subject to financing and similar contingencies and, as a result, we are subject to the risk that the customer will not be able to secure the necessary financing for a project to proceed~~ . The uncertainty of our contract award timing can also present difficulties in matching workforce size with contract needs. In some cases, we maintain and bear the cost of a ready workforce that is larger than necessary under existing contracts in expectation of future workforce needs for anticipated contract awards. If an anticipated contract award is delayed or not received, we may incur additional costs resulting from reductions in staff or redundancy of facilities that could have a material adverse effect on our business, financial condition, results of operations and cash flows. **Following contract award, we may also encounter significant expense, delay, contract modifications or even contract loss. Additionally, certain contract awards (including the performance of such awards) have been and may in the future be contested and / or otherwise involved in ongoing legal proceedings, inquiries or other similar developments outside of our control, which may result in significant delays in the project timeline or the wholesale cancellation or termination of a project. Any project delays, cancellations or contract modifications following the award of a contract could have a material adverse effect on our business, financial condition, results of operations,**

backlog, revenue recognition timing and cash flows. Political, economic and other conditions in foreign countries and regions, including geopolitical risks **,** such as the current conflict between Russia and Ukraine **and political and economic instability and conflict in the Middle East** , may adversely affect our business and operations as a portion of our revenue is derived from foreign operations. **Additionally** ~~During 2022~~ , **the full scope, duration and broader implications of international conflicts, which may include additional international sanctions, embargoes, regional instability and geopolitical shifts; increased tensions between the United States and countries in which** we ~~continue to carry out efforts to wind down~~ **operate; and the extent of the conflicts' effects on** our **business and results of** operations ~~in Russia in a responsible manner~~ **as well as the global economy, cannot be predicted** . **Any alleged** ~~We do not expect this to have a material adverse impact on our~~ **or actual failure to comply with any** ~~results of operations in the long term. However, current and potential future~~ sanctions and trade control measures implemented ~~against Russia~~ in response to ~~the~~ **international** ~~conflict~~ **conflicts** ~~may have an impact on our ability to operate in the ordinary course of business as we wind down our operations in Russia. Any alleged or actual failure to comply with these measures~~ 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. **To** ~~Additionally, the full scope, duration and 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~~ **conflicts** ~~between Russia and Ukraine~~ or other geopolitical conflicts adversely affect our business, they may also have the effect of heightening many of our other risks identified in this Annual Report on Form 10- K, 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. The spread of COVID- 19 and other pandemics, epidemics, outbreaks of infectious diseases or public health crises across the globe have disrupted, and may in the future disrupt our business, which could materially and adversely affect our financial condition, results of operations, cash flows and / or future expectations. **Our** ~~With respect to COVID- 19, our~~ business, operations and financial performance have been, and may continue to be affected by the still ongoing macroeconomic impacts resulting from the COVID- 19 pandemic. As a result, our financial performance and growth rates may differ ~~significantly~~ from pre- pandemic historical periods, and our future results may fall below expectations. Any health crisis may negatively affect worldwide economic and commercial activity, disrupt global supply chains and the labor market and create significant volatility and disruption of financial and commodity markets. The extent to which our business will continue to be affected and may in the future be affected **by pandemics, infectious disease outbreaks and other public health crises** depends on a number of factors outside of our control, including ~~: •~~ **but not limited to the extent and duration of** labor disruptions ~~due to (i) worker health and availability~~ , ~~(ii) pandemic- related~~ **business operations disruptions from quarantines, travel** restrictions ~~limiting worksite access or shutting down facilities to ensure the safety of employees~~ and ~~others~~ **other requirements** ~~, (iii) difficulty recruiting, retaining, training, motivating and developing employees due to evolving health and safety protocols, changing worker expectations and market competition regarding return to office and flexible work models and (iv) the challenges of maintaining our strong corporate culture valuing communication, collaboration and connections despite a majority of employees working remotely; • increased cyber security risk and data accessibility disruptions due to remote working arrangements; • recommendations of, or restrictions~~ imposed by **regulators** ~~, government~~ and health authorities, ~~including travel bans, quarantines and vaccine mandates to address the COVID- 19 outbreak; • potential contract~~ delays, modifications ~~or~~ **and** terminations **of contracts,** ~~; • continued or additional~~ supply chain disruptions ~~which could impair our ability to perform under our contracts or deliver services and products on a timely basis~~ , ~~resulting in potential contract delays, modifications or terminations; • reductions in the number and amounts of new government contract awards, delays in the timing of anticipated awards or potential cancellations of such prospects as a result of the fiscal, economic and budgetary challenges facing our customers, including~~ increased ~~material~~ **cybersecurity** and **data protection risks,** ~~equipment costs resulting from inflation and supply chain disruptions; • increased cost and reduced availability of capital for growth or capital expenditures; •~~ increased costs of **doing business** ~~operation attributed to inflation, which costs may not be fully recoverable or adequately covered by insurance;~~ and **other macroeconomic** ~~• long- term disruption~~ **disruptions** ~~of the U. S. and global economy and financial and commodity markets~~ . If we are unable to enforce our intellectual property rights, or if our intellectual property rights are challenged or become obsolete, our competitive position could be adversely impacted. We utilize a variety of intellectual property rights in providing services to our customers. We view our portfolio of process and design technologies as one of our competitive strengths and we use it as part of our efforts to differentiate our service offerings. We may not be able to successfully preserve these intellectual property rights in the future, and these rights could be invalidated, circumvented, challenged or infringed upon. In addition, the laws of some foreign countries in which our services may be sold do not protect intellectual property rights to the same extent as the laws of the U. S. We also license technologies from third parties and there is a risk that our relationships with licensors may terminate, expire or be interrupted or harmed. If we are unable to protect and maintain our intellectual property rights, or if there are any successful intellectual property challenges or infringement proceedings against us, our ability to differentiate our service offerings could diminish. In addition, if our intellectual property rights or work processes become obsolete, we may not be able to differentiate our service offerings and some of our competitors may be able to offer more attractive services to our customers. ~~As a~~ **We will also need to continue to respond to and anticipate changes** ~~result~~ **resulting from disruptive technologies, including in areas of artificial intelligence**

and machine learning. If we are not successful in protecting and preserving our intellectual property rights and licenses, or in staying ahead of developing artificial intelligence and machine learning technologies and strategically incorporating them into our business , our business and financial performance could be materially and adversely affected. We may not properly leverage or appropriately invest in technology advancements, which could diminish any sustainable competitive advantage in our service offerings resulting in the potential loss of market share and profits. Our business is dependent on information technology as we operate in global markets with customers who demand innovation, technical and domain expertise and digitally- enabled, technology- led solutions. Robust information technology systems, platforms and products are integral in our efforts to differentiate our service offerings and maintain our competitive advantages. **Disruptive technologies, including in areas of artificial intelligence and machine learning, are rapidly changing the environment in which we, our customers, and our competitors operate and could affect the nature of how we generate revenue. We will need to continue to respond to and anticipate these changes by enhancing our product and service offerings to maintain our competitive position.** It is strategically important that we lead the digital transformation occurring in our industry. ~~We~~ **However, we** may not be successful in structuring our technology or developing, acquiring or implementing technology systems in ways that are competitive and responsive to the needs of our customers. We may lack sufficient resources to continue to make the significant technology investments to effectively compete with our competitors. Certain technology initiatives that management considers important to our long- term success will require capital investment, have significant risks associated with their execution and could take several years to implement. If we are unable to develop and implement these initiatives in a cost- effective, timely manner or at all, it could damage our relationships with our customers and negatively impact our financial condition and results of operations. There can be no assurance that others will not acquire similar or superior technologies sooner than we do or that we will acquire technologies on an exclusive basis or at a significant price advantage. If we do not accurately predict, prepare and respond to new technology innovations, market developments and changing customer needs, our revenues, profitability and long- term competitiveness could be materially adversely affected. If we are unable to attract and retain senior management and key technical professionals with elite skills **and appropriate government qualifications** , our ability to pursue and compete for projects to grow our business may be adversely affected, our operating income may decrease and our reputation may be negatively impacted. ~~The reimagined~~ KBR ~~and its~~ **' s** forward- looking ~~solutions~~ strategy requires talent with dynamic and elite skills as KBR moves upmarket. Our rate of growth and the success of our business depend upon our ability to attract, develop, retain and replace key qualified technical and management professionals, either through direct hire, subcontracts or acquisition of other firms, who possess the elite skills to successfully deliver the solutions strategy. The market for these professionals is competitive in the sectors in which we compete, and we rely heavily upon the expertise and leadership of our professionals to perform, execute and complete projects as required by our clients. If we are unable to attract and...... to perform our obligations to customers. We currently hold U. S. government- issued facility security clearances and a large number of our employees have qualified for and hold U. S. government- issued personal security clearances necessary to ~~qualify for and~~ ultimately perform certain U. S. government contracts. Obtaining and maintaining security clearances for employees involves lengthy processes, and it is difficult to identify, recruit and retain employees who already hold security clearances. If our employees are unable to obtain or retain security clearances or if our employees who hold security clearances terminate employment with us and we are unable to find replacements with equivalent security clearances, we may be unable to perform our obligations to customers whose work requires cleared employees, or such customers could terminate their contracts or decide not to renew them upon their expiration. Our facility security clearances could be marked as" invalid" for several reasons including unapproved foreign ownership, control or influence, mishandling of classified materials or failure to properly report required activities. An inability to obtain or retain our facility security clearances or engage employees with the required security clearances for a particular contract could disqualify us from bidding for and winning new contracts with security requirements **. If we are unable to attract and retain a sufficient number of elite skilled professionals with appropriate government qualifications, our ability to pursue projects may be adversely affected, our operating income may decline, and our reputation may be damaged. Our future success depends on the continued services of our executive officers** as well as **our ability to effectively transition to their successors. Our inability to attract, develop and retain qualified employees that can succeed our executive officers could have a material adverse effect on our operating income and reputation. We engage in activities for large facilities where design, construction or systems failures can** result in **substantial injury or damage to employees or other third parties or delays in completion or commencement of commercial operations, exposing us to legal proceedings, investigations and disputes. The nature of our business results in clients, subcontractors and vendors occasionally presenting claims against us for recovery of costs** ~~the~~ **they** ~~If we are unable to attract and retain a sufficient number of elite skilled professionals,our ability to pursue projects may be adversely affected,our operating income may decline,and our reputation may be damaged.Our future success depends on the continued services of our executive officers as well as our ability to effectively transition to their successors.Our inability to attract,develop and retain qualified employees that can succeed our executive officers could have a material adverse effect on our operating income and reputation.The nature of our business exposes us to potential liability claims and contract disputes that may exceed or be excluded from existing insurance coverage.We engage in activities for large facilities where design,construction or systems failures can result in substantial injury or damage to employees or other third parties or delays in completion or commencement of commercial operations,exposing us to legal proceedings,investigations and disputes.The nature of our business results in clients,subcontractors and vendors occasionally presenting claims against us for recovery of costs they~~ incurred in excess of what they expected to incur or for which they believe they are not contractually liable.If it is determined that we have liability,we may not be covered by insurance or,if covered,the dollar amount of these liabilities may exceed our policy limits.Our professional liability coverage is on a “ claims- made ” basis covering only claims actually made during the policy period currently in effect.In addition,even where insurance is maintained for such exposures,the policies have deductibles,which result in our assumption of exposure for a layer of coverage with respect to any such claims.Any liability not covered by our insurance,in excess of our insurance limits or if covered by insurance but subject to a high deductible,could result in a significant loss for us,which may reduce our profits and cash available for operations. **Furthermore,there is risk of mass casualty or environmentally damaging events that may involve our and third- party personnel and property,which could lead to future claims and litigation,impact our reputation and investor confidence and ultimately result in reduced share price.** We occasionally bring claims against project owners for additional costs exceeding the contract price or for amounts not included in the original contract price.These types of claims occur due to matters such as owner- caused delays or changes from the initial project scope that may result in additional direct and indirect costs.Often these claims can be the subject of lengthy negotiations,arbitration or litigation proceedings,and it is difficult to accurately predict when these claims will be fully resolved.When these types of events occur and unresolved claims are pending,we may invest significant working capital in projects to cover cost overruns pending the resolution of the relevant claims.A failure to recover on these types of claims fully or promptly could have a material adverse impact on our liquidity and financial results.For example,we have a 30 % ownership interest in 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").Prior to completion,the project experienced significant cost increases associated with a variety of issues related to delays,changes in the scope of work and lower than expected subcontractor productivity.These issues resulted in significant unapproved change orders and claims against the client as well as estimated recoveries of claims against suppliers and subcontractors that have been included in the project estimates-at- completion.While JKC entered into binding settlement agreements that resolved the outstanding claims and disputes between JKC and its client,Ichthys LNG Pty,Ltd and JKC and its consortium of subcontractors,we were required to record significant non- cash charges to equity in earnings (losses) of unconsolidated affiliates in connection with these disputes.We rely on third-party subcontractors and equipment manufacturers in order to complete many of our projects.Certain subcontractors and suppliers,such as those used on our U.S.government contracts,are subject to the same rigorous government requirements that we are and if they are unable to comply with these requirements,in many cases,there are limited alternative subcontractors and suppliers available in the market,particularly those with the requisite security clearances. **We sometimes have disputes with our contracting parties,including disputes regarding the cost,quality and timeliness of work performed or customer concerns about the other party' s performance.We also have been and in the future could be adversely affected by actions or issues experienced by our contracting parties that are outside of our control,such as misconduct and reputational issues involving our contracting parties,which has and could in the future subject us to liability and reputational harm or adversely affect our ability to compete for contract awards.** In addition,if any subcontractor or a manufacturer is unable to deliver its services,equipment or materials according to the negotiated terms for any reason including,but not limited to,the deterioration of its financial condition,we may be required to purchase the services,equipment or materials from another source at a higher price.This may reduce the profit we expect to realize or result in a loss on a project for which the services,equipment or materials were needed.Furthermore,if the amount we are required to pay for these goods and services exceeds the amount we have estimated in bidding for fixed- price contracts,we could experience losses in the performance of these contracts.A significant portion of our revenues and profits are measured and recognized over time using the cost- to- cost method of revenue recognition.Our use of this accounting method results in recognition of revenues and profits over the life of a contract,based ~~generally~~ on the proportion of costs incurred to date to total costs expected to be incurred for the entire project.The effects of revisions to estimated revenues and costs are recorded when the amounts are known or can be reasonably estimated.In addition,we record unapproved change orders and claims against clients as well as estimated recoveries of claims against suppliers and subcontractors that have been included in the estimated profit at completion for certain projects.Revisions to these estimates could occur in any period and their effects could be material.The uncertainties inherent in estimating the progress towards completion or the recoverability of claims of long- term contracts make it possible for actual revenues and costs to vary materially from our estimates,including reductions or reversals of previously recorded revenues and profits.We conduct a portion of our operations through joint ventures and partnerships,exposing us to risks and uncertainties,many of which are outside of our control.We conduct a portion of our operations through project- specific joint ventures where control may be shared with unaffiliated third parties **or control may be held by the unaffiliated third parties.These projects include the facilitation of nonrecourse financing,the design and construction of facilities,the provision of operation and maintenance services and warranty obligations for an agreed- upon period after the facilities have been completed.If a project is unable to obtain financing,we could incur losses on our investments and any related contractual receivables** .As with any joint venture arrangement,differences in views among the joint venture partners may result in delayed decisions or in failures to agree on major issues.We also cannot control the actions of our joint venture partners,including failure to comply with applicable laws or regulations,nonperformance and default or bankruptcy of our joint venture partners.Also,we often share liabilities on a joint and several basis with our joint venture partners under these arrangements.If our partners do not meet their contractual obligations,the joint venture may be unable to adequately perform and deliver its contracted services,requiring us to make additional investments or perform additional services to ensure the adequate performance and delivery of services to the customer,which could ultimately result in litigation.We could be liable for both our obligations and those of our partners,which may result in reduced profits,significant losses on the project and a negative impact to our cash flows.Additionally,these factors could have a material adverse effect on the business operations of the joint venture and,in turn,our business operations and reputation.Operating through joint ventures in which we have a minority interest could result in us having limited control over many decisions made with respect to projects and internal controls relating to projects.These joint ventures may not be subject to the same requirements regarding internal controls that are applicable to us.As a result,internal control issues may arise,which could have a material adverse effect on our financial condition and results of operations.The nature of our contracts,particularly those that are fixed- price,subjects us to risks associated with cost overruns,operating cost inflation and potential claims for liquidated damages.We conduct our business under various types of contracts where costs must be estimated in advance of our performance.A portion of the value of our current backlog is attributable to fixed- price contracts where we bear a significant portion of the risk of cost overruns.These types of contracts are priced,in part,on cost and scheduling estimates that are based on assumptions including pricing and availability of experienced labor,equipment and materials as well as productivity,performance and future economic conditions.If these estimates prove inaccurate,if there are errors or ambiguities as to contract specifications or if circumstances change due to,among other things, **the recent rise in interest rates,continued inflation,supply- chain disruptions,** unanticipated technical problems,poor project execution,difficulties in obtaining permits or approvals,changes in local laws or labor conditions,weather delays,increased costs of equipment and materials from inflation or other factors or our suppliers' or subcontractors' inability to perform,then cost overruns may occur.We may not be able to obtain compensation for additional work performed or expenses incurred.Additionally,we have in the past and may in the future be required to pay liquidated damages upon our failure to meet schedule or performance requirements of our contracts.Our failure to accurately estimate the resources and time required for fixed- price contracts or our failure to complete our contractual obligations within a specified time frame or cost estimate could result in reduced profits or,in certain cases,a loss for that contract.If the contract is significant,or we encounter issues that impact multiple contracts,cost overruns could have a material adverse effect on our business,financial condition and results of operations. **Our backlog of unfilled orders is subject to unexpected adjustments and cancellations and,therefore,may not be a reliable indicator of our future revenues or earnings.As of December 29,2023,the future revenues we expect to realize as a result of backlog was approximately $ 17.3 billion.** We ~~work~~ **cannot guarantee that the revenues projected** in ~~locations and on~~ **our backlog will be realized or that the** projects ~~where there~~ **will be profitable.Many of our contracts** are **subject** ~~high security risks,which could result in substantial costs,damage~~ to **cancellation** ~~our reputation and harm to our employees~~ , ~~contractors and clients.Some of our services are performed in high- risk locations,including but not limited to,certain parts of Africa and the Middle East,where the country or surrounding area is suffering from political,social or economic issues,war or civil unrest.In those locations where we have employees or operations,we may incur substantial costs to maintain the safety of our personnel and clients.Despite these precautions,we have suffered the loss of employees and contractors in the past that resulted in claims~~ termination **or suspension at the discretion** of **the customer.From time to time,changes** in ~~privately financed projects~~ **project scope may occur with respect to contracts reflected in our backlog and could reduce the dollar amount of our backlog or the timing of the revenues and profits** that **we ultimately earn.** ~~enable governments and other customers to finance large- scale projects~~ **Projects may remain in our backlog** ~~,such as the acquisition and maintenance of major military equipment,capital projects and service purchases.These projects typically include the facilitation of nonrecourse financing,the design and construction of facilities,the provision of operation and maintenance services and warranty obligations~~ for an **extended** ~~agreed- upon~~ period ~~after~~ **of time because of** the ~~facilities~~ **nature of the project and the timing of the particular services or equipment required by the project.Delays,suspensions,cancellations,payment defaults,scope changes and poor project execution could materially reduce or eliminate profits that we actually realize from projects in backlog.We cannot predict the impact that future economic conditions may** have ~~been~~ **on our backlog,which could include a diminished ability to replace backlog once projects are** completed ~~.We may incur contractually reimbursable costs and typically make investments prior to an entity achieving operational status~~ or ~~receiving~~ **could result in the termination,modification or suspension of** ~~project~~ **projects** ~~financing~~ **currently in our backlog** . ~~If~~ **Such developments could have** a **material adverse effect** ~~project is unable to obtain financing,we could incur losses~~ on our **financial condition** ~~investments and any related contractual receivables.After completion of these projects~~ , ~~the return on our investments can be dependent on the operational success of the project and market factors that may not be under our control.As a result~~ **results of operations and cash flows** ~~,we could sustain a loss on our equity investment in these projects~~ .We have made and may continue to make business combinations as a part of our business strategy,which may present certain risks and uncertainties.We may continue to seek business acquisitions as a means of broadening our offerings and capturing additional market opportunities by our business segments.However,there is no guarantee that we will be successful in identifying target companies that meet our criteria for acquisition.We may also face increased competition from other potential acquirers who have greater financial resources or who are in a position to offer more favorable terms to the target company.This competition may limit our ability to pursue acquisition opportunities which could negatively affect our growth strategies.Additionally,future acquisitions may require us to obtain additional equity or debt financing,which may not be available on attractive terms,if at all.The success of our historical and future business combinations also depends on our ability to integrate the operations of the acquired businesses efficiently and effectively with our existing operations and realize the anticipated benefits from them.The potential risks associated with successful integration and realization of benefits include,but are not limited to the following:• our due diligence may not identify or fully assess valuation issues,potential liabilities or other acquisition risks;• acquired entities may not achieve anticipated revenue targets,cost savings or other synergies or benefits,or acquisitions may not result in improved operating performance,which could adversely affect our operating income or operating margins,and we may be unable to recover investments in ~~any such acquisitions;•~~ any ~~all.The success of our historical and future business combinations also depends on our ability to integrate the operations of the acquired businesses efficiently and effectively with our existing operations and realize the anticipated benefits from them.The potential risks associated with successful integration and realization of benefits include,but are not limited to the following:• our due diligence may not identify or fully assess valuation issues,potential liabilities or other acquisition risks;• acquired entities may not achieve anticipated revenue targets,cost savings or other synergies or benefits,or acquisitions may not result in improved operating performance,which could adversely affect our operating income or operating margins,and we may be unable to recover investments in any~~ such acquisitions;• we may have difficulty integrating acquired businesses,resulting in unforeseen difficulties,such as incompatible accounting,information management or other control systems,and greater expenses than expected;• we may have difficulty entering into new markets in which we are not experienced,in an efficient and cost- effective manner while maintaining adequate standards,controls and procedures;• key personnel within an acquired organization may resign from their related positions resulting in a significant loss to our strategic and operational efficiency associated with the acquired company;• the effectiveness of our daily operations may be reduced by the redirection of employees and other resources to acquisition and integration activities;• we may assume liabilities of an acquired business (including litigation,tax liabilities,contingent liabilities,environmental issues),including liabilities that were unknown at the time of the acquisition,that pose future risks to our working capital needs,cash flows and the profitability of related operations;• we may assume unprofitable projects that pose future risks to our working capital needs,cash flows and the profitability of related operations;or • business acquisitions may include substantial transactional costs to complete the acquisition that exceed the estimated financial and operational benefits.A portion of our revenues is derived from foreign operations,which exposes us to risks inherent in doing business in each of the countries where we transact business.The occurrence of any of the risks described below could have a material adverse effect on our business operations and financial performance.With respect to any particular country,these risks may include,but not be limited to:• expropriation and nationalization of our assets in that country;• changes in government regimes and other developments that may cause,directly or indirectly,political and economic instability;• **costs to maintain the safety of our personnel and clients in high- risk locations,including but not limited to,certain parts of Africa and the Middle East,where the country or surrounding area is suffering from political,social or economic issues,war or civil unrest;•** changes in trade policies affecting the markets for our services (including but not limited to retaliatory tariffs between the United States and other countries);• civil unrest,acts of terrorism,war or other armed conflict (including but not limited to potential U.S.sanctions on other countries);• currency fluctuations,devaluations and conversion restrictions;• confiscatory taxation or other adverse tax policies;• uncertainties related to any geopolitical,economic and regulatory effects or changes due to recent or upcoming domestic and international elections;• governmental activities or judicial actions that limit or disrupt markets,restrict payments,limit the movement of funds,result in the deprivation of contract rights or result in the inability for us to obtain or retain licenses required for operation;or • increased polarization of political parties,in the U.S.and abroad,which may lead to more volatility in government spending or other developments such as trade wars or changes in military priorities.Due to the unsettled political conditions in countries where we provide governmental logistical support,our financial performance is subject to the adverse consequences of war,the effects of terrorism,civil unrest,strikes,currency controls and governmental actions. ~~Our operations are conducted in areas that have significant political risk.~~ In addition **,despite safety precautions** ,military action or unrest could disrupt our operations in such locations and elsewhere and increase our costs related to security worldwide.As a U.S.government contractor and a provider of IT services operating in multiple regulated industries and geographies,we and our business partners (including our service providers,joint venture partners,suppliers and subcontractors) handle a variety of sensitive information including personally identifiable information,personnel information,protected health information,classified and controlled unclassified information,and financial information,concerning our business,employees and customers.We and our business partners are continuously exposed to cyber and other security threats,including cyberattacks such as malware / computer viruses,ransomware and phishing attacks,insider threats related to malicious and non- malicious activities from authorized and unauthorized employees or third parties,catastrophic events,power outages,natural disasters,computer system or network failures or physical break- ins. **We also utilize third- party software in the performance of certain critical accounting,project management,and financial reporting systems.Technological developments in artificial intelligence and machine learning,particularly those that provide actors with the capability to use more sophisticated means to attack our systems,may exacerbate cybersecurity and data privacy risks.** Any unauthorized electronic or physical intrusion or other security threat may jeopardize the protection of sensitive or other information stored or transmitted through our IT systems and networks and those of our business partners **and third- party software providers** .This could lead to disruptions in our business and result in decreased performance,significant remediation costs,transaction errors,loss of data (including personally identifiable information),processing inefficiencies,downtime,litigation and the loss of suppliers or customers.Under certain contracts with the U.S.government subject to the FAR and CAS,the adequacy of our business processes and related systems could be called into question.Any significant disruptions or failures could damage our reputation or have a material adverse effect on our business operations,financial performance,financial condition and reputation.Additionally,we work with the defense industrial base industry and the U.S.government to gather and share threat intelligence and promote increased awareness and enhanced protections against cybersecurity threats.However,because of the evolving nature of these security threats,there can be no assurance that our policies,procedures and other controls will detect or prevent them,and we cannot predict their full impact.We may experience similar security threats to the IT systems that we develop,install or maintain under customer contracts,including customer contracts under which we may have access to or management responsibility for customer databases or networks that contain sensitive information relating to our customers,their employees or related third parties.Although we work cooperatively with our customers to seek to minimize the impacts of cyber and other security threats,we must usually rely on the safeguards used or required by those customers.In the event of unauthorized access to sensitive information for which we are responsible under customer contracts,our customers,their employees,or third parties may seek to hold us liable for any costs or other damages associated with the unauthorized access.In addition,government agencies may bring legal actions against us for violation of or noncompliance with regulatory requirements relating to any unauthorized access to sensitive information.Any remediation costs,damages or other liabilities related to unauthorized access of sensitive information of ours or our customers caused by cyber or other security threats may not be fully insured or indemnified by other means or our insurers.Occurrence of any unauthorized access caused by these security threats could adversely affect our reputation,business operations and impact our financial results.While we have security measures and technology in place designed to protect our and our clients' proprietary or classified information,there can be no assurance that our efforts will prevent all threats to our computer systems.Because the techniques used to obtain unauthorized access or sabotage systems change frequently,become more sophisticated and generally are not identified until they are launched against a target,we may be unable to anticipate these techniques or to implement adequate preventative measures.As a result,we may be required to expend significant resources to protect against the threat of system disruptions and security breaches or to alleviate problems caused by these disruptions and breaches.Any of these events could damage our reputation,cause us to incur significant liability and have a material adverse effect on our business,financial condition and results of operations.We continuously evaluate the need to upgrade and / or replace our systems and network infrastructure to protect our computing environment,to stay current on vendor supported products and to improve the efficiency of our systems and for other business reasons.The implementation of new systems and information technology could adversely impact our operations by imposing substantial capital expenditures,demands on management time and risks of delays or difficulties in transitioning to new systems.In addition,our systems implementations may not result in productivity improvements at the levels anticipated.Systems implementation disruption and any other information technology disruption,if not anticipated and appropriately mitigated,could have a material adverse effect on our business.In addition,laws and regulations governing data privacy and the unauthorized disclosure of personal data,including the European Union General Data Protection Regulation (" GDPR"),the United Kingdom Data Protection Act,the California Consumer Privacy Act,the California Privacy Rights Act and other emerging U.S.state and global privacy laws pose increasingly complex compliance challenges and potentially elevate costs and may require changes to our business practices resulting from the variation of regulatory requirements and increased enforcement frequency.Failure to comply with these laws and regulations,including related regulatory enforcement and / or private litigation resulting from a potential privacy breach,could result in governmental investigations,significant fines and penalties,damages from private causes of action or reputational harm.Additionally,we are subject to laws,rules and regulations regarding cross- border transfers of personal data,including laws relating to transfer of personal data outside the European Economic Area.If we cannot rely on existing mechanisms for transferring personal data,we may be unable to transfer personal data of employees and clients in those regions,which could adversely affect our business,financial condition and operating results.As of December ~~31~~ **29** , ~~2022~~ **2023** ,we had $ 2.1 billion of goodwill and $ ~~645~~ **618** million of intangible assets recorded on our consolidated balance sheets.Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations.We perform an annual analysis of our goodwill on October 1 to determine if it has become impaired.We perform an interim analysis to determine if our goodwill has become impaired if events occur or circumstances change that would more likely than not reduce our enterprise fair value below its book value.These events or circumstances could include a significant change in the business climate,including a significant sustained decline in a reporting unit' s market value,legal factors,operating performance indicators,competition,sale or disposition of a significant portion of our business,potential government actions toward our facilities and various other factors.If the fair value of a reporting unit is less than its carrying value,we could be required to record an impairment charge.An impairment of all or a part of our goodwill or intangible assets could have a material adverse effect on our net earnings and net worth.The preparation of our consolidated financial statements in conformity with U.S.GAAP requires us to make estimates and assumptions that affect the reported amounts of certain assets,liabilities,revenues and expenses for the periods covered and certain amounts disclosed in the notes to our consolidated financial statements.These estimates are based on information available through the date of the issuance of the financial statements and actual results could differ from those estimates,which could have a material adverse impact on our financial condition,results of operations and cash flows.We execute different projects in remote locations around the world and procure equipment and materials on a global basis.Depending on the type of contract,location,nature of the work and the sourcing of equipment and materials,we may charter seagoing vessels under time and bareboat charter arrangements and assume certain risks typical of those agreements.Such risks may include damage to the ship,liability for cargo and liability that charterers and vessel operators have to third parties " at law." In addition,we ship a significant amount of cargo and are subject to hazards of the shipping and transportation industry.The U.S.government awards its contracts through a rigorous competitive process and our efforts to obtain future contracts from the U.S.government may be unsuccessful.The U.S.government conducts a rigorous competitive process for awarding most contracts.In the services arena,the U.S.government uses multiple contracting approaches.Historically,omnibus contract vehicles have been used for work that is done on a contingency or as- needed basis.In more predictable " sustainment " environments,contracts may include fixed- price,cost- reimbursable and time- and- materials elements.The U.S.government also favors multiple award task order contracts in which several contractors are selected as eligible bidders for future work.Such processes require successful contractors to continually anticipate customer requirements and develop rapid- response bid and proposal teams as well as maintain supplier relationships and delivery systems to react to emerging needs.In addition,U.S.government procurement practices sometimes emphasize price over qualitative factors,such as technical capability and past performance.As a result of these competitive pricing pressures,our profit margins on future U.S.government contracts may be reduced and may require us to make sustained efforts to reduce costs to remain competitive.We face rigorous **competition and pricing pressures for any additional contract awards from the U.S.government.Many of our** existing contracts ~~requiring~~ **must be recompeted when their original period of performance ends, representing opportunities for competitors to take market share away from us or for our customers to obtain more favorable terms. We may be required to qualify or continue to qualify under the various multiple award task order contract criteria. Therefore, it may be more difficult for us to win future awards from the U. S. government and we may have other contractors sharing in U. S. government awards that we win. Once a contract is awarded, it may be subject to a lengthy protest process. Bid protests can result in significant expenses to us, contract modifications or even loss of the contract award and the resolution can extend the time until contract activity can begin and delay the recognition of sales and defer underlying cash flows and adversely affect our operating results. Our efforts to protest or challenge any bids for contracts that were not awarded to us also may be unsuccessful. Our profitability and cash flow may vary materially depending on the types of government contracts undertaken, the nature of services performed under those contracts, the costs incurred in**

performing the work, the achievement of other performance objectives and the stage of performance at which the right to receive fees is determined, particularly under award and incentive- fee contracts. Failure to perform to customer expectations and contract requirements may result in reduced fees or losses and may adversely affect our financial performance. Our GS business segment primarily performs work in the U. S. under cost- reimbursable contracts with the DoD and other U. S. governmental agencies. If the U. S. government concludes costs charged to a contract are not reimbursable under the terms of the contract or applicable procurement regulations, these costs are disallowed or, if already reimbursed, we may be required to refund the reimbursed amounts to the customer. Such conditions may also include interest and other financial penalties. Contract types primarily include fixed- price and cost- reimbursable contracts. Cost- reimbursable contracts provide for the payment of allowable costs incurred during performance of the contract plus a fee up to a ceiling based on the amount that has been funded. Cost, schedule or technical performance issues with respect to cost- reimbursable contracts could result in reduced fees, lower profit rates, or program cancellation. Under fixed price contracts, we receive a fixed price irrespective of the actual costs we incur and therefore we carry the burden of any cost overruns. Due to the fixed- price nature of the contracts, if our actual costs exceed our estimates, our margins and profits are reduced and we could incur a loss on the respective contract which could adversely affect our financial results. Under both fixed- price and cost- reimbursable contracts, if we are unable to control costs, our operating results could be adversely affected. Costs to complete a contract may increase for many reasons, including technical and manufacturing challenges, schedule delays, workforce- related issues, the timeliness and availability of materials from suppliers, internal and subcontractor performance or product quality issues, inability to meet cost reduction initiatives or achieve efficiencies from digital transformation, changing laws or regulations, inflation and natural disasters. Certain contracts may impose other risks, such ~~clearances may be unsuccessful~~ **as forfeiting fees,paying penalties,or providing replacement systems in the event of performance failure.Many of our contracts include multiple option years exercisable at the customer' s discretion,which carries risk** .The ~~U.S.government conducts~~ **customer may decline to exercise an option,or the customer may exercise an option on** a **contract for which we expect to incur a loss or perform at a low margin,either of which could adversely affect our financial results.We face** rigorous ~~competitive~~ **competition** ~~process~~ **and pricing pressures** for ~~awarding most~~ **any additional** ~~contracts~~ - **contract awards from the U** . ~~In~~ **S.government.Our industry has experienced,and we expect it will continue to experience,significant changes to business practices as a result of an increased focus on affordability,efficiencies and recovery of costs,among** ~~the~~ **other items.From time to time,new laws and regulations are enacted,and government agencies adopt new interpretations and enforcement priorities relative to laws and regulations already in effect.U.S.government agencies have and may continue to face restrictions or pressure regarding the type and amount of** services ~~arena,the U.S.government uses multiple contracting approaches.Historically,omnibus contract vehicles have been used for work~~ that ~~is done on a contingency or~~ **they may obtain from private contractors.Legislation,regulations and initiatives dealing with procurement reform** as ~~- needed basis~~ **well as any resulting shifts in the buying practices of U** . **S.government agencies** ~~In more predictable " sustainment " environments~~ , ~~contracts may include~~ **such as increased usage of** fixed- price **contracts** , ~~cost~~ **multiple** - ~~reimbursable~~ **award contracts** and ~~time~~ **small business set** - **aside** ~~and- materials elements.The U.S.government also favors multiple award task order~~ contracts ~~in which several~~ **,could have adverse effects on government** contractors **,including us** ~~are selected as eligible bidders for future work.Such processes require successful contractors to continually anticipate customer requirements and develop rapid- response bid and proposal teams as well as maintain supplier relationships and delivery systems to react to emerging needs~~ .In addition,U.S.government procurement practices sometimes emphasize price over qualitative factors,such as technical capability and past performance.As a result of these competitive pricing pressures,our profit margins on future U.S.government contracts may be reduced and may require us to make sustained efforts to reduce costs to remain competitive. **Our** ~~We face rigorous competition and pricing pressures for any additional contract awards from the U.S.government.Many of our existing contracts must be recompeted when their original period of performance ends.Recompetitions represent opportunities for competitors to take market share away from us or for our customers to obtain more favorable terms.We may be required to qualify or continue to qualify under the various multiple award task order contract criteria.Therefore,it may be more difficult for us to win future awards from the U.S.government and we may have other contractors sharing in U.S.government awards that we win.Once a contract is awarded,it may be subject to a lengthy protest process that could result in contract delays,or ultimately,the loss of the contract.Additionally,our~~ programs for the U.S. ~~Government~~ **government** often operate for periods of time under Undefinitized Contract Actions (UCAs),which means that we begin performing our obligations before the terms,specifications or price are finally agreed to between the parties.The U.S. ~~Government~~ **government** has (and has exercised in the past) the ability to unilaterally definitize contracts,which,absent a successful appeal,obligates us to perform under terms and conditions imposed by the U.S. ~~Government~~ **government** .This can affect our ability to negotiate mutually agreeable contract terms and,if a contract is unilaterally imposed upon on us,it may negatively affect our expected profit and cash flows on a program or impose burdensome terms.We serve markets that are global and highly competitive.We compete with larger companies that have greater name recognition,financial resources and a larger technical staff.We also compete with smaller,more specialized companies that are able to concentrate their resources on particular areas.Additionally,we compete with the U.S.government' s own capabilities.The markets in which we operate are characterized by rapidly changing technology and the needs of our customers change and evolve regularly.Therefore,our success depends on our ability to invest in and develop our people and technology to enable us to deliver services and products that address these changing needs.To remain competitive,we must consistently provide superior service,technology and performance on a cost- effective basis to our customers while understanding customer priorities and maintaining customer relationships.Our competitors may be able to provide our customers with differentiated or superior capabilities or technologies or more attractive contract terms than we can provide,including technical qualifications,past contract experience,geographic presence,price and the availability of qualified professional personnel.Some of our competitors have made or could make acquisitions of businesses,or establish teaming or other agreements among themselves or third parties,that allow them to offer more competitive and comprehensive solutions.As a result of such acquisitions or arrangements,our current or potential competitors may be able to accelerate the adoption of new technologies that better address customer needs,devote greater resources to bring these products and services to market,initiate or withstand substantial price competition or develop and expand their product and service offerings at **a more accelerated rate.These competitive pressures in our market or our failure to compete effectively may result in fewer orders,reduced revenue and margins and loss of market share** . Our U. S. government contract work is regularly reviewed and audited by the U. S. government, U. S. government auditors and others, and these reviews can lead to withholding or delay of payments to us, non- receipt of award fees, legal actions, fines, penalties and liabilities and other remedies against us. U. S. government contracts are subject to specific regulations such as the FAR, the ~~Truth~~ **Truthful** ~~in Negotiations Act~~ **Cost or Pricing Data Statute** , CAS, the Service Contract Act and DoD security regulations. Failure to comply with any of these regulations, requirements or statutes may result in contract price adjustments, financial penalties or contract termination. Our U. S. government contracts are subject to audits, cost reviews and investigations by U. S. government contracting oversight agencies such as the DCAA. The DCAA reviews the adequacy of, and our compliance with, our internal control systems and policies, including our labor, billing, accounting, purchasing, property, estimating, compensation and management information systems. The DCAA has the authority to conduct audits and reviews to determine if we are complying with the requirements under the FAR and CAS, pertaining to the allocation, period assignment and allowability of costs assigned to U. S. government contracts. The DCAA presents its report findings to the DCMA. Should the DCMA determine that we have not complied with the terms of our contract or applicable statutes and regulations, payments to us may be disallowed, which could result in adjustments to previously reported revenues and refunding of previously collected cash proceeds. Additionally, we currently are and may be subject to additional qui tam litigation brought by private individuals on behalf of the U. S. government under the Federal False Claims Act, which could include claims for treble damages. These suits may remain under seal (and hence, be unknown to us) for some time while the U. S. government decides whether to intervene on behalf of the qui tam plaintiff. For more information, see Note ~~15~~ **14** to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10- K. Given the demands of working for the U. S. government, we may have disagreements or experience performance issues. When performance issues arise under any of our U. S. government contracts, the U. S. government retains the right to pursue remedies, which could include termination under any affected contract. If any contract were so terminated, our ability to secure future contracts could be adversely affected. Other remedies that could be sought by our U. S. government customers for any improper activities or performance issues include sanctions such as forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with the U. S. government. Further, the negative publicity that could arise from disagreements with our customers or sanctions as a result thereof could have an adverse effect on our reputation in the industry, reduce our ability to compete for new contracts and may also have a material adverse effect on our business, financial condition, results of operations and cash flows. Several of our contracts with the U. S. government are classified or subject to other security restrictions, which may limit investor insight into portions of our business. A significant portion of our revenue is from contracts with the U. S. government that are classified or subject to security restrictions that preclude the disclosure of certain information. Additionally, a large number of our employees have security clearances which prohibit them from providing information to investors and other KBR employees without security clearances regarding certain clients and the related services we provide to them. As we are limited in our ability to provide information about these contracts and services, such as the scope of work, associated risks and any disputes or claims, our investors may have limited insight into a substantial portion of our business which may hinder their ability to fully evaluate the risks related to that portion of our business. **Demand for our services provided under government contracts is directly affected by spending by our customers.** We derive a significant portion of our revenues from contracts with agencies and departments of the U. S., the U. K. and Australia governments, which is directly affected by changes in government spending and availability of adequate funding. Additionally, government regulations generally include the right for government agencies to modify, delay, curtail, renegotiate or terminate contracts at their convenience any time prior to their completion. As we are a significant government contractor, our financial performance is affected by the allocation and prioritization of government spending. Factors that could affect current and future government spending include: • policy or spending changes implemented by the current administration, defense department or other government agencies; • increased polarization of political parties; • failure to pass budget appropriations, continuing funding resolutions or other budgetary decisions, including any failure of the U. S. federal government to manage its fiscal matters or to raise or further suspend the debt ceiling; • changes, delays or cancellations of government programs or requirements; • adoption of new laws or regulations that affect companies providing services to the governments; • reduced buying power as a result of inflation; • curtailment of the governments' outsourcing of services to private contractors; or • the level of political instability due to war, conflict or natural disasters. We face uncertainty with respect to our government contracts due to the fiscal, economic and budgetary challenges facing our customers. Potential contract delays, modifications or terminations may arise from resolution of these issues and could cause our revenues, profits and cash flows to be lower than our current projections. The loss of work we perform for governments or decreases in governmental spending and outsourcing could have a material adverse effect on our business, results of operations and cash flows. Fluctuations in commodity prices may affect our customers' investment decisions which may result in existing project cancellations or delays or changes in the timing and funding of new awards. Demand for many of our services in our commodity- based markets depends on capital spending by oil and natural gas companies, including national and international oil companies, and by industrial companies, which is directly affected by trends in **the prices of** oil, natural gas and **other** commodities ~~prices~~ . Fluctuations in ~~oil, natural gas and commodities~~ **commodity** prices can have a direct effect on the profitability and cash flow of such companies, which may impact their willingness to continue pursuing their current investments or make new capital investments. Additionally, commodity prices can also significantly affect the costs of projects. Rising commodity prices can negatively impact the potential returns on investments that are planned, as well as those in progress, and result in customers deferring new investments or canceling or delaying existing projects. To the extent commodity prices decline or fluctuate, or the perceived risk thereof, and our customers defer new investments or cancel or delay existing projects, the demand for our services may decrease, which could have a material adverse impact on our business, financial condition and results of operations. We finance our business using cash provided by operations, but also depend on the availability of and access to credit markets, including bank credit lines, letters of credit and surety bonds. Our ability to obtain capital or financing on satisfactory terms will depend in part on prevailing market conditions as well as our operating results. The lack of adequate credit or funding or the unavailability of funding on terms satisfactory to us, could have a material adverse effect on our business and financial performance. Disruptions of the capital markets could also adversely affect our clients' ability to finance projects and could result in contract cancellations or suspensions, project delays and payment delays or defaults by our clients. In addition, clients may be unable to fund new projects, may choose to make fewer capital expenditures or otherwise slow their spending on our services or seek contract terms more favorable to them. Our government clients may face budget deficits that prohibit them from funding proposed and existing projects or that cause them to exercise their right to terminate our contracts with little or no prior notice. Furthermore, any financial difficulties suffered by our subcontractors or suppliers could increase our cost or adversely impact project schedules. These disruptions could materially impact our backlog and financial performance. In addition, we are subject to the risk that the lending counterparties to our Revolver may be unable to meet their contractual obligations to us if they suffer catastrophic demands on their liquidity. We also routinely enter into contracts with counterparties, including vendors, suppliers and subcontractors that may be negatively affected by events in the capital markets. If those counterparties are unable to perform their obligations to us or our clients, we may be required to provide additional services or make alternate arrangements on less favorable terms with other parties to ensure adequate performance and delivery of service to our clients. These circumstances could also lead to disputes and litigation with our partners or clients, which could have a material adverse effect on our reputation, business, financial condition and results of operations. Furthermore, our cash balances and short- term investments are maintained in accounts held at major banks and financial institutions located primarily in North America, the U. K. and Australia. Deposits are in amounts that exceed available insurance. Although none of the financial institutions in which we hold our cash and investments have gone into bankruptcy, been forced into receivership or have been seized by their governments, there is a risk that this may occur in the future. If this were to occur, we would be at risk of not being able to access our cash and investments, which may result in a temporary decrease in liquidity that could impede our ability to fund operations or execute acquisitions. Customers may require us to provide credit enhancements, including letters of credit, bank guarantees or surety bonds. We are often required to provide performance guarantees to customers to indemnify the customer should we fail to perform our obligations under the contract. Failure to provide the required credit enhancements on terms required by a customer may result in an inability to bid, win or comply with the contract. Historically, we have had adequate letters of credit capacity but such capacity beyond our Senior Credit Facility is generally at the provider' s sole discretion. Due to events that affect the banking and insurance markets ~~generally~~ , letters of credit or surety bonds may be difficult to obtain or may only be available at significant cost. Moreover, many projects are very large and complex, which often necessitates the use of a joint venture, often with a market competitor, to bid on and perform the contract. Entering into joint ventures or partnerships exposes us to the credit and performance risk of third parties, many of whom may not be financially as strong or may encounter financial difficulties. If our joint ventures or partners fail to perform, we may be required to complete the project activities. In addition, future projects may require us to obtain letters of credit that extend beyond the term of our Senior Credit Facility. Any inability to bid for or win new contracts due to the failure of obtaining adequate letters of credit, surety bonds or other customary credit enhancements could have a material adverse effect on our business prospects and future revenues. Our Senior Credit Facility imposes restrictions that limit our operating flexibility and may result in additional expenses, and such facility may not be available if financial covenants are violated or if an event of default occurs. Our Senior Credit Facility includes a $ 1 billion revolving credit facility which matures in ~~November~~ **February** ~~2026~~ **2029 , a Term Loan A with debt tranches denominated in U** . ~~It~~ **S. dollars and British pound sterling and a Term Loan B. The Senior Credit Facility** contains a number of covenants restricting, among other things, our ability to incur liens and indebtedness, sell assets, repurchase our equity shares and make certain types of investments. We are also subject to certain financial covenants, including but not limited to maintenance of a maximum consolidated net leverage ratio and a consolidated interest coverage ratio as defined in the Senior Credit Facility agreement. A breach of any covenant or our inability to comply with the required financial ratios could result in a default under our Senior Credit Facility, and we can provide no assurance that we will be able to obtain the necessary waivers or amendments from our lenders to remedy a default. In the event of any default not cured or waived, the lenders are not obligated to provide funding or issue letters of credit and could elect to require us to apply available cash to collateralize any outstanding letters of credit and declare any outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable, thus requiring us to apply available cash to repay any borrowings then outstanding. If we are unable to cash collateralize our letters of credit or repay borrowings with respect to our Senior Credit Facility when due, our lenders could proceed against the guarantees of our major domestic subsidiaries. If any future indebtedness under our Senior Credit Facility is accelerated, we can provide no assurance that our assets would be sufficient to repay such indebtedness in full. **We have** ~~On February 6, 2023, we~~ amended our Senior Credit Facility (Amendment ~~No~~ **Nos** . **7,** 8 **and 9** to our Senior Credit Facility) to transition **our Term A- 1 Facility, Term A- 2 Facility, Revolving Credit Facility and Term B Facility** from LIBOR to SOFR. **Following** ~~The publication of SOFR began in April 2018 and has a limited history, and the~~ **these amendments** ~~future performance of SOFR cannot be predicted based on historical performance. The future level of SOFR may bear little or no relation to the historical level of SOFR. Prior observed patterns~~ , **we** ~~if any, in the behavior of market variables, such as correlations, may change in the future. While pre- publication indicative historical data has been released by the Federal Reserve Bank of New York, such analysis inherently involves assumptions, estimates and approximations. The future~~

~~performance of SOFR is impossible to predict and therefore no future performance of SOFR may be inferred from any of the historical simulations or historical performance. Hypothetical or historical performance data are not indicative of, and have no bearing on, the potential performance of SOFR. LIBOR is expected to~~ no longer **have any facilities** ~~be available after June 30, 2023 for~~ - **or** ~~the primary U. S. dollar LIBOR settings used by the Company. Certain of our~~ term loans **that** ~~, including Term Loan B,~~ continue to use LIBOR as a funding benchmark. The **composition** ~~terms of our Senior Credit Facility allows us and the administrative agent to replace LIBOR with an~~ **and characteristics** ~~alternative benchmark rate, subject to the right~~ of **SOFR** ~~the majority of the lenders to object thereto~~ , ~~as set forth in the Senior Credit Facility. Any discontinuation of LIBOR and use of an alternative benchmark rate under our term loans is expected to be accompanied by~~ a **relatively new** ~~spread adjustment. The implementation of such alternative reference rates and spread adjustments could cause our funding costs to increase, including if there arises a differential between the alternative~~ reference rate ~~and / or spread adjustment under~~ **, are not the same as those of LIBOR. As a result, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time** ~~our~~ - **or** ~~credit facility~~ **in response to changes including, but not limited to, interest and yield rates, market volatility or global economic, financial, political, or regulatory events** . Our indebtedness and the associated covenants could materially adversely affect our ability to obtain additional financing, including for acquisitions and capital expenditures, limit our flexibility to manage our business, prevent us from fulfilling our financial obligations and restrict our use of capital. We had approximately $ 1. ~~7~~ **8** billion of indebtedness outstanding as of December ~~31~~ **29** , ~~2022~~ **2023** which could have negative consequences to us, including, but not limited to: • requiring us to dedicate cash flow from operations to the repayment of debt, interest and other related amounts, which reduces the funds we have available for other purposes, such as working capital, capital expenditures, acquisitions, payment of dividends and share repurchase programs; • making it more difficult or expensive for us to obtain any necessary future financing for working capital, capital expenditures, debt service requirements, debt refinancing, acquisitions or other purposes; • reducing our flexibility in planning for or reacting to changes in our industry and market conditions; • causing us to be more vulnerable in the event of a downturn in our business; • exposing us to increased interest rate risk given that a portion of our debt obligations are at variable interest rates; and • increasing our risk of a covenant violation under our Senior Credit Facility ~~. We may be required to contribute additional cash to meet any unfunded benefit obligations associated with defined benefit plans we manage~~ . We have frozen defined benefit pension plans for employees primarily in the U. S., the U. K. and Germany. At December ~~31~~ **29** , ~~2022~~ **2023** , our defined benefit pension plans had an aggregate funding ~~surplus~~ **deficit** (calculated as the excess of ~~fair value of plan assets over~~ the projected benefit obligations **over the fair value of plan assets**) of approximately $ ~~35~~ **15** million. The largest potential source of deficit is related to our defined benefit pension plan in the U. K that is in a funding ~~surplus~~ **deficit** position at December ~~31~~ **29** , ~~2022~~ **2023** . In the future, our pension surpluses and deficits may increase or decrease depending on changes in the levels of interest rates, pension plan performance and other factors that may require us to make additional cash contributions to our pension plans and recognize further increases in our net pension cost to satisfy our funding requirements. If we are required or elect to make up all or a significant portion of the deficit for any underfunded benefit plans, our financial position could be materially and adversely affected. Our U. K. ~~defined benefit pension plan has had in the past, and may have in the future, an aggregate funding deficit. Our U. K.~~ pension plan has been frozen to new participants for a number of years ~~,~~ but can still have an aggregate funding deficit due to assumptions and factors noted below. For our frozen defined benefit pension plan in the U. K., the annual minimum funding requirements are based on a binding agreement with the plan trustees that is negotiated on a triennial basis. This agreement also includes other assurances and commitments regarding the business and assets that support the U. K. pension plan. It is possible that, following future valuations of our U. K. pension plan assets and liabilities or following future discussions with the trustees, the annual funding obligation will change. The future valuations under our U. K. pension plan can be affected by a number of assumptions and factors, including legislative changes, assumptions regarding interest rates, inflation, mortality and retirement rates, the investment strategy and performance of the plan assets and (in certain circumstance) actions by the U. K. pensions regulator. Adverse changes in the equity markets, interest rates or actuarial assumptions and legislative or other regulatory actions could increase the risk that the funding requirements increase following the next triennial negotiation. A significant increase in our funding requirements for our U. K. pension plan could result in a material adverse effect on our cash flows and financial position. We are subject to foreign currency exchange risks that could adversely affect our results of operations and our ability to reinvest earnings from operations. Our ability to mitigate our foreign exchange risk through hedging transactions may be limited. We generally attempt to denominate our contracts in U. S. dollars or in the currencies of our costs. However, we enter into contracts that subject us to currency risk exposure, primarily when our contract revenues are denominated in a currency different from the contract costs. A portion of our consolidated revenues and consolidated operating expenses are in foreign currencies. As a result, we are subject to foreign currency risks, including risks resulting from changes in currency exchange rates and limitations on our ability to reinvest earnings from operations in one country to fund the financing requirements of our operations in other countries. The governments of certain countries have or may in the future impose restrictive exchange controls on local currencies and it may not be possible for us to engage in effective hedging transactions to mitigate the risks associated with fluctuations of a particular currency. We are often required to pay all or a portion of our costs associated with a project in the local currency. As a result, we generally attempt to negotiate contract terms with our customer, who is often affiliated with the local government, or has a significant local presence, to provide that we are only paid in the local currency for amounts that match our local expenses. If we are unable to match our local currency costs with revenues in the local currency, we would be exposed to the risk of adverse changes in currency exchange rates. ~~If we need to sell or issue additional shares of common stock to refinance existing debt or to finance future acquisitions, our existing shareholder ownership could be diluted. In addition, the convertible note hedge and warrant transactions that we entered into in connection with the pricing of the Convertible Notes may affect the value of our common stock.~~ Part of our business strategy is to expand into new markets and enhance our position in existing markets, both domestically and internationally, which may include the acquisition and merging of complementary businesses. To successfully fund and complete such potential acquisitions, or to refinance our existing debt, we may issue additional equity securities that may result in dilution of our existing shareholder ownership' s earnings per share. **For example, we have previously issued convertible notes and may again in the future issue additional convertible notes.** In addition, in connection with the pricing of the Convertible Notes, we entered into convertible note hedge transactions **and warrant transactions** with certain option counterparties. ~~We also entered into~~ **Although the note hedge transactions and** warrant transactions ~~with~~ **are no longer outstanding, we may enter into** ~~the~~ **other** ~~option counterparties. The~~ **hedge transactions and warrant transactions if we issue more** convertible **notes in the future. Convertible** note hedge transactions are ~~generally~~ expected to reduce potential dilution to our common stock upon any conversion of ~~the~~ **any** ~~Convertible~~ **convertible** ~~Notes~~ **notes** and / or offset any cash payments we are required to make in excess of the principal amount of converted ~~Convertible~~ **convertible** ~~Notes~~ **notes** , as the case may be. However, ~~the~~ warrant transactions could separately have a dilutive effect to the extent that the market value per share of our common stock exceeds the strike price of the warrants at the time of exercise. Our certificate of incorporation and bylaws, as well as Delaware corporate law, contain provisions that could delay or prevent a change of control or changes in our management that a stockholder might consider favorable. These provisions include, among others, prohibiting stockholder action by written consent, advance notice for making nominations at meetings of stockholders, providing for the state of Delaware as the exclusive forum for lawsuits concerning certain corporate matters and the issuance of preferred stock with rights that may be senior to those of our common stock without stockholder approval. These provisions would apply even if a takeover offer may be considered beneficial by some of our stockholders. If a change of control or change in management is delayed or prevented, the market price of our common stock could decline. Additionally, our Senior Credit Facility contains a default provision that is triggered upon a change in control of at least 25 %, which would impede a takeover and / or make a takeover more costly. We have maintained a regular cash dividend program since 2007. We anticipate continuing to pay quarterly dividends during ~~2023~~ **2024** . However, any future payment of dividends, including the timing and amount of any such dividends, is at the discretion of our Board of Directors and may depend upon our earnings, liquidity, financial condition, alternate capital deployment opportunities or any other factors that our Board of Directors considers relevant. A change in our regular cash dividend program could have an adverse effect on the market price of our common stock. We could be adversely impacted if we fail to comply with international export and domestic laws, which are rigorously enforced by the U. S. government. To the extent that we export products, technical data and services outside of the U. S., we are subject to laws and regulations governing trade and exports, including, but not limited to, the International Traffic in Arms Regulations and the Export Administration Regulations, and trade sanctions against embargoed countries, including sanctions and export restrictions related to Russia' s invasion of Ukraine, which are administered by the Office of Foreign Asset Control within the Department of the Treasury. A failure to comply with these laws and regulations could result in civil or criminal sanctions, including the imposition of fines as well as the denial of export privileges and debarment from participation in U. S. government contracts. U. S. government contract violations could result in the imposition of civil and criminal penalties or sanctions, contract termination, forfeiture of profit or suspension of payment, any of which could result in losing our status as an eligible U. S. government contractor and cause us to suffer serious reputational harm, which could have a material adverse effect on our business, financial condition or results of operations. We are subject to anti- bribery laws in the U. S. and other jurisdictions, violations of which could result in suspension or debarment of our ability to contract with the U. S. state or local governments, U. S. government agencies or the U. K. MoD, third- party claims, loss of customers, adverse financial impact, damage to reputation and adverse consequences on financing for current or future projects. The FCPA, the U. K. Bribery Act and similar anti- bribery laws (" Anti- bribery Laws") in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. Our policies mandate compliance with these Anti- bribery Laws. We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with Anti- bribery Laws may conflict with local customs and practices. We train our staff concerning Anti- bribery Laws and we also inform our partners, subcontractors, agents and other third parties who work for us or on our behalf that they must comply with the requirements of these Anti- bribery Laws. We also have procedures and controls in place to monitor internal and external compliance. We cannot provide complete assurance that our internal controls and procedures will always protect us from the reckless or criminal acts committed by our employees or third parties working on our behalf. If we are found to be liable for violations of these laws (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), we could suffer from criminal or civil penalties or other sanctions, which could have a material adverse effect on our business. Certain of our work sites are inherently dangerous and we are subject to various environmental and worker health and safety laws and regulations. If we fail to maintain safe work sites or to comply with these laws and regulations, we may suffer damage to our reputation and incur significant costs and penalties that could have a material adverse effect on our business, financial condition, results of operations and cash flows. Certain work sites often expose our employees and others to chemical and manufacturing processes, **highly- regulated materials,** large pieces of mechanized equipment and moving vehicles. Additionally, our employees and others at certain project sites may be exposed to severe weather events or high security risks. Failure to implement effective safety procedures may result in injury, disability or loss of life to these parties. In addition, the projects may be delayed and we may be exposed to litigation or investigations. Our operations are subject to a variety of environmental, worker health and safety laws and regulations governing the generation, management and use of regulated materials, the discharge of materials into the environment, the remediation of environmental contamination associated with the release of hazardous substances and human health and safety. Violations of these laws and regulations can cause significant delays and additional costs to a project. When we perform our services, our personnel and equipment may be exposed to radioactive and hazardous materials and conditions. We may be subject to claims alleging personal injury, property damage or natural resource damages by employees, customers and third parties as a result of alleged exposure to or contamination by hazardous substances. In addition, we may be subject to fines, penalties or other liabilities arising under environmental and employee safety laws. A claim, if not covered by insurance at all or only partially, could have a material adverse impact on our financial condition, results of operations and cash flows. In addition, more stringent regulation of our customers' operations with respect to the protection of the environment could also adversely affect their operations and reduce demand for our services. Various U. S. federal, state and local as well as foreign environmental laws and regulations may impose liability for property damage and costs of investigation and cleanup of hazardous or toxic substances on property currently or previously owned by us or arising out of our waste management or environmental remediation activities. These laws may impose responsibility and liability without regard to knowledge or causation of the presence of contaminants. The liability under these laws may be joint and several. The ongoing costs of complying with existing environmental laws and regulations could be substantial and have a material adverse impact on our financial condition, results of operations and cash flows. Changes in the environmental laws and regulations, remediation obligations, enforcement actions, stricter interpretations of existing requirements, future discovery of contamination or claims for damages to persons, property, natural resources or the environment could result in material costs and liabilities that we currently do not anticipate. We are subject to income taxes in the U. S. and numerous foreign jurisdictions. Significant judgment is required in determining certain components of our worldwide provision for income taxes and a change in tax laws, treaties or regulations, or their interpretation, in any country in which we operate could result in higher taxes on our earnings, which could have a material impact on our earnings and cash flows from operations. In the ordinary course of our business, there are certain transactions and calculations where the ultimate tax determination is uncertain. We are audited by various U. S. and foreign tax authorities in the ordinary course of business, and our tax estimates and tax positions could be materially affected by many factors including the final outcome of tax audits and related litigation, the introduction of new tax accounting standards, legislation, regulations and related interpretations, our global mix of earnings, the realizability of deferred tax assets and changes in uncertain tax positions. **In particular, international operations could adversely be affected by the Organization for Economic Co- operation and Development (OECD)' s proposed international taxation reform and introduction of a global minimum tax.** A significant increase in tax rates could have a material adverse effect on our profitability and liquidity. There is a rapidly evolving awareness and focus from stakeholders, such as investors, customers and current and future employees, with respect to global climate change and the related emphasis on environmental, social and governance practices, which could affect our business. Continued attention to issues concerning climate change or other environmental matters may result in the imposition of additional environmental regulations **, rules, standards and policies** that seek to restrict, or otherwise impose limitations or costs upon ~~,~~ **our operations and** the emission of greenhouse gases. International agreements, national, regional and state legislation and regulatory measures **, including LNG exports,** or other **policies and** restrictions on emissions of greenhouse gases could affect our clients, including those who are involved in the exploration, production or refining of fossil fuels and those who emit greenhouse gases through the combustion of fossil fuels, or through mining, manufacturing or the utilization or production of materials or goods. Such legislation or restrictions could increase the costs of projects for us and our clients or, in some cases, prevent a project from going forward, thereby potentially reducing the need for our services that could in turn have a material adverse effect on our operations and financial condition. However, policy changes and climate legislation could also increase the overall demand for our services as our clients and partners work to comply with such policies, such as by decarbonizing their industries, transitioning from fossil fuels to renewable energy sources and developing integrated and sustainable solutions, which could have a positive impact on our business. We cannot predict when or whether any of these various legislative and regulatory proposals may become law or what their effect will be on us and our customers. Furthermore, investor and societal expectations with respect to environmental, social and governance (" ESG") matters have been rapidly evolving and increasing. We risk damage to our reputation if we do not act responsibly in the following key areas: inclusion and diversity, environmental stewardship, support for local communities and corporate governance and transparency. A failure to adequately meet stakeholders' expectations may result in loss of business, diluted market valuation, an inability to attract and retain customers and talented personnel, increased negative investor sentiment toward us and / or our customers and the diversion of investment to other industries, which could have a negative impact on our stock price and our access to and costs of capital. In addition, standards for tracking and reporting ESG matters continue to evolve. New laws, regulations, policies and international accords relating to ESG matters, including sustainability, climate change, human capital and diversity, are being developed and formalized in Europe, the United States, Asia and elsewhere, which may entail specific, target- driven frameworks and / or disclosure requirements. Our selection of voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or differ from those of others, and may not be in line with any new and forthcoming related disclosure rules in the United States and abroad. Methodologies for reporting ESG data may be updated and previously reported ESG data may be adjusted to reflect improvement in availability and quality of internal and third- party data, changing assumptions, changes in the nature and scope of our operations and other changes in circumstances. Our processes and controls for reporting ESG matters across our operations and supply chain are evolving along with multiple disparate standards for identifying, measuring and reporting ESG metrics, including ESG- related disclosures that may be required by the SEC, European and other regulators, and such standards may change over time, which could result in significant revisions to our current goals, reported progress in achieving such goals or ability to achieve such goals in the future. Any failure, or perceived failure, by us to comply fully with developing interpretations of ESG laws and regulations could harm our business, reputation, financial condition and operating results and require significant time and resources to make the necessary adjustments. If our ESG practices do not meet evolving investor or other stakeholder expectations and standards, then our reputation or our attractiveness as an investment, business partner, acquirer, service provider or employer could be negatively impacted. Climate change related events, such as increased frequency and severity of storms, floods, wildfires, droughts, hurricanes, freezing conditions and other natural disasters, may have a long- term impact on our business, financial condition and results of operations. Although we are proactively seeking measures to mitigate our business risks associated with climate change, we recognize that there are innate climate related risks regardless of where and how we conduct our businesses. As such, a potential disruption to our and our customer' s businesses from a natural disaster may cause us to experience work stoppages, project delays, financial losses and additional costs to resume operations such as increased insurance costs or loss of coverage, legal liability and reputational damage. We are continuously committed to advancing our environmental, social and governance strategy as evidenced by the establishment and continued focus on delivering on our 2030 operational net- zero carbon ambitions after we achieved carbon neutrality in 2019. However, achievement of our sustainability commitments and targets is subject to risks and uncertainties, many of which are outside of our control. These risks and uncertainties include, but are not limited to: our ability to execute our operational strategies and achieve our goals within the currently projected costs and the expected timeframes; the availability and cost of alternative fuels, global electrical charging infrastructure, off- site renewable energy and other materials and components; unforeseen design, operational and technological difficulties; the outcome of research efforts and future technology developments, including the ability to scale projects and technologies on a commercially competitive basis such as carbon sequestration and / or other related processes; compliance with, and changes or additions to, global and regional regulations, taxes, charges, mandates or requirements relating to greenhouse gas emissions, carbon costs or climate- related goals; labor-related regulations and requirements that restrict or prohibit our ability to impose requirements on third party contractors; adapting products to customer preferences and customer acceptance of sustainable supply chain solutions; the actions of competitors and competitive pressures; an acquisition of or merger with another company that has not adopted similar carbon negative goals or whose progress towards reaching its carbon negative goals is not as advanced as ours; and the pace of regional and global recovery from the COVID- 19 pandemic. Although we believe that our sustainability commitments and targets are achievable, there is no assurance that we will be able to successfully implement our strategies and achieve our 2030 operational net- zero targets. Investors have recently increased their focus on environmental, social and governance matters, including practices related to greenhouse gas emissions and climate change. Additionally, an increasing percentage of the investment community considers sustainability factors in making investment decisions, and an increasing number of entities are considering sustainability factors in awarding business. The implementation of these goals and initiatives may require considerable investments, and our goals, with all of their contingencies, dependencies and in certain cases, reliance on third- party verification and / or performance, are complex and ambitious and may change, and we cannot guarantee that we will achieve them. If we are unable to meet our commitments and targets and appropriately address sustainability enhancement, we may lose investors, customers or partners, our stock price may be negatively impacted, our reputation may be negatively affected and it may be more difficult for us to compete effectively, all of which could have an adverse effect on our business, results of operations and financial condition, as well as on the price of our common stock. ~~38~~ **36**