KBR

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Jeffrey B. King
Vice President, Public Law and Corporate Secretary

November 26, 2013

Ms. Mary Jo White
Chairwoman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. S7-07-13 (Pay Ratio Disclosure)

Dear Chair White:

I am writing on behalf of KBR, Inc. ("KBR") to express our concern regarding the proposed amendments to Item 402 of Regulation S-K that will require disclosure of the median of the annual total compensation of all employees of an issuer (excluding the chief executive officer ("CEO")) and the ratio of this median to the annual total compensation of that issuer's CEO. Our main concerns are that the proposed "Pay Ratio Disclosure" rules are inequitable and administratively difficult and expensive to follow for large, global issuers such as KBR. In addition, we do not believe that the proposed Pay Ratio Disclosure will provide any benefit to investors. This letter also offers suggested actions to lessen the burden of compliance on KBR and similar companies.

KBR is a global company that employs approximately 27,000 employees in over 70 countries across six continents. Due to the nature of our business, we employ many foreign, part-time, and temporary employees. We believe we provide compensation that is appropriate for the markets in which we do business.

Under the proposed Pay Ratio Disclosure rules, all employees, including foreign, part-time, and temporary workers, would be included in determining the median employee's pay. Many issuers that would be subject to the Pay Ratio Disclosure rules do not employ foreign, part-time, and/or temporary employees. However, for those issuers that do employ foreign, part-time, and/or temporary employees, such as KBR, disclosing the median of the annual total compensation of all of its employees (excluding its CEO) and the ratio of this median to the annual total compensation of that issuer's CEO will not provide an equitable or useful comparison with other issuers that do not employ foreign, part-time, and/or temporary employees. In order to compare apples to apples, the proposed Pay Ratio Disclosure rules must address the fact that the composition and, as a result, compensation of issuers' work forces vary significantly.

The proposed Pay Ratio Disclosure rules will also be unnecessarily burdensome, both administratively and financially, on large issuers with complex, global organizational structures, such as KBR. Global employers must utilize different compensation and benefit practices for their employees based on numerous factors, including: business unit or project-specific performance goals; host country laws; host country market and cost of living; necessity for housing, transportation, and schooling; risks associated with working in war zones; etc. Calculating with precision the total compensation of the median employee of a large, global issuer would be extremely time consuming and, thus, expensive. We estimate that it may take between $500,000 and $1,000,000 to establish and automate the process to comply with the proposed Pay Ratio Disclosure rules. Not only would the calculation itself be expensive, the cost to audit the results and the legal cost to analyze the applicable laws would be burdensome.

Our suggestions to address our concerns of inequity and cost are as follows:

1. Include only U.S.-based employees of the issuer and its U.S. subsidiaries for purposes of determining the median total compensation of all employees;

2. Include only full-time employees; and

3. If point 2 above is not incorporated into the final rules and seasonal, temporary, and part-time employees must be included in the pay ratio analysis, allow the issuer to annualize their compensation.

Outside of our KBR-specific concerns, we believe the Pay Ratio Disclosure rules themselves will not provide any benefit to investors. Even the SEC's proposed Release on the Pay Ratio Disclosure rules confirms this fact, noting that "...the lack of a specific market failure identified as motivating the enactment of this provision poses significant challenges in quantifying potential economic benefits, if any, from the pay ratio disclosure." See page 91 of the SEC Release. Accordingly, we agree with the dissents by Commissioners Piwowar and Gallagher to the Pay Ratio Disclosure rules.

Sincerely,

Jeffrey B. King