

KBR, INC.
Form 4
August 28, 2007

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Fulton Iain Robert

(Last) (First) (Middle)
26 GENTLEWIND PLACE
(Street)

THE WOODLANDS, TX 77381

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
KBR, INC. [KBR]

3. Date of Earliest Transaction (Month/Day/Year)
08/27/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Vice President, Internal Audit

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	08/27/2007		M	2,584 A \$ 7.32	9,731	D	
Common Stock	08/27/2007		S	2,584 D \$ 34	7,147	D	
Common Stock	07/27/2007		M	144 A \$ 20.54	7,291	D	
Common Stock	07/27/2007		F ⁽³⁾	144 D \$ 20.54	7,147	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)	8. Amount or Number of Shares
Non-Qualified Stock Option	\$ 7.32	08/27/2007		M	2,584 (1)	(2) 06/09/2013	Common Stock	2,584
Non-Qualified Stock Option	\$ 20.54	07/27/2007		M	144 (1)	04/09/2007 (3)	Common Stock	144

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Fulton Iain Robert 26 GENTLEWIND PLACE THE WOODLANDS, TX 77381			Vice President, Internal Audit	

Signatures

/s/Jeffrey B. King,
Attorney-in-Fact

08/28/2007

**Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- On April 9, 2007, following the separation of KBR, Inc. and Halliburton Company, outstanding awards under Halliburton's 1993 Stock and Incentive Plan previously granted to KBR employees and consisting of options to purchase Halliburton common stock and
- (1) Halliburton restricted stock were converted into awards under KBR's Transitional Stock Adjustment Plan, consisting of options to purchase KBR common stock and KBR restricted stock.
 - (2) These options vest in accordance with the vesting schedule provided by Halliburton for the original Halliburton options.
 - (3) This stock was sold to satisfy the withholding taxes incurred when restricted stock options vested.

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Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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