

HALLIBURTON

Halliburton Issues Statement on DCAA Referral

January 15, 2004

HOUSTON, Jan. 14 /PRNewswire-FirstCall/ -- The following was released today by Halliburton:

We have not received any notification of the DCAA request. KBR delivered fuel to Iraq at the best value, the best price and the best terms. It is important to understand that the referral is a method of further studying the issue and not a condemnation of KBR processes. It is also important to understand the difference between fact and allegations. It is not fact that KBR has overcharged. We will work with all government agencies to establish that our contracts are not only good for the United States, but also the company is the best and most qualified contractor to perform these difficult and dangerous tasks.

The fuel assignment was a critical mission, and it was dangerous because of the violence in Baghdad. We received the task, and the start date was the next day. While it was not completed the following day, regular fuel delivery did begin very shortly thereafter, and it helped to prevent or alleviate a national crisis. Our people performed impressively under extraordinary and extreme conditions.

We welcome a thorough review of any and all of our government contracts. We have followed all government approved processes.

KBR did not ask to be in the fuel shipping business. In fact, we have tried to hand it off to various local suppliers. However, we have had to keep control of the mission until others prove they are capable of performing the task.

The US Army Corps of Engineers approved that the fuel be delivered from Kuwait, even though it was at a higher cost than Turkey. It's unfair to accuse Halliburton of paying too much for Kuwaiti fuel when we were told to buy the fuel and given approval to purchase it from a specific supplier. Working for the government means that the process and paperwork must be followed perfectly under urgent conditions.

For more than 60 years, during both Democrat and Republican administrations, Halliburton has a record of service to the defense of the United States. We built war ships for the Navy in World War II, and we recently supported troops in Somalia, Rwanda and Haiti. In the first Gulf War, we helped bring half the oil wells under control in Kuwait. Halliburton employees are prepared to meet the challenge regardless of the difficulties and risks involved.

Halliburton, founded in 1919, is one of the world's largest providers of products and services to the petroleum and energy industries. The company serves its customers with a broad range of products and services through its Energy Services and Engineering and Construction Groups. The company's World Wide Web site can be accessed at www.halliburton.com.

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