

HALLIBURTON

Halliburton Credits Government \$6.3 Million for Potential Overbilling until Investigation Complete

January 23, 2004

Company says: "We reported it immediately and we are cutting a check to the government just in case the overbilling charge bears out. We will bear the cost of the overcharge -- not the government."

HOUSTON, Jan 23, 2004 (BUSINESS WIRE) -- Halliburton announced today that it has issued a check in the amount of \$6.3 million to their customer, the Army Materiel Command, to cover potential overbilling charges by a subcontractor on the LOGCAP contract until its investigation of the situation is complete.

"We will bear the cost of the potential overcharge -- not the government," said Randy Harl, president and CEO, KBR.

Halliburton credits "strong internal detective work" in the discovery of possible overcharges by a Kuwaiti subcontractor and improper payments to one or two former KBR employees. The company reported the irregularities to the Pentagon's Inspector General last week.

"We have diligent internal controls and a strong corporate Code of Business Conduct," said Harl. "We have a fiduciary responsibility to our clients to carefully monitor every transaction. I am extremely proud of the work the auditors did in this particular case."

Halliburton officials said the company employs 54 auditors, who continually audit financial aspects of the company operations. In addition, the company has 300 warranted procurement specialists supporting its government business.

"There are many check points within the system," said Harl. "Our people operate like forensic auditors. If there is a problem with an invoice, a contract or an agreement, they will find it. In this case, once they found the problem an internal investigation started immediately."

For more than 60 years, during both Democrat and Republican administrations, Halliburton has a record of service to the defense to the United States. We built war ships for the Navy in World War II, and we have supported troops in Somalia, Rwanda Haiti, the Balkans and Afghanistan. In the first Gulf War, we helped bring under control half the oil wells 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.

SOURCE: Halliburton

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