

# HALLIBURTON

## Halliburton Voluntarily Suspends Billing For the Next Month

February 16, 2004

Company continues to resolve "Boots Through the Door" versus "Meals Served" issues

HOUSTON, Feb 16, 2004 (BUSINESS WIRE) -- Halliburton (NYSE:HAL) today said it has offered an unprecedented response to the Department of Defense regarding the number of meals which have been served to the troops. The company today said it has temporarily suspended certain invoicing of subcontractor services for meal planning, food purchase and meal preparation for soldiers.

Simultaneously, Halliburton said the company will continue working with our customer, the U.S. Army, to finalize an agreement as to how to reconcile the differences between meals ordered by the Department of Defense and the "boots through the door" number of meals actually served to the soldiers.

While the company cannot predict when the methodology will be agreed upon with the military, it is important to understand that the amounts that are being withheld from billing have the potential to increase as well as decrease.

"It is important to understand that this is not any sort of 'admission.' As a responsible government contractor it is the right thing to do," said Randy Harl, president and chief executive officer, KBR. "KBR is a good steward of the taxpayers' dollars."

As the reconciliation process continues, the difference between the number of meals planned and the amount of meals actually served to the troops on the ground first totaled \$16 million and shortly thereafter an additional \$11.4 million. In an SEC filing last week, Halliburton confirmed it agreed with the DCAA to suspend subcontractor billings of \$34.5 million. In addition, the company now is voluntarily holding approximately \$140 million of subcontractor invoices for food services that have already been provided to the military. Halliburton will defer further billing to the U.S. government for these subcontracted services until an agreement is reached.

Despite taking these actions, the company said it expects the basic issues of breakfast, lunch and dinner to continue to be the topic of political discussions. The company says it is willing to wait until the facts catch up to the rhetoric.

"Most cooks know how many people are coming to dinner when they are preparing food," said Harl. "It's just not that simple in Iraq."

Halliburton, through its KBR subsidiary, is providing food service for the troops in a contract known as LOGCAP. The company provides food and laundry services as well as communications for the troops as part of the contract.

"We give the soldiers a way to feel a little bit closer to home," said Harl.

"Because we are good stewards of the taxpayers' money and we believe in our ability to do this job better than any other company, we are willing to delay our payment for the work we are doing. I know of no other company who would do this and also has the special skill sets that enable it to do the work we are doing to support the troops," said Harl.

Halliburton is resolved to support the military while also carrying out the important responsibility to maintain oversight in the expenditure of funds. Our employees have had a significant and positive impact on the quality of life for troops and are risking their lives everyday, while providing troops housing, meals, mail and other vital services.

KBR will continue to work with all government agencies to establish that the company's contracts are not only good for the United States, but also that Halliburton is the best and most qualified contractor to perform these difficult and dangerous tasks. KBR has always worked with the DCAA and will continue to work with them in the future. At times, KBR and DCAA have disagreed on issues that were subject to audit, but the company and the DCAA have always been able to work through these issues.

Halliburton has a 60-year history of working with the government. KBR helped build U.S. war ships in World War II, as well as projects in Somalia, Rwanda, Haiti and the Balkans. Halliburton also helped put out more than half of the oil well fires in Kuwait during the 1991 Gulf War.

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](http://www.halliburton.com).

SOURCE: Halliburton

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