



Halliburton Announces Fourth Quarter Charge Related to Prospective Settlement of Foreign Corrupt Practices Act (FCPA) Investigations

January 26, 2009

\$0.34 Fourth Quarter 2008 Earnings Per Diluted Share Impact from \$303 Million Charge to Discontinued Operations

HOUSTON--(BUSINESS WIRE)--Jan. 26, 2009--As previously disclosed in its public filings, Halliburton (NYSE:HAL) has engaged in settlement discussions with the Department of Justice (DOJ) and the Securities and Exchange Commission (SEC) with regard to the ongoing FCPA investigations involving Halliburton and KBR, Inc. (KBR). These discussions have resulted in prospective settlements with both agencies. The settlement with the DOJ has been fully negotiated and Halliburton has been advised that it is being reviewed for final approval. The settlement with the SEC has been approved contingent upon the completion of the settlement with the DOJ. There can be no assurance, however, that the settlement with the DOJ will be approved or that, consequently, the condition to the settlement with the SEC will be satisfied.

To enhance KBR's financial stability and solvency, making possible the separation of KBR, Halliburton indemnified KBR from fines or other monetary penalties or direct monetary damages, including disgorgement, as a result of a claim made or assessed by a governmental authority in the United States and certain other countries related to alleged or actual violations occurring prior to November 20, 2006 of the FCPA or particular, analogous applicable foreign statutes, laws, rules, and regulations in connection with investigations pending as of that date.

As a result of the indemnity and the terms of the prospective settlement with the DOJ, Halliburton would agree to pay \$382 million on behalf of KBR in eight installments over the next two years. Pursuant to the terms of the prospective settlement with the SEC, Halliburton would agree to be jointly and severally liable with KBR for and, as a result of the indemnity, to pay to the SEC \$177 million in disgorgement. KBR would separately agree that Halliburton's indemnification obligations with respect to the DOJ and SEC investigations would be fully satisfied.

The prospective settlement with the DOJ would not require Halliburton to engage a monitor. The prospective settlement with the SEC would require Halliburton to retain an independent consultant to perform a 60-day initial and, approximately one year later, a 30-day follow-up review and evaluation of Halliburton's anti-bribery and foreign agent internal controls and record-keeping policies and to adopt any necessary improvements.

During the second quarter of 2007, in connection with the separation of KBR from Halliburton, Halliburton recorded a gain on the disposition of KBR of approximately \$933 million, net of tax and the estimated fair value of the FCPA and other indemnities and guarantees provided to KBR, which was included in "Income (loss) from discontinued operations, net of income tax" on the consolidated statement of operations. During the second quarter of 2008, Halliburton recorded additional adjustments to the estimated liability for the indemnities and guarantees provided to KBR. These indemnities and guarantees are primarily included in "Other liabilities" on the consolidated balance sheets and totaled \$342 million at September 30, 2008.

As a result of these prospective settlements, Halliburton recorded in the fourth quarter of 2008 an additional charge to discontinued operations of \$303 million or \$0.34 per diluted share.

Commenting on these matters, a Company spokesperson stated, "The Company will not further comment or take questions regarding the prospective settlements, given that there can be no assurance that they will become effective in accordance with their respective terms."

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