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Kellogg Brown & Root LLC Pleads Guilty to Foreign Bribery Charges and Agrees to Pay \$402 Million Criminal Fine

Enforcement Actions by DOJ and SEC Result in Penalties of \$579 Million for KBR's Participation in a Scheme to Bribe Nigerian Government Officials to Obtain Contracts

WASHINGTON – Kellogg Brown & Root LLC (KBR), a global engineering, construction and services company based in Houston, pleaded guilty today to charges related to the Foreign Corrupt Practices Act (FCPA) for its participation in a decade-long scheme to bribe Nigerian government officials to obtain engineering, procurement and construction (EPC) contracts, Acting Assistant Attorney General Rita M. Glavin of the Criminal Division announced. The EPC contracts to build liquefied natural gas (LNG) facilities on Bonny Island, Nigeria, were valued at more than \$6 billion.

KBR entered guilty pleas to a five-count criminal information in federal court in Houston before U.S. District Judge Keith P. Ellison. As part of the plea agreement, KBR agreed to pay a \$402 million criminal fine.

According to court documents, KBR was part of a four-company joint venture that was awarded four EPC contracts by Nigeria LNG Ltd. (NLNG) between 1995 and 2004 to build LNG facilities on Bonny Island. The government-owned Nigerian National Petroleum Corporation (NNPC) was the largest shareholder of NLNG, owning 49 percent of the company.

KBR pleaded guilty to conspiring with its joint-venture partners and others to violate the FCPA by authorizing, promising and paying bribes to a range of Nigerian government officials, including officials of the executive branch of the Nigerian government, NNPC officials, and NLNG officials, to obtain the EPC contracts. KBR also pleaded guilty to four counts of violating the FCPA related to the joint venture's payment of tens of millions of dollars in "consulting fees" to two agents for use in bribing Nigerian government officials.

KBR admitted that, at crucial junctures before the award of the EPC contracts, KBR's former CEO, Albert "Jack" Stanley, and others met with three successive former holders of a top-level office in the executive branch of the Nigerian government to ask the office holder to designate a representative with whom the joint venture should negotiate bribes to Nigerian government officials. Stanley and others negotiated bribe amounts with the office holders' representatives and agreed to hire the two agents to pay the bribes. According to court documents, the joint venture paid approximately \$132 million to the first agent, a consulting company incorporated in Gibraltar, and more than \$50 million to the second agent, a global trading company headquartered in Tokyo, Japan, during the course of the bribery scheme. KBR admitted that it had intended for these agents' fees to be used, in part, for bribes to Nigerian government officials.

Under the terms of the plea agreement, KBR agreed to retain an independent compliance monitor for a three-year period to review the design and implementation of KBR's compliance program and to make reports to KBR and the Department of Justice. KBR also agreed to cooperate with the Department in its ongoing investigations.

In a related criminal case, Stanley pleaded guilty in September 2008 to conspiring to violate the FCPA for his participation in the bribery scheme. Stanley's sentencing is currently scheduled for May 6, 2009.

Today, KBR's parent company, KBR Inc., and its former parent company, Halliburton Company, also reached a settlement of a related civil complaint filed by the U.S. Securities and Exchange Commission (SEC). The SEC's complaint charged KBR Inc. with violating the FCPA's anti-bribery provisions, and charged KBR and Halliburton with engaging in books and records and internal controls violations related to the bribery. KBR Inc. and Halliburton jointly agreed to pay \$177 million in disgorgement of profits relating to those violations.

"Today's guilty plea by KBR ends one chapter in the Department's long-running investigation of corruption in the award of \$6 billion in construction contracts in Nigeria. This bribery scheme involved both senior foreign government officials and KBR corporate executives who took actions to insulate themselves from the reach of U.S. law enforcement," said Acting Assistant Attorney General Rita M. Glavin of the Criminal Division. "The successful prosecution of KBR, and its agreement

to pay a more than \$400 million fine, demonstrates that no one is above the law, and that the Department is determined to seek penalties that are commensurate with, and will deter, this kind of serious criminal misconduct."

"This case, which represents the second largest fine ever in an FCPA prosecution, demonstrates the FBI's continued commitment to aggressively investigate violations of this law," said Andrew R. Bland III, Special Agent in Charge of the FBI's Houston Field Office. "We will continue to investigate these matters by working in partnership with other law enforcement agencies, both foreign and domestic, to ensure that corporate executives who have been found guilty of bribing foreign officials in return for lucrative business contracts, are punished to the full extent of the law."

"FCPA violations have been and will continue to be dealt with severely by the SEC and other law enforcement agencies," said SEC Chairman Mary Schapiro. "Any company that seeks to put greed ahead of the law by making illegal payments to win business should beware that we are working vigorously across borders to detect and punish such illicit conduct."

The criminal case is being prosecuted by Senior Trial Attorneys William J. Stuckwisch and Patrick F. Stokes of the Criminal Division's Fraud Section, with investigative assistance from the FBI and IRS-Criminal Investigation in Houston. The Criminal Division's Office of International Affairs provided substantial assistance in gathering evidence abroad and facilitating international cooperation. Significant assistance was provided by the SEC's Division of Enforcement and by the authorities in France, Italy, Switzerland and the United Kingdom.

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