

August 16, 2005

Halliburton Company  
Attn: General Counsel's Office  
5 Houston Center  
1401 McKinney, Suite 2400  
Houston, TX 77010

Dear General Counsel of Halliburton:

The Project On Government Oversight (POGO) is overhauling and renewing its Federal Contractor Misconduct Database ([www.pogo.org/db/index.cfm](http://www.pogo.org/db/index.cfm)), a compilation of information from public resources regarding government contractors, including Halliburton. I have enclosed the findings relevant to Halliburton and am requesting verification or refutation of the data from you.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to Halliburton, please be assured that any response received by POGO will be posted on the website along with the data.

Changes to the database include: the addition of more current instances, removal of Superfund cleanup costs, and removal of information that could not be verified with official documents. Additionally, pending cases will still be included, but this information will be kept separate from the resolved cases and will not be included in any totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Kevin L. Phelps  
Project Director

Enclosure

## Instances of Misconduct

1.

1/3/2005

Case Name: N/A

Amount- \$4.17 billion

Synopsis-

“Halliburton Co.'s \$4.17 billion settlement of thousands of asbestos claims has been finalized...

The Houston-based oil services conglomerate's construction and engineering subsidiary, KBR, and other subsidiaries that filed for bankruptcy protection in December 2003 as part of the settlement have emerged from Chapter 11.

The reorganization plan, which included a \$2.775 billion cash payment with the rest in stock to settle 400,000 asbestos and 21,000 silica claims, received court approval in July last year and went into effect this past Friday, Dec. 31. Halliburton said the company anticipates funding trusts to pay the claims by the end of this month.

Halliburton inherited the claims when the company acquired Dresser Industries, Inc. for \$7.7 billion in 1998, during Vice President Dick Cheney's 1995-2000 tenure as CEO. Most of the asbestos claims were filed against a former Dresser subsidiary, Pittsburgh-based Harbison-Walker Refractories Co.”

Disposition- Settlement

Court Type- Civil

Misconduct Type- Health

Contracting Party- N/A

Documents- AP Story <http://www.cbsnews.com/stories/2005/01/03/national/main664479.shtml>  
Halliburton Press Release  
[http://www.halliburton.com/news/archive/2005/corpnws\\_010305a.jsp](http://www.halliburton.com/news/archive/2005/corpnws_010305a.jsp)

2.

8/3/2004

Case Name- SEC v. Halliburton

Amount- \$7.5 million

Synopsis-

In response to Halliburton's failure to disclose a 1998 change to its accounting practice, the Securities and Exchange Commission began enforcement proceedings. As a result of that undisclosed change, Halliburton's public statements regarding its income in 1998 and 1999 were materially misleading.

Halliburton has agreed to settle the enforcement actions by consenting to a Commission order to cease and desist from committing or causing future securities law violations. Additionally, Halliburton has agreed to pay penalties of \$7.5 million in a related civil action. Halliburton's penalty for the disclosure failure reflects lapses in the company's conduct during the course of the Commission investigation, which commenced in mid-2002.

Disposition- Settlement

Court Type- Civil

Misconduct Type- Securities

Contracting Party- N/A

Documents- SEC Press Release <http://www.sec.gov/news/press/2004-104.htm>

3.

4/12/2002

Case Name- BJ Services v. Halliburton

Amount- \$101 million

Synopsis-

The jury found that Halliburton Energy Services, Inc. infringed BJ's patent on its Vistar fracturing fluid and awarded BJ approximately \$98 million of damages; the court also awarded prejudgment interest of approximately \$3 million. The court also indicated that it would issue an injunction preventing Halliburton from further use of its Phoenix fracturing fluid that was determined by the jury to infringe the BJ patent.

Disposition- Judgment against defendant

Court Type- Civil

Misconduct Type- Other

Contracting Party- Non-governmental

Documents- Halliburton Press Release

[http://www.halliburton.com/news/archive/2002/corpnws\\_041202.jsp](http://www.halliburton.com/news/archive/2002/corpnws_041202.jsp)