

# HALLIBURTON

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May 11, 2007

## **Don Deline**

Vice President, Government Affairs

The Honorable Henry Waxman  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
2157 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Waxman:

This letter is in response to your letter of April 20, 2007 to Mr. David J. Lesar, our Chairman, President and Chief Executive Officer. The letter concerned his opening of a new corporate office in Dubai, United Arab Emirates. Mr. Lesar has asked me to respond to your questions.

### Question 1.

**What is the address of Halliburton's Dubai office?** The company does not currently have a permanent space as we are engaged in lease negotiations. In the meantime, Mr. Lesar's temporary mailing address is PO Box 27736, Dubai, U.A.E.

**How many employees will be stationed in that office?** We expect that there will be between 18 and 20 employees in that office. Mr. Lesar will be the only corporate officer arriving from the United States maintaining an office in Dubai. The other members of the new office will be regional executives already in Dubai. It should be noted also that, as he does currently, Mr. Lesar will spend considerable time traveling extensively throughout the Middle East as well as the rest of the world.

**Will Halliburton be sharing office space with any of its foreign subsidiaries or any other businesses?** The current plan is to locate the new office and the company's existing regional office at a new location. The corporate office will not be shared with any Halliburton Foreign Subsidiaries or other companies, but there may be employees from Halliburton World Limited or Halliburton Manufacturing Limited working out of that office from time to time.

### Question 2.

**Is there some special arrangement between Dubai officials and Halliburton that creates incentives for the move?** No. We are placing emphasis on that region because that is the area where our services are most needed. Please see TAB A for an article by the Wall Street Journal which indicates that we should have done so some time ago.

### Question 3.

**How does the move to Dubai affect whether and how Halliburton as a company or Halliburton's executives are subject to U.S. taxation?** The establishment of a Dubai office of Halliburton Company does not affect its United States tax in any way. Dave Lesar, Halliburton's CEO, is a U.S. citizen, subject to U.S. tax on his worldwide income regardless of his work

location. Mr. Lesar does not expect to qualify for, nor if he did qualify would he elect, the Sec 911 Foreign Income Exclusion.

Question 4.

**How does the move to Dubai affect whether and how Halliburton is subject to U.S. laws and regulations, including but not limited to SEC requirements?** There will be no effect. Halliburton will continue to be subject to the same laws and regulations it has been in the past. Even if it becomes listed on the local Dubai stock exchange, it will still be governed by the same U.S. laws that it has always been accountable to.

Question 5.

**Halliburton has faced scrutiny by Congress for its government contracting activities in Iraq. It has also been the subject of numerous lawsuits.**

**How does the move to Dubai affect the ability of Congress, law enforcement, or litigants to use compulsory process to secure testimony and documents from Halliburton personnel?** Records of the nature with which this question concerns itself are maintained in the offices of Kellogg, Brown and Root (KBR) which is an independent corporation as of April, 2007. They are also a U.S. corporation and have their corporate headquarters in Houston Texas. Halliburton has never been contracted for services by the U.S. government, particularly none of the logistics support services frequently discussed in the media today. Also, Halliburton and its subsidiaries have no employees or work in Iraq or Afghanistan.

**Will Halliburton commit to making its records and executives available in the United States to respond to any Congressional inquiry, law enforcement investigation, or civil lawsuit?** Halliburton is committed to abiding by the laws and regulations concerning law enforcement investigations, civil lawsuits, and Congressional inquiries.

Question 6.

**As a result of its government contract work, Halliburton has access to classified information and documents.**

**Will any classified information be transmitted to, used at, or stored at the Dubai office?** No.

**How will Halliburton ensure the security of this information?** All classified information is in the possession of KBR or has been returned to the source. Fewer than five individuals currently employed by Halliburton have ever had clearances to access classified information in the past and, pursuant to U.S. law and DoD Regulation, they have been read off the information. There are currently no classified documents in the possession of Halliburton Company.

Question 7.

**Halliburton has received criticism in the press and from Congress for using foreign subsidiaries to do business with Iran.**

- a. **What business, if any, does Halliburton or any of its foreign subsidiaries have with Iran or other sanctioned nations? For any contracts with any sanctioned entities, please provide the name of the entity, its country of incorporation, the names of its officers and the location of its main headquarters.** Pursuant to the Halliburton Company Corporate Business Practice policy, attached at TAB B, Halliburton Company and its subsidiaries are not doing business in the countries enumerated in that policy.

- b. **How does the move to Dubai affect whether and how Halliburton or any of its foreign subsidiaries will do business with Iran or other sanctioned nations?** As noted above, Halliburton Company and its subsidiaries are not doing business in Iran or any other country that is restricted by the Corporate Business Practice policy attached at TAB B. The move to Dubai will not affect this policy.
- c. **Will Halliburton commit that it and its foreign subsidiaries will refrain from trading with sanctioned nations like Iran, through its Dubai office or otherwise, in the future?** Halliburton Company adopted the aforementioned policy, applicable to all Halliburton subsidiaries worldwide, not to do business in certain countries and to leave certain countries (such as Iran) where they might have already been operating. Under current sanctions laws, Halliburton Company would require a license from the Office of Foreign Assets Control ("OFAC") in order to change its policy, and it is our understanding that OFAC would be unlikely to grant such a license.

Your letter also included a request that Halliburton provide any internal reports, memoranda, or correspondence relating to the decision to create a new office in Dubai. Those documents can be found at TAB C.

A handwritten signature in black ink, appearing to read "D. A. H.", with a long horizontal flourish extending to the right.