

**SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

**vs.**

**HALLIBURTON COMPANY**

**and**

**KBR, INC.,**

**Defendants.**

**Civil Action No.:**

- (a) permanently restrains and enjoins Defendant from: (i) violating Sections 30A and 13(b)(5) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. §§ 78dd-1 and 78m(b)(5)] and Rule 13b2-1 [17 C.F.R. § 240.13b2-1]; and (ii) violating or aiding and abetting violations of

Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)];

- (b) orders Defendant to pay, jointly and severally with Defendant Halliburton Company, disgorgement in the amount of \$177,000,000; and
- (c) orders Defendant, through its Board of Directors, within sixty (60) calendar days of the entry of the Final Judgment, to retain an independent corporate monitor to perform the services described in paragraphs 3 through 11 of this Consent.

3. Within sixty (60) calendar days of the entry of the Final Judgment in this matter, KBR agrees to retain an independent corporate monitor (the "Monitor") for a period of three (3) years. The Monitor's primary responsibility is to assess and monitor KBR's compliance with the terms of the Final Judgment so as to specifically address and reduce the risk of any recurrence of KBR's misconduct, including evaluating KBR's corporate compliance program with respect to the Foreign Corrupt Practices Act of 1977 ("FCPA"), as amended, 15 U.S.C. §§ 78dd-1, *et seq.*, and other relevant anti-corruption laws. Within thirty (30) calendar days after the entry of the Final Judgment, and after consultation with the staff of the Securities and Exchange Commission (the "Commission"), KBR will propose to the Commission staff a candidate to serve as the Monitor. The Monitor shall have, at a minimum, the following qualifications:

- a. demonstrated expertise with respect to the FCPA, including experience counseling on FCPA issues;
- b. experience designing and reviewing corporate compliance policies, procedures and internal controls, including FCPA-specific policies, procedures and internal controls;

c. the ability to access and deploy resources as necessary to discharge the Monitor's duties as described in the Final Judgment; and

d. sufficient independence from KBR to ensure effective and impartial performance of the Monitor's duties as described in the Final Judgment.

4. The Commission staff retains the right, in its sole discretion, to accept or reject the Monitor proposed by KBR. The Monitor's term shall be three (3) years from the date of the entry of the Final Judgment. The Monitor's duties and authorities, and the obligations of KBR with respect to the Monitor and the Commission staff, are set forth below.

5. KBR agrees that for the period of engagement and for a period of two years from completion of the engagement, the Monitor shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with KBR, or any of its present or former affiliates, subsidiaries, directors, officers, employees, or agents acting in their capacity as such. The agreement will also provide that the Monitor will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the Monitor in performance of his/her duties under this Order shall not, without prior written consent of the Securities and Exchange Commission's Division of Enforcement, enter into any employment, consultant, attorney-client, auditing or other professional relationship with KBR, or any of its present or former affiliates, subsidiaries, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

6. The Monitor will review and evaluate the effectiveness of KBR's internal controls, record-keeping, and financial reporting policies and procedures as they relate to KBR's compliance with the books and records, internal accounting controls and anti-bribery provisions

of the FCPA, and other applicable anti-corruption laws. This review and evaluation shall include an assessment of those policies and procedures as actually implemented. The retention agreement between KBR and the Monitor will reference the Final Judgment and include the Final Judgment as an attachment so the Monitor is fully apprised of his or her duties and responsibilities.

7. KBR shall cooperate fully with the Monitor and the Monitor shall have the authority to take such reasonable steps as, in his or her view, may be necessary to be fully informed about the corporate compliance program of KBR within the scope of his or her responsibilities under the Final Judgment. To that end, KBR shall provide the Monitor with access to all information, documents, records, facilities and/or employees that fall within the scope of responsibilities of the Monitor under the Final Judgment, provided, however, that KBR does not intend to waive the protection of the attorney work product doctrine, attorney-client privilege, or any other privilege applicable as to third parties. Any such disclosure by KBR to the Monitor concerning corrupt payments, related books and records, and related internal controls shall not relieve KBR of its obligation truthfully to disclose such matters to the Commission staff. The parties agree that the Monitor is an independent third-party, not an employee or agent of KBR or the Commission and its staff, and that no attorney-client relationship shall be formed between KBR and the Monitor.

8. KBR agrees that:

a. The Monitor shall assess whether KBR's existing policies and procedures are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws.

b. The Monitor shall evaluate KBR's compliance with the Final Judgment.

c. The Monitor shall review KBR's implementation of and adherence to all existing, modified, or new policies and procedures relating to FCPA compliance.

d. The Monitor shall ensure that FCPA policies and procedures are appropriately designed to accomplish their goals.

e. During the three (3) year term, the Monitor shall conduct an initial review and prepare an initial report, followed by two follow-up reviews and reports as described below:

i. With respect to each of the three (3) reviews, after initial consultations with KBR and the Commission staff, the Monitor shall prepare a written work plan for each of the reviews, which shall be submitted to KBR and the Commission staff for comment prior to the commencement of each review. In order to conduct an effective initial review and to understand fully any existing deficiencies in controls, policies and procedures related to the FCPA and other applicable anti-corruption laws, the Monitor's initial work plan shall include such steps as are reasonably necessary to develop an understanding of the facts and circumstances surrounding any violations that may have occurred, but the parties do not intend that the Monitor will conduct his or her own inquiry into those historical events. Any disputes between KBR, on the one hand, and the Monitor, on the other hand, with respect to the work plan shall be decided by the Commission staff in its sole discretion.

ii. In connection with the initial review, the Monitor shall issue a written report within one hundred twenty (120) calendar days of his or her retention setting forth the Monitor's assessment and, if appropriate and necessary, making recommendations reasonably designed to improve the policies and procedures of KBR for ensuring compliance with the FCPA and other applicable anti-corruption laws. The Monitor shall provide the report to the Board of Directors of KBR and contemporaneously transmit copies to the Division of

Enforcement, U.S. Securities & Exchange Commission, 100 F Street, N.E., Washington, DC 20549. The Monitor may extend the time period for issuance of the report with prior written approval of the Commission staff.

iii. Within sixty (60) calendar days after receiving the Monitor's report, KBR shall adopt the recommendations set forth in the report; provided, however, that within thirty (30) calendar days after receiving the report, KBR shall advise the Monitor and the Commission staff in writing of any recommendations that KBR considers unduly burdensome, impractical, costly or otherwise inadvisable. With respect to any recommendation that KBR considers unduly burdensome, impractical, costly or otherwise inadvisable, KBR need not adopt that recommendation; instead, KBR may propose in writing an alternative policy, procedure, or system designed to achieve the same objective or purpose. As to any recommendation on which KBR and the Monitor ultimately do not agree, KBR will abide by the determinations of the Monitor.

iv. The Monitor shall undertake two follow-up reviews to further monitor and assess whether the policies and procedures of KBR are reasonably designed to detect and prevent violations of the FCPA, and other applicable anti-corruption laws.

v. Within sixty (60) calendar days of initiating each follow-up review, the Monitor shall: (A) complete the review; (B) certify whether the anti-bribery compliance program of KBR, including its policies and procedures, is appropriately designed and implemented to ensure compliance with the FCPA and other applicable anti-corruption laws; and (C) report on the Monitor's findings in the same fashion as with respect to the initial review.

vi. The first follow-up review shall commence one year after the initial review commenced. The second follow-up review shall commence one year after the first follow-up review commenced.

vii. The Monitor may extend the time period for submission of the follow-up reports with prior written approval of the Commission staff.

9. In undertaking the assessments and reviews described above, the Monitor shall formulate conclusions based on, among other things: (a) inspection of relevant documents, including all the policies and procedures relating to the anti-corruption compliance program of KBR; (b) onsite observation of the systems and procedures of KBR, including their internal controls and record-keeping and internal audit procedures; (c) meetings with, and interviews of, relevant employees, officers, directors and other persons at mutually convenient times and places; and (d) analyses, studies and testing of the anti-corruption compliance program of KBR.

10. Should the Monitor, during the course of his or her engagement, discover credible evidence that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid or authorized by any KBR entity or person, or any entity or person working directly or indirectly for KBR, or that related false books and records have been maintained, the Monitor shall promptly report such conduct to KBR's General Counsel, to its Audit Committee, and to its outside counsel for further investigation, unless the Monitor believes, in the exercise of his or her discretion, that such disclosure should be made directly to the Commission staff. If the Monitor refers the matter only to KBR's General Counsel, Audit Committee, and outside counsel, KBR shall promptly report the same to the Commission staff and contemporaneously notify the Monitor that such report has been made. If KBR fails to make disclosure to the Commission staff within ten (10) calendar days of the

Monitor's report of such conduct to KBR, the Monitor shall independently disclose his or her findings to the Commission staff at the address listed in paragraph 8e(ii) above. Further, in the event that KBR, or any entity or person working directly or indirectly for KBR, refuses to provide information necessary for the performance of the Monitor's responsibilities, the Monitor shall disclose that fact to the Commission staff. KBR shall not take any action to retaliate against the Monitor for any such disclosures or for any other reason. The Monitor may, at his or her discretion, report other criminal or regulatory violations discovered in the course of performing his or her duties, in the same manner as described above.

11. At least annually, and more frequently if appropriate, representatives from KBR and the Commission staff will meet together to discuss the Monitorship and any suggestions, comments, or improvements that KBR may wish to discuss with or propose to the Commission staff.

12. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

13. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

14. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

15. Defendant agrees that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.



16. Defendant will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

17. Defendant waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty (30) days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Final Judgment.

18. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding and all other claims against Defendant relating to or arising out of the facts alleged in the Complaint or those facts otherwise disclosed to or known by the Commission staff prior to the filing of this action. Defendant acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has

consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendant understands that it shall not be permitted to contest the factual allegations of the complaint in this action.

19. Defendant understands and agrees to comply with the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegation in the complaint or order for proceedings." 17 C.F.R. § 202.5. In compliance with this policy, Defendant agrees: (i) not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; and (ii) that upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint. If Defendant breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

20. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

21. Defendant agrees that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

22. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

KBR, Inc.

By: Andrew D. Farley  
Andrew D. Farley  
Senior Vice President and General Counsel  
601 Jefferson Street  
Houston, Texas 77020

On Feb. 6, 2009, Andrew D. Farley, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent with full authority to do so on behalf of KBR, Inc. as its Senior Vice President and General Counsel.



Dolores Brooks  
Notary Public  
Commission expires: 1-13-2013

Approved as to form:

William F. Pendergast  
William F. Pendergast, Esq.  
Paul, Hastings, Janofsky & Walker, LLP  
875 15th Street, N.W.  
Washington, DC 20005  
Attorney for Defendant

## CERTIFICATE OF CORPORATE RESOLUTION

I, Jeffrey B. King, do hereby certify that I am the duly elected, qualified and acting Secretary of KBR, Inc., and that the following is a complete and accurate copy of a resolution adopted by KBR, Inc. on February 6, 2009.

### SEC AUTHORIZATION

**RESOLVED**, that Andrew D. Farley, Senior Vice President and General Counsel of the Company, be and hereby is authorized to act on behalf of the Company and, in his sole discretion, to negotiate, approve, accept and execute the "Consent of Defendant KBR, Inc." attached hereto, in connection with the investigation conducted by the Securities and Exchange Commission; in this connection, Mr. Farley is hereby authorized to undertake such actions as he may deem necessary and advisable, including the execution of such documentation as may be required by the Securities and Exchange Commission in order to carry out the foregoing.

IN WITNESS WHEREOF, I have duly executed this Certificate as a sealed instrument as the duly elected, qualified and acting Secretary of KBR, Inc. hereunto authorized this 6th day of February 2009.

  
JEFFREY B. KING  
SECRETARY

**SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

**vs.**

**HALLIBURTON COMPANY**

**and**

**KBR, INC.,**

**Defendants.**

**Civil Action No.:**

The Securities and Exchange Commission having filed a Complaint and Defendant KBR, Inc. ("KBR") having entered a general appearance; consented to the Court's jurisdiction over KBR and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant KBR and KBR's officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly,

Section 30A of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78dd-1] by use of the mails or any means or instrumentality of interstate commerce corruptly, or by corruptly doing any act outside the United States, in furtherance of any offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to—

(1) any foreign official for purposes of—

(A)(i) influencing any act or decision of such foreign official in his official capacity, (ii) inducing such foreign official to do or omit to do any act in violation of the lawful duty of such official, or (iii) securing any improper advantage; or

(B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist KBR in obtaining or retaining business for or with, or directing business to, any person;

(2) any foreign political party or official thereof or any candidate for foreign political office for purposes of—

(A)(i) influencing any act or decision of such party, official, or candidate in its or his official capacity, (ii) inducing such party, official, or candidate to do or omit to do an act in violation of the lawful duty of such party, official, or candidate, or (iii) securing any improper advantage; or

(B) inducing such party, official, or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist KBR in obtaining or retaining business for or with, or directing business to, any person; or

- (3) any person, while knowing that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office for purposes of—

(A)(i) influencing any act or decision of such foreign official, political party, party official, or candidate in his or its official capacity, (ii) inducing such foreign official, political party, party official, or candidate to do or omit to do any act in violation of the lawful duty of such foreign official, political party, party official, or candidate, or (iii) securing any improper advantage; or

(B) inducing such foreign official, political party, party official, or candidate to use his or its influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist KBR in obtaining or retaining business for or with, or directing business to, any person.

## II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that KBR and KBR's officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, or aiding and abetting, directly or indirectly, violations of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)], by failing to make and keep books, records, and accounts, which, in

reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of KBR.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that KBR and KBR's officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, or aiding and abetting, directly or indirectly, violations of Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)], by failing to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant KBR and KBR's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] and Rule 13b2-1 [17 C.F.R. § 240.13b2-1] by knowingly



circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book, record, or account of an issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or which is required to file reports pursuant to Section 15(d) of the Exchange Act.

V.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that:

1. Within sixty (60) calendar days of the entry of the Final Judgment in this matter, KBR shall retain an independent corporate monitor (the "Monitor") for a period of three (3) years. The Monitor's primary responsibility is to assess and monitor KBR's compliance with the terms of the Final Judgment so as to specifically address and reduce the risk of any recurrence of KBR's misconduct, including evaluating KBR's corporate compliance program with respect to the Foreign Corrupt Practices Act of 1977 ("FCPA"), as amended, 15 U.S.C. §§ 78dd-1, *et seq.*, and other relevant anti-corruption laws. Within thirty (30) calendar days after the entry of the Final Judgment, and after consultation with the staff of the Securities and Exchange Commission (the "Commission"), KBR will propose to the Commission staff a candidate to serve as the Monitor. The Monitor shall have, at a minimum, the following qualifications:

- a. demonstrated expertise with respect to the FCPA, including experience counseling on FCPA issues;
- b. experience designing and reviewing corporate compliance policies, procedures and internal controls, including FCPA-specific policies, procedures and internal controls;
- c. the ability to access and deploy resources as necessary to discharge the Monitor's duties as described in the Final Judgment; and

d. sufficient independence from KBR to ensure effective and impartial performance of the Monitor's duties as described in the Final Judgment.

2. The Commission staff retains the right, in its sole discretion, to accept or reject the Monitor proposed by KBR. The Monitor's term shall be three (3) years from the date of the entry of the Final Judgment. The Monitor's duties and authorities, and the obligations of KBR with respect to the Monitor and the Commission staff, are set forth below.

3. KBR agrees that for the period of engagement and for a period of two years from completion of the engagement, the Monitor shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with KBR, or any of its present or former affiliates, subsidiaries, directors, officers, employees, or agents acting in their capacity as such. The agreement will also provide that the Monitor will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the Monitor in performance of his/her duties under this Order shall not, without prior written consent of the Securities and Exchange Commission's Division of Enforcement, enter into any employment, consultant, attorney-client, auditing or other professional relationship with KBR, or any of its present or former affiliates, subsidiaries, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

4. The Monitor will review and evaluate the effectiveness of KBR's internal controls, record-keeping, and financial reporting policies and procedures as they relate to KBR's compliance with the books and records, internal accounting controls and anti-bribery provisions of the FCPA, and other applicable anti-corruption laws. This review and evaluation shall include an assessment of those policies and procedures as actually implemented. The retention

agreement between KBR and the Monitor will reference the Final Judgment and include the Final Judgment as an attachment so the Monitor is fully apprised of his or her duties and responsibilities.

5. KBR shall cooperate fully with the Monitor and the Monitor shall have the authority to take such reasonable steps as, in his or her view, may be necessary to be fully informed about the corporate compliance program of KBR within the scope of his or her responsibilities under the Final Judgment. To that end, KBR shall provide the Monitor with access to all information, documents, records, facilities and/or employees that fall within the scope of responsibilities of the Monitor under the Final Judgment, provided, however, that KBR does not intend to waive the protection of the attorney work product doctrine, attorney-client privilege, or any other privilege applicable as to third parties. Any such disclosure by KBR to the Monitor concerning corrupt payments, related books and records, and related internal controls shall not relieve KBR of its obligation truthfully to disclose such matters to the Commission staff. The parties agree that the Monitor is an independent third-party, not an employee or agent of KBR or the Commission and its staff, and that no attorney-client relationship shall be formed between KBR and the Monitor.

6. KBR agrees that:

- a. The Monitor shall assess whether KBR's existing policies and procedures are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws.
- b. The Monitor shall evaluate KBR's compliance with the Final Judgment.
- c. The Monitor shall review KBR's implementation of and adherence to all existing, modified, or new policies and procedures relating to FCPA compliance.

d. The Monitor shall ensure that FCPA policies and procedures are appropriately designed to accomplish their goals.

e. During the three (3) year term, the Monitor shall conduct an initial review and prepare an initial report, followed by two follow-up reviews and reports as described below:

i. With respect to each of the three (3) reviews, after initial consultations with KBR and the Commission staff, the Monitor shall prepare a written work plan for each of the reviews, which shall be submitted to KBR and the Commission staff for comment prior to the commencement of each review. In order to conduct an effective initial review and to understand fully any existing deficiencies in controls, policies and procedures related to the FCPA and other applicable anti-corruption laws, the Monitor's initial work plan shall include such steps as are reasonably necessary to develop an understanding of the facts and circumstances surrounding any violations that may have occurred, but the parties do not intend that the Monitor will conduct his or her own inquiry into those historical events. Any disputes between KBR, on the one hand, and the Monitor, on the other hand, with respect to the work plan shall be decided by the Commission staff in its sole discretion.

ii. In connection with the initial review, the Monitor shall issue a written report within one hundred twenty (120) calendar days of his or her retention setting forth the Monitor's assessment and, if appropriate and necessary, making recommendations reasonably designed to improve the policies and procedures of KBR for ensuring compliance with the FCPA and other applicable anti-corruption laws. The Monitor shall provide the report to the Board of Directors of KBR and contemporaneously transmit copies to the Division of Enforcement, U.S. Securities & Exchange Commission, 100 F Street, N.E., Washington, DC 20549. The Monitor may extend the time period for issuance of the report with prior written

approval of the Commission.

iii. Within sixty (60) calendar days after receiving the Monitor's report, KBR shall adopt the recommendations set forth in the report; provided, however, that within thirty (30) calendar days after receiving the report, KBR shall advise the Monitor and the Commission staff in writing of any recommendations that KBR considers unduly burdensome, impractical, costly or otherwise inadvisable. With respect to any recommendation that KBR considers unduly burdensome, impractical, costly or otherwise inadvisable, KBR need not adopt that recommendation; instead, KBR may propose in writing an alternative policy, procedure, or system designed to achieve the same objective or purpose. As to any recommendation on which KBR and the Monitor ultimately do not agree, KBR will abide by the determination of the Monitor.

iv. The Monitor shall undertake two follow-up reviews to further monitor and assess whether the policies and procedures of KBR are reasonably designed to detect and prevent violations of the FCPA, and other applicable anti-corruption laws.

v. Within sixty (60) calendar days of initiating each follow-up review, the Monitor shall: (A) complete the review; (B) certify whether the anti-bribery compliance program of KBR, including its policies and procedures, is appropriately designed and implemented to ensure compliance with the FCPA and other applicable anti-corruption laws; and (C) report on the Monitor's findings in the same fashion as with respect to the initial review.

vi. The first follow-up review shall commence one year after the initial review commenced. The second follow-up review shall commence one year after the first follow-up review commenced.

vii. The Monitor may extend the time period for submission of the

follow-up reports with prior written approval of the Commission staff.

7. In undertaking the assessments and reviews described above, the Monitor shall formulate conclusions based on, among other things: (a) inspection of relevant documents, including all the policies and procedures relating to the anti-corruption compliance program of KBR; (b) onsite observation of the systems and procedures of KBR, including their internal controls and record-keeping and internal audit procedures; (c) meetings with, and interviews of, relevant employees, officers, directors and other persons at mutually convenient times and places; and (d) analyses, studies and testing of the anti-corruption compliance program of KBR.

8. Should the Monitor, during the course of his or her engagement, discover credible evidence that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid or authorized by any KBR entity or person, or any entity or person working directly or indirectly for KBR, or that related false books and records have been maintained, the Monitor shall promptly report such conduct to KBR's General Counsel, to its Audit Committee, and to its outside counsel for further investigation, unless the Monitor believes, in the exercise of his or her discretion, that such disclosure should be made directly to the Commission staff. If the Monitor refers the matter only to KBR's General Counsel, Audit Committee, and outside counsel, KBR shall promptly report the same to the Commission staff and contemporaneously notify the Monitor that such report has been made. If KBR fails to make disclosure to the Commission staff within ten (10) calendar days of the Monitor's report of such conduct to KBR, the Monitor shall independently disclose his or her findings to the Commission staff at the address listed in paragraph 6e(ii) above. Further, in the event that KBR, or any entity or person working directly or indirectly for KBR, refuses to provide information necessary for the performance of the Monitor's responsibilities, the Monitor

shall disclose that fact to the Commission staff. KBR shall not take any action to retaliate against the Monitor for any such disclosures or for any other reason. The Monitor may, at his or her discretion, report other criminal or regulatory violations discovered in the course of performing his or her duties, in the same manner as described above.

9. At least annually, and more frequently if appropriate, representatives from KBR and the Commission staff will meet together to discuss the Monitorship and any suggestions, comments, or improvements that KBR may wish to discuss with or propose to the Commission staff.

## VI.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant KBR, jointly and severally with Defendant Halliburton Company, is liable for disgorgement of \$177,000,000 representing profits gained as a result of the conduct alleged in the Complaint. KBR or Halliburton shall satisfy this obligation by paying \$177,000,000 within ten (10) business days after entry of this Final Judgment by wire transfer, certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission. The payment shall be delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be accompanied by a cover letter identifying KBR as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. KBR shall simultaneously transmit photocopies or other suitable proof of the payment and letter to the Commission's counsel in this action. By making these payments, KBR relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to

KBR. KBR shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961. The Commission shall remit the funds paid pursuant to this paragraph to the United States Treasury.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that KBR shall comply with all of the undertakings and agreements set forth therein.

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

Dated: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
UNITED STATES DISTRICT JUDGE