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SUBJECT TO COMPLETION, DATED FEBRUARY 20, 2004

PROSPECTUS

(HALLIBURTON LOGO)

\$500,000,000

HALLIBURTON COMPANY

OFFER TO EXCHANGE  
REGISTERED  
SENIOR NOTES DUE JANUARY 26, 2007  
FOR ALL OUTSTANDING  
SENIOR NOTES DUE JANUARY 26, 2007

THE NEW NOTES:

- will be freely tradeable;
- are otherwise substantially identical to the outstanding notes;
- will accrue interest at the same rates as the outstanding notes, payable quarterly on each January 26, April 26, July 26 and October 26, beginning April 26, 2004;
- will be unsecured senior obligations of Halliburton and will rank equally with all of Halliburton's existing and future unsecured senior indebtedness;
- will have a junior position to the claims of creditors on the assets and earnings of Halliburton's subsidiaries; and
- will not be listed on any securities exchange or on any automated dealer quotation system, but may be sold in the over-the-counter market, in negotiated transactions or through a combination of those methods.

THE EXCHANGE OFFER:

- expires at 5:00 p.m., New York City time, on , 2004, unless extended; and
- is not conditioned on any minimum aggregate principal amount of outstanding notes being tendered.

IN ADDITION, YOU SHOULD NOTE THAT:

- all outstanding notes that are validly tendered and not validly withdrawn will be exchanged for an equal principal amount of new notes that are registered under the Securities Act of 1933;
- tenders of outstanding notes may be withdrawn any time before the expiration of the exchange offer;
- the exchange of outstanding notes for new notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes; and
- the exchange offer is subject to customary conditions, which we may waive in our sole discretion.

YOU SHOULD CONSIDER CAREFULLY THE RISK FACTORS BEGINNING ON PAGE 14 OF THIS PROSPECTUS BEFORE PARTICIPATING IN THE EXCHANGE OFFER.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE NEW NOTES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DATE OF THIS PROSPECTUS IS , 2004.

YOU SHOULD RELY ONLY ON THE INFORMATION WE HAVE PROVIDED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS. WE HAVE NOT AUTHORIZED ANY PERSON (INCLUDING ANY SALESMAN OR BROKER) TO PROVIDE YOU WITH ADDITIONAL OR DIFFERENT INFORMATION. WE ARE NOT MAKING AN OFFER OF THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER IS NOT PERMITTED. YOU SHOULD ASSUME THAT THE INFORMATION IN THIS PROSPECTUS IS ACCURATE ONLY AS OF THE DATE ON THE FRONT OF THIS PROSPECTUS AND THAT ANY INFORMATION WE HAVE INCORPORATED BY REFERENCE IS ACCURATE ONLY AS OF THE DATE OF THE DOCUMENT INCORPORATED BY REFERENCE.

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FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides safe harbor provisions for forward-looking information. Forward-looking information is based on projections and estimates, not historical information. Some statements in this prospectus and the documents incorporated by reference herein are forward-looking and use words like "may," "may not," "believe," "do not believe," "expect," "do not expect," "plan," "does not plan," "anticipate," "do not anticipate," and other expressions. We may also provide oral or written forward-looking information in other materials we release to the public. Forward-looking information involves risks and uncertainties and reflects our best judgment based on current information. Our results of operations can be affected by inaccurate assumptions we make or by known or unknown risks and uncertainties. In addition, other factors may affect the accuracy of our forward-looking information. As a result, the accuracy of our forward-looking information cannot be guaranteed. Actual events and the results of operations may vary materially.

While it is not possible to identify all factors, we continue to face many risks and uncertainties that could cause actual results to differ from our forward-looking statements, including the risks described in "Risk Factors" and in our Annual Report on Form 10-K, as amended by Form 10-K/A filed on January 15, 2004, for the year ended December 31, 2002, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003, as amended by Form 10-Q/A filed on January 15, 2004, June 30, 2003 and September 30, 2003 and our Current Report on Form 8-K filed on October 28, 2003.

In addition, future trends for pricing, margins, revenues and profitability remain difficult to predict in the industries we serve. We do not assume any responsibility to publicly update any of our forward-looking statements regardless of whether factors change as a result of new information, future events or for any other reason. You should review any additional disclosures we make in our press releases and our reports on Forms 10-K, 10-Q and 8-K filed with or furnished to the SEC. We also suggest that you listen to our quarterly earnings release conference calls with financial analysts.

#### WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), pursuant to which we file annual, quarterly and current reports, proxy statements and other information with the SEC. You can read and copy any materials we file with the SEC at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. You also can obtain additional information about the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site that contains information we file electronically with the SEC, which you can access over the Internet at [www.sec.gov](http://www.sec.gov), and our electronic SEC filings are also available from our web site at [www.halliburton.com](http://www.halliburton.com). Information contained on Halliburton's web site or any other web site is not incorporated into this prospectus and does not constitute a part of this prospectus. You can also obtain information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The following documents are incorporated into this prospectus by this reference. They disclose important information that each holder should consider when deciding whether to participate in the exchange offer.

- Our Annual Report on Form 10-K, as amended by Form 10-K/A filed on January 15, 2004, for the year ended December 31, 2002;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003, as amended by Form 10-Q/A filed on January 15, 2004, June 30, 2003 and September 30, 2003; and
- Our Current Report on Form 8-K filed on October 28, 2003.

All documents we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of the offering are also incorporated by reference in this prospectus. Information incorporated by reference is considered to be a part of this prospectus, and later information filed with the SEC prior to the termination of the offering will automatically update and supersede this information.

We will provide without charge to each person to whom a copy of this prospectus has been delivered, upon the written or oral request of such person, a copy of any and all of the documents that have been or may be incorporated by reference in this prospectus, except that exhibits to such documents will not be provided unless they are specifically incorporated by reference into such documents. Requests for copies of any such document should be directed to:

Halliburton Company  
1401 McKinney, Suite 2400  
Houston, Texas 77010  
Attention: Albert O. Cornelison, Jr.  
Executive Vice President and General Counsel  
Telephone: (713) 759-2600

To obtain timely delivery of any of our documents, you must make your request to us no later than \_\_\_\_\_, 2004. The exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 2004. The exchange offer can be extended by us in our sole discretion, but we currently do not intend to extend the expiration date. See the caption "The Exchange Offer" for more detailed information.

Notwithstanding the foregoing paragraph, if at any time during the two-year period following the date of original issue of the notes we are not subject to the information requirements of Section 13 or 15(d) of the Exchange Act, we will furnish to holders of the notes the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act in order to permit compliance with Rule 144A in connection with resales of such notes.

## PROSPECTUS SUMMARY

The following summary should be read together with the information contained in other parts of this prospectus and the documents we incorporate by reference. You should carefully read this prospectus and the documents we incorporate by reference to fully understand the terms of the new notes as well as the tax and other considerations that are important to you in making a decision about whether to participate in the exchange offer. In this prospectus, we refer to Halliburton Company and its subsidiaries as "we," "us," "our" or "Halliburton," unless we specifically indicate otherwise or the context clearly indicates otherwise.

### HALLIBURTON COMPANY

#### GENERAL DESCRIPTION OF BUSINESS

We are one of the world's largest oilfield services companies and a leading provider of engineering and construction services. We had total revenues for the year ended December 31, 2002 of approximately \$12.6 billion, and total revenues for the nine months ended September 30, 2003 of approximately \$10.8 billion.

We have five business segments that are organized around how we manage our business: Drilling and Formation Evaluation, Fluids, Production Optimization, Landmark and Other Energy Services and the Engineering and Construction Group. We have been reporting these five segments since the second quarter of 2003. We sometimes refer to the combination of the Drilling and Formation Evaluation, Fluids, Production Optimization and Landmark and Other Energy Services segments as the Energy Services Group. Through our Energy Services Group, we provide a comprehensive range of discrete and integrated products and services for the exploration, development and production of oil and gas. We serve major national and independent oil and gas companies throughout the world. Our Engineering and Construction Group (known as KBR) provides a wide range of services to energy and industrial customers and governmental entities worldwide.

#### DRILLING AND FORMATION EVALUATION

Our Drilling and Formation Evaluation segment is primarily involved in drilling and evaluating the formations related to bore-hole construction and initial oil and gas formation evaluation. The products and services in this segment incorporate integrated technologies, which offer synergies related to drilling activities and data gathering. The segment consists of drilling services, including directional drilling and measurement-while-drilling/logging-while-drilling; logging services; and drill bits. Included in this business segment are Sperry-Sun, logging and perforating and Security DBS. Also included is our Mono Pumps business, which we disposed of in the first quarter of 2003.

#### FLUIDS

Our Fluids segment focuses on fluid management and technologies to assist in the drilling and construction of oil and gas wells. Drilling fluids are used to provide for well control, drilling efficiency, and as a means of removing wellbore cuttings. Cementing services provide zonal isolation to prevent fluid movement between formations, ensure a bond to provide support for the casing, and provide wellbore reliability. Our Baroid and cementing product lines, along with our equity method investment in Enventure Global Technology, LLC, an expandable casing joint venture, are included in this segment.

#### PRODUCTION OPTIMIZATION

Our Production Optimization segment primarily tests, measures and provides means to manage and/or improve well production once a well is drilled and, in some cases, after it has been producing. This segment consists of:

- production enhancement services (including fracturing, acidizing, coiled tubing, hydraulic workover, sand control and pipeline and process services);
- completion products and services (including well completion equipment, slickline and safety systems);

- tools and testing services (including underbalanced applications, tubing-conveyed perforating and testing services); and
- subsea operations conducted in our 50% owned company, Subsea 7, Inc.

#### LANDMARK AND OTHER ENERGY SERVICES

Our Landmark and Other Energy Services segment provides integrated exploration and production software information systems, consulting services, real-time operations, smartwells and other integrated solutions. Included in this business segment are Landmark Graphics, integrated solutions, Real Time Operations and our equity method investment in WellDynamics B.V., an intelligent well completions joint venture. Also included are Wellstream, Bredero-Shaw and European Marine Contractors Ltd., all of which have been sold.

#### ENGINEERING AND CONSTRUCTION GROUP

Our Engineering and Construction Group provides engineering, procurement, construction, project management and facilities operation and maintenance for oil and gas and other industrial and governmental customers. Our Engineering and Construction Group offers:

- onshore engineering and construction activities, including engineering and construction of liquefied natural gas, ammonia and crude oil refineries and natural gas plants;
- offshore deepwater engineering and marine technology and worldwide construction capabilities;
- government operations, construction, maintenance and logistics activities for government facilities and installations;
- plant operations, maintenance and start-up services for both upstream and downstream oil, gas and petrochemical facilities as well as operations, maintenance and logistics services for the power, commercial and industrial markets; and
- civil engineering, consulting and project management services.

#### PROPOSED SETTLEMENT

As contemplated by our proposed settlement of asbestos and silica personal injury claims, DII Industries, LLC, Kellogg Brown & Root Inc. and our other affected subsidiaries filed Chapter 11 proceedings on December 16, 2003 in bankruptcy court in Pittsburgh, Pennsylvania. The cases have been assigned to the Honorable Judith K. Fitzgerald. The bankruptcy court has scheduled a hearing on confirmation of the proposed plan of reorganization for May 10 through 12, 2004. The affected subsidiaries will continue to be wholly owned by Halliburton Company and will continue their normal operations. None of Halliburton Company, Halliburton's Energy Services Group or Kellogg Brown & Root's government services businesses are included in the Chapter 11 filing.

Prior to proceeding with the Chapter 11 filing, the affected subsidiaries solicited acceptances from known present asbestos and silica claimants to a proposed plan of reorganization. Valid votes were received from over 386,000 asbestos claimants and over 21,000 silica claimants, representing substantially all known claimants. Of the votes validly cast, over 97% of voting asbestos claimants and over 99% of voting silica claimants voted to accept the proposed plan of reorganization, meeting the voting requirements of Chapter 11 of the U.S. Bankruptcy Code for approval of the proposed plan. The proposed plan of reorganization on which the claimants voted was filed as part of the Chapter 11 proceedings.

The proposed plan of reorganization provides that, if and when an order confirming the proposed plan of reorganization becomes final and non-appealable:

- up to \$2.775 billion in cash, 59.5 million Halliburton shares (valued at approximately \$1.6 billion for accrual purposes using a stock price of \$26.17 per share, which is based on the average trading price for the five days immediately prior to and including December 31, 2003) and notes currently valued at

approximately \$50.0 million will be contributed to trusts for the benefit of current and future asbestos and silica personal injury claimants; and

- the trust for asbestos claimants will receive a payment equal to the amount of insurance recoveries received if and to the extent aggregate recoveries exceed \$2.3 billion, subject to a cap of \$700.0 million to be paid to the trust out of insurance recoveries.

As a result of the filing of the Chapter 11 proceedings, we increased our accrual for current and future asbestos and silica claims to reflect the full amount of the proposed settlement, which, together with related expenses, resulted in a before and after tax charge of approximately \$1.1 billion in the fourth quarter of 2003. The tax effect on this charge was minimal, as a valuation allowance was established for the net operating loss carryforward created by the charge. We will reclassify a portion of our asbestos and silica related liabilities from long-term to short-term, resulting in an increase of short-term liabilities by approximately \$2.464 billion (which represents the cash portion of the settlement less the \$311.0 million we paid in December 2003), because we believe we will be required to fund the remainder of the cash portion of the settlement within one year.

In connection with reaching an agreement with representatives of asbestos and silica claimants to limit the cash required to settle pending claims to \$2.775 billion, DII Industries paid \$311.0 million of the \$2.775 billion cash amount prior to the Chapter 11 filing. This payment was made on December 16, 2003. Halliburton also agreed to guarantee the payment of an additional \$160.0 million of the original \$2.775 billion cash amount, which must be paid on the earlier to occur of (a) June 17, 2004 and (b) the date on which an order confirming the proposed plan of reorganization becomes final and non-appealable.

#### OTHER RECENT DEVELOPMENTS

##### SEGMENT REPORTING

As described above in "-- General Description of Business," since the second quarter of 2003 we have been reporting, and will continue to report, the following five segments:

- Drilling and Formation Evaluation;
- Fluids;
- Production Optimization;
- Landmark and Other Energy Services; and
- Engineering and Construction Group.

Our current report on Form 8-K filed on October 28, 2003 contains information on our current five segments as of and for the years ended December 31, 2000, 2001 and 2002.

On January 15, 2004, we amended the segment presentation in our Form 10-K for the year ended December 31, 2002 and in our Form 10-Q for the quarter ended March 31, 2003 to reflect eight segments. The eight segments are: Pressure Pumping, Drilling and Formation Evaluation, Other Energy Services, Onshore Operations, Offshore Operations, Government Operations, Operations and Maintenance Services, and Infrastructure Operations. In our annual report on Form 10-K for the year ended December 31, 2002 filed on March 28, 2003 and our quarterly report on Form 10-Q for the quarter ended March 31, 2003 filed on May 7, 2003, we reported two segments: the Energy Services Group and the Engineering and Construction Group. However, as described above, our current report on Form 8-K filed on October 28, 2003 reflects the five segments we currently report and will continue to report.

##### ANGLO-DUTCH (TENGE) LITIGATION

As we reported in our quarterly report on Form 10-Q for the quarter ended September 30, 2003, on October 24, 2003, a jury in the 61st District Court of Harris County, Texas returned a verdict finding Halliburton Energy Services, Inc. liable to Anglo-Dutch (Tenge) L.L.C. and Anglo-Dutch Petroleum



International, Inc. for breaching a confidentiality agreement related to an investment opportunity we considered in the late 1990s in an oil field in the former Soviet Republic of Kazakhstan. The jury awarded \$70.4 million to Anglo-Dutch (Tenge) and Anglo-Dutch Petroleum International. On January 21, 2004, the District Court judge upheld this verdict and awarded an additional \$9.8 million in attorney's fees and \$25.9 million in pre-judgment interest on all damages, bringing the total judgment to \$106.1 million. In January 2004, we posted security in the amount of \$25.0 million in order to postpone execution on the judgment until after all appeals have been exhausted. We intend to vigorously prosecute our appeals. A charge in the amount of \$77.0 million was recorded in the third quarter of 2003 related to this matter in our Landmark and Other Energy Services segment. No additional charge is being recorded at this time as a result of the judgment.

#### SETTLEMENT OF ASBESTOS INSURANCE CLAIMS

On January 28, 2004, we announced that we reached a comprehensive agreement with Equitas to settle our insurance claims against certain Underwriters at Lloyd's of London, reinsured by Equitas. The settlement will resolve all asbestos-related claims made against Lloyd's Underwriters by us and by each of our subsidiary and affiliated companies, including DII Industries, Kellogg Brown & Root and their subsidiaries that have filed Chapter 11 bankruptcy proceedings as part of our proposed asbestos and silica settlement. Our claims against our London Market Company Insurers are not affected by this settlement. Provided that there is final confirmation of the plan of reorganization in the Chapter 11 bankruptcy proceeding and the current U.S. Congress does not pass national asbestos litigation reform legislation, we will be paid a total of \$575.0 million. The first payment of \$500.0 million will occur within 15 working days of the later of (1) January 5, 2005 and (2) the date on which the order of the bankruptcy court confirming DII Industries' plan of reorganization becomes final. A second payment of \$75.0 million will be made eighteen months after the first payment.

#### FOURTH QUARTER RESULTS (UNAUDITED)

On January 29, 2004, we announced fourth quarter 2003 results. Fourth quarter 2003 income from continuing operations was \$146.0 million, or \$0.34 per diluted share. The net loss for the fourth quarter of 2003 was \$947.0 million, or \$2.17 per diluted share, and includes a net loss from discontinued operations of \$1.1 billion, or \$2.51 per diluted share, for the proposed asbestos and silica settlement. Our revenues were \$5.5 billion in the fourth quarter of 2003, up 63% from the fourth quarter 2002. This increase is largely attributable to additional activity on government services projects in the Middle East in the Engineering and Construction Group. Our operating income was \$303.0 million in the fourth quarter of 2003 compared to a \$21.0 million loss in the fourth quarter 2002. Fourth quarter 2002 results included a \$234.0 million loss related to the proposed asbestos and silica settlement and \$29.0 million in restructuring charges.

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We are a Delaware corporation. Our principal executive offices are located at 1401 McKinney, Suite 2400, Houston, Texas 77010, and our telephone number at that address is (713) 759-2600.

SUMMARY OF THE EXCHANGE OFFER

On January 26, 2004, we completed a private offering of \$500.0 million of senior notes due January 26, 2007, which we refer to as the "outstanding notes." We are now offering to exchange registered and freely tradeable notes with substantially identical terms as your outstanding notes in exchange for properly tendered outstanding notes.

This prospectus and the accompanying documents contain detailed information about us, the new notes and the exchange offer. You should read the discussion under the heading "The Exchange Offer" for further information regarding the exchange offer and resale of the new notes. You should read the discussion under the headings "-- Summary of the Terms of the New Notes" and "Description of New Notes" for further information regarding the new notes.

The Exchange Offer..... We are offering to issue to you new registered senior notes due January 26, 2007 without transfer restrictions or registration rights, which we sometimes refer to as the "new notes," in exchange for a like amount of your outstanding unregistered senior notes due January 26, 2007.

Expiration Date..... Unless sooner terminated, the exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 2004, or at a later date and time to which we extend it. We do not currently intend to extend the expiration date.

Conditions to the Exchange Offer..... We will not be required to accept outstanding notes for exchange if the exchange offer would violate applicable law or if any legal action has been instituted or threatened that would impair our ability to proceed with the exchange offer. The exchange offer is not conditioned on any minimum aggregate principal amount of outstanding notes being tendered. The exchange offer is subject to customary conditions, which we may waive in our sole discretion. Please read the section "The Exchange Offer -- Conditions to the Exchange Offer" for more information regarding the conditions to the exchange offer.

Procedures for Tendering Outstanding Notes..... If you wish to participate in the exchange offer, you must complete, sign and date the letter of transmittal and mail or deliver the letter of transmittal, together with your outstanding notes, to the exchange agent prior to the expiration date. If your outstanding notes are held through The Depository Trust Company, or DTC, you may deliver your outstanding notes by book-entry transfer.

In the alternative, if your outstanding notes are held through DTC and you wish to participate in the exchange offer, you may do so through the automated tender offer program of DTC. If you tender under this program, you will agree to be bound by the letter of transmittal that we are providing with this prospectus as though you had signed the letter of transmittal.

By signing or agreeing to be bound by the letter of transmittal, you will represent to us, among other things, that:

- you are not our "affiliate," as defined in Rule 405 of the Securities Act of 1933, or a broker-dealer tendering outstanding notes acquired directly from us for your own account;

- if you are not a broker-dealer or are a broker-dealer but will not receive new notes for your own account, you are not engaged in and do not intend to participate in a distribution of the new notes;
- you have no arrangement or understanding with any person to participate in the distribution of the new notes or the outstanding notes within the meaning of the Securities Act;
- you are acquiring the new notes in the ordinary course of your business; and
- if you are a broker-dealer that will receive new notes in exchange for outstanding notes, you acquired the outstanding notes to be exchanged for new notes for your own account as a result of market-making activities or other trading activities, and you acknowledge that you will deliver a prospectus, as required by law, in connection with any resale of any new notes.

Please see "The Exchange Offer -- Purpose and Effect of the Exchange Offer" and "The Exchange Offer -- Your Representations to Us."

Withdrawal Rights.....

You may withdraw outstanding notes that have been tendered at any time prior to the expiration date by sending a written or facsimile withdrawal notice to the exchange agent.

Procedures for Beneficial Owners.....

Only a registered holder of the outstanding notes may tender in the exchange offer. If you beneficially own outstanding notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your outstanding notes in the exchange offer, you should promptly contact the registered holder and instruct it to tender the outstanding notes on your behalf.

If you wish to tender your outstanding notes on your own behalf, you must either arrange to have your outstanding notes registered in your name or obtain a properly completed bond power from the registered holder before completing and executing the letter of transmittal and delivering your outstanding notes. The transfer of registered ownership may take considerable time.

Guaranteed Delivery Procedures.....

If you wish to tender your outstanding notes and cannot comply before the expiration date with the requirement to deliver the letter of transmittal and notes or use the applicable procedures under the automated tender offer program of DTC, you must tender your outstanding notes according to the guaranteed delivery procedures described in "The Exchange Offer -- Guaranteed Delivery Procedures." If you tender using the guaranteed delivery procedures, the exchange agent must receive the properly completed and executed letter of transmittal or facsimile thereof, together with your outstanding notes or a book-entry confirmation and any other documents required by the letter of transmittal, within three New York Stock Exchange trading days after the expiration date.

Consequences of Failure to  
Exchange Your Notes.....

If you do not exchange your outstanding notes in the exchange offer, you will no longer be entitled to registration rights. You will not be able to offer or sell the outstanding notes unless they are later registered, sold pursuant to an exemption from registration or sold in a transaction not subject to the Securities Act or state securities laws. Other than in connection with the exchange offer or as specified in the registration rights agreement, we are not obligated to, nor do we currently anticipate that we will register the outstanding notes under the Securities Act. See "The Exchange Offer -- Consequences of Failure to Exchange."

United States Federal Income  
Tax Considerations.....

The exchange of new notes for outstanding notes in the exchange offer will not be a taxable event for United States federal income tax purposes. Please read "Material United States Federal Income Tax Consequences."

Use of Proceeds.....

We will not receive any cash proceeds from the issuance of new notes.

Plan of Distribution.....

All broker-dealers who receive new notes in the exchange offer have a prospectus delivery obligation.

Based on SEC no-action letters, broker-dealers who acquired the outstanding notes as a result of market-making or other trading activities may use this exchange offer prospectus, as supplemented or amended, in connection with the resales of the new notes. We have agreed to make this prospectus available to any broker-dealer delivering a prospectus as required by law in connection with resales of the notes for up to 180 days.

Broker-dealers who acquired the outstanding notes from us may not rely on SEC staff interpretations in no-action letters. Broker-dealers who acquired the outstanding notes from us must comply with the registration and prospectus delivery requirements of the Securities Act, including being named as selling noteholders, in order to resell the outstanding notes or the new notes.

THE EXCHANGE AGENT

We have appointed JPMorgan Chase Bank as exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for the notice of guaranteed delivery to the exchange agent addressed as follows:

JPMorgan Chase Bank  
1-800-275-2048

For Delivery by Mail, Overnight Delivery or by Hand:

JPMorgan Chase Bank  
2001 Bryan Street  
Floor 10  
Dallas, Texas 75201  
Attn: Frank Ivins

By Facsimile Transmission (for eligible institutions only):

(214) 468-6494

Attn: Frank Ivins

To Confirm Receipt:

(214) 468-6464

SUMMARY OF THE TERMS OF THE NEW NOTES

The new notes will be freely tradeable and otherwise substantially identical to the outstanding notes. The new notes will not have registration rights. The new notes will evidence the same debt as the outstanding notes. The outstanding notes and the new notes will be governed by the same indenture.

Issuer.....	Halliburton Company.
New Notes Offered.....	\$500,000,000 aggregate principal amount of registered senior notes due January 26, 2007.
Maturity Dates.....	The new notes will mature on January 26, 2007, unless earlier redeemed by us.
Interest and Interest Payment Dates.....	The new notes will bear interest at a floating rate equal to three-month LIBOR plus 0.75%. Interest on the new notes will be payable quarterly on the 26th day of January, April, July and October of each year, beginning April 26, 2004.
Optional Redemption.....	On January 26, 2005, or on any quarterly interest payment date thereafter, we will have the option to redeem for cash all or a portion of the notes that have not been previously repurchased upon not less than 30 nor more than 60 days' notice before the redemption date by mail to the trustee and each holder of notes, for a price equal to 100% of the aggregate principal amount of the notes to be redeemed plus any accrued and unpaid interest and additional interest amounts owed, if any, to the redemption date. See "Description of New Notes -- Optional Redemption."
Covenants.....	We will issue the new notes under an indenture that contains covenants for your benefit. Among other things, these covenants restrict our ability to incur indebtedness secured by liens under specified circumstances without equally and ratably securing the new notes.
Ranking.....	The new notes will be our general, senior unsecured indebtedness and will rank equally with all of our existing and future senior unsecured indebtedness. The new notes will effectively rank junior to any existing or future secured indebtedness, unless and to the extent the new notes are entitled to be equally and ratably secured. As of the date of this prospectus, we had no outstanding advances under our new master letter of credit facility and our new revolving credit facility described below and no other outstanding secured indebtedness. In addition, the new notes will be effectively subordinated to the existing and future indebtedness and other liabilities of our subsidiaries. At September 30, 2003, the aggregate indebtedness of our subsidiaries was approximately \$402.0 million, and other liabilities of our subsidiaries, including trade payables, accrued compensation, advanced billings, income taxes payable and other liabilities (other than asbestos and intercompany liabilities) were approximately \$4.3 billion, and accrued asbestos liabilities were approximately \$3.4 billion. Subsequent to September 30, 2003, we completed an exchange offer in which we issued approximately \$294.0 million of our new 7.6% debentures due 2096 in exchange for a like amount of outstanding 7.60% debentures due 2096 of DII Industries, which

reduced the aggregate indebtedness of our subsidiaries to approximately \$108.0 million.

Subsequent to September 30, 2003, we entered into (1) a delayed-draw term facility for up to \$1.0 billion, which has been reduced to approximately \$500.0 million by the net proceeds of our issuance of the outstanding notes and is subject to further reduction, to be available for cash funding of the trusts for the benefit of asbestos and silica claimants; (2) a master letter of credit facility intended to ensure that existing letters of credit supporting our contracts remain in place during the Chapter 11 filing; and (3) a \$700.0 million three-year revolving credit facility for general working capital purposes. Although the master letter of credit facility and the \$700.0 million revolving credit facility are now effective, there are a number of conditions that must be met before the delayed-draw term facility will become effective and available for our use, including bankruptcy court approval and federal district court confirmation of the plan of reorganization. See "Description of Selected Settlement-Related Indebtedness." The terms of the new notes and the terms of the new credit facilities provide that the new notes offered hereby and certain of our outstanding debt securities will share in collateral pledged to secure borrowings under the new credit facilities if and when the total of all our Secured Debt (as defined in the new notes) exceeds 5% of the consolidated net tangible assets of Halliburton and its subsidiaries. The terms of the new credit facilities limit to \$950.0 million the amount of indebtedness we can issue after October 31, 2003 that would be equally and ratably secured with indebtedness under the new credit facilities. On January 26, 2004, we issued \$500.0 million aggregate principal amount of the outstanding notes, reducing this amount to \$450.0 million. The new credit facilities also provide that the collateral pledged to secure borrowings under the new credit facilities will be released after (1) completion of the Chapter 11 plan of reorganization of DII Industries, Kellogg Brown & Root and our other affected subsidiaries, which is being used to implement the proposed settlement, and (2) satisfaction of the other conditions described in "Description of Selected Settlement-Related Indebtedness -- Conditions to Release of Collateral."

No Subsidiary Guarantees.....

While the new notes will not be guaranteed by any of our subsidiaries, borrowings under the letter of credit facility and revolving credit facility described under "-- Ranking" are guaranteed by some of our subsidiaries. Accordingly, the new notes will be structurally subordinated to the debt guaranteed by our subsidiaries for the duration of the guarantees. The terms of the new credit facilities provide that any of these subsidiary guarantees will be released after (1) completion of the Chapter 11 plan of reorganization of DII Industries, Kellogg Brown & Root and some of their subsidiaries with United States operations, which is being used to implement the proposed settlement, and (2) satisfaction of the other conditions described in "Description of Selected Settlement-Related Indebtedness -- Conditions to Release of Collateral."

Governing Law..... The indenture is and the new notes will be governed by, and construed in accordance with, the laws of the State of New York.

Trustee..... JPMorgan Chase Bank.

RISK FACTORS

You should carefully consider all of the information set forth or incorporated by reference in this prospectus and, in particular, the specific factors in the section of this prospectus entitled "Risk Factors," before participating in the exchange offer.



SUMMARY FINANCIAL DATA

The following table sets forth our summary consolidated financial data. We derived the financial data for the nine months ended September 30, 2003 from our unaudited condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2003. Beginning in the second quarter of 2003, we have been and are reporting five segments, four within our Energy Services Group and one in our Engineering and Construction Group. We have restated our prior period segment results to reflect these changes. We derived the financial data for the year ended December 31, 2002 from our audited consolidated financial statements in our current report on Form 8-K filed on October 28, 2003. You should read this information in conjunction with our consolidated financial statements and the related notes in these reports, which are incorporated into this prospectus by reference.

	NINE MONTHS ENDED 2003	YEAR ENDED 2002	SEPT 30	DEC 31
				(UNAUDITED)
				(IN
				MILLIONS)
				REVENUES: Energy Services Group: Drilling and
				Formation Evaluation.....
			\$ 1,226	\$
			1,633	
Fluids.....				
	1,508	1,815	Production	
Optimization.....	2,052	2,554		
Landmark and Other Energy Services.....	410	834	Total Energy Services	
Group.....	5,196	6,836	Engineering	
and Construction Group.....	5,611			
	5,736			
Total.....				
\$10,807	\$12,572	=====	=====	OPERATING INCOME (LOSS):
				Energy Services Group: Drilling and Formation
				Evaluation.....
			\$ 160	\$ 160
Fluids.....				
			178	202
			Production	
Optimization.....			305	384
Landmark and Other Energy Services.....				
(58)	(108)		Total Energy Services	
Group.....	585	638	Engineering	
and Construction Group.....	(118)	(685)		
			General	
corporate.....	(50)			
	(65)			
Total.....				
\$ 417	\$ (112)	=====	=====	Income (loss) from continuing
				operations before income taxes and minority interest and
				change in accounting principle,
net.....				
	\$ 352	\$ (228)	Provision for income	
taxes.....	(142)	(80)	Minority	
interest in net income of consolidated subsidiaries, net of			tax.....	
(17)	(38)	Income		
(loss) from continuing operations.....	193			
(346)	Loss from discontinued operations, net of			
(58)	(652)	Net income		
(loss).....	127	(998)		
				OTHER FINANCIAL DATA: Capital
expenditures.....	\$			
(371)	\$ (764)	Long-term borrowings (repayments),		
net.....	887	(15)	Depreciation and	
amortization expense.....	384	505		

SEPTEMBER 30, DECEMBER 31, 2003 2002	-----	--
	(UNAUDITED)	(IN MILLIONS) FINANCIAL
	POSITION: Net working	
capital.....		\$
	3,525 \$ 2,288 Total	
assets.....		
	13,776 12,844 Property, plant and equipment,	
net.....	2,504 2,629 Long-term	
debt (including current maturities).....		
	2,389 1,476 Shareholders'	
equity.....		3,577
	3,558 Total capitalization and short-term	
debt.....	5,989 5,083	

RATIO OF EARNINGS TO FIXED CHARGES

We have presented in the table below our historical consolidated ratio of earnings to fixed charges for the periods shown.

NINE  
MONTHS  
ENDED  
YEARS  
ENDED  
DECEMBER  
31,  
SEPTEMBER  
30, ----  
-----  
-----  
-----  
-----  
2003  
2002  
2001  
2000  
1999  
1998 ---  
-----  
-----  
-----  
--- 4.2  
--(a)  
5.2 2.3  
2.4 --  
(a)

(a) For the year ended December 31, 2002, earnings were inadequate to cover fixed charges by \$283.0 million, and for the year ended December 31, 1998, earnings were inadequate to cover fixed charges by \$6.0 million.

For purposes of computing the ratio of earnings to fixed charges: (1) fixed charges consist of interest on debt, amortization of debt discount and expenses and a portion of rental expense determined to be representative of interest and (2) earnings consist of income (loss) from continuing operations before income taxes, minority interest, cumulative effects of accounting changes plus fixed charges as described above, adjusted to exclude the excess or deficiency of dividends over income of 50% or less owned entities accounted for by the equity method.

## RISK FACTORS

You should carefully consider the risks described below before participating in the exchange offer. If any of the following risks actually occurs, our business, financial condition and/or results of operations could be materially and adversely affected. In that case, the trading price of the new notes could decline, and you could lose all or part of your investment. You should also carefully consider all information we have included or incorporated by reference into this prospectus, including, but not limited to, our Annual Report on Form 10-K, as amended by our Form 10-K/A, for the year ended December 31, 2002, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003, as amended by our Form 10-Q/A, June 30, 2003 and September 30, 2003 and our Current Report on Form 8-K filed on October 28, 2003.

This prospectus and the documents we incorporate by reference also contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus and in the documents we incorporate by reference.

The risks described herein that apply to the new notes also apply to any outstanding notes not tendered in the exchange offer.

### RISKS RELATING TO ASBESTOS AND SILICA LIABILITY

WE MAY BE UNABLE TO FULFILL THE CONDITIONS NECESSARY TO COMPLETE THE PROPOSED SETTLEMENT, AND THERE IS NO ASSURANCE THAT THE PLAN OF REORGANIZATION IN THE CHAPTER 11 PROCEEDINGS OF DII INDUSTRIES, KELLOGG BROWN & ROOT AND OUR OTHER AFFECTED SUBSIDIARIES WILL BE CONFIRMED.

As contemplated by our proposed settlement of asbestos and silica personal injury claims, DII Industries, Kellogg Brown & Root and our other affected subsidiaries (collectively referred to herein as the "debtors") filed Chapter 11 proceedings on December 16, 2003 in bankruptcy court in Pittsburgh, Pennsylvania. Although the debtors have filed Chapter 11 proceedings and we are proceeding with the proposed settlement, completion of the settlement remains subject to several conditions, including the requirements that the bankruptcy court confirm the plan of reorganization and the federal district court affirm such confirmation, and that the bankruptcy court and federal district court orders become final and non-appealable. Completion of the proposed settlement is also conditioned on continued availability of financing on terms acceptable to us in order to allow us to fund the cash amounts to be paid in the settlement. There can be no assurance that such conditions will be met.

In connection with reaching an agreement with representatives of asbestos and silica claimants to limit the cash required to settle pending claims to \$2.775 billion, DII Industries paid \$311.0 million of the \$2.775 billion cash amount prior to the Chapter 11 filing. This payment was made on December 16, 2003. Halliburton also agreed to guarantee the payment of an additional \$160.0 million of the original \$2.775 billion cash amount, which must be paid on the earlier to occur of (a) June 17, 2004 and (b) the date on which an order confirming the proposed plan of reorganization becomes final and nonappealable.

The requirements for a bankruptcy court to approve a plan of reorganization include, among other judicial findings, that:

- the plan of reorganization complies with applicable provisions of the U.S. Bankruptcy Code;
- the debtors have complied with the applicable provisions of the U.S. Bankruptcy Code;
- the trusts will value and pay similar present and future claims in substantially the same manner;
- the plan of reorganization has been proposed in good faith and not by any means forbidden by law; and
- any payment made or promised by the debtors to any person for services, costs or expenses in or in connection with the Chapter 11 proceeding or the plan of reorganization has been or is reasonable.

The bankruptcy court presiding over the Chapter 11 proceedings has scheduled a hearing on confirmation of the proposed plan of reorganization for May 10 through 12, 2004. Some of the insurers of DII Industries and Kellogg Brown & Root filed various motions in and objections to the Chapter 11 proceedings in an attempt to seek dismissal of the Chapter 11 proceedings or to delay the proposed plan of reorganization. The motions and objections filed by the insurers included a request that the court grant the insurers standing in the Chapter 11 proceedings to be heard on a wide range of matters, a motion to dismiss the Chapter 11 proceedings and a motion objecting to the proposed legal representative for future asbestos and silica claimants. On February 11, 2004, the bankruptcy court presiding over the Chapter 11 proceedings issued a ruling holding that the insurers lack standing to bring motions seeking to dismiss the prepackaged plan of reorganization and denying standing to insurers to object to the appointment of the proposed legal representative for future asbestos and silica claimants. Notwithstanding the bankruptcy court ruling, we expect the insurers to object to confirmation of the pre-packaged plan of reorganization. In addition, we believe that these insurers will take additional steps to prevent or delay confirmation of a plan of reorganization, including appealing the rulings of the bankruptcy court, and there can be no assurance that the insurers will not be successful or that such efforts will not result in delays in the reorganization process.

There can be no assurance that we will obtain the required judicial approval of the proposed plan of reorganization or a revised plan of reorganization acceptable to us. In such event, a prolonged Chapter 11 proceeding could adversely affect the debtors' relationships with customers, suppliers and employees, which in turn could adversely affect the debtors' competitive position, financial condition and results of operations. A weakening of the debtors' financial condition and results of operations or a substantial decrease in the trading price of Halliburton's common stock could adversely affect the debtors' ability to implement a plan of reorganization.

In addition, if a plan of reorganization is not confirmed by the bankruptcy court and the Chapter 11 proceedings are not dismissed, the debtors may be forced to liquidate their assets. Chapter 11 permits a company to remain in control of its business, protected by a stay of all creditor action, while that company attempts to negotiate and confirm a plan of reorganization with its creditors. The debtors may be unsuccessful in their attempts to confirm a plan of reorganization with their creditors. If the debtors are unsuccessful in obtaining confirmation of a plan of reorganization, the assets of the debtors could be liquidated in the bankruptcy proceedings. In the event of a bankruptcy liquidation of the debtors, Halliburton could lose its controlling interest in DII Industries and Kellogg Brown & Root. As a result, the value of those subsidiaries would no longer be reflected in our common stock. Moreover, if the plan of reorganization is not confirmed and the debtors have insufficient assets to pay the creditors, Halliburton's assets could be drawn into the liquidation proceedings because Halliburton guarantees certain of the debtors' obligations.

IF OUR CHAPTER 11 PROCEEDINGS ARE DISMISSED WITHOUT CONFIRMATION OF A PLAN OF REORGANIZATION, WE WOULD BE REQUIRED TO RESOLVE CURRENT AND FUTURE ASBESTOS AND SILICA CLAIMS IN THE TORT SYSTEM, WHICH MAY ADVERSELY AFFECT OUR FINANCIAL CONDITION.

If our Chapter 11 proceedings are dismissed without confirmation of a plan of reorganization, we would be required to resolve current and future asbestos claims in the tort system or, in the case of the Harbison-Walker Refractories Company claims described below, possibly through the Harbison-Walker bankruptcy proceedings.

If we were required to resolve asbestos claims in the tort system, we would be subject to numerous uncertainties, including:

- continuing asbestos and silica litigation against us, which would include the possibility of substantial adverse judgments, the timing of which could not be controlled or predicted, and the obligation to

provide appeals bonds pending any appeal of any such judgment, some or all of which may require us to post cash collateral;

- current and future asbestos claims settlement and defense costs, including the inability to completely control the timing of such costs and the possibility of increased costs to resolve personal injury claims;
- the possibility of an increase in the number and type of asbestos and silica claims against us in the future; and
- any adverse changes to the tort system allowing additional claims or judgments against us.

Asbestos was used in products manufactured or sold by Harbison-Walker, a former division of DII Industries (then named Dresser Industries, Inc.). Harbison-Walker was spun-off by DII Industries in July 1992. At that time, Harbison-Walker assumed liability for asbestos claims filed after the spin-off and it agreed to defend and indemnify DII Industries from liability for those claims, although DII Industries continues to have direct liability to tort claimants for all post spin-off refractory claims. In February 2002, Harbison-Walker filed a Chapter 11 proceeding. We believe that Harbison-Walker is no longer financially able to perform its obligations to assume liability for post spin-off refractory claims and defend DII Industries from those claims. As such, these claims may be asserted against DII Industries. All Harbison-Walker claims are currently covered by the proposed plan of reorganization.

Substantial adverse judgments or substantial claims settlement and defense costs could materially and adversely affect our liquidity, especially if combined with a lowering of our credit ratings or other events. If an adverse judgment were entered against us, we would usually be required to post a bond in order to perfect an appeal of that judgment. If the bonds were not available because of uncertainties in the bonding market or if, as a result of our financial condition or credit rating, bonding companies would not provide a bond on our behalf, we would be required to provide a cash bond in order to perfect any appeal. As a result, a substantial judgment or judgments could require a substantial amount of cash to be posted by us in order to appeal, which we may not be able to provide from cash on hand or borrowings, or which we may only be able to provide by incurring high borrowing costs. In such event, our ability to pursue our legal rights to appeal may be adversely affected.

There can be no assurance that our financial condition and results of operations, our stock price, our debt ratings or the trading price of the new notes would not be materially and adversely affected in the absence of a completed settlement or by events subsequent to an unconsummated settlement.

**IF PROPOSED FEDERAL LEGISLATION TO PROVIDE NATIONAL ASBESTOS LITIGATION REFORM BECOMES LAW, WE MAY BE REQUIRED TO PAY MORE TO RESOLVE OUR ASBESTOS LIABILITIES THAN WE WOULD HAVE PAID IF THE CHAPTER 11 FILING HAD NOT BEEN MADE, AND OUR SETTLEMENT WITH EQUITAS MAY NOT BE COMPLETED IF SUCH LEGISLATION IS PASSED BY THE U.S. CONGRESS.**

We understand that the U.S. Congress may consider adopting legislation that would set up a national trust fund as the exclusive means for recovery for asbestos-related disease. Although we would be required to fund a trust for the benefit of our asbestos claimants pursuant to our proposed settlement, if the legislation is consummated, we may be required to pay additional funds into a national trust. As a result, we may be required to pay more to resolve our asbestos liabilities under such legislation than we would have paid if the Chapter 11 filing had not been made. We are uncertain as to what contributions we would be required to make to such a national trust, if any, although it is possible that they could be substantial and that they could continue for a significant number of years.

It is a condition to the effectiveness of our settlement with Equitas that no law shall be passed by the U.S. Congress on or before January 3, 2005 that relates to, regulates, limits or controls the prosecution of asbestos claims in U.S. state or federal courts or any other forum. If national asbestos litigation legislation is passed by the U.S. Congress, we would not receive the \$575.0 million in cash provided by the Equitas settlement.

JUDICIAL RELIEF AGAINST ASBESTOS AND SILICA EXPOSURE MAY NOT BE AS BROAD AS IS CONTEMPLATED BY THE PROPOSED SETTLEMENT, AND A COMPLETED SETTLEMENT MAY NOT ADDRESS ALL ASBESTOS AND SILICA EXPOSURE.

Our proposed settlement of asbestos and silica claims includes all asbestos and silica personal injury claims against DII Industries, Kellogg Brown & Root and their current and former subsidiaries, as well as Halliburton and its subsidiaries and the predecessors and successors of all of them. However, the proposed settlement is subject to bankruptcy court approval as well as federal district court confirmation. No assurance can be given that the court reviewing and approving the plan of reorganization that is being used to implement the proposed settlement will grant relief as broad as contemplated by the proposed settlement.

In addition, a Chapter 11 proceeding and an injunction under Section 524(g) of the U.S. Bankruptcy Code may not apply to protect against asbestos claims made outside of the United States. While we have historically not received a significant number of such claims, any such future claims would be subject to the applicable legal system of the jurisdiction where the claim was made. Although we do not believe that we have material exposure to such claims, there can be no assurance that material claims outside of the United States would not be made in the future. Further, to our knowledge, the constitutionality of an injunction under Section 524(g) of the U.S. Bankruptcy Code has not been tested in a court of law. We can provide no assurance that, if the constitutionality is challenged, the injunction would be upheld.

Moreover, the proposed settlement does not resolve claims for property damage as a result of materials containing asbestos. Accordingly, although we have historically received no such claims, claims could still be made as to damage to property or property value as a result of asbestos containing products having been used in a particular property or structure.

WE MAY BE UNABLE TO RECOVER, OR BE DELAYED IN RECOVERING, INSURANCE RECEIVABLES, WHICH WOULD ADVERSELY AFFECT OUR FINANCIAL CONDITION.

We have substantial insurance intended to reimburse us for portions of the costs incurred in defending asbestos and silica claims and amounts paid to settle claims and to satisfy court judgments. We had accrued \$2.1 billion in probable insurance recoveries as of September 30, 2003. We may be unable to recover, or we may be delayed in recovering, insurance reimbursements in the amounts anticipated to cover a part of the costs incurred in defending asbestos and silica claims and amounts paid to settle claims or as a result of court judgments due to, among other things:

- the inability or unwillingness of insurers to timely reimburse for claims in the future;
- disputes as to documentation requirements for DII Industries, Kellogg Brown & Root or other subsidiaries in order to recover claims paid;
- the inability to access insurance policies shared with, or the dissipation of shared insurance assets by, Harbison-Walker Refractories Company or others;
- the possible insolvency or reduced financial viability of our insurers;
- the cost of litigation to obtain insurance reimbursement; and
- possible adverse court decisions as to our rights to obtain insurance reimbursement.

In the case of the proposed settlement, we would be required to contribute approximately \$2.775 billion in cash (less the \$311.0 million we paid in December 2003), but may be delayed in receiving our expected reimbursement from our insurance carriers because of extended negotiations or litigation with insurance carriers. If we were unable to recover from one or more of our insurance carriers, or if we were delayed significantly in our recoveries, it could have a material adverse effect on our financial condition.

We may ultimately recover, or may agree in settlement of litigation to recover, less insurance reimbursement than the insurance receivable recorded in our financial statements. In addition, we may enter into agreements with all or some of our insurance carriers to negotiate an overall accelerated payment of anticipated insurance proceeds. In either of these circumstances, we could recover less than the recorded

amount of anticipated insurance receivables, which would result in an additional charge to the statement of operations.

OUR CREDIT FACILITIES MAY NOT PROVIDE US WITH THE NECESSARY FINANCING TO COMPLETE THE PROPOSED SETTLEMENT.

The plan of reorganization through which the proposed settlement would be implemented will require us to contribute approximately \$2.775 billion in cash (less the \$311.0 million we paid in December 2003) to the trusts established for the benefit of asbestos and silica claimants pursuant to the U.S. Bankruptcy Code. We may need to finance additional amounts in connection with the settlement.

Subsequent to the end of third quarter 2003, we entered into (1) a delayed-draw term facility for up to \$1.0 billion, which has been reduced to approximately \$500.0 million by the net proceeds of our issuance of the outstanding notes and is subject to further reduction, to be available for cash funding of the trusts for the benefit of asbestos and silica claimants; (2) a master letter of credit facility intended to ensure that existing letters of credit supporting our contracts remain in place during the Chapter 11 filing; and (3) a \$700.0 million three-year revolving credit facility for general working capital purposes. Although the master letter of credit facility and the \$700.0 million revolving credit facility are now effective, there are a number of conditions that must be met before the delayed-draw term facility will become effective and available for our use, including bankruptcy court approval and federal district court confirmation of the plan of reorganization. Moreover, these facilities are only available for limited periods of time. As a result, if the debtors are delayed in completing the plan of reorganization, these credit facilities may not provide us with the necessary financing to complete the proposed settlement. Additionally, there may be other conditions to funding that we may be unable to satisfy. In such circumstances, we would have to terminate the proposed settlement if replacement financing were not available on acceptable terms.

In addition, we may experience increased working capital requirements from time to time associated with our business. An increased demand for working capital could affect our liquidity needs and could impair our ability to finance the proposed settlement on acceptable terms, in which case the settlement would not be completed.

THE CHAPTER 11 FILING OF SOME OF OUR SUBSIDIARIES MAY NEGATIVELY AFFECT THEIR ABILITY TO OBTAIN NEW BUSINESS IN THE FUTURE AND CONSEQUENTLY MAY HAVE A NEGATIVE IMPACT ON OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Because Halliburton's financial condition and its results of operations depend on distributions from its subsidiaries, the Chapter 11 filing of some of them, including DII Industries and Kellogg Brown & Root, may have a negative impact on Halliburton's cash flow and distributions from those subsidiaries. These subsidiaries will not be able to make distributions to Halliburton during the Chapter 11 proceedings without court approval. The Chapter 11 proceedings may also hinder the subsidiaries' ability to take actions in the ordinary course. In addition, the Chapter 11 filing may adversely affect the ability of our subsidiaries in Chapter 11 proceedings to obtain new orders from current or prospective customers. As a result of the Chapter 11 proceedings, some current and prospective customers, suppliers and other vendors may assume that our subsidiaries are financially weak and will be unable to honor obligations, making those customers, suppliers and other vendors reluctant to do business with our subsidiaries. In particular, some governments may be unwilling to conduct business with a subsidiary in Chapter 11 or having recently filed a Chapter 11 proceeding. The Chapter 11 proceedings also may affect adversely their ability to negotiate favorable terms with customers, suppliers and other vendors. DII Industries' and Kellogg Brown & Root's financial condition and results of operations could be materially and adversely affected if they cannot attract customers, suppliers and other vendors or obtain favorable terms from customers, suppliers or other vendors. Consequently, our financial condition and results of operations could be adversely affected.

Further, prolonged Chapter 11 proceedings could adversely affect the relationship that DII Industries, Kellogg Brown & Root and their subsidiaries involved in the Chapter 11 proceeding have with their customers, suppliers and employees, which in turn could adversely affect their competitive positions, financial

conditions and results of operations. A weakening of their financial conditions and results of operations could adversely affect their ability to implement the plan of reorganization.

FEDERAL BANKRUPTCY LAW AND STATE STATUTES MAY, UNDER SPECIFIC CIRCUMSTANCES, VOID PAYMENTS MADE BY OUR SUBSIDIARIES TO US AND VOID PRINCIPAL AND INTEREST PAYMENTS MADE BY US TO YOU ON THE NOTES AND YOU MAY BE FORCED TO RETURN SUCH PAYMENTS.

Under federal bankruptcy law and various state fraudulent transfer laws, payments and distributions made by our subsidiaries participating in the Chapter 11 proceedings prior to the Chapter 11 filing could, under specific circumstances, be voided as preferential transfers if such payments or distributions occurred up to one year prior to the Chapter 11 filing. Since we rely primarily on dividends from our subsidiaries and other intercompany transactions to meet our obligations for payment of principal and interest on our outstanding debt obligations, any avoidance of such payments made to us by our subsidiaries could limit our ability to make principal and interest payments on the new notes. Dividend payments from DII Industries to us could also, under specific circumstances, be voided as illegal dividends, fraudulent transfers or conveyances to the extent that a court determines that DII Industries was insolvent at the time these dividend payments were made. Furthermore, during the DII Industries Chapter 11 proceeding, DII Industries likely will be unable to make any dividend or other payments to us. The occurrence of these events may severely limit our ability to meet our obligations for payment of principal and interest on the new notes.

A COURT COULD DETERMINE THAT THE DISTRIBUTION OF HALLIBURTON ENERGY SERVICES STOCK TO HALLIBURTON WAS A FRAUDULENT TRANSFER UNDER STATE LAW OR FEDERAL BANKRUPTCY LAW WHICH WOULD IMPAIR OUR ABILITY TO MAKE PAYMENTS ON THE NEW NOTES.

Under the terms of the proposed settlement, we would implement a pre-packaged Chapter 11 plan of reorganization for DII Industries, Kellogg, Brown and Root and other of our subsidiaries with U.S. operations. Just prior to the filing of Chapter 11 proceedings, Halliburton Energy Services, Inc. was a wholly owned subsidiary of DII Industries. As part of the plan of reorganization, prior to its Chapter 11 filing, DII Industries distributed all of the capital stock of Halliburton Energy Services to Halliburton. Halliburton then distributed all of its ownership interests in DII Industries to Halliburton Energy Services, after which DII Industries became a wholly owned subsidiary of Halliburton Energy Services.

Although the requisite number of asbestos and silica claimants have approved the plan of reorganization, which includes the distribution of Halliburton Energy Services stock by DII Industries to Halliburton, another creditor of DII Industries could claim that the transfer of Halliburton Energy Services stock to Halliburton by DII Industries prior to the Chapter 11 filing constitutes a fraudulent transfer. If a court were to determine that the distribution of Halliburton Energy Services stock by DII Industries to Halliburton constituted a fraudulent transfer, then Halliburton Energy Services may be required to remain a subsidiary of DII Industries or we may be required to pay the creditors the lesser of the relevant value of (1) the avoided transfer (in this case the value of the Halliburton Energy Services stock) or obligation and (2) the amount necessary to satisfy the claims of the creditors. Due to bankruptcy rules which are applicable to DII Industries under the Chapter 11 proceedings and that limit or prohibit the payment of dividends or other distributions by DII Industries and its subsidiaries (including Halliburton Energy Services, if Halliburton Energy Services were to remain a subsidiary of DII Industries), we would effectively be prohibited from receiving funds from Halliburton Energy Services during any period of time in which DII Industries is in Chapter 11 proceedings. The occurrence of this event could severely limit our ability to meet our obligations for payment of principal and interest on the new notes and our other debt instruments.

The successful prosecution of a claim by or on behalf of a debtor or its creditor under the applicable fraudulent transfer laws generally would require a determination that the debtor effected a transfer of an asset or incurred an obligation to an entity either:

- with an actual intent to hinder, delay or defraud its existing or future creditors (a case of "actual fraud"); or



- in exchange otherwise than for a "reasonably equivalent" value or a "fair consideration," and that the debtor:
  - was insolvent or rendered insolvent by reason of the transfer or incurrence;
  - was engaged or about to engage in a business or transaction for which its remaining assets would constitute unreasonably small capital; or
  - intended to incur, or believed that it would incur, debts beyond its ability to pay as they mature (a case of "constructive fraud").

In the case of either actual fraud or constructive fraud, the unsecured creditors affected thereby might be entitled to equitable relief against the transferee of the assets or the obligee of the incurred obligation in the form of a recovery of the lesser of (1) the relevant value of the avoided transfer or obligation or (2) the amount necessary to satisfy their claims.

The measure of insolvency for purposes of a constructive-fraud action would depend on the fraudulent transfer law being applied. Generally, an entity would be considered insolvent if either, at the relevant time:

- the sum of its debts and liabilities, including contingent liabilities, was greater than the value of its assets, at a fair valuation; or
- the fair salable value of its assets was less than the amount required to pay the probable liability on its total existing debts and other liabilities, including contingent liabilities, as they become absolute and mature.

The transactions of the debtors which could be subject to review and possible avoidance under the applicable fraudulent transfer law would be limited to those occurring within the relevant limitations period. In the case of fraudulent transfer actions under the U.S. Bankruptcy Code, that period would be the 12-month period ending on the petition date. The petition date for the Chapter 11 filing of DII Industries, Kellogg Brown & Root and our other affected subsidiaries is December 16, 2003. In the case of actions under a state fraudulent transfer law, the limitations period ranges from one year to six years or more after the questioned transfer or incurrence of an obligation is effected. Under most state laws, including the laws of Pennsylvania and Texas, the limitations period generally would be four years.

WE HAVE LETTERS OF CREDIT THAT MAY BE DRAWN AT ANY TIME OR AS A RESULT OF THE CHAPTER 11 PROCEEDINGS OF DII INDUSTRIES AND KELLOGG BROWN & ROOT AND OUR OTHER FILING SUBSIDIARIES.

Our letters of credit contain terms and conditions that define when they may be drawn. As of September 30, 2003, at least \$230.0 million of letters of credit permit the beneficiary of such letters of credit to draw for any reason, and at least another \$560.0 million of letters of credit permit the beneficiary of such letters of credit to draw in the event of a bankruptcy or insolvency event involving one of our subsidiaries that is party to the proposed reorganization proceedings.

We entered into a master letter of credit facility subsequent to the end of the third quarter of 2003 that is intended to replace any cash collateralization rights of issuers of substantially all our existing letters of credit during the pendency of the Chapter 11 proceedings by DII Industries and Kellogg Brown & Root and our other filing subsidiaries. The master letter of credit facility is now in effect and governs at least 90% of the face amount of our existing letters of credit. See "Description of Selected Settlement-Related Indebtedness."

Under the master letter of credit facility, if any letters of credit that are covered by the facility are drawn during the bankruptcy, the facility will provide the cash needed for such draws, as well as for any collateral or reimbursement obligations, in respect thereof, with any such borrowings being converted into term loans. However, with respect to the letters of credit that are not subject to the master letter of credit facility, we may continue to be subject to certain reimbursement and cash collateral obligations. In addition, if our proposed plan of reorganization is not confirmed by June 30, 2004 and we are unable to renegotiate the master letter of credit facility, the letters of credit that are now governed by that facility will be governed by the arrangements with the banks that existed prior to the effectiveness of the facility. In many cases, those

pre-existing arrangements impose reimbursement and/or cash collateral obligations on us and/or our subsidiaries.

Uncertainty may also hinder our ability to access new letters of credit in the future. This could impede our liquidity and/or our ability to conduct normal operations.

A LOWERING OF OUR CREDIT RATINGS WOULD INCREASE OUR BORROWING COST AND MAY RESULT IN OUR INABILITY TO OBTAIN ADDITIONAL FINANCING ON REASONABLE TERMS, TERMS ACCEPTABLE TO US OR AT ALL.

Late in 2001 and early in 2002, Moody's Investors Services lowered its ratings of our long-term senior unsecured debt to Baa2 and our short-term credit and commercial paper ratings to P-2. In addition, Standard & Poor's rating service of the McGraw Hill Companies lowered its ratings of our long-term senior unsecured debt to A- and our short-term credit and commercial paper ratings to A-2 in late 2001. In December 2002, Standard & Poor's lowered these ratings to BBB and A-3. These ratings were lowered primarily due to our asbestos exposure. In December 2003, Moody's confirmed our ratings with a positive outlook and Standard & Poor's revised its Credit Watch listing for us from "negative" to "developing" in response to our announcement that DII Industries and Kellogg Brown & Root and other of our subsidiaries filed Chapter 11 proceedings to implement the proposed settlement. Although our long-term ratings continue at investment grade levels, the cost of new borrowing is relatively higher and our access to the debt markets is more volatile at these rating levels. Investment grade ratings are BBB- or higher for Standard & Poor's and Baa3 or higher for Moody's. Our current ratings are one level above BBB- on Standard & Poor's and one level above Baa3 on Moody's.

If our debt ratings fall below investment grade, we will be required to provide additional collateral to secure our new master letter of credit facility and our new revolving credit facility. See "Description of Selected Settlement-Related Indebtedness." With respect to the outstanding letters of credit that are not subject to the new master letter of credit facility, we may be in technical breach of the bank agreements governing those letters of credit and we may be required to reimburse the bank for any draws or provide cash collateral to secure those letters of credit. In addition, if we do not receive confirmation of the proposed plan of reorganization on or before June 30, 2004 and we are unable to renegotiate the terms of the master letter of credit facility, the master letter of credit facility will no longer be in effect and will no longer override the reimbursement, cash collateral or other agreements or arrangements relating to any of the letters of credit that existed prior to the effectiveness of the master letter of credit facility. In that event, we may be required to provide reimbursement for any draws or cash collateral to secure our or our subsidiaries' obligations under arrangements in place prior to our entering into the master letter of credit facility.

In addition, our elective deferral plan has a provision which states that if the Standard & Poor's credit rating falls below BBB, the amounts credited to participants' accounts will be paid to participants in a lump-sum within 45 days. At September 30, 2003, this amount was approximately \$49.0 million.

In the event our debt ratings are lowered by either agency, we may have to issue additional debt or equity securities or obtain additional credit facilities in order to meet our liquidity needs. We anticipate that any such new financing or credit facilities would not be on terms as attractive as those we have currently and that we would also be subject to increased borrowing costs and interest rates. We also may be required to provide cash collateral to obtain surety bonds or letters of credit, which would reduce our available cash or require additional financing. Further, if we are unable to obtain financing for our proposed settlement on terms that are acceptable to us, we may be unable to complete the proposed settlement.

#### RISKS RELATING TO OUR PENDING SEC INVESTIGATION

WE ARE SUBJECT TO AN SEC INVESTIGATION, WHICH COULD MATERIALLY AFFECT US.

We are currently the subject of a formal investigation by the SEC, which has focused on the compliance with generally accepted accounting principles of our recording of revenues associated with cost overruns and unapproved claims for long-term engineering and construction projects, and the disclosure of our accrual practices. Although we do not believe that the investigation has expanded beyond these matters, there can be

no assurance that the SEC will not open additional lines of inquiry. In addition, although we believe that our accounting for these matters was and is in accordance with generally accepted accounting principles, we cannot predict the outcome of the SEC's investigation or when the investigation will be resolved. An adverse outcome of this investigation could have a material adverse effect on us and result in:

- the institution of administrative, civil, injunctive or criminal proceedings;
- sanctions and the payment of fines and penalties;
- the restatement of our financial results for the years under review;
- additional shareholder lawsuits; and
- increased review and scrutiny of us by regulatory authorities, the media and others.

From time to time, we enter into registration rights agreements in connection with securities offerings with the initial purchasers of the offered securities, including in connection with the private placement of the outstanding notes, our senior notes due 2005 and our 5 1/2% senior notes due 2010, whereby we agree to use our reasonable best efforts to have a registration statement declared effective within specified time periods. We may not be able to have a registration statement declared effective within the time period specified due in part to the pending SEC investigation. If we are unable to have a registration statement declared effective within agreed time periods, we may be obligated to pay additional interest amounts to the holders of the securities that would otherwise have been registered, which amounts could be substantial.

#### RISKS RELATING TO GEOPOLITICAL AND INTERNATIONAL EVENTS

##### INTERNATIONAL AND POLITICAL EVENTS MAY ADVERSELY AFFECT OUR OPERATIONS.

A significant portion of our revenue is derived from our non-U.S. operations, which exposes us to risks inherent in doing business in each of the more than 100 other countries in which we transact business. The occurrence of any of the risks described below could have an adverse effect on our consolidated results of operations and consolidated financial condition.

Our operations in more than 100 countries other than the United States accounted for approximately 70% of our consolidated revenues during the first nine months of 2003, 67% of our consolidated revenues during 2002, 62% of our consolidated revenues during 2001 and 66% of our consolidated revenues during 2000. Operations in countries other than the United States are subject to various risks peculiar to each country. With respect to any particular country, these risks may include:

- expropriation and nationalization of our assets in that country;
- political and economic instability;
- social unrest, acts of terrorism, force majeure, war or other armed conflict;
- inflation;
- currency fluctuations, devaluations and conversion restrictions;
- confiscatory taxation or other adverse tax policies;
- governmental activities that limit or disrupt markets, restrict payments or limit the movement of funds;
- governmental activities that may result in the deprivation of contract rights; and
- trade restrictions and economic embargoes imposed by the United States and other countries, including current restrictions on our ability to provide products and services to Iran and Libya, both of which are significant producers of oil and gas.

Due to the unsettled political conditions in many oil producing countries and countries in which we provide governmental logistical support, our revenues and profits are subject to the adverse consequences of war, the effects of terrorism, civil unrest, strikes, currency controls and governmental actions. Countries where

we operate that have significant amounts of political risk include: Afghanistan, Algeria, Angola, Colombia, Indonesia, Iraq, Libya, Nigeria, Russia and Venezuela. For example, continued economic unrest and general strikes in Venezuela, changes in the general economic policies and regulations in Argentina, as well as seizures of offshore oil rigs by protestors in Nigeria have disrupted our Energy Services Group's ability to provide services and products to our customers in these countries. In addition, military action or continued unrest in the Middle East could impact the demand and pricing for oil and gas, disrupt our operations in the region and elsewhere and increase our costs for security worldwide.

MILITARY ACTION, OTHER ARMED CONFLICTS OR TERRORIST ATTACKS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS.

Military action in Iraq, increasing military tension involving North Korea, as well as the terrorist attacks of September 11, 2001 and subsequent threats of terrorist attacks and unrest, have caused instability in the world's financial and commercial markets, have significantly increased political and economic instability in some of the geographic areas in which we operate. Acts of terrorism and threats of armed conflicts in or around various areas in which we operate, such as the Middle East and Indonesia, could limit or disrupt markets and our operations, including disruptions resulting from the evacuation of personnel, cancellation of contracts or the loss of personnel or assets.

Military action in Iraq, as well as threats of war or other armed conflict elsewhere, may cause further disruption to financial and commercial markets generally and may generate greater political and economic instability in some of the geographic areas in which we operate. In addition, any possible reprisals as a consequence of the war with and ongoing military action in Iraq, such as acts of terrorism in the United States or elsewhere, may materially adversely affect us in ways we cannot predict at this time.

#### RISKS RELATING TO OUR BUSINESS

OUR BUSINESS DEPENDS ON THE LEVEL OF ACTIVITY IN THE OIL AND NATURAL GAS INDUSTRY, WHICH IS SIGNIFICANTLY AFFECTED BY VOLATILE OIL AND GAS PRICES.

Demand for our services and products depends on oil and natural gas industry activity and expenditure levels that are directly affected by trends in oil and natural gas prices. A prolonged downturn in oil and gas prices could have a material adverse effect on our consolidated results of operations and consolidated financial condition.

Demand for our products and services is particularly sensitive to the level of development, production and exploration activity of, and the corresponding capital spending by, oil and natural gas companies. Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of other factors that are beyond our control. Any prolonged reduction in oil and natural gas prices will depress the level of exploration, development and production activity. Lower levels of activity result in a corresponding decline in the demand for our oil and natural gas well services and products that could have a material adverse effect on our revenues and profitability. Factors affecting the prices of oil and natural gas include:

- governmental regulations;
- global weather conditions;
- worldwide political, military and economic conditions, including the ability of OPEC to set and maintain production levels and prices for oil;
- the level of oil production by non-OPEC countries;
- the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves;
- the cost of producing and delivering oil and gas; and
- the level of demand for oil and natural gas, especially demand for natural gas in the United States.

Historically, the markets for oil and gas have been volatile and are likely to continue to be volatile in the future.

Spending on exploration and production activities and capital expenditures for refining and distribution facilities by large oil and gas companies have a significant impact on the activity levels of our businesses.

OUR GOVERNMENT CONTRACTS WORK HAS BEEN THE FOCUS OF ALLEGATIONS AND INQUIRIES, AND THERE CAN BE NO ASSURANCE THAT ADDITIONAL ALLEGATIONS AND INQUIRIES WILL NOT BE MADE OR THAT OUR GOVERNMENT CONTRACT BUSINESS MAY NOT BE ADVERSELY AFFECTED.

We provide substantial work under our government contracts business to the United States Department of Defense and other governmental agencies, including under world-wide U.S. Army logistics contracts, known as LogCAP, and under contracts to rebuild Iraq's petroleum industry. Our units operating in Iraq and elsewhere under government contracts such as LogCAP consistently review the amounts charged and the services performed under these contracts, and our operations under these contracts are regularly reviewed and audited by the Defense Contract Audit Agency, or DCAA, and other governmental agencies. When issues are found during the governmental agency audit process, these issues are typically discussed and reviewed with us in order to reach a resolution.

The results of a preliminary audit by the DCAA in December 2003 said that a Kellogg Brown & Root unit may have overcharged the Department of Defense by \$61.0 million in importing fuel into Iraq. Department of Defense officials have referred the matter to the agency's inspector general with a request for additional investigation by the agency's criminal division. We have also in the past had inquiries by the DCAA and the civil fraud division of the U.S. Department of Justice into possible overcharges for work under a contract performed in the Balkans. On January 22, 2004, we announced the identification by our internal audit function of a potential over billing of approximately \$6.0 million by one of our subcontractors under the LogCAP contract in Iraq. In accordance with our policy and government regulation, the potential overcharge was reported to the Department of Defense Inspector General's office as well as to the contract customer, the Army Materiel Command. On January 23, 2004, we announced that we issued a check in the amount of \$6.3 million to the Army Materiel Command to cover potential over billing charges while we conduct our investigation into the matter. Relatedly, we are continuing to review possible improper payments by third party subcontractors to one or two former Kellogg Brown & Root employees. Additionally, our Kellogg Brown & Root subsidiary is suspending \$140.8 million of subcontractor invoicing to the Army Materiel Command relating to food services for soldiers and supporting civilian personnel in Iraq and Kuwait. Kellogg Brown & Root will withhold the invoices until an internal review is completed, expected within 30 days, regarding the number of meals ordered by the Army Materiel Command and the number of soldiers actually served at dining facilities for U.S. troops and supporting civilian personnel in Iraq and Kuwait. The \$140.8 million amount is our "order of magnitude" estimate of the remaining amounts being questioned by the DCAA. Kellogg Brown & Root had also previously agreed to temporarily credit \$35.8 million for invoices submitted to the Department of Defense until Kellogg Brown & Root, the DCAA and the Army Materiel Command could agree on a process to be used for invoicing for food services. We believe that Kellogg Brown & Root's review of billing methodology will be complete by mid-March, but cannot currently predict when the issues will be resolved with the DCAA. All invoicing in Iraq and Kuwait for other food services and matters will continue to be processed and sent to the Army Materiel Command for payment. In the meantime, Kellogg Brown & Root may choose to withhold all or a portion of its payments to its subcontractors relating to the withheld invoices pending resolution of the issues.

All of these matters are still under review by the applicable government agencies and additional review and allegations are possible. We could also be subject to future inquiries for work done in Iraq under the current LogCAP contract or the contract to rebuild Iraq's petroleum industry.

To the extent we or our subcontractors make mistakes in our government contracts operations, even if unintentional, insignificant or subsequently self-reported to the applicable government agency, we will likely be subject to intense scrutiny. Some of this scrutiny is as a result of the Vice President of the United States being a former chief executive officer of Halliburton. This scrutiny has recently centered on our government

contracts work, especially in Iraq and the Middle East. In part because of the heightened level of scrutiny under which we operate, audit issues between us and government auditors like the DCAA or the inspector general of the Department of Defense are more likely to arise, are more likely to become public and may be more difficult to resolve. As a result, our ability to secure future government contracts business or renewals of current government contracts business in the Middle East or elsewhere could be adversely affected. We could also be asked to reimburse payments made to us and that are determined to be in excess of those allowed by the applicable contract, or we could agree to delay billing for an indefinite period of time for work we have performed until any billing and cost issues are resolved. If overcharges occurred and informal resolution were not achieved, we could, if appropriate proof were shown, be subject to fines and penalties under the U.S. False Claims Act, and treble damages could be sought. In addition, we may be required to expend a significant amount of resources explaining and/or defending actions we have taken under our government contracts. There can be no assurance that these and any additional allegations made under our government contracts would not have a material adverse effect on our business and results of operations.

THE BARRACUDA-CARATINGA PROJECT IS CURRENTLY BEHIND SCHEDULE, HAS SUBSTANTIAL COST OVERRUNS AND MAY RESULT EITHER IN DAMAGES PAYABLE BY US OR OUR INABILITY TO RECOVER OUR COSTS ASSOCIATED WITH THE PROJECT.

In June 2000, Kellogg Brown & Root entered into a fixed-price contract with the project owner, Barracuda & Caratinga Leasing Company B.V., to develop the Barracuda and Caratinga crude oil fields, which are located off the coast of Brazil. The project manager and owner's representative is Petroleo Brasileiro SA (Petrobras), the Brazilian national oil company. When completed, the project will consist of two converted supertankers that will be used as floating production, storage and offloading platforms, or FPSOs, 32 hydrocarbon production wells, 22 water injection wells, and all sub-sea flow lines and risers necessary to connect the underwater wells to the FPSOs.

THE LETTERS OF CREDIT RELATED TO THE BARRACUDA-CARATINGA PROJECT MAY BE DRAWN IF WE DEFAULT UNDER THE CONTRACT.

Kellogg Brown & Root's performance under the contract is secured by:

- performance letters of credit, which together have an available credit of approximately \$266.0 million as of September 30, 2003 and which represent approximately 10% of the contract amount, as amended to date by change orders;
- retainage letters of credit, which together have available credit of approximately \$152.0 million as of September 30, 2003 and which will increase in order to continue to represent 10% of the cumulative cash amounts paid to Kellogg Brown & Root; and
- a guarantee of Kellogg Brown & Root's performance under the agreement by Halliburton Company in favor of the project owner.

In the event that Kellogg Brown & Root is alleged to be in default under the contract, the project owner may assert a right to draw upon the letters of credit. As described under "Description of Selected Settlement-Related Indebtedness -- Master LC Facility," these letters of credit are included in the Master LC Facility. As such, a draw on such letters of credit prior to the Term-Out Date would become a LC Advance subject to the terms of the Master LC Facility.

However, after the Master LC Facility is no longer in effect, if the letters of credit were to be drawn, Kellogg Brown & Root's reimbursement obligation would be stayed by the bankruptcy proceedings. If Kellogg Brown & Root could not fund the amount of the draw and the Master LC Facility were not then in effect, Halliburton would be required to do so, which could have a material adverse effect on Halliburton's financial condition and results of operations.

KELLOGG BROWN & ROOT MAY HAVE TO PAY DAMAGES AND OTHER AMOUNTS IN EXCESS OF THE AMOUNTS CURRENTLY RECORDED.

As of September 30, 2003, the project was approximately 78% complete and Kellogg Brown & Root had recorded a pretax loss of \$345.0 million related to the project. The probable unapproved claims included in determining the loss on the project were \$182.0 million as of September 30, 2003. The claims for the project most likely will not be settled within one year. Accordingly, based upon costs incurred on the claims, probable unapproved claims of \$157.0 million at September 30, 2003 have been recorded to long-term unbilled work on uncompleted contracts. Kellogg Brown & Root has asserted claims for compensation substantially in excess of \$182.0 million. The project owner, through its project manager, Petrobras, has denied responsibility for all such claims. Petrobras has, however, issued formal change orders worth approximately \$61.0 million which are not included in the \$182.0 million in probable unapproved claims.

In the event that Kellogg Brown & Root was determined after an arbitration proceeding to have been in default under the contract with Petrobras, and if the project was not completed by Kellogg Brown & Root as a result of such default (i.e., Kellogg Brown & Root's services are terminated as a result of such default), the project owner may seek direct damages (including completion costs in excess of the contract price and interest on borrowed funds, but excluding consequential damages) against Kellogg Brown & Root for up to \$500.0 million plus the return of up to \$300.0 million in advance payments previously received by Kellogg Brown & Root to the extent they have not been repaid. The original contract terms require repayment of the \$300.0 million in advance payments by crediting the last \$350.0 million of our invoices related to the contract by that amount. A termination of the contract by the project owner could have a material adverse effect on our financial condition and results of operations.

IN ADDITION TO THE AMOUNTS DESCRIBED ABOVE, KELLOGG BROWN & ROOT MAY HAVE TO PAY LIQUIDATED DAMAGES IF THE PROJECT IS DELAYED BEYOND THE ORIGINAL CONTRACT COMPLETION DATE.

Kellogg Brown & Root expects that the project will likely be completed at least 16 months later than the original contract completion date. In the event that any portion of the delay is determined to be attributable to Kellogg Brown & Root and any phase of the project is completed after the milestone dates specified in the contract, Kellogg Brown & Root could be required to pay liquidated damages. These damages would be calculated on an escalating basis of approximately \$1.0 million per day of delay caused by Kellogg Brown & Root, subject to a total cap on liquidated damages of 10% of the final contract amount (yielding a cap of approximately \$266.0 million as of September 30, 2003). The amount of liquidated damages could have a material adverse effect on our financial condition and results of operations.

ALTHOUGH WE HAVE IMPLEMENTED AN AGREEMENT TO SETTLE AND/OR ARBITRATE CERTAIN CLAIMS, KELLOGG BROWN & ROOT MAY HAVE TO PAY SUBSTANTIAL ADDITIONAL AMOUNTS AND MAY NOT RECOVER AMOUNTS IT EXPECTS TO RECOVER.

In June 2003, Halliburton, Kellogg Brown & Root and Petrobras, on behalf of the project owner, entered into a non-binding heads of agreement that would resolve some of the disputed issues between the parties, subject to final agreement and lender approval. In November 2003, final agreements implementing the terms of the heads of agreement, as well as lender approval and successful completion of all conditions precedent were completed. The original completion date for the Barracuda project was December 2003 and the original completion date for the Caratinga project was April 2004. Under the agreements implementing the heads of agreement, the project owner granted an extension of time to the original completion dates and other milestone dates that average approximately 12 months. In addition, the owner has agreed to delay any attempt to assess the original liquidated damages against Kellogg Brown & Root for project delays beyond 12 months and up to 18 months, delay any drawing of letters of credit with respect to such liquidated damages and delay the return of any of the \$300.0 million in advance payments. The agreements implementing the heads of agreement also provide for a separate liquidated damages calculation of \$450,000 per day for each of the Barracuda and the Caratinga vessels

if delayed beyond 18 months from the original schedule (subject to the total cap on liquidated damages of 10% of the final contract amount). Although the agreements implementing the heads of agreement do not delay the drawing of letters of credit for these liquidated damages, the master letter of credit facility will provide for any such draw while it is in effect. The extension of the original completion dates and other milestones reduces the likelihood of Kellogg Brown & Root incurring liquidated damages on the project. Nevertheless, Kellogg Brown & Root continues to have exposure for substantial liquidated damages for delays in the completion of the project.

Under the agreements implementing the heads of agreement, the project owner has agreed to pay \$69.0 million of Kellogg Brown & Root's disputed claims (which are included in the \$182.0 million of probable unapproved claims as of September 30, 2003) and to arbitrate additional claims. The maximum recovery from the claims to be arbitrated is capped at \$375.0 million. The agreements implementing the heads of agreement also allow the project owner or Petrobras to arbitrate additional claims against Kellogg Brown & Root, not including liquidated damages, the maximum recovery from which is capped at \$380.0 million.

Kellogg Brown & Root is also continuing discussions with Petrobras in an effort to resolve most remaining open issues between them. However, there can be no assurance that those issues will be resolved. Notwithstanding finalization of the agreements implementing the heads of agreement and the discussions with Petrobras, Kellogg Brown & Root continues to be at risk for the recovery of the amounts of its claims, for the payment of substantial liquidated damages and for the letters of credit being drawn. Should any of these events occur, they could have a material adverse effect on our financial condition and results of operations.

FUNDING OF THE PROJECT MAY BE INSUFFICIENT TO COVER ALL AMOUNTS CLAIMED BY KELLOGG BROWN & ROOT.

The project owner has procured project finance funding obligations from various lenders to finance the payments due to Kellogg Brown & Root under the contract. The project owner currently has no other committed source of funding on which we can necessarily rely other than the project finance funding for the project. In addition, although the project financing includes borrowing capacity in excess of the original contract amount, only \$250.0 million of this additional borrowing capacity is reserved for increases in the contract amount payable to Kellogg Brown & Root and its subcontractors.

Under the loan documents, the availability date for loan draws expired December 1, 2003, and the project owner drew down all remaining available funds on that date. As a condition precedent to the draw down of the remaining funds, the project owner was required to escrow the funds for the exclusive use of paying project costs. With limited exceptions, these funds may not be paid to Petrobras or its subsidiary (which is funding the drilling costs of the project) until all amounts due to Kellogg Brown & Root, including amounts due for the claims, are liquidated and paid. While this potentially reduces the risk that the funds would not be available for payment to Kellogg Brown & Root, Kellogg Brown & Root is not party to the arrangement between the lenders and the project owner and can give no assurance that there will be adequate funding to cover current or future Kellogg Brown & Root claims and change orders.

Kellogg Brown & Root has now begun to fund operating cash shortfalls on the project and would be obligated to fund such shortages over the remaining project life in an amount we currently estimate to be approximately \$500.0 million (assuming generally that neither we nor the project owner are successful in recovering claims against the other and that no liquidated damages are imposed). Under the same assumptions, except assuming that Kellogg Brown & Root recovers unapproved claims in the amounts currently recorded on our books, the cash shortfall would be approximately \$320.0 million. There can be no assurance that Kellogg, Brown & Root will recover the amount of unapproved claims on its books, or any amounts in excess of that amount.



WE MAY BE REQUIRED TO PAY ADDITIONAL VALUE ADDED TAXES RELATED TO THE BARRACUDA-CARATINGA PROJECT.

Value added taxes of up to \$293.0 million may be or become due on the project. Petrobras and the project owner are contesting the reimbursability of up to \$227.0 million of these potential value added taxes. The contract provides that Kellogg Brown & Root is responsible for taxes in effect on the contract date, but will be reimbursed for increased costs due to changes in the tax laws that occur after the date of the contract. The parties agree that certain changes in the tax laws occurred after the date of the contract, but do not agree on how much of the increase in taxes was due to that change or which party is responsible for ultimately paying these taxes. Prior to the issuance of Decree 34,524 discussed below, up to approximately \$144.0 million in value added taxes may have already become due on the project and, in addition, up to approximately \$100.0 million of value added taxes may be due in stages from January 2004 through April 2004, with the balance due in stages later in 2004. Without Decree 34,524, depending on when the value added taxes are deemed due and when they are paid, penalties and interest on the taxes of between \$40-\$100 million may also be due, the reimbursability of which the project owner may also contest.

On December 16, 2003, the State of Rio de Janeiro issued Decree 34,524. This decree recognizes that Petrobras is entitled to a credit for the value added taxes paid on the project. The decree also provides that the value added taxes that may have become due on the project, but which had not yet been paid, may be paid in January 2004 without penalty or interest. In response to the decree, Kellogg Brown & Root and Petrobras have entered into an agreement whereby Petrobras has agreed to (1) directly pay the value added taxes due on all imports on the project (including a payment in January 2004 of approximately \$150.0 million for imports on the project to date) and (2) reimburse Kellogg Brown & Root for value added taxes paid on local purchases (approximately \$100.0 million of which will become due in 2004).

It is unclear whether Kellogg Brown & Root may be required to reimburse Petrobras for the cost of the time value of money on the value added tax that Petrobras paid. In addition, the validity of Decree 34,524 has been challenged in court in Brazil. If Decree 34,524 is overturned or rescinded, or if the Petrobras credits are lost for any other reason not due to actions by Petrobras, the issue of who must ultimately bear the cost of the value added taxes is to be decided on the basis of the law as it existed prior to Decree 34,524. There can be no assurance that we will not be required to pay all or a portion of these value added taxes and obligations.

A JOINT VENTURE IN WHICH A HALLIBURTON UNIT PARTICIPATES IS UNDER INVESTIGATION AS A RESULT OF PAYMENTS MADE IN CONNECTION WITH A LIQUEFIED NATURAL GAS PROJECT IN NIGERIA.

It has been reported that a French magistrate is investigating \$180.0 million in payments made by TSKJ in connection with a multi-billion dollar project to build and expand a liquefied natural gas plant in Nigeria. TSKJ is a joint venture registered in Madeira, Portugal whose members are Technip SA of France, ENI SpA of Italy, Japan Gasoline Corp. and Kellogg Brown & Root, which owns 25% of the venture. The Paris public prosecutor's office is probing whether the payments were illegal.

The U.S. Department of Justice and the SEC have asked Halliburton for cooperation and access to information in reviewing these matters and are reviewing the allegations in light of the requirements of the U.S. Foreign Corrupt Practices Act. Halliburton has engaged outside counsel to investigate any allegations and is cooperating with the government's inquiries. However, there can be no assurance that this matter will not lead to additional allegations or that the joint venture or we will not have to defend against these and other similar allegations. There can be no assurance that our current view of these matters will be correct. If illegal payments were made, this matter could have a material adverse affect on our business and results of operations.

WE MAY PURSUE ACQUISITIONS, DISPOSITIONS, INVESTMENTS AND JOINT VENTURES, WHICH COULD AFFECT OUR RESULTS OF OPERATIONS.

We may actively seek opportunities to maximize efficiency and value through various transactions, including purchases or sales of assets, investments or contractual arrangements or joint ventures. These transactions would be intended to result in the realization of savings, the creation of efficiencies, the generation of cash or income or the reduction of risk. Acquisition transactions may be financed by additional borrowings or by the issuance of common stock of Halliburton. These transactions may also affect our results of operations.

These transactions also involve risks and we cannot assure you that:

- any acquisitions would result in an increase in income;
- any acquisitions would be successfully integrated into our operations;
- any disposition would not result in decreased revenue or cash flow;
- any dispositions, investments, acquisitions or integrations would not divert management resources; or
- any dispositions, investments, acquisitions or integrations would not have an adverse effect on our results of operations or financial condition.

We conduct some operations through joint ventures, where control may be shared with unaffiliated third parties. As with any joint venture arrangement, differences in views among the joint venture participants may result in delayed decisions or in failures to agree on major issues. This could potentially adversely affect the business and operations of the joint venture and, in turn, our business and operations.

A SIGNIFICANT PORTION OF OUR ENGINEERING AND CONSTRUCTION PROJECTS IS ON A FIXED-PRICE BASIS, SUBJECTING US TO THE RISKS ASSOCIATED WITH COST OVER-RUNS AND OPERATING COST INFLATION.

We contract to provide services either on a time-and-materials basis or on a fixed-price basis, with fixed-price (or lump sum) contracts accounting for approximately 19% of our revenues for the nine months ended September 30, 2003 and 21% of our revenues for the year ended December 31, 2002. We bear the risk of cost over-runs, operating cost inflation, labor availability and productivity and supplier and subcontractor pricing and performance in connection with projects covered by fixed-price contracts. Our failure to estimate accurately the resources and time required for a fixed-price project, or our failure to complete our contractual obligations within the time frame committed, could have a material adverse effect on our business, results of operations and financial condition.

CHANGES IN GOVERNMENTAL SPENDING AND CAPITAL SPENDING BY OUR CUSTOMERS MAY ADVERSELY AFFECT US.

Our business is directly affected by changes in governmental spending and capital expenditures by our customers. Some of the changes that may adversely affect us include:

- a decrease in the magnitude of governmental spending and outsourcing for military and logistical support of the type that we provide;
- an increase in the magnitude of governmental spending and outsourcing for military and logistical support, which can adversely affect our liquidity needs as a result of additional or continued working capital requirements to support this work;
- a decrease in capital spending by customers in the oil and gas industry for exploration, development, production, processing, refining and pipeline delivery networks;
- a decrease in capital spending by governments for infrastructure projects of the type that we undertake; and
- the consolidation of our customers, which has (1) caused customers to reduce their capital spending, which has in turn reduced the demand for our services and products, and (2) resulted in customer

personnel changes, which in turn affects the timing of contract negotiations and settlements of claims and claim negotiations with engineering and construction customers on cost variances and change orders on major projects.

WE ARE SUSCEPTIBLE TO ADVERSE WEATHER CONDITIONS IN OUR REGIONS OF OPERATIONS.

Our business may be adversely affected by severe weather, particularly in the Gulf of Mexico where we have significant operations. Repercussions of severe weather conditions may include:

- evacuation of personnel and curtailment of services;
- weather related damage to offshore drilling rigs resulting in suspension of operations;
- weather related damage to our facilities;
- inability to deliver materials to jobsites in accordance with contract schedules; and
- loss of productivity.

Because demand for natural gas in the United States drives a disproportionate amount of our Energy Services Group's United States business, warmer than normal winters in the United States are detrimental to the demand for our services to gas producers.

WE ARE SUBJECT TO VARIOUS OPERATIONAL AND PERFORMANCE RISKS RELATED TO PROJECTS WE UNDERTAKE AND SERVICES THAT WE PROVIDE.

We are subject to various operational and performance risks related to projects we undertake and services that we provide. These risks include:

- changes in the price or the availability of commodities that we use;
- non-performance, default or bankruptcy of joint venture partners, key suppliers or subcontractors;
- risks that result from performing fixed-price projects (see "-- A significant portion of our engineering and construction projects is on a fixed-price basis, subjecting us to the risks associated with cost overruns and operating cost inflation" above); and
- risks that result from entering into complex business arrangements for technically demanding projects where failure by one or more parties could result in monetary penalties.

OUR ABILITY TO COMPETE OUTSIDE OF THE UNITED STATES MAY BE ADVERSELY AFFECTED BY GOVERNMENTAL REGULATIONS PROMULGATED IN NUMEROUS COUNTRIES IN WHICH WE TRANSACT BUSINESS.

Governmental regulations promulgated in the numerous countries in which we transact business may require us to engage in business practices that may not be to our benefit. Those kinds of regulations frequently:

- encourage or mandate the hiring of local contractors or suppliers; and
- require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

As a result, we may be required to engage in business practices that are uneconomical and that could adversely impact our results of operations.

SOME OF OUR NON-U.S. SUBSIDIARIES OPERATE IN IRAN AND LIBYA, AND WE ARE RESPONDING TO AN INQUIRY FROM THE OFFICE OF FOREIGN ASSETS CONTROL REGARDING ONE OF OUR NON-U.S. SUBSIDIARIES' OPERATIONS IN IRAN.

We have a Cayman Islands subsidiary with operations in Iran, and other European subsidiaries that manufacture goods destined for Iran and/or render services to Iran, and we have several non-U.S. subsidiaries and/or non-U.S. joint ventures that operate in or manufacture goods destined for, or render services to, Libya. The United States imposes trade restrictions and economic embargoes that prohibit U.S. incorporated entities

and U.S. citizens and residents from engaging in commercial, financial or trade transactions with some foreign countries, including Iran and Libya, unless authorized by the Office of Foreign Assets Control, or OFAC, of the U.S. Treasury Department or exempted by statute. Criminal penalties for violations range up to \$500,000 in fines per count for corporations, or twice the gross pecuniary gain or loss, if greater. Civil penalties of up to \$11,000 per count may also be imposed by OFAC.

We received and responded to an inquiry in mid-2001 from OFAC with respect to the operations in Iran by a Halliburton subsidiary that is incorporated in the Cayman Islands. The OFAC inquiry requested information with respect to compliance with the Iranian Transaction Regulations. Our 2001 written response to OFAC stated that we believed that we were in full compliance with applicable sanction regulations. In January 2004, we received a follow-up letter from OFAC requesting additional information. We are making further investigations based on questions raised in the most recent letter.

WE ARE SUBJECT TO TAXATION IN MANY JURISDICTIONS AND THERE ARE INHERENT UNCERTAINTIES IN THE FINAL DETERMINATION OF OUR TAX LIABILITIES.

We have operations in more than 100 countries other than the United States and as a result are subject to taxation in many jurisdictions. Therefore, the final determination of our tax liabilities involves the interpretation of the statutes and requirements of taxing authorities worldwide. Foreign income tax returns of foreign subsidiaries, unconsolidated affiliates and related entities are routinely examined by foreign tax authorities. These tax examinations may result in assessments of additional taxes or penalties or both. Additionally, new taxes, such as the proposed excise tax in the United States targeted at heavy equipment of the type we own and use in our operations, could negatively affect our results of operations.

WE ARE SUBJECT TO SIGNIFICANT FOREIGN EXCHANGE AND CURRENCY RISKS THAT COULD ADVERSELY AFFECT OUR OPERATIONS AND OUR ABILITY TO REINVEST EARNINGS FROM OPERATIONS.

A sizable portion of our consolidated revenues and consolidated operating expenses are in foreign currencies. As a result, we are subject to significant risks, including:

- foreign exchange risks resulting from changes in foreign exchange rates and the implementation of exchange controls such as those experienced in Argentina in late 2001 and early 2002; and
- limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries.

We do business in countries that have non-traded or "soft" currencies which have restricted or limited trading markets. We may accumulate cash in soft currencies and we may be limited in our ability to convert our profits into U.S. dollars or to repatriate the profits from those countries.

OUR ABILITY TO LIMIT OUR FOREIGN EXCHANGE RISK THROUGH HEDGING TRANSACTIONS MAY BE LIMITED.

We selectively use hedging transactions to limit our exposure to risks from doing business in foreign currencies. For those currencies that are not readily convertible, our ability to hedge our exposure is limited because financial hedge instruments for those currencies are nonexistent or limited. Our ability to hedge is also limited because pricing of hedging instruments, where they exist, is often volatile and not necessarily efficient.

In addition, the risk inherent in the use of derivative instruments of the sort that we use could cause a change in the value of the derivative instruments as a result of:

- adverse movements in foreign exchange rates;
- interest rates;
- commodity prices; or
- the value and time period of the derivative being different than the exposures or cash flows being hedged.

WE ARE SUBJECT TO A VARIETY OF ENVIRONMENTAL REQUIREMENTS THAT IMPOSE ON US OBLIGATIONS OR RESULT IN OUR INCURRING LIABILITIES THAT WILL ADVERSELY AFFECT OUR RESULTS OF OPERATIONS OR FOR WHICH OUR FAILURE TO COMPLY COULD ADVERSELY AFFECT US.

Our businesses are subject to a variety of environmental laws, rules and regulations in the United States and other countries, including those covering hazardous materials and requiring emission performance standards for facilities. For example, our well service operations routinely involve the handling of significant amounts of waste materials, some of which are classified as hazardous substances. Environmental requirements include, for example, those concerning:

- the containment and disposal of hazardous substances, oilfield waste and other waste materials;
- the use of underground storage tanks; and
- the use of underground injection wells.

Environmental requirements generally are becoming increasingly strict. Sanctions for failure to comply with these requirements, many of which may be applied retroactively, may include:

- administrative, civil and criminal penalties;
- revocation of permits; and
- corrective action orders, including orders to investigate and/or clean up contamination.

Failure on our part to comply with applicable environmental requirements could have an adverse effect on our consolidated financial condition. We are also exposed to costs arising from environmental compliance, including compliance with changes in or expansion of environmental requirements, such as the potential regulation in the United States of our Energy Services Group's hydraulic fracturing services and products as underground injection, which may have a material adverse effect on our business, financial condition, operating results or cash flows.

We are exposed to claims under environmental requirements and from time to time such claims have been made against us. In the United States, environmental requirements and regulations typically impose strict liability. Strict liability means that in some situations we could be exposed to liability for cleanup costs, natural resource damages and other damages as a result of our conduct that was lawful at the time it occurred or the conduct of prior operators or other third parties. Liability for damages arising as a result of environmental laws could be substantial and could have a material adverse effect on our consolidated results of operations.

DEMAND FOR OUR SERVICES MAY BE ADVERSELY AFFECTED BY ENVIRONMENTAL REQUIREMENTS.

Changes in environmental requirements may negatively impact demand for our services. For example, activity by oil and natural gas exploration and production may decline as a result of environmental requirements (including land use policies responsive to environmental concerns). Such a decline, in turn, could have a material adverse effect on us.

WE MAY BE UNABLE TO PROTECT OUR INTELLECTUAL PROPERTY RIGHTS.

We rely on a variety of intellectual property rights that we use in our products and services. We may not be able to successfully preserve these intellectual property rights in the future and these rights could be invalidated, circumvented or challenged. In addition, the laws of some foreign countries in which our products and services may be sold do not protect intellectual property rights to the same extent as the laws of the United States. Our failure to protect our proprietary information and any successful intellectual property challenges or infringement proceedings against us could adversely affect our competitive position.

IF WE DO NOT DEVELOP NEW COMPETITIVE TECHNOLOGIES AND PRODUCTS OR IF OUR PROPRIETARY TECHNOLOGIES, EQUIPMENT, FACILITIES OR WORK PROCESSES BECOME OBSOLETE, OUR BUSINESS AND REVENUES MAY BE ADVERSELY AFFECTED.

The market for our products and services is characterized by continual technological developments to provide better and more reliable performance and services. If we are not able to design, develop and produce commercially competitive products and to implement commercially competitive services in a timely manner in response to changes in technology, our business and revenues will be adversely affected and the value of our intellectual property may be reduced. Likewise, if our proprietary technologies, equipment and facilities or work processes become obsolete, we may no longer be competitive and our business and revenues will be adversely affected.

WE MAY BE UNABLE TO EMPLOY A SUFFICIENT NUMBER OF TECHNICAL PERSONNEL.

Many of the services that we provide and the products that we sell are complex and highly engineered and often must perform or be performed in harsh conditions. We believe that our success depends upon our ability to employ and retain technical personnel with the ability to design, utilize and enhance these products and services. In addition, our ability to expand our operations depends in part on our ability to increase our skilled labor force. The demand for skilled workers is high and the supply is limited. A significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay or both. If either of these events were to occur, our cost structure could increase, our margins could decrease and our growth potential could be impaired.

RISKS RELATING TO THE EXCHANGE OFFER

IF YOU FAIL TO EXCHANGE YOUR OUTSTANDING NOTES, THE EXISTING TRANSFER RESTRICTIONS WILL REMAIN IN EFFECT AND THE MARKET VALUE OF YOUR OUTSTANDING NOTES MAY BE ADVERSELY AFFECTED BECAUSE THEY MAY BE MORE DIFFICULT TO SELL.

If you do not exchange your outstanding notes for new notes under the exchange offer, then you will continue to be subject to the existing transfer restrictions on the outstanding notes. In general, the outstanding notes may not be offered or sold unless they are registered or exempt from registration under the Securities Act and applicable state securities laws. Except in connection with this exchange offer or as required by the registration rights agreement, we do not intend to register resales of the outstanding notes under the Securities Act.

Tenders of outstanding notes under the exchange offer will reduce the aggregate principal amount of the unregistered notes outstanding. This may have an adverse effect upon, and increase the volatility of, the market price of any outstanding notes that you continue to hold following completion of the exchange offer due to a reduction in liquidity.

RISKS RELATING TO THE NEW NOTES

OUR FINANCIAL CONDITION IS DEPENDENT ON THE EARNINGS OF OUR SUBSIDIARIES.

We are a holding company and our assets consist primarily of direct and indirect ownership interests in, and our business is conducted substantially through, our subsidiaries. Consequently, our ability to repay our debt, including the new notes, depends on the earnings of our subsidiaries, as well as our ability to receive funds from our subsidiaries through dividends, repayment of intercompany notes or other payments. The ability of our subsidiaries to pay dividends, repay intercompany debt or make other advances to us is subject to restrictions imposed by applicable laws (including bankruptcy laws), tax considerations and the terms of agreements governing our subsidiaries. Our foreign subsidiaries in particular may be subject to currency controls, repatriation restrictions, withholding obligations on payments to us, and other limits. If we do not receive such funds from our subsidiaries, our financial condition would be materially adversely affected.

YOU WILL HAVE NO RECOURSE AGAINST OUR SUBSIDIARIES IN THE EVENT OF A DEFAULT ON THE NEW NOTES.

As a holding company, we rely primarily on dividends from our subsidiaries to meet our obligations for payment of principal and interest on our outstanding debt obligations and corporate expenses. See "-- Our financial condition is dependent on the earnings of our subsidiaries" above. We are a legal entity separate and distinct from our subsidiaries, and holders of the new notes will be able to look only to us for payments on the new notes. In addition, our right to receive assets of any subsidiaries upon their liquidation or reorganization, and the rights of the holders of the new notes to share in those assets, would be subject to the satisfaction of claims of the subsidiaries' creditors. Consequently, the new notes will be subordinate to all liabilities, including their guarantees of our other indebtedness and their trade payables, of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish. Borrowings under the credit facilities we entered into in connection with our proposed settlement are guaranteed by some of our subsidiaries. See "Description of Selected Settlement-Related Indebtedness."

THE NEW NOTES WILL BE EFFECTIVELY JUNIOR TO ALL SECURED INDEBTEDNESS UNLESS THEY ARE ENTITLED TO BE EQUALLY AND RATABLY SECURED.

The new notes will be our unsecured obligations and will rank equally with all our other unsecured indebtedness. However, the new notes are structurally subordinated to indebtedness of our subsidiaries and effectively subordinated to our secured debt to the extent of the value of the assets securing such debt. As of the date of this prospectus, we have no outstanding advances under our new master letter of credit facility and our new revolving credit facility and no other outstanding secured indebtedness. Under our new master letter of credit facility and our new revolving credit facility, the lenders have limited the amount of indebtedness we can issue after October 31, 2003 that would be equally and ratably secured with indebtedness under the master letter of credit facility and the revolving credit facility to \$950.0 million. This amount has been reduced to \$450.0 million as a result of our issuance of \$500.0 million aggregate principal amount of the outstanding notes on January 26, 2004. Subsequent to the end of the third quarter, we entered into (1) a delayed-draw term facility for up to \$1.0 billion, which has been reduced to approximately \$500.0 million by the net proceeds of our issuance of the outstanding notes and is subject to further reduction, to be available for cash funding of the trusts for the benefit of asbestos and silica claimants; (2) a master letter of credit facility intended to ensure that existing letters of credit supporting our contracts remain in place during the Chapter 11 filing; and (3) a \$700.0 million three-year revolving credit facility for general working capital purposes. Although the master letter of credit facility and the \$700.0 million revolving credit facility are now effective, there are a number of conditions that must be met before the delayed-draw term facility will become effective and available for our use, including bankruptcy court approval and federal district court confirmation of the plan of reorganization. See "Description of Selected Settlement-Related Indebtedness." The indenture governing the new notes permits us to incur an amount of Secured Debt (as defined in the new notes) up to 5% of our consolidated net tangible assets before the new notes will be entitled to equal and ratable security and the new notes are effectively junior to any secured indebtedness until the new notes are entitled to be equally and ratably secured. In addition, certain of our notes, including the outstanding notes, our 8.75% notes due 2021, our 3 1/8% convertible senior notes due 2023, our medium-term notes, our 7.6% debentures due 2096, our senior notes due 2005 and our 5 1/2% senior notes due 2010 will, and certain new issuances may, be entitled to be secured on the same basis as the new notes.

In the event that we are declared bankrupt, become insolvent or are liquidated or reorganized, any debt that ranks ahead of the new notes will be entitled to be paid in full from our assets before any payment may be made with respect to the new notes. Holders of the new notes will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the new notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor, in our remaining assets. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the new notes. As a result, holders of the new notes may receive less, ratably, than holders of secured indebtedness.

BECAUSE WE ARE A HOLDING COMPANY, THE NEW NOTES WILL BE STRUCTURALLY SUBORDINATED TO ALL OF THE INDEBTEDNESS OF OUR SUBSIDIARIES.

The new notes are a general unsecured obligation of Halliburton. We are a holding company and our assets consist primarily of direct and indirect ownership interests in, and our business is conducted substantially through, our subsidiaries. As a consequence, any of our indebtedness, including the new notes, are structurally subordinated to all of the indebtedness of our subsidiaries. In addition, because we are a holding company, our right to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise, and the ability of holders of the new notes to benefit indirectly from that kind of distribution, is subject to the prior claims of creditors of that subsidiary, except to the extent that we are recognized as a creditor of that subsidiary. All obligations of our subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to us. At September 30, 2003, the aggregate indebtedness of our subsidiaries was approximately \$402.0 million, and other liabilities of our subsidiaries, including trade payables, accrued compensation, advanced billings, income taxes payable and other liabilities (other than asbestos and intercompany liabilities) were approximately \$4.3 billion, and accrued asbestos liabilities were approximately \$3.4 billion. Subsequent to September 30, 2003, we completed an exchange offer in which we issued approximately \$294.0 million of our new 7.6% debentures due 2096 in exchange for a like amount of outstanding 7.60% debentures due 2096 of DII Industries, which reduced the aggregate indebtedness of our subsidiaries to approximately \$108.0 million. In addition, while the new notes will not be guaranteed by any of our subsidiaries, borrowings under the letter of credit facility and revolving credit facility described under "Description of Selected Settlement-Related Indebtedness" will be guaranteed by some of our subsidiaries. We also have joint ventures and subsidiaries in which we own less than 100% of the equity so that, in addition to the structurally senior claims of creditors of those entities, the equity interests of our joint venture partners or other shareholders in any dividend or other distribution made by these entities would need to be satisfied on a proportionate basis with us. These joint ventures and less than wholly owned subsidiaries may also be subject to restrictions on their ability to distribute cash to us in their financing or other agreements and, as a result, we may not be able to access their cash flow to service our debt obligations, including in respect of the new notes. Accordingly, the new notes are effectively subordinated to all existing and future liabilities of our subsidiaries and all liabilities of any of our future subsidiaries.

WE MAY INCUR ADDITIONAL INDEBTEDNESS RANKING EQUAL TO THE NEW NOTES.

If we incur any additional debt that ranks equally with the new notes, including trade payables, the holders of that debt will be entitled to share ratably with you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of us. This may have the effect of reducing the amount of proceeds paid to you.

WE WILL BE ABLE TO INCUR MORE INDEBTEDNESS AND THE RISKS ASSOCIATED WITH OUR LEVERAGE, INCLUDING OUR ABILITY TO SERVICE OUR INDEBTEDNESS, WILL INCREASE AS WE INCUR ADDITIONAL INDEBTEDNESS.

As of September 30, 2003, we had approximately \$2.412 billion of indebtedness, representing a total debt to capitalization ratio of 40%. In October 2003, we issued additional indebtedness in an aggregate principal amount of \$1.05 billion, in January 2004, we issued additional indebtedness in an aggregate principal amount of \$500.0 million, and we anticipate issuing additional indebtedness to finance the remaining cash portion of our proposed settlement. Until we are able to issue additional securities as necessary to fund the remaining cash contribution requirement of the proposed settlement, we will use the funds available under the \$500.0 million delayed-draw term facility that we entered into subsequent to the third quarter 2003, if it has become effective. In December 2003, our new Master LC Facility and our new Revolving Credit Facility became effective. See "Description of Selected Settlement-Related Indebtedness." Further, the indenture that governs the new notes does not restrict us from issuing additional indebtedness. If



our level of debt becomes substantial, the risks associated with our leverage could have important consequences to you, including the following:

- our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired;
- we would be obligated to use a substantial portion of our cash flow from operations to pay interest and principal on the new notes and other indebtedness, which will reduce the funds available to us for other purposes such as potential acquisitions and capital expenditures;
- we could potentially have a higher level of indebtedness than some of our competitors, which may put us at a competitive disadvantage and reduce our flexibility in planning for, or responding to, changing conditions in our industry, including increased competition; and
- we would be more vulnerable to general economic downturns and adverse developments in our business.

We expect to obtain money to pay our expenses and to pay the principal and interest on the new notes and other debt from cash flow from distributions from our subsidiaries. Our ability to meet our expenses depends on our future performance, which will be affected by financial, business, economic and other factors. We will not be able to control many of these factors, such as economic conditions in the markets where we operate and pressure from competitors. The failure to generate sufficient cash flow could significantly adversely affect the value of the new notes.

THERE IS NO TRADING MARKET FOR THE NEW NOTES AND THERE MAY NEVER BE ONE.

The new notes are new securities for which currently there is no trading market. We do not currently intend to apply for listing of the new notes on any securities exchange. The liquidity of any market for the new notes will depend on the number of holders of the new notes, the interest of securities dealers in making a market in the new notes and other factors. Accordingly, we cannot assure you as to the development of liquidity of any market for the new notes. Further, if markets were to develop, the market price for the new notes may be adversely affected by changes in our financial performance, changes in the overall market for similar securities and performance or prospects for companies in our industry.

## USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the registration rights agreement that we entered into in connection with the private offering of the outstanding notes. We will not receive any cash proceeds from the issuance of the new notes. In consideration for issuing the new notes, we will receive in exchange a like principal amount of the outstanding notes. The outstanding notes surrendered in exchange for the new notes will be retired and canceled, and cannot be reissued. Accordingly, issuance of the new notes will not result in any change in our capitalization.

We intend to use a substantial portion of the net proceeds from the sale of the outstanding notes and net proceeds from other borrowings, some of which are described under "Description of Selected Settlement-Related Indebtedness," if and when the proposed settlement is completed, to fund a portion of the cash required to be contributed to the trusts for the benefit of the asbestos and silica claimants. We may also use the net proceeds for general corporate purposes, which may include repayment of debt, acquisitions, loans and advances to, and investments in, our subsidiaries to provide funds for working capital and capital expenditures. Until the net proceeds are utilized, it is expected that the net proceeds will be placed in interest bearing time deposits or invested in short-term marketable securities.

CAPITALIZATION

We have provided in the table below our consolidated cash and equivalents, short-term debt and capitalization as of September 30, 2003. You should read this table in conjunction with our condensed consolidated financial statements and the related notes incorporated by reference in this prospectus.

AS OF SEPTEMBER 30, 2003 ----- (IN MILLIONS)	
(UNAUDITED) CASH AND	
EQUIVALENTS.....	
\$1,222(1) =====	SHORT-TERM DEBT AND CURRENT MATURITIES
	OF LONG-TERM DEBT... \$ 44 ----- LONG-TERM DEBT
	(EXCLUDING CURRENT MATURITIES): 7.60% debentures due
	August 2096 of DII Industries,
LLC(2).....	300 7.6% debentures due August
2096(2).....	-- 8.75% debentures due
	February 2021..... 200 Variable
	interest credit facility maturing September 2009... 51
	Medium-term notes due through
2027.....	600 3 1/8% convertible
	senior notes due July 15, 2023..... 1,200 Floating
	rate senior notes due October 17, 2005(3)..... -- 5
	1/2% senior notes due October 15,
2010(4).....	-- Floating rate senior notes
	due January 26, 2007(5)..... -- Effect of interest
	rate swaps..... 10 Other notes
	with varying interest rates..... 7 -----
	Total long-term
	debt..... 2,368 -----
SHAREHOLDERS' EQUITY: Common shares, par value \$2.50 per	
share; 600 million shares authorized; 457 million shares	
	issued..... 1,141 Paid-in capital in
	excess of par value..... 270 Accumulated
	other comprehensive income..... (326)
	Retained
earnings.....	3,073
	Less 19 million shares of treasury stock, at
	cost..... 581 ----- Total shareholders'
equity.....	3,577 ----- Total
	capitalization and short-term debt.....
	\$5,989 =====

- 
- (1) Does not include the net proceeds from the issuance of the outstanding notes or the net proceeds from our issuance in October 2003 of \$300.0 million aggregate principal amount of senior notes due October 17, 2005 and \$750.0 million aggregate principal amount of 5 1/2% senior notes due October 15, 2010.
  - (2) On December 15, 2003, Halliburton completed an exchange offer in which it issued approximately \$294.0 million of its new 7.6% debentures due 2096 in exchange for a like amount of outstanding 7.60% debentures due 2096 of DII Industries. Following the exchange offer, approximately \$6.0 million of the 7.60% debentures of DII Industries remain outstanding. Halliburton is a co-obligor of the remaining DII Industries debentures.
  - (3) On October 17, 2003, Halliburton issued \$300.0 million aggregate principal amount of senior notes due October 17, 2005.
  - (4) On October 17, 2003, Halliburton issued \$750.0 million aggregate principal amount of 5 1/2% senior notes due October 15, 2010.
  - (5) On January 26, 2004, Halliburton issued \$500.0 million aggregate principal amount of senior notes due January 26, 2007.

## THE EXCHANGE OFFER

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

We are offering to issue new registered senior notes due January 26, 2007 in exchange for a like principal amount of our outstanding unregistered senior notes due January 26, 2007 that were issued on January 26, 2004. We may extend, delay or terminate the exchange offer. Holders of outstanding notes who wish to tender will need to complete and timely submit the exchange offer documentation related to the exchange.

### PURPOSE AND EFFECT OF THE EXCHANGE OFFER

We entered into a registration rights agreement with the initial purchasers of the outstanding notes in which we agreed to file a registration statement relating to an offer to exchange the outstanding notes for new notes within 120 days after the closing of the offering and to use our reasonable best efforts to have it declared effective within 210 days after issuing the outstanding notes. We are offering the new notes under this prospectus to satisfy those obligations under the registration rights agreement.

If the exchange offer is not permitted by applicable law or SEC policy or in general if any holder of the outstanding notes notifies us that:

- on or prior to the time the exchange offer is completed, existing SEC interpretations are changed such that the notes received in the exchange offer would not be transferable without restriction under the Securities Act;
- the exchange offer has not been completed within 255 days following the date the notes were first issued; or
- the exchange offer is not available to any holder of notes,

we will file with the SEC a shelf registration statement to cover resales of outstanding notes.

If we fail to comply with the applicable deadlines for filing the registration statements or completion of the exchange offer, we may be required to pay additional interest amounts to holders of the outstanding notes. Please read the section captioned "Registration Rights Agreement" for more details regarding the registration rights agreement.

To receive transferable new notes in exchange for your outstanding notes in the exchange offer, you, as holder of the tendered outstanding notes, will be required to represent to us that:

- you are not our "affiliate," as defined in Rule 405 of the Securities Act, or a broker-dealer tendering outstanding notes acquired directly from us for your own account;
- if you are not a broker-dealer or are a broker-dealer but will not receive new notes for your own account in exchange for outstanding notes, you are not engaged in and do not intend to participate in a distribution of the new notes;
- you have no arrangement or understanding with any person to participate in a distribution of the new notes or the outstanding notes within the meaning of the Securities Act;
- you are acquiring the new notes in the ordinary course of your business; and
- if you are a broker-dealer that will receive new notes in exchange for outstanding notes, that you acquired the outstanding notes to be exchanged for new notes for your own account as a result of market-making activities or other trading activities, and you acknowledge that you will deliver a prospectus meeting the requirements of the Securities Act in connection with the resale of any new notes. It is understood that you are not admitting that you are an "underwriter" within the meaning of the Securities Act by acknowledging that you will deliver, and by delivery of, a prospectus.

## RESALES OF NEW NOTES

Based on interpretations of the SEC staff in "no action letters" issued to third parties, we believe that each new note issued to a holder tendering in the exchange offer may be offered for resale, resold and otherwise transferred by you, the holder of that new note, without compliance with the registration and prospectus delivery provisions of the Securities Act if:

- you are not our "affiliate" within the meaning of Rule 405 under the Securities Act;
- the new note is acquired in the ordinary course of your business; and
- you are not engaged in, and do not intend to participate in, and have no arrangement or understanding to participate in, the distribution of new notes.

However, the SEC has not considered the legality of our exchange offer in the context of a "no action letter," and there can be no assurance that the staff of the SEC would make a similar determination with respect to our exchange offer as in other circumstances.

If you tender outstanding notes in the exchange offer with the intention of participating in any manner in a distribution of the new notes, you:

- cannot rely on these interpretations by the SEC staff; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

Unless an exemption from registration is otherwise available, any holder intending to distribute new notes should be covered by an effective registration statement under the Securities Act containing the holder's information required by Item 507 or Item 508, as applicable, of Regulation S-K under the Securities Act. This prospectus may be used for an offer to resell, resale or other transfer of new notes only as specifically described in this prospectus. We have agreed to make this prospectus available in connection with resales of the new notes for up to 180 days from the consummation of the exchange offer. Failure to comply with the registration and prospectus delivery requirements by a holder subject to these requirements could result in that holder incurring liability for which it is not indemnified by us. Only broker-dealers that acquired the outstanding notes as a result of market-making activities or other trading activities may participate in the exchange offer. Please read the section captioned "Plan of Distribution" for more details regarding the transfer of new notes.

## TERMS OF THE EXCHANGE OFFER

Upon the terms and subject to the conditions described in this prospectus and in the accompanying letter of transmittal, we will accept for exchange any outstanding notes properly tendered and not withdrawn before the expiration date. We will issue \$1,000 principal amount of new notes in exchange for each \$1,000 principal amount of outstanding notes surrendered under the exchange offer. Outstanding notes may be tendered only in integral multiples of \$1,000. The exchange offer is not conditioned upon any minimum aggregate principal amount of outstanding notes being tendered for exchange.

As of the date of this prospectus, \$500.0 million aggregate principal amount of the outstanding notes are not yet registered. This prospectus and the letter of transmittal accompanying this prospectus are being sent to all registered holders of outstanding notes. There will be no fixed record date for determining registered holders of outstanding notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer according to the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Securities Exchange Act of 1934, and the rules and regulations of the SEC. Outstanding notes that are not tendered for exchange in the exchange offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits the holders have under the indenture. However, these outstanding notes will not be freely tradable. Other than in connection with the exchange offer and as specified in the registration rights agreement, we are not obligated

to, nor do we currently anticipate that we will, register the outstanding notes under the Securities Act. See "-- Consequences of Failure to Exchange" below.

By signing or agreeing to be bound by the letter of transmittal, you acknowledge that, upon request, you will execute and deliver any additional documents deemed by the exchange agent or us to be necessary or desirable to complete the exchange, assignment and transfer of the outstanding notes tendered by you, including the transfer of your notes on the account books maintained by DTC.

We will be deemed to have accepted for exchange properly tendered outstanding notes when we have given oral or written notice of the acceptance to the exchange agent and complied with the applicable provisions of the registration rights agreement. The exchange agent will act as agent for the tendering holders for the purpose of receiving the new notes.

Holders tendering outstanding notes in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of outstanding notes. We will pay all charges and expenses, other than certain applicable taxes described below, in connection with the exchange offer. It is important for holders to read the section labeled "-- Fees and Expenses" for more details regarding fees and expenses incurred in the exchange offer.

We will return any outstanding notes that we do not accept for exchange for any reason without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer.

#### EXPIRATION DATE

The exchange offer will expire at 5:00 p.m., New York City time on , 2004 unless, in our sole discretion, we extend the exchange offer.

#### EXTENSIONS, DELAY IN ACCEPTANCE, TERMINATION OR AMENDMENT

We reserve the right, at any time or at various times, to extend the period of time during which the exchange offer is open. During any extensions, all outstanding notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange. We do not currently intend to extend the expiration date.

To extend the exchange offer, we will notify the exchange agent orally or in writing of any extension. We will also make a public announcement of the extension no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension, termination or amendment of the exchange offer, we will have no obligation to publish, advertise or otherwise communicate any public announcement, other than by making a timely release to the Dow Jones News Service.

If any of the conditions described below under "-- Conditions to the Exchange Offer" have not been satisfied, we reserve the right, in our sole discretion:

- to delay accepting for exchange any outstanding notes;
- to extend the exchange offer; or
- to terminate the exchange offer

by giving oral or written notice of a delay, extension or termination to the exchange agent. Subject to the terms of the registration rights agreement, we also reserve the right to amend the terms of the exchange offer in any manner.

Any delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice to the registered holders of the outstanding notes. If we amend the exchange offer in a manner we determine to constitute a material change, we will promptly disclose the amendment by means of a prospectus supplement. The supplement will be distributed to the registered holders of the outstanding notes. Depending upon the significance of the amendment and the manner of

disclosure to the registered holders, we may extend the exchange offer if the exchange offer would otherwise expire during that period.

#### CONDITIONS TO THE EXCHANGE OFFER

If in our reasonable judgment the exchange offer, or the making of any exchange by a holder of outstanding notes, would violate applicable law or any applicable interpretation of the staff of the SEC:

- we will not be required to accept for exchange, or exchange any new notes for, any outstanding notes; and
- we may terminate the exchange offer as provided in this prospectus before accepting any outstanding notes for exchange.

In addition, we will not be obligated to accept for exchange the outstanding notes of any holder that has not made to us the following representations:

- the representations described under "-- Purpose and Effect of the Exchange Offer," "-- Procedures for Tendering" and "Plan of Distribution;" and
- other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to make available to us an appropriate form for registration of the new notes under the Securities Act.

We reserve the right to amend or terminate the exchange offer, and to reject for exchange any outstanding notes not previously accepted for exchange, upon the occurrence of any of the conditions to the exchange offer specified above. We will give oral or written notice of any extension, amendment, nonacceptance or termination to the holders of the outstanding notes as promptly as practicable. These conditions are for our sole benefit, and we may assert them or waive them in whole or in part at any time or at various times in our sole discretion. If we fail at any time to exercise any of these rights, this failure will not mean that we have waived our rights. Each right will be deemed an ongoing right that we may assert at any time or at various times.

In addition, we will not accept for exchange any outstanding notes tendered and will not issue new notes in exchange for any outstanding notes, if at that time any stop order has been threatened or is in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939.

#### PROCEDURES FOR TENDERING

##### HOW TO TENDER GENERALLY

Only a registered holder of outstanding notes may tender its outstanding notes in the exchange offer. If you are a beneficial owner of outstanding notes and wish to have the registered owner tender on your behalf, please see "-- How to Tender if You Are a Beneficial Owner" below. To tender in the exchange offer, you must either comply with the procedures for manual tender or comply with the automated tender offer program procedures of DTC described below under "-- Tendering Through DTC's Automated Tender Offer Program."

To complete a manual tender, you must:

- complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal;
- have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires;
- mail or deliver the letter of transmittal or a facsimile of the letter of transmittal to the exchange agent before the expiration date; and
- deliver, and the exchange agent must receive, before the expiration date:
  - the outstanding notes along with the letter of transmittal, or

-- a timely confirmation of book-entry transfer of the outstanding notes into the exchange agent's account at DTC according to the procedure for book-entry transfer described below under "-- Book-Entry Transfer."

If you wish to tender your outstanding notes and cannot comply with the requirement to deliver the letter of transmittal and your outstanding notes or use the automated tender offer program of DTC before the expiration date, you must tender your outstanding notes according to the guaranteed delivery procedures described below.

For a tender to be effective, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at its address provided above under "Prospectus Summary -- The Exchange Agent" before the expiration date. Any tender by a holder that is not withdrawn before the expiration date will constitute a legally binding agreement between the holder and us according to the terms and subject to the conditions described in this prospectus and in the letter of transmittal.

THE METHOD OF DELIVERY OF OUTSTANDING NOTES, THE LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS TO THE EXCHANGE AGENT IS AT YOUR ELECTION AND RISK. RATHER THAN MAIL THESE ITEMS, WE RECOMMEND THAT YOU USE AN OVERNIGHT OR HAND-DELIVERY SERVICE. IN ALL CASES, YOU SHOULD ALLOW SUFFICIENT TIME TO ENSURE DELIVERY TO THE EXCHANGE AGENT BEFORE THE EXPIRATION DATE. YOU SHOULD NOT SEND THE LETTER OF TRANSMITTAL OR OUTSTANDING NOTES TO US. YOU MAY REQUEST YOUR BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE TO PERFORM THE DELIVERIES ON YOUR BEHALF.

#### BOOK-ENTRY TRANSFER

The exchange agent will make a request to establish an account with respect to the outstanding notes at DTC for purposes of the exchange offer promptly after the date of this prospectus. Any financial institution participating in DTC's system may make book-entry delivery of outstanding notes by causing DTC to transfer the outstanding notes into the exchange agent's account at DTC according to DTC's procedures for transfer. Holders of outstanding notes who are unable to deliver confirmation of the book-entry tender of their outstanding notes into the exchange agent's account at DTC or all other documents required by the letter of transmittal to the exchange agent on or before the expiration date must tender their outstanding notes according to the guaranteed delivery procedures described below.

#### TENDERING THROUGH DTC'S AUTOMATED TENDER OFFER PROGRAM

The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC's system may use DTC's automated tender offer program to tender its outstanding notes. Participants in the program may transmit their acceptance of the exchange offer electronically instead of physically completing and signing the letter of transmittal and delivering it to the exchange agent. Tendering through the automated tender offer program causes DTC to transfer the outstanding notes to the exchange agent according to its procedures for transfer. DTC will then send an agent's message to the exchange agent.

The term "agent's message" means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, stating that:

- DTC has received an express acknowledgment from a participant in its automated tender offer program that is tendering outstanding notes that are the subject of book-entry confirmation;
- the participant has received and agrees to be bound by the terms of the letter of transmittal or, in the case of an agent's message relating to guaranteed delivery, that the participant has received and agrees to be bound by the applicable notice of guaranteed delivery; and
- the agreement may be enforced against the participant.

#### HOW TO TENDER IF YOU ARE A BENEFICIAL OWNER

If you beneficially own outstanding notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender those notes, you should contact the registered



holder promptly and instruct it to tender on your behalf. If you are a beneficial owner and wish to tender on your own behalf, you must, before completing and executing the letter of transmittal and delivering your outstanding notes, either:

- make appropriate arrangements to register ownership of the outstanding notes in your name; or
- obtain a properly completed bond power from the registered holder of outstanding notes.

The transfer of registered ownership may take considerable time and may not be completed before the expiration date.

#### SIGNATURES AND SIGNATURE GUARANTEES

You must have signatures on a letter of transmittal or a notice of withdrawal described below guaranteed by:

- a member firm of a registered national securities exchange;
- a member of the National Association of Securities Dealers, Inc.;
- a commercial bank or trust company having an office or correspondent in the United States; or
- an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Exchange Act.

The above must be a member of one of the recognized signature guarantee programs identified in the letter of transmittal, unless the outstanding notes are tendered:

- by a registered holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal and the new notes are being issued directly to the registered holder of the outstanding notes tendered in the exchange for those new notes; or
- for the account of a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution.

#### WHEN ENDORSEMENTS OR BOND POWERS ARE NEEDED

If the letter of transmittal is signed by a person other than the registered holder of the outstanding notes, the outstanding notes to be tendered must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder's name appears on the outstanding notes and a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution must guarantee the signature on the bond power.

If the letter of transmittal or any outstanding notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, those persons should so indicate when signing. They should also submit evidence of their authority to deliver the letter of transmittal satisfactory to us unless we waive this requirement.

#### DETERMINATIONS UNDER THE EXCHANGE OFFER

We will determine in our sole discretion all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered outstanding notes and withdrawal of tendered outstanding notes. Our determination will be final and binding. We reserve the absolute right to reject any outstanding notes not properly tendered or any outstanding notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular outstanding notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of outstanding notes must be cured within the time we shall determine. Neither we, the exchange agent nor any other person will be under any duty to give notification of defects or irregularities with respect

to tenders of outstanding notes, and none of the aforementioned will incur liability for failure to give notification. Tenders of outstanding notes will not be deemed made until any defects or irregularities have been cured or waived. Any outstanding notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

#### WHEN WE WILL ISSUE NEW NOTES

In all cases, we will issue new notes for outstanding notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives:

- delivery of the outstanding notes or a book-entry confirmation of the tender of the outstanding notes into the exchange agent's account at DTC; and
- a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent's message.

#### RETURN OF OUTSTANDING NOTES NOT ACCEPTED OR EXCHANGED

If we do not accept any tendered outstanding notes for exchange for any reason described in the terms and conditions of the exchange offer or if outstanding notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or nonexchanged outstanding notes will be returned without expense to their tendering holder. In the case of outstanding notes tendered by book-entry transfer into the exchange agent's account at DTC according to the procedures described below, the outstanding notes not accepted for exchange will be credited to an account maintained with DTC. These actions will occur as promptly as practicable after the expiration or termination of the exchange offer.

#### YOUR REPRESENTATIONS TO US

By signing or agreeing to be bound by the letter of transmittal, you will represent that, among other things:

- you are not our "affiliate," as defined in Rule 405 of the Securities Act, or a broker-dealer tendering outstanding notes acquired directly from us for your own account;
- if you are not a broker-dealer or are a broker-dealer but will not receive new notes for your own account in exchange for outstanding notes, you are not engaged in and do not intend to participate in a distribution of the new notes;
- you have no arrangement or understanding with any person to participate in a distribution of the outstanding notes or the new notes within the meaning of the Securities Act;
- you are acquiring the new notes in the ordinary course of your business; and
- if you are a broker-dealer that will receive new notes in exchange for outstanding notes, you acquired the outstanding notes to be exchanged for new notes for your own account as a result of market-making activities or other trading activities, and you acknowledge that you will deliver a prospectus meeting the requirements of the Securities Act in connection with the resale of any new notes. It is understood that you are not admitting that you are an "underwriter" within the meaning of the Securities Act by acknowledging that you will deliver, and by delivery of, a prospectus.

If you tender in the exchange offer for the purpose of participating in a distribution of the new notes:

- you cannot rely on the applicable interpretations of the SEC; and
- you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

## GUARANTEED DELIVERY PROCEDURES

If you wish to tender your outstanding notes but your outstanding notes are not immediately available or you cannot deliver your outstanding notes, the letter of transmittal or any other required documents to the exchange agent or comply with the applicable procedures under DTC's automated tender offer program before the expiration date, you may tender if:

- the tender is made through a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an eligible guarantor institution; and
- before the expiration date, the exchange agent receives from the member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., commercial bank or trust company having an office or correspondent in the United States, or eligible guarantor institution either a properly completed and duly executed notice of guaranteed delivery by facsimile transmission, mail or hand delivery or a properly transmitted agent's message and notice of guaranteed delivery:
  - stating your name and address, the registered number(s) of your outstanding notes and the principal amount of outstanding notes tendered,
  - stating that the tender is being made, and
  - guaranteeing that, within three New York Stock Exchange trading days after the expiration date, the letter of transmittal or facsimile thereof, together with the outstanding notes or a book-entry confirmation and any other documents required by the letter of transmittal will be deposited by the eligible guarantor institution with the exchange agent; and
- the exchange agent receives the properly completed and executed letter of transmittal or facsimile thereof, as well as all tendered outstanding notes in proper form for transfer or a book-entry confirmation and all other documents required by the letter of transmittal, within three New York Stock Exchange trading days after the expiration date.

Upon request to the exchange agent, the exchange agent will send you a notice of guaranteed delivery if you wish to tender your outstanding notes using the guaranteed delivery procedures described above.

## WITHDRAWAL OF TENDERS

Except as otherwise provided in this prospectus, you may withdraw your tender at any time before 5:00 p.m., New York City time, on the expiration date unless we have previously accepted your notes for exchange. For a withdrawal to be effective:

- the exchange agent must receive a written notice of withdrawal at one of the addresses listed above under "Prospectus Summary -- The Exchange Agent;" or
- the withdrawing holder must comply with the appropriate procedures of DTC's automated tender offer program system.

Any notice of withdrawal must:

- specify the name of the person (whom we refer to as the depositor) who tendered the outstanding notes to be withdrawn;
- identify the outstanding notes to be withdrawn, including the registration number or numbers and the principal amount of the outstanding notes;
- be signed by the depositor in the same manner as the original signature on the letter of transmittal used to deposit those outstanding notes or be accompanied by documents of transfer sufficient to permit the trustee for the outstanding notes to register the transfer into the name of the depositor withdrawing the tender; and

- specify the name in which the outstanding notes are to be registered, if different from that of the depositor.

If outstanding notes have been tendered under the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn outstanding notes and otherwise comply with the procedures of DTC.

We will determine, in our sole discretion, all questions as to the validity, form, eligibility and time of receipt of notice of withdrawal. Our determination shall be final and binding on all parties. We will deem any outstanding notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

Any outstanding notes that have been tendered for exchange but that are not exchanged for any reason will be returned to their holder without cost to the holder or, in the case of outstanding notes tendered by book-entry transfer into the exchange agent's account at DTC according to the procedures described above, the outstanding notes will be credited to an account maintained with DTC for the outstanding notes. This return or crediting will take place as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. At any time on or before the expiration date, holders may re-tender properly withdrawn outstanding notes by following one of the procedures described under "-- Procedures for Tendering" above.

#### FEES AND EXPENSES

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail, but we may make additional solicitation by telephone, electronically or in person by the exchange agent, our officers and regular employees and those of our affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses. We may also pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of this prospectus, letters of transmittal and related documents to the beneficial owners of the outstanding notes and in handling or forwarding tenders for exchange.

We will pay the cash expenses to be incurred in connection with the exchange offer, including:

- SEC registration fees;
- fees and expenses of the exchange agent and trustee;
- accounting and legal fees and printing costs; and
- related fees and expenses.

#### TRANSFER TAXES

We will pay all transfer taxes, if any, applicable to the exchange of outstanding notes under the exchange offer. A tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing outstanding notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of outstanding notes tendered;
- tendered outstanding notes are registered in the name of any person other than the person signing the letter of transmittal; or
- a transfer tax is imposed for any reason other than the exchange of outstanding notes under the exchange offer.

If satisfactory evidence of payment of any transfer taxes payable by a holder is not submitted with the letter of transmittal, the amount of the transfer taxes will be billed directly to that tendering holder.

#### CONSEQUENCES OF FAILURE TO EXCHANGE

If you do not exchange your outstanding notes for new notes in the exchange offer, your notes will remain subject to the existing restrictions on transfer. IN GENERAL, YOU MAY NOT OFFER OR SELL THE OUTSTANDING NOTES UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OR THE OFFER OR SALE IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. Except as required by the registration rights agreement, we do not intend to register resales of the outstanding notes under the Securities Act. In addition, if you fail to exchange your outstanding notes, the market value of your outstanding notes may be adversely affected because they may be more difficult to sell. The tender of outstanding notes under the exchange offer will reduce the outstanding aggregate principal amount of the outstanding notes. This may have an adverse effect upon, and increase the volatility of, the market price of any outstanding notes that you continue to hold due to a reduction in liquidity. See "Risk Factors -- Risks Relating to the Exchange Offer -- If you fail to exchange your outstanding notes, the existing transfer restrictions will remain in effect and the market value of your outstanding notes may be adversely affected because they may be more difficult to sell."

Based on interpretations of the SEC staff, you may offer for resale, resell or otherwise transfer new notes issued in the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act, if:

- you are not our "affiliate" within the meaning of Rule 405 under the Securities Act;
- you acquired the new notes in the ordinary course of your business; and
- you have no arrangement or understanding with respect to the distribution of the new notes to be acquired in the exchange offer.

If you tender in the exchange offer for the purpose of participating in a distribution of the new notes,

- you cannot rely on the applicable interpretations of the SEC; and
- you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

#### ACCOUNTING TREATMENT

We will not recognize a gain or loss for accounting purposes upon the consummation of the exchange offer.

#### OTHER

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your decision on what action to take.

We may, in the future, seek to acquire untendered outstanding notes in open-market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plans to acquire any outstanding notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered outstanding notes.

## DESCRIPTION OF SELECTED SETTLEMENT-RELATED INDEBTEDNESS

In connection with the plan of reorganization contemplated by the proposed settlement, subsequent to the end of third quarter 2003, we entered into (1) a delayed-draw term facility for up to \$1.0 billion, which has been reduced to approximately \$500.0 million by the net proceeds of our issuance of the outstanding notes and is subject to further reduction, to be available for cash funding of the trusts for the benefit of asbestos and silica claimants; (2) a master letter of credit facility intended to ensure that existing letters of credit supporting our contracts remain in place during the Chapter 11 filing; and (3) a \$700.0 million three-year revolving credit facility for general working capital purposes. Although the master letter of credit facility and the \$700.0 million revolving credit facility are now effective, there are a number of conditions that must be met before the delayed-draw term facility will become effective and available for our use, including bankruptcy court approval and federal district court confirmation of the plan of reorganization. See "Risk Factors -- Risks Relating to Asbestos and Silica Liability -- Our credit facilities may not provide us with the necessary financing to complete the proposed settlement." The new notes will share in the collateral pledged to secure the new credit facilities at times when the threshold for Secured Debt (as defined in the new notes) is exceeded by advances and letter of credit drawings under the new secured credit facilities.

The following discussion is a summary of selected provisions of the facilities described in the first paragraph of this "Description of Selected Settlement-Related Indebtedness." It does not restate the facilities in their entirety and this summary is qualified in its entirety by reference to the full and complete text of the facilities, which have been filed with our Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.

### SENIOR UNSECURED CREDIT FACILITY

In connection with the plan of reorganization contemplated by the proposed settlement, we entered into a senior unsecured delayed, multi-draw term loan facility for up to \$1.0 billion, which has been reduced to approximately \$500.0 million by the net proceeds of our issuance of the outstanding notes and is subject to further reduction (the "Senior Unsecured Credit Facility"), to finance, if needed, the payments to be made by Halliburton under the plan of reorganization and the related transaction costs.

When and if effective, the Senior Unsecured Credit Facility will be available in up to two drawings.

Drawings under the Senior Unsecured Credit Facility are subject to satisfaction of certain conditions precedent, including confirmation of the contemplated plan of reorganization.

We may, upon at least five business days' notice, terminate or cancel, in whole or in part, the unused portion of the Senior Unsecured Credit Facility; provided that each partial reduction must be in an amount of \$10.0 million or an integral multiple of \$1.0 million in excess thereof. We may also, upon at least five business days' notice and at the end of any applicable interest period, prepay, in full or in part, the Senior Unsecured Credit Facility without penalty; provided, however, that each partial prepayment must be in an amount of \$10.0 million or an integral multiple of \$1.0 million in excess thereof.

The Senior Unsecured Credit Facility requires us to apply the following proceeds to prepay amounts outstanding and/or reduce commitments under the Senior Unsecured Credit Facility:

- net cash proceeds from any debt incurrence or equity issuance, subject to certain exceptions;
- net cash proceeds from the sale of assets by us and our subsidiaries, subject to certain exceptions; and
- all insurance proceeds received by us in respect of asbestos or silica claims;

provided that, to the extent such proceeds are available to us before the first drawdown date, such proceeds will ratably reduce the commitments under the Senior Unsecured Credit Facility and to the extent such proceeds are available to us after the first drawdown date, such proceeds will be used to prepay the Senior Unsecured Credit Facility, in each case, with respect to any prepayment, without premium or penalty, but with breakage costs if applicable.

The interest rate per annum (calculated on a 360-day basis) applicable to the advances is (1) the London interbank offered rate for deposits in U.S. dollars at 11:00 a.m. (London time) two business days before the first day of any interest period for a period equal to such interest period, plus a margin ranging from 0.875% to 1.875% which margin will be based on the lower of our credit rating by Standard & Poor's and Moody's (the "Applicable Margin") or (2) at our option, the highest of (a) the base rate of Citibank, N.A., (b) the Federal Funds rate plus 0.50% and (c) the latest three-week moving average of secondary market morning offering rates for three-month certificates of deposit, as determined by Citibank and adjusted for the cost of reserves and FDIC insurance assessments plus 0.50%, plus, in each case, a margin ranging from 0% to 0.875% based on the lower of our credit rating by Standard & Poor's and Moody's (the "Base Rate").

We may select interest periods of one, two, three or six months for LIBOR rate advances. Interest based on the LIBOR rate would be payable in arrears at the end of the selected interest period, but no less frequently than quarterly. Interest based on the Base Rate would be payable monthly in arrears.

During the continuance of any default under the loan documentation, the interest rate on all advances owing under the loan documentation would increase by 2% per annum.

One half of the amount drawn (as reduced by any prepayments) would be due and payable on the date which is 120 days from the date of the first draw, and all other outstanding amounts will be due on the date which is 364 days from the date of the first draw.

#### MASTER LC FACILITY

In connection with the plan of reorganization contemplated by the proposed settlement, Halliburton (and to the extent that they are account parties in respect of specified existing letters of credit, DII Industries and Kellogg Brown & Root) entered into a senior secured master letter of credit facility (the "Master LC Facility") with a syndicate of banks made up of those banks holding at least 90% of the face amount of certain of our then existing letters of credit. The Master LC Facility is now effective. The Master LC Facility covers at least 90% of the face amount of certain of our existing letters of credit such credit to be provided by each lender to the extent of any draw on an existing letter of credit issued by it. In addition, the Master LC Facility provides a discretionary facility for the issuance of new letters of credit, so long as the total facility does not exceed an amount equal to the amount of the facility at closing plus \$250.0 million. The existing letters of credit issued by the lenders entering into the Master LC Facility and any additional letters of credit issued under the facility are referred to herein as the "Facility LCs."

For so long as the Master LC Facility is secured by any collateral, as defined in the Master LC Facility, Halliburton Energy Services and certain domestic subsidiaries of Halliburton and Halliburton Energy Services will guaranty the obligations under the Master LC Facility. In any event, we shall remain at all times during the term of the Master LC Facility an obligor with respect to any LC Advance (as defined below) in respect of which we are not the account party. As used herein, "subsidiaries" of us and Halliburton Energy Services is determined after giving effect to the restructuring that occurred immediately prior to the Chapter 11 filing and excludes DII Industries and its subsidiaries during the period before the plan of reorganization has been confirmed and the related court orders have been entered (the "Exit Date").

The purpose of the Master LC Facility is to provide a term-out for any draws prior to June 30, 2004, but no later than the Exit Date (the "Term-Out Date") on Facility LCs, as well as to provide collateral for the reimbursement obligations in respect thereof. During the term of the Master LC Facility prior to the Term-Out Date, any draw on a Facility LC will be funded by the lender that issued such Facility LC (each such funding, an "LC Advance"). Until the Term-Out Date, the terms of the Master LC Facility will override any reimbursement, cash collateral or other agreements or arrangements between any individual lender and the account party or any of its affiliates relating to the Facility LCs, whether or not drawn, and until such advance is repaid, the terms of the Master LC Facility will override any such agreement or arrangement relating to any Facility LC which is drawn prior to the Term-Out Date. Each lender has permanently waived any right that it might otherwise have pursuant to any such agreement or arrangement to demand cash collateral as a result of the filing of Chapter 11 proceedings.

On the occurrence of the Term-Out Date, all LC Advances outstanding under the Master LC Facility on the Term-Out Date, if any, will become term loans payable in full on November 1, 2004 (unless prepaid prior to such date) and all undrawn Facility LCs shall cease to be subject to the terms of the Master LC Facility.

We may, upon at least five business days' notice and at the end of any applicable interest period, prepay any portion of the LC Advances as follows: (1) before the occurrence of the Exit Date, ratably among all lenders, with such prepayment being used to prepay the outstanding LC Advances at such time and to cash collateralize obligations at such time, and (2) after the occurrence of the Exit Date, to prepay outstanding LC Advances ratably among all lenders that have made LC Advances, in each case, without penalty.

Prior to the occurrence of the Collateral Release Date (as defined below), the Master LC Facility must be cash collateralized with the net proceeds of any sales of collateral and the net cash proceeds of any sales of other assets, subject to certain exceptions. Such cash collateral will be shared pro rata among the lenders and the lenders under the Revolving Credit Facility (as defined below). To the extent that the aggregate principal amount of all LC Advances and borrowings under the revolving credit facility exceeds 5% of the consolidated net tangible assets of Halliburton and its subsidiaries, such cash collateral will also be shared pro rata with the holders of Halliburton's 8.75% notes due 2021, 3 1/8% convertible senior notes due 2023, medium term notes, 7.6% debentures due 2096, senior notes due 2005, 5 1/2% senior notes due 2010, the senior notes due 2007 (whether registered or unregistered) and any other issue of debt of Halliburton that Halliburton may effect prior to the Exit Date (a "New Issuance") to the extent that such New Issuance includes a requirement that the holders thereof be equally and ratably secured with Halliburton's other creditors (provided that the amount of such New Issuance which may be so secured does not exceed \$450.0 million). After the Exit Date, if the conditions to release of collateral have been satisfied, any cash collateral held pursuant to the preceding sentence, subject to certain exceptions, will be applied first to ratably prepay outstanding LC Advances at such time and second, to the extent required by the terms of the Senior Unsecured Credit Facility, to ratably prepay and/or reduce commitments under the Senior Unsecured Credit Facility.

Until the date of satisfaction of the conditions for release of the collateral identified below, the Master LC Facility will be secured by a perfected, first-priority lien on (1) 100% of the stock of Halliburton Energy Services, (2) 100% of the stock or other equity interests owned by us and Halliburton Energy Services of the first-tier domestic subsidiaries of Halliburton and Halliburton Energy Services (other than Halliburton Affiliates LLC), (3) 66% of the equity interests of Halliburton Affiliates LLC and (4) 66% of the stock or other equity interests owned by us or Halliburton Energy Services of the first-tier foreign subsidiaries of Halliburton and Halliburton Energy Services (excluding, in each case, dormant subsidiaries). In addition, if at any time prior to the Collateral Release Date our long-term senior unsecured debt is rated lower than BBB- by Standard & Poor's or lower than Baa3 by Moody's, then we shall, within 20 days in the case of personal property and within 45 days in the case of real property, take all action necessary to ensure that the Master LC Facility is also secured by a perfected, first priority lien on (a) the tangible and intangible assets (with customary exceptions) of Halliburton and Halliburton Energy Services and (b) the tangible and intangible assets (with customary exceptions) of certain of Halliburton Energy Services' directly or indirectly, wholly-owned domestic subsidiaries (except Halliburton Affiliates LLC, DII Industries LLC and each of their respective subsidiaries) (excluding, in each case, dormant subsidiaries). Such collateral will be shared pro rata with the lenders under the Revolving Credit Facility and, to the extent that the aggregate principal amount of all LC Advances under the Master LC Facility and borrowings under the Revolving Credit Facility exceeds 5% of the consolidated net tangible assets of Halliburton and its subsidiaries, such collateral would also be shared pro rata with the holders of Halliburton's 8.75% notes due 2021, 3 1/8% convertible senior notes due 2023, medium term notes, 7.6% debentures due 2096, senior notes due 2005, 5 1/2% senior notes due 2010, the senior notes due 2007 (whether registered or unregistered) as well as any New Issuance to the extent that such New Issuance includes a requirement that the holders thereof be equally and ratably secured with Halliburton's other creditors (provided that the amount of such New Issuance which may be so secured does not exceed \$450.0 million). Upon the occurrence of the Exit Date and the satisfaction of certain conditions, the Master LC Facility will be unsecured (the "Collateral Release Date"). The granting and perfection of collateral (including, without limitation, collateral consisting of foreign subsidiary stock pledges) will be



subject to cost efficiency determinations reasonably made by the co-lead arrangers in consultation with us, taking into account, among other things, adverse tax consequences, administrative procedures required by local law or practice, and other parameters to be agreed.

The interest rate per annum (calculated on a 360-day basis) applicable to the LC Advances is the London interbank offered rate for deposits in U.S. dollars at 11:00 A.M. (London time) for the two business days before the first day of any interest period for a period equal to such interest period, plus the greater of (x) the sum of the per annum rate used to calculate any fee on undrawn letters of credit payable pursuant to the original documents governing the relevant Facility LC plus 0.50% or (y) a margin ranging from 1.00% to 2.00%, which margin will be based on the lower of our credit rating by Standard & Poor's and Moody's (the "Applicable LC Facility Margin").

We may select interest periods of one, two, three or six months for LIBOR rate advances. Interest based on the LIBOR rate would be payable in arrears at the end of the selected interest period, but no less frequently than quarterly.

During the continuance of any default under the loan documentation, the interest rate on all advances owing under the loan documentation would increase by 2% per annum.

#### REVOLVING CREDIT FACILITY

In connection with the plan of reorganization contemplated by the proposed settlement, we have replaced our existing credit agreement dated as of August 16, 2001 with a new 3-year revolving credit facility (the "Revolving Credit Facility").

The Revolving Credit Facility provides a total commitment of up to \$700.0 million. The entire commitment is available for standby and trade letters of credit (the "Letters of Credit").

For so long as the Revolving Credit Facility is secured by any collateral as set forth below, Halliburton Energy Services and certain domestic subsidiaries of Halliburton and Halliburton Energy Services will guaranty the obligations under the Revolving Credit Facility. As used herein, "subsidiaries" of Halliburton and Halliburton Energy Services is determined after giving effect to the restructuring that occurred immediately prior to the Chapter 11 filing and excludes DII Industries and its subsidiaries during the period prior to the Exit Date.

During the period from the closing date until satisfaction of the conditions for release of the collateral identified below, the advances and reimbursement obligations in respect of letters of credit will be secured by a perfected, first priority lien on (1) 100% of the stock of Halliburton Energy Services, (2) 100% of the stock or other equity interests owned by Halliburton or Halliburton Energy Services in certain first-tier domestic subsidiaries of Halliburton and Halliburton Energy Services (other than Halliburton Affiliates LLC), (3) 66% of the stock or other equity interests of Halliburton Affiliates LLC and (4) 66% of the stock or other equity interests owned by Halliburton or Halliburton Energy Services of the first-tier foreign subsidiaries of Halliburton and Halliburton Energy Services (excluding, in each case, dormant subsidiaries). In addition, if at any time prior to the Collateral Release Date our long-term senior unsecured debt is rated lower than BBB- by Standard & Poor's or lower than Baa3 by Moody's, then we shall, within 20 days in the case of personal property and within 45 days in the case of real property, take all action necessary to ensure that the Revolving Credit Facility is also secured by a perfected, first priority lien on (a) the tangible and intangible assets (with customary exceptions) of Halliburton and Halliburton Energy Services and (b) the tangible and intangible assets (with customary exceptions) of all of Halliburton Energy Services' directly or indirectly wholly-owned domestic subsidiaries (except Halliburton Affiliates LLC, DII Industries and their respective subsidiaries) (excluding, in each case, dormant subsidiaries). Prior to the occurrence of the Collateral Release Date, the Revolving Credit Facility will be required to be cash collateralized with the net proceeds of any sales of collateral, subject to certain exceptions. All collateral will be shared pro rata with the lenders under the Master LC Facility and, to the extent that the aggregate principal amount of all loans under the Revolving Credit Facility and advances under the Master LC Facility exceeds 5% of the consolidated net tangible assets of Halliburton and its subsidiaries such collateral will also be shared pro rata with the holders of

Halliburton's 8.75% notes due 2021, 3 1/8% convertible senior notes due 2023, medium term notes, 7.6% debentures due 2096, senior notes due 2005, 5 1/2% senior notes due October 2010, the senior notes due 2007 (whether registered or unregistered) and the new notes offered hereby as well as any other New Issuance to the extent that such New Issuance includes a requirement that the holders thereof be equally and ratably secured with Halliburton's other creditors (provided that the amount of such New Issuance which may be so secured does not exceed \$450.0 million). Upon the occurrence of the Collateral Release Date, the Revolving Credit Facility will be unsecured.

The interest rate per annum (calculated on a 360-day basis) applicable to the advances is (1) the London interbank offered rate for deposits in U.S. dollars at 11:00 A.M. (London time) for the two business days before the first day of any interest period for a period equal to such interest period, plus a margin ranging from prior to the Exit Date 1.00% to 2.00% and after the Exit Date 0.875% to 1.875%, which margin will be based on the lower of our credit rating by Standard & Poor's and Moody's (the "Applicable Revolving Facility Margin") or (2) at our option, the highest of (a) the base rate of Citibank, N.A., (b) the Federal Funds rate plus 0.50% and (c) the latest three-week moving average of secondary market morning offering rates for three-month certificates of deposit, as determined by Citibank and adjusted for the cost of reserves and FDIC insurance assessments plus 0.50%, plus, in each case, a margin ranging from 0% to 0.875% based on the lower of our credit rating by Standard & Poor's and Moody's, (the "Base Rate").

We may select interest periods of one, two, three or six months for LIBOR rate advances. Interest based on the LIBOR rate would be payable in arrears at the end of the selected interest period, but no less frequently than quarterly. Interest based on the Base Rate would be payable monthly in arrears.

During the continuance of any default under the loan documentation, the interest rate on all advances owing under the loan documentation would increase by 2% per annum.

#### CONDITIONS TO RELEASE OF COLLATERAL

As described above under "-- Master LC Facility" and "-- Revolving Credit Facility," borrowings under the Master LC Facility and the Revolving Credit Facility are secured by a perfected, first-priority lien, on certain of our assets. Any such liens will be released upon satisfaction of all the following conditions:

- completion of the Chapter 11 plan of reorganization of DII Industries, Kellogg Brown & Root and some of their subsidiaries with U.S. operations, which is being used to implement the proposed settlement. For additional information about the proposed settlement, see "Prospectus Summary -- Proposed Settlement;"
- there is no proceeding pending or threatened in any court or before any arbitrator or governmental instrumentality that (1) could reasonably be expected to have a material adverse effect on our business, condition (financial or otherwise), operations, performance, properties or prospects on a consolidated basis except for litigation that is pending or threatened prior to the effective date of the Revolving Credit Facility and Master LC Facility and disclosed to the lenders under the Revolving Credit Facility and the Master LC Facility or (2) purports to affect the legality, validity or enforceability of our obligations or the rights and remedies of any of the lenders under the Revolving Credit Facility and the Master LC Facility, and there shall have been no material adverse change in the status or financial effect on us on a consolidated basis of the disclosed litigation;
- our long-term senior unsecured debt is rated BBB or higher (stable outlook) by Standard & Poor's and Baa2 or higher (stable outlook) by Moody's and these ratings have been recently confirmed by Standard & Poor's and Moody's;

- there is no material adverse change (which term shall not be deemed to refer to the commencement of the Chapter 11 filing) since December 31, 2002 in our business, condition (financial or otherwise), operations, performance, properties or prospects, except as disclosed in our June 30, 2003 quarterly report on Form 10-Q and except for the accounting charges to be taken directly in connection with the settlement payments; and
- we are not in default under the Revolving Credit Facility or the Master LC Facility.

## DESCRIPTION OF NEW NOTES

We will issue the new notes under an indenture dated as of October 17, 2003, between us and JP Morgan Chase Bank, as trustee (the "base indenture"), as supplemented by the Third Supplemental Indenture thereto, dated as of January 26, 2004, establishing the terms of the notes between Halliburton and the trustee (the "third supplemental indenture" and together with the base indenture, the "indenture"). The terms of the new notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939.

The following description is a summary of the material provisions of the indenture. It does not restate the indenture in its entirety and this summary is qualified in its entirety by reference to the full and complete text of the indenture. We urge you to read the indenture and the new notes because they, and not this description, define your rights as holders of the new notes. You may request copies of those documents in substantially the form in which they have been or will be executed by writing or telephoning us at our address and telephone number shown under the caption "Where You Can Find More Information."

If the exchange offer for the notes is consummated, holders of outstanding notes who do not exchange their outstanding notes will vote together with holders of the new notes for all relevant purposes under the indenture. Accordingly, in determining whether the required holders have given any notice, consent or waiver or taken any other action permitted under the indenture, any outstanding notes that remain outstanding after the exchange offer will be aggregated with new notes, and the holders of the outstanding notes and new notes will vote together as a single series.

The definitions of capitalized terms used in this section without definition are set forth below under "-- Definitions." In this description, the word "Halliburton," "we" or "us" means only Halliburton Company and not any of its subsidiaries.

### GENERAL

The notes offered hereby will be our senior unsecured obligations and will rank equally with all our other existing and future senior unsecured indebtedness. In addition, except as otherwise provided herein, the notes are effectively subordinated to any secured indebtedness to the extent of the value of the assets securing such indebtedness and to any indebtedness of our subsidiaries to the extent of the assets of those subsidiaries.

The indenture does not contain any financial covenants. In addition, we are not restricted under the indenture from paying dividends or issuing or repurchasing our securities. The indenture does not restrict our ability to incur additional indebtedness in the future. Halliburton may, without notice to or consent of the holders or beneficial owners of the notes, issue additional notes having the same ranking, interest rate, maturity and other terms as the notes offered hereby. Any such additional notes issued could be considered part of the same series of notes under the indenture as the notes offered hereby.

You will not be afforded protection in the event of a highly leveraged transaction, or a change in control of us under the indenture.

Holders are not required to pay a service charge for registration or transfer of their new notes. We may, however, require holders to pay any tax or other governmental charge in connection with the transfer. We are not required to exchange or register the transfer of any notes or portion of any notes surrendered for redemption or repurchase by us but not withdrawn.

### PRINCIPAL; MATURITY; INTEREST

The new notes will initially be limited to an aggregate principal amount of \$500,000,000. The new notes will be issued only in fully registered form without coupons, in denominations of \$1,000 and whole multiples of \$1,000.

The new notes will mature on January 26, 2007 unless earlier redeemed by us.

The notes will bear interest at a floating rate. Interest on the notes will be payable in cash quarterly on the 26th day of January, April, July and October of each year, beginning April 26, 2004. Interest on the notes will be payable to holders of record of the notes on the immediately preceding 1st day of January, April, July and October, as the case may be.

The notes will bear interest for each interest period at a rate determined by JPMorgan Chase Bank, acting as calculation agent. The interest rate on the notes for a particular interest period will be a per annum rate equal to LIBOR as determined on the interest determination date plus 0.75%. The interest determination date for an interest period will be the second London business day preceding the commencement of such interest period. The interest determination date for the notes for the first interest period is January 26, 2004. Promptly upon determination, the calculation agent will inform the trustee and Halliburton of the interest rate for the next interest period. Absent manifest error, the determination of the interest rate by the calculation agent shall be binding and conclusive on the holders of new notes, the trustee and Halliburton.

"LIBOR" means the London interbank offered rates. London business day is a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

On any interest determination date, LIBOR will be equal to the offered rate for deposits in U.S. dollars having an index maturity of three months, in amounts of at least \$1.0 million, as such rate appears on Telerate Page 3750 at approximately 11:00 a.m., London time, on such interest determination date. If Telerate page 3750 is replaced by another service or ceases to exist, the calculation agent will use the replacing service or such other service that may be nominated by the British Bankers' Association for the purpose of displaying LIBOR for U.S. dollar deposits.

If no offered rate appears on Telerate Page 3750 on an interest determination date at approximately 11:00 a.m., London time, then the calculation agent (after consultation with Halliburton) will select four major banks in the London interbank market and shall request each of their principal London offices to provide a quotation of the rate at which three-month deposits in U.S. dollars in amounts of at least \$1.0 million are offered by it to prime banks in the London interbank market, on that date and at that time, that is representative of single transactions at that time. If at least two quotations are provided, LIBOR will be the arithmetic average of the quotations provided. Otherwise, the calculation agent will select three major banks in New York City and shall request each of them to provide a quotation of the rate offered by them at approximately 11:00 a.m., New York City time, on the interest determination date for loans in U.S. dollars to leading European banks having an index maturity of three months for the applicable interest period in an amount of at least \$1.0 million that is representative of single transactions at that time. If three quotations are provided, LIBOR will be the arithmetic average of the quotations provided. Otherwise, the rate of LIBOR for next interest period will be set equal to the rate of LIBOR for the then-current interest period.

Upon request from any noteholder, the calculation agent will provide notice of the interest rate in effect on the notes for the current interest period and, if it has been determined, the interest rate to be in effect for the next interest period.

Interest on the notes will be calculated on the basis of the actual number of days in an interest period and a 360-day year. Dollar amounts resulting from such calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

Interest on the new notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest on the new notes will be payable in arrears on the next scheduled interest payment date and on the date the new notes mature. If interest is payable on, or if the date of maturity is, a date that is not a business day, that interest payment, or the payment of principal, as applicable, will be paid on the next succeeding business day and no interest will accrue on that payment during the period between the scheduled payment date and the next succeeding business day.

We will maintain an office in Dallas, Texas, for the payment of interest, which shall initially be an office or agency of the trustee.

We will pay interest either by check mailed to your address as it appears in the note register or, at our option, with respect to global notes, by wire transfer in immediately available funds. Payments to The Depository Trust Company, New York, New York, which we refer to as DTC, or its nominee will be made by wire transfer of immediately available funds to the account of DTC or its nominee.

#### OPTIONAL REDEMPTION

No sinking fund is provided for the notes, which means that the indenture will not require us to redeem or retire the notes periodically. However, the notes will be redeemable at our option, in whole or in part, on each quarterly interest payment date occurring on or after January 26, 2005, in principal amounts of \$1,000 or any integral multiple of \$1,000 for an amount equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to the date of redemption.

We will mail notice of a redemption not less than 30 days nor more than 60 days before the redemption date to the trustee and holders of notes to be redeemed.

If we are redeeming less than all the notes, the trustee will select the particular notes to be redeemed pro rata, by lot or by another method the trustee deems fair and appropriate. Unless there is a default in payment of the redemption amount, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption. We will pay 100% of the principal amount of the notes at the maturity of those notes.

Except as described above, the new notes will not be redeemable by us prior to maturity.

#### RANKING

The notes will be senior unsecured obligations and will rank equally with all of our existing and future unsecured senior indebtedness. In addition, except as otherwise provided herein, the notes will be effectively subordinated to any secured indebtedness to the extent of the value of the assets securing such indebtedness and to any indebtedness of our subsidiaries to the extent of the assets of those subsidiaries.

As of September 30, 2003, we had outstanding approximately \$2.4 billion of unsecured indebtedness, no secured indebtedness and no subordinated indebtedness. In October 2003, we issued the outstanding notes in an aggregate principal amount of \$1.05 billion, and, in January 2004, we issued the outstanding notes in an aggregate principal amount of \$500.0 million. As of the date of this prospectus, we had no outstanding advances under our new master letter of credit facility and our new revolving credit facility described below and no other outstanding secured indebtedness. At September 30, 2003, the aggregate indebtedness of our subsidiaries was approximately \$402.0 million, and other liabilities of our subsidiaries, including trade payables, accrued compensation, advanced billings, income taxes payable, other liabilities (other than asbestos and intercompany liabilities) were approximately \$4.3 billion, and accrued asbestos liabilities were approximately \$3.4 billion. Subsequent to September 30, 2003, we completed an exchange offer in which we issued approximately \$294.0 million of our new 7.6% debentures due 2096 in exchange for a like amount of outstanding 7.60% debentures due 2096 of DII Industries, which reduced the aggregate indebtedness of our subsidiaries to approximately \$108.0 million. As of September 30, 2003, our subsidiaries had no secured indebtedness and no subordinated indebtedness outstanding.

Subsequent to the end of third quarter 2003, we entered into (1) a delayed-draw term facility for up to \$1.0 billion, which has been reduced to approximately \$500.0 million by the net proceeds of our issuance of the outstanding notes and is subject to further reduction, to be available for cash funding of the trusts for the benefit of asbestos and silica claimants; (2) a master letter of credit facility intended to ensure that existing letters of credit supporting our contracts remain in place during the Chapter 11 filing; and (3) a \$700.0 million three-year revolving credit facility for general working capital purposes. Although the master letter of credit and the \$700.0 million revolving credit facility are now effective, there are a number of conditions that must be met before the delayed-draw term facility will become effective and available for our use, including bankruptcy court approval and federal district court confirmation of the plan of reorganization. Borrowings under the letter of credit facility and the revolving credit facility are secured. The terms of the

notes and the new credit facilities provide that the notes offered hereby and certain of our previously issued debt securities (including the outstanding notes) and limited amounts of new issuances of debt, if similarly entitled, will share in collateral pledged to secure borrowings under the new credit facilities if and when the total of all the Secured Debt (as defined in the new notes) exceeds 5% of the consolidated net tangible assets of Halliburton and its subsidiaries. The terms of the new credit facilities limit to \$950.0 million the amount of indebtedness we can issue after October 31, 2003 that would be equally and ratably secured with indebtedness under the new credit facilities. In January 2004, we issued \$500.0 million aggregate principal amount of the outstanding notes, reducing this amount to \$450.0 million. The terms of the new credit facilities provide that collateral pledged to secure borrowings under the new facilities will be released after (1) completion of the Chapter 11 plan of reorganization of DII Industries, Kellogg Brown & Root and some of their subsidiaries with U.S. operations, which is being used to implement the proposed settlement, and (2) satisfaction of other conditions described in "Description of Selected Settlement-Related Indebtedness -- Conditions to Release of Collateral."

The new notes will not be guaranteed by any of our subsidiaries. Borrowings under the letter of credit facility and revolving credit facility described under "Description of Selected Settlement-Related Indebtedness" are guaranteed by some of our subsidiaries. Accordingly, the new notes will be structurally subordinated to the debt guaranteed by our subsidiaries. The terms of the new credit facilities provide that any of these subsidiary guarantees will be released after (1) completion of the Chapter 11 plan of reorganization of DII Industries, Kellogg Brown & Root and some of their subsidiaries with U.S. operations, which is being used to implement the proposed settlement, and (2) satisfaction of the other conditions described in "Description of Selected Settlement-Related Indebtedness -- Conditions to Release of Collateral."

The notes are our exclusive obligation. Our cash flow and our ability to service our indebtedness, including the notes, is dependent upon the earnings of our subsidiaries. In addition, we are dependent on the distribution of earnings, loans or other payments by our subsidiaries to us. Our subsidiaries are separate and distinct legal entities. Our subsidiaries will not guarantee the notes or have any obligation to pay any amounts due on the notes or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon our subsidiaries' earnings and business considerations. Our right to receive any assets of any subsidiary upon its liquidation or reorganization, and, therefore, our right to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we were a creditor of any of our subsidiaries, our right as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us. See "Risk Factors -- Risks Relating to Asbestos and Silica Liability -- The Chapter 11 filing of some of our subsidiaries may negatively affect their ability to obtain new business in the future and consequently may have a negative impact on our financial condition and results of operations" and "-- Federal bankruptcy law and state statutes may, under specific circumstances, void payments made by our subsidiaries to us and void principal and interest payments made by us to you on the notes and you may be forced to return such payments."

We are obligated to pay reasonable compensation to the trustee and calculation agent and to indemnify the trustee and calculation agent against certain losses, liabilities or expenses incurred by the trustee and calculation agent in connection with its duties relating to the notes. The trustee's claims for these payments will generally be senior to those of holders of notes in respect of all funds collected or held by the trustee.

For more information regarding the indebtedness and subsidiary guarantees described above, see "Description of Selected Settlement-Related Indebtedness."

#### COVENANTS

Under the indenture, there are no covenants restricting our ability to incur additional debt, issue additional securities, maintain any asset ratios or create or maintain any reserves. See "Risk Factors -- Risks

Relating to the New Notes -- We will be able to incur more indebtedness and the risks associated with our leverage, including our ability to service our indebtedness, will increase as we incur additional indebtedness." However, the indenture does contain other covenants for your protection, including those described below. The covenants summarized below will apply to the notes (unless waived or amended) as long as the notes are outstanding.

#### RESTRICTIONS ON SECURED DEBT

Except as provided below, we will not, and will not cause, suffer or permit any of our Restricted Subsidiaries to, create, incur or assume any Secured Debt without equally and ratably securing the notes. In that circumstance, we must also equally and ratably secure any of our other indebtedness or any indebtedness of such Restricted Subsidiary then similarly entitled. However, the foregoing restrictions will not apply to:

- specified purchase money mortgages;
- specified mortgages to finance construction on unimproved property;
- mortgages existing on property at the time of its acquisition by us or a Restricted Subsidiary;
- mortgages existing on the property or on the outstanding shares or indebtedness of a corporation at the time it becomes a Restricted Subsidiary;
- mortgages on property of a corporation existing at the time the corporation is merged or consolidated with us or a Restricted Subsidiary;
- mortgages in favor of governmental bodies to secure payments of indebtedness; or
- extensions, renewals or replacement of the foregoing; provided that their extension, renewal or replacement must secure the same property and does not create Secured Debt in excess of the principal amount then outstanding.

We and any Restricted Subsidiaries may create, incur or assume Secured Debt not otherwise permitted or excepted without equally and ratably securing the notes if the sum of:

- the amount of the Secured Debt (not including Secured Debt permitted under the foregoing exceptions), plus
- the aggregate value of Sale and Leaseback Transactions in existence at the time (not including Sale and Leaseback Transactions the proceeds of which are or will be applied to the retirement of the notes or other funded indebtedness of us and our Restricted Subsidiaries as described below),

does not at the time exceed 5% of Consolidated Net Tangible Assets.

#### LIMITATIONS ON SALE AND LEASEBACK TRANSACTIONS

The indenture also prohibits Sale and Leaseback Transactions unless:

- Halliburton or the Restricted Subsidiary owning the Principal Property would be entitled to incur Secured Debt equal to the amount realizable upon the sale or transfer secured by a mortgage on the property to be leased without equally and ratably securing the notes; or
- Halliburton or a Restricted Subsidiary apply an amount equal to the value of the property so leased to the retirement (other than mandatory retirement), within 120 days of the effective date of any such arrangement, of indebtedness for money borrowed by Halliburton or any Restricted Subsidiary (other than such indebtedness owned by Halliburton or any Restricted Subsidiary) which was recorded as funded debt as of the date of its creation and which, in the case of such indebtedness of Halliburton, is not subordinate and junior in right of payment to the prior payment of the notes.



Provided, however, that the amount to be so applied to the retirement of such indebtedness shall be reduced by:

- the aggregate principal amount of any notes delivered within 120 days of the effective date of any such arrangement to the trustee for retirement and cancellation; and
- the aggregate principal amount of such indebtedness (other than the notes) retired by Halliburton or a Restricted Subsidiary within 120 days of the effective date of such arrangement.

As of the date of this prospectus, our board of directors has not designated any property of Halliburton or of any Restricted Subsidiary as a Principal Property because, in the opinion of our management, no single property or asset is of material importance to the total business of our company and our Restricted Subsidiaries taken as a whole. As a result, unless a Principal Property is designated by our board of directors, the limitation on Sale and Leaseback Transactions would not limit or prohibit any Sale and Leaseback Transactions by us or a Restricted Subsidiary.

#### RESTRICTIONS ON CONSOLIDATION, MERGER, SALE OR CONVEYANCE

Halliburton will not, in any transaction or series of transactions, consolidate with or merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all its assets to, any person, unless:

- (1) either (a) Halliburton shall be the continuing person or (b) the person (if other than Halliburton) formed by such consolidation or into which Halliburton is merged, or to which such sale, lease, conveyance, transfer or other disposition shall be made is organized and validly existing under the laws of the United States, any political subdivision thereof or any State of the United States or the District of Columbia and the successor company (if not Halliburton) will expressly assume, by supplemental indenture, the due and punctual payment of the principal of, premium (if any) and interest on the notes and the performance of all the obligations of Halliburton under the notes and the indenture;
- (2) immediately after giving effect to such transaction or series of transactions, no default or event of default (as described below) shall have occurred and be continuing or would result from the transaction; and
- (3) Halliburton delivers to the trustee the certificates and opinions required by the indenture.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer or other disposition of all or substantially all of the properties and assets of one or more subsidiaries of Halliburton, which properties and assets, if held by Halliburton instead of such subsidiaries, would constitute all or substantially all of the properties and assets of Halliburton on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of Halliburton.

The successor company will succeed to, and be substituted for, and may exercise every right and power of, Halliburton under the indenture. In the case of a sale, conveyance, transfer or other disposition (other than a lease) of all or substantially all its assets, Halliburton will be released from all of the obligations under the indenture and the notes.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a person.

#### EVENTS OF DEFAULT

The following are events of default with respect to the notes:

- failure to pay any interest or additional interest amounts, if any, when due, continued for 30 days;
- failure to pay principal or premium, if any, when due;

- breach or failure to perform any other covenant or agreement in the indenture applicable to the notes (other than any agreement or covenant that has been included in the base indenture and any other supplement thereto solely for the benefit of other series of debt securities issued under the base indenture and any other supplement thereto), continued for 60 days after written notice of such failure by the trustee or the holders of at least 25% in aggregate principal amount of the affected notes then outstanding;
- failure to make any payment at maturity on any indebtedness, upon redemption or otherwise, in the aggregate principal amount of \$125.0 million or more, after the expiration of any applicable grace period, and such amount has not been paid or discharged within 30 days after notice is given in accordance with the terms of such indebtedness;
- a default by us on any indebtedness that results in the acceleration of any such indebtedness in the aggregate principal amount of \$125.0 million or more so that it becomes due and payable prior to the date on which it would otherwise become due and payable and such acceleration is not rescinded within 30 days after notice is given in accordance with the terms of such indebtedness;
- specific events relating to our bankruptcy, insolvency or reorganization, whether voluntary or not.

A default under one series of notes will not necessarily be a default under any other series of debt securities issued under the indenture.

If any event of default occurs for the notes and continues for the required amount of time, the trustee or the holders of not less than 25% of the principal amount of the then-outstanding notes (or, in some cases, 25% in principal amount of all securities issued under the base indenture and any supplement thereto that are affected, voting as one class) may declare the notes due and payable, together with all accrued and unpaid interest, if any, immediately by giving notice in writing to us (and to the trustee, if given by the holders). Notwithstanding the preceding, in the case of an event of default arising from certain events of bankruptcy, insolvency or reorganization with respect to Halliburton, all outstanding notes will become due and payable without further action or notice. The holders of a majority in principal amount of the then-outstanding notes (or, in some cases, of all securities issued under the base indenture and any supplement thereto that are affected, voting as one class), may rescind the declaration under circumstances specified in the indenture.

No holder of a note then outstanding may institute any suit, action or proceeding with respect to, or otherwise attempt to enforce, the indenture, unless:

- the holder has given to the trustee written notice of the occurrence and continuance of a default for the notes;
- the holders of at least 25% in principal amount of the then-outstanding notes have made a written request to the trustee to institute the suit, action or proceeding and have offered to the trustee the reasonable indemnity it may require; and
- the trustee for 60 days after its receipt of the notice, request and offer of indemnity has neglected or refused to institute the requested action, suit or proceeding, and during that 60 day period the holders of a majority in principal amount of the then-outstanding notes do not give the trustee a direction inconsistent with the request.

The right of each holder of a note to receive payment of the principal of, premium, if any, or interest on a note on or after the respective due dates and the right to institute suit for enforcement of any payment obligation may not be impaired or affected without the consent of that holder.

The holders of a majority in aggregate principal amount of the then-outstanding notes (or of all debt securities issued under the base indenture and any other supplement thereto that are affected, voting as a class) may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust power conferred on the trustee if that direction is not in conflict with applicable law and would not involve the trustee in personal liability.

We will be required to furnish to the trustee annually a statement as to the fulfillment of all of our obligations under the indenture.

#### DEFEASANCE

When we use the term defeasance, we mean discharge from some or all of our obligations under the indenture. If any combination of funds or government securities are deposited with the trustee sufficient to make payments on the notes on the dates those payments are due and payable, then, at our option, either of the following will occur:

- we will be discharged from our obligations with respect to the notes ("legal defeasance"); or
- we will no longer have any obligation to comply with the restrictive covenants, the merger covenant and other specified covenants under the indenture, and the related events of default will no longer apply ("covenant defeasance").

If notes are defeased, the holders of the notes will not be entitled to the benefits of the indenture, except for obligations to register the transfer or exchange of notes, replace stolen, lost or mutilated notes or maintain paying agencies and hold moneys for payment in trust. In the case of covenant defeasance, our obligation to pay principal, premium and interest on the notes will also survive.

We will be required to deliver to the trustee an opinion of counsel that the deposit and related defeasance would not cause the holders of the notes to recognize income, gain or loss for United States federal income tax purposes and that holders will be subject to federal income tax in the same amount and in the same manner and at the same times as would have been the case if such defeasance had not occurred. If we elect legal defeasance, that opinion of counsel must be based upon a ruling from the United States Internal Revenue Service or a change in law to that effect.

#### MODIFICATIONS

We and the trustee may amend or supplement the indenture if holders of a majority in principal amount of the then-outstanding notes and all other series of securities issued under the base indenture and any other supplement thereto that are affected by the amendment or supplement (acting as one class) consent to it. Without the consent of each holder of a note, however, no modification may:

- reduce the percentage stated above of the holders who must consent to an amendment or supplement to or waiver of the indenture;
- reduce the rate or change the time of payment of interest on the notes;
- extend the stated maturity of the principal of the notes;
- reduce the amount of the principal of or premium, if any, on the notes;
- reduce any premium payable on the redemption of any note or change the time at which any note may be redeemed;
- change the coin or currency in which principal, premium, if any, and interest are payable to the holder;
- impair or affect the right to institute suit for the enforcement of any payment of principal of or interest on any note;
- make any change in the percentage of principal amount of notes necessary to waive compliance with specified provisions of the indenture; or
- waive a continuing default or event of default in payment of principal or premium, if any.

From time to time, we and the trustee may enter into supplemental indentures without the consent of the holders of the notes to, among other things:

- cure any ambiguity, omission, defect or any inconsistency in the indenture;
- evidence the assumption by a successor entity of our obligations under the indenture;
- provide for uncertificated notes in addition to or in place of certificated notes;
- secure the notes or add guarantees of or additional obligors on, the notes;
- comply with any requirement in order to effect or maintain the qualification of the indenture under the Trust Indenture Act;
- add covenants or new events of default for the protection of the holders of the notes;
- amend the indenture in any other manner that we may deem necessary or desirable and that will not adversely affect the interests of the holders of outstanding notes of any series of notes; or
- evidence the acceptance of appointment by a successor trustee.

#### GOVERNING LAW

The indenture is and the new notes will be governed by, and construed in accordance with, the laws of the State of New York.

#### DEFINITIONS

"Consolidated Net Tangible Assets" means the aggregate amount of assets included on a consolidated balance sheet of Halliburton and its Restricted Subsidiaries, less:

- applicable reserves and other properly deductible items;
- all current liabilities; and
- all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles;

all in accordance with generally accepted accounting principles consistently applied.

"Principal Property" means any real property, manufacturing plant, warehouse, office building or other physical facility, or any item of marine, transportation or construction equipment or other like depreciable assets of Halliburton or of any Restricted Subsidiary, whether owned at or acquired after the date of the indenture, other than any pollution control facility, that in the opinion of our Board of Directors is of material importance to the total business conducted by us and our Restricted Subsidiaries as a whole. As of the date of this prospectus, our Board of Directors has not designated any property of Halliburton or any Restricted Subsidiary as a Principal Property because, in the opinion of our management, no single property or asset is of material importance to the total business of Halliburton and its Restricted Subsidiaries taken as a whole.

"Restricted Subsidiary" means:

- any Subsidiary of ours existing at the date of the indenture the principal assets and business of which are located in the United States or Canada, except sales financing, real estate and other Subsidiaries so designated; and
- any other Subsidiary we designate as a Restricted Subsidiary.

"Sale and Leaseback Transaction" means the sale or transfer by Halliburton or a Restricted Subsidiary (other than to Halliburton or any one or more of our Restricted Subsidiaries, or both) of any Principal Property owned by it that has been in full operation for more than 120 days prior to the sale or transfer with the intention of taking back a lease on such property, other than a lease not exceeding 36 months, and where

the use by Halliburton or the Restricted Subsidiary of the property will be discontinued on or before the expiration of the term of the lease.

"Secured Debt" means indebtedness (other than indebtedness among Halliburton and Restricted Subsidiaries) for money borrowed by Halliburton or a Restricted Subsidiary, or any other indebtedness of Halliburton or a Restricted Subsidiary on which interest is paid or payable, which in any case is secured by:

- a mortgage or other lien on any Principal Property of Halliburton or a Restricted Subsidiary; or
- a pledge, lien or other security interest on any shares of stock or indebtedness of a Restricted Subsidiary.

"Subsidiary" of any person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or persons performing similar functions) or (b) any partnership, joint venture, limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), at the time owned or controlled, directly or indirectly, by (1) such person, (2) such person and one or more Subsidiaries of such person or (3) one or more Subsidiaries of such person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of Halliburton. As used herein, "Capital Stock" of any person means any and all shares (including ordinary shares or American Depositary Shares), interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) of capital stock or other equity participations of such person and any rights (other than debt securities convertible or exchangeable into an equity interest), warrants or options to acquire an equity interest in such person.

#### INFORMATION CONCERNING THE TRUSTEE

JPMorgan Chase Bank is the trustee under the indenture, the paying agent, the registrar and the custodian with regard to the notes. The trustee or its affiliates may from time to time in the future provide banking and other services to us in the ordinary course of their business.

#### BOOK-ENTRY SYSTEM

The new notes will be issued in the form of global certificates registered in the name of the depositary or its nominee. Upon issuance, all book-entry certificates will be represented by one or more fully registered global certificates, without coupons. Each global certificate will be deposited with, or on behalf of, the depositary, a securities depositary, and will be registered in the name of the depositary or a nominee of the depositary. The depositary will thus be the only registered holder of the notes.

Notes that are issued as described below under "-- Certificated Notes" will be issued in definitive form. Upon the transfer of notes in definitive form, such notes will, unless the global securities have previously been exchanged for notes in definitive form, be exchanged for an interest in the global securities representing the principal amount of notes being transferred.

Purchasers of notes may hold interests in the global certificates through the depositary if they are participants in the depositary system. Purchasers may also hold interests through a securities intermediary -- banks, brokerage houses and other institutions that maintain securities accounts for customers -- that has an account with the depositary. The depositary will maintain accounts showing the security holdings of its participants, and these participants will, in turn, maintain accounts showing the security holdings of their customers. Some of these customers may themselves be securities intermediaries holding securities for their customers. Thus, each beneficial owner of a book-entry certificate will hold that certificate indirectly through a hierarchy of intermediaries, with the depositary at the "top" and the beneficial owner's own securities intermediary at the "bottom."

The notes of each beneficial owner of a book-entry certificate will be evidenced solely by entries on the books of the beneficial owner's securities intermediary. The actual purchaser of notes will generally not be considered the owner under the indenture. The book-entry system for holding securities eliminates the need for physical movement of certificates and is the system through which most publicly traded securities are held in the United States. However, the laws of some jurisdictions require some purchasers of securities to take physical delivery of their securities in definitive form. These laws may impair the ability of a beneficial owner to transfer book-entry notes.

Investors who purchase notes in offshore transactions in reliance on Regulation S under the Securities Act may hold their interests in the global certificate indirectly through Euroclear Bank, S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, societe anonyme ("Clearstream"), if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold interests in the global certificate on behalf of their participants through their respective depositaries, which, in turn, will hold such interests in the global certificate in the depositaries' names on the books of the depositary.

Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures. If a holder requires physical delivery of a definitive certificate for any reason, including to sell certificates to persons in jurisdictions that require delivery of such certificates or to pledge such certificates, such holder must transfer its interest in the global certificate in accordance with the normal procedures of the depositary and the procedures set forth in the indenture.

Cross-market transfers between the depositary, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in the depositary in accordance with the depositary's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the global certificate in the depositary, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to the depositary. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in the global certificate from a depositary participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the depositary settlement date and such credit or any interests in the global certificate settled during such processing day will be reported to the relevant Euroclear or Clearstream participant on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in the global certificate by or through a Euroclear or Clearstream participant to a depositary participant will be received with value on the depositary settlement date, but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in the depositary.

A beneficial owner of book-entry notes represented by a global certificate may exchange the notes for definitive, certificated notes only if the conditions for such an exchange, as described under "-- Certificated Notes" are met.

In this prospectus, references to actions taken by a holder of notes will mean actions taken by the depositary upon instructions from its participants, and references to payments means payments to the depositary, as registered holder.

We expect that the depositary or its nominee, upon receipt of any payment will credit immediately participants' accounts with payments in amounts proportionate to their respective beneficial interest in the principal amount of the relevant global note as shown on the records of the depositary or its nominee. We

also expect that payments by participants to owners of beneficial interests in a global note held through these participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the participants.

We will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the book-entry securities or for maintaining, supervising or reviewing any records relating to beneficial ownership interests.

In order to ensure that the depository's nominee will timely exercise a right conferred by the notes, the beneficial owner of that note must instruct the broker or other direct or indirect participant through which it holds an interest in that note to notify the depository of its desire to exercise that right. Different firms have different deadlines for accepting instructions from their customers. Each beneficial owner should consult the broker or other direct or indirect participant through which it holds an interest in the notes in order to ascertain the deadline for ensuring that timely notice will be delivered to the depository.

The depository is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under Section 17A of the Exchange Act. The rules applicable to the depository and its participants are on file with the SEC.

The depository may discontinue providing its services as securities depository at any time by giving reasonable notice. Under those circumstances, in the event that a successor securities depository is not appointed, definitive certificates are required to be printed and delivered.

The information in this section concerning the depository and the depository's book-entry system has been obtained from sources that we believe to be reliable, but we do not take responsibility for the accuracy of that information.

#### CERTIFICATED NOTES

The notes represented by the global securities are exchangeable for certificated notes in definitive form of like tenor as such notes if:

- the depository notifies us that it is unwilling or unable to continue as depository for the global securities or if at any time the depository ceases to be a clearing agency registered under the Exchange Act and, in either case, a successor depository is not appointed by us within 90 days after the date of such notice;
- an event of default has occurred and is continuing, and the depository requests the issuance of certificated notes; or
- we determine not to have the notes represented by a global note.

Any notes that are exchangeable pursuant to the preceding sentence are exchangeable for certificated notes issuable in authorized denominations and registered in such names as the depository shall direct. Subject to the foregoing, the global securities are not exchangeable, except for global securities of the same aggregate principal amount to be registered in the name of the depository or its nominee.

## REGISTRATION RIGHTS AGREEMENT

The following description is a summary of the material provisions of the registration rights agreement. It does not restate the registration rights agreement in its entirety, and this summary is qualified in its entirety by reference to the full and complete text of the registration rights agreement. We urge you to read the registration rights agreement because it, and not this description, defines your rights as holders of the notes. You may request copies of the registration rights agreement in substantially the form in which it is to be executed by writing or telephoning us at our address and telephone number shown under the caption "Where You Can Find More Information."

### EXCHANGE OFFER REGISTRATION STATEMENT

In connection with the issuance of outstanding notes, we and the initial purchasers entered into a registration rights agreement. In the registration rights agreement, we agreed to file an exchange offer registration statement with the SEC as soon as practicable, but no later than 120 days following the date the notes are first issued, and use our reasonable best efforts to have it declared effective as soon as practicable, but in no event later than 210 days following the date the notes are first issued. We also agreed to use our reasonable best efforts to cause the exchange offer registration statement to be effective continuously, to keep the exchange offer for the notes open for a period of at least 30 days and cause the exchange offer to be consummated no later than the 45th business day after the exchange offer registration statement is declared effective by the SEC.

Under the exchange offer, holders of notes that constitute Registrable Securities may exchange their Registrable Securities for registered notes. To participate in an exchange offer, each holder must represent that:

- it is not our affiliate or a broker-dealer tendering notes acquired directly from us for its own account;
- it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the notes that are issued in the exchange offer; and
- that it is acquiring the notes in the exchange offer in its ordinary course of business.

### SHELF REGISTRATION STATEMENT

If:

- on or prior to the time the exchange offer is completed, existing SEC interpretations are changed such that the notes received in the exchange offer would not be transferable without restriction under the Securities Act;
- the exchange offer has not been completed within 255 days following the date the notes are first issued; or
- the exchange offer is not available to any holder of the notes,

then we will file, no later than 60 days after the time such obligation to file arises, with the SEC a shelf registration statement to register for public resale the Registrable Securities held by any such holder. A holder who sells notes pursuant to the shelf registration statement generally will be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the registration rights agreement which are applicable to such a holder (including certain indemnification obligations). In addition, each holder of the notes will be required to deliver information to be used in connection with the shelf registration statement in order to have its notes included in the shelf registration statement.



For the purposes of the registration rights agreement, "Registrable Securities" means:

- each note until the earliest to occur of:
  - the date on which such note is exchanged in a registered exchange offer,
  - the date on which such note has been disposed of pursuant to and in a manner contemplated by the shelf registration statement,
  - the date on which such note is sold pursuant to Rule 144 under the Securities Act under circumstances in which any legend borne by such note relating to restrictions on transferability thereof is removed,
  - the note is eligible to be sold pursuant to Rule 144(k) under the Securities Act, or
  - the note is no longer outstanding; and
- each exchange note issued to a broker-dealer in a registered exchange offer until resale of such exchange note by the broker-dealer within the 180-day period contemplated by the registration rights agreement.

#### ADDITIONAL INTEREST AMOUNTS

The registration rights agreement also provides that:

- if we fail to file any registration statement on or prior to the applicable deadline;
- if such registration statement is not declared effective by the SEC on or before the applicable deadline;
- if the exchange offer is not consummated within 45 business days after the exchange offer registration statement is declared effective; or
- if any registration statement is declared effective but thereafter ceases to be effective or useable in connection with resales of the Registrable Securities during the periods specified in the registration rights agreement, for such time of non-effectiveness or non-usability (each, a "Registration Default Period"),

we will pay to each holder of Registrable Securities affected thereby additional interest amounts in an amount equal to 0.25% per annum for the first 90 days of the Registration Default Period and an additional 0.25% per annum from and after the 91st day following the Registration Default Period. In no event shall additional interest amounts exceed 0.50% per annum. We shall not be required to pay additional interest amounts for more than one registration default at any given time. Following the cure of all registration defaults, the accrual of additional interest amounts will cease.

We shall pay all accrued additional interest amounts to holders entitled thereto in the same manner and at the same time as interest on the notes is paid. The notes and any registered notes issued in exchange for the notes will constitute a single series of notes under the indenture. If a registered exchange offer is consummated, holders of notes who do not exchange their notes will vote together with the holders of the registered notes for all relevant purposes under the indenture.

## MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material United States federal income tax consequences of the purchase, ownership and disposition of the notes. Unless otherwise stated, this summary deals only with new notes held as capital assets by a holder who purchased the outstanding notes upon their original issuance at their issue price. The "issue price" of the outstanding notes is the first price at which a substantial amount of such notes was sold, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. As used in this summary, "U.S. Holders" are any beneficial owners of the notes, that are, for United States federal income tax purposes: (1) citizens or residents of the United States, (2) corporations created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (3) estates, the income of which is subject to United States federal income taxation regardless of its source or (4) trusts if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and (b) one or more United States persons have the authority to control all substantial decisions of the trust. As used in this summary, "Non-U.S. Holders" means holders of the notes that are individuals, corporations, estates or trusts that are not U.S. Holders. If a partnership (including for this purpose any entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of notes, the treatment of a partner in the partnership will generally depend upon the status of the partner and upon the activities of the partnership. Holders of notes that are a partnership or partners in such partnership should consult their tax advisors about the United States federal income tax consequences of holding and disposing of the notes. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as of the date hereof, and all of which are subject to change and differing interpretations, possibly on a retroactive basis. There can be no assurance that the Internal Revenue Service (the "IRS") will not challenge one or more of the conclusions described in this offering memorandum.

This summary does not deal with special classes of holders such as banks, thrifts, real estate investment trusts, regulated investment companies, insurance companies, dealers in securities or currencies, or tax-exempt investors and does not discuss notes held as part of a hedge, straddle, "synthetic security" or other integrated transaction. This summary also does not address the tax consequences to certain former citizens or former long-term residents of the United States, U.S. Holders that have a functional currency other than the U.S. dollar or to shareholders, partners, members or beneficiaries of a holder of the notes. Further, it does not include any description of any alternative minimum tax consequences, United States federal estate or gift tax laws or the tax laws of any state or local government or of any foreign government that may be applicable to the notes.

YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISOR REGARDING THE UNITED STATES FEDERAL, STATE, LOCAL AND FOREIGN INCOME, FRANCHISE, PERSONAL PROPERTY, AND ANY OTHER TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES.

### EXCHANGE OF NOTES

The exchange of new notes for outstanding notes pursuant to this exchange offer will not constitute a taxable event for United States federal income tax purposes. Consequently, no gain or loss will be recognized by a holder of an outstanding note upon receipt of a new note. A holder's adjusted tax basis in the new note will be the same as the adjusted tax basis in the outstanding note exchanged therefor. A holder's holding period of the new note will include the holding period of the outstanding note exchanged therefor.

### U.S. HOLDERS

#### INTEREST PAYMENTS

The interest paid on the notes will be taxable to a U.S. Holder as ordinary interest income, as received or accrued, in accordance with the holder's United States federal income tax method of accounting.

#### ADDITIONAL INTEREST AMOUNTS

We intend to take the position that the possibility that holders of the notes will be paid additional interest amounts as described under "Registration Rights Agreement" is a remote and incidental contingency as of the issue date of the notes within the meaning of the applicable Treasury regulations. Accordingly, any such additional interest amounts should be taxable to a U.S. Holder as ordinary income only at the time it accrues or is received in accordance with such U.S. Holder's regular method of tax accounting. Our determination that the payment of additional interest amounts is a remote and incidental contingency is binding upon all holders of the notes, unless a holder properly discloses to the IRS that it is taking a contrary position.

#### SALE, EXCHANGE OR REDEMPTION

Generally, the sale, exchange (excluding the exchange described above in "-- Exchange of Notes") or redemption of notes will result in taxable gain or loss to a U.S. Holder. The amount of gain or loss on a taxable sale, exchange or redemption will be equal to the difference between (a) the amount of cash plus the fair market value of any other property received by the U.S. Holder in the sale, exchange or redemption (other than amounts attributable to accrued but unpaid interest) and (b) the U.S. Holder's adjusted tax basis in the notes. A U.S. Holder's adjusted tax basis in notes will generally be equal to the holder's original purchase price for the notes.

Gain or loss recognized on the disposition of a note generally will be capital gain or loss, and will be long-term capital gain or loss if, at the time of such disposition, the U.S. Holder's holding period for the note is more than one year. A reduced tax rate on capital gain generally will apply to an individual U.S. Holder if such holder's holding period for the note is more than one year at the time of disposition. Recently enacted legislation generally reduces the maximum tax rate on the long-term capital gain of such holder to 15%. However, there are exceptions to the reduced rates. Individuals should consult their tax advisors regarding the extent, if any, to which any exceptions may apply to their particular factual situation. The deductibility of net capital losses by individuals and corporations is subject to limitations.

#### NON-U.S. HOLDERS

The rules governing United States federal income taxation of Non-U.S. Holders are complex and no attempt will be made in this offering circular to provide more than a summary of such rules. Non-U.S. Holders should consult with their own tax advisors to determine the effect of United States federal, state, local and foreign income tax laws, as well as treaties, with regard to an investment in the notes, including any reporting requirements and, in particular, the proper application of the United States federal withholding tax rules.

#### INTEREST PAYMENTS

Except as described below, United States federal withholding tax will not apply to interest paid on the notes to a Non-U.S. Holder, provided that: (1) the Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of stock entitled to vote within the meaning of section 871(h)(3) of the Code and Treasury regulations promulgated thereunder; (2) the Non-U.S. Holder is not a controlled foreign corporation related, directly or indirectly, to us or any of our constituent partners; (3) the Non-U.S. Holder is not a bank which acquired the notes in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business; (4) interest paid on the notes is not effectively connected with the beneficial owner's conduct of a trade or business in the United States; and (5) either (a) the beneficial owner of notes certifies to us or our paying agent on IRS Form W-8BEN (or successor form), under penalties of perjury, that it is not a United States person and provides its name, address and certain other information or (b) the beneficial owner holds its notes through certain foreign intermediaries or certain foreign partnerships and such holder satisfies certain certification requirements.

To the extent a Non-U.S. Holder for any reason does not qualify for the withholding exemption described above, payments of interest will be subject to United States federal withholding tax unless the Non-U.S. Holder provides us or our agent with a properly executed (1) IRS Form W-8BEN (or successor form) claiming an exemption from or reduction in withholding under an applicable tax treaty or (2) IRS Form W-8ECI (or successor form) stating that interest paid on the notes is not subject to withholding tax because it is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States.

If a Non-U.S. Holder of the notes is engaged in a trade or business in the United States, and if interest on the notes is effectively connected with the conduct of such trade or business (and, if required by a tax treaty, the interest is attributable to a permanent establishment maintained in the United States), the Non-U.S. Holder, although exempt from the withholding tax discussed in the preceding paragraphs, will generally be subject to regular United States federal income tax on interest and any gain realized on the sale or exchange of the notes in the same manner as if it were a U.S. Holder. In addition, if such a Non-U.S. Holder is a foreign corporation, such Non-U.S. Holder may be subject to a branch profits tax equal to 30% (or such lower tax rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

#### SALE, EXCHANGE OR REDEMPTION

A Non-U.S. Holder will generally not be subject to United States federal income or withholding tax with respect to gain upon the sale, exchange, redemption or other disposition of notes, unless: (1) the income or gain is "U.S. trade or business income," which means income or gain that is effectively connected with the conduct by the Non-U.S. Holder of a trade or business, or, in the case of a treaty resident, attributable to a permanent establishment maintained in the United States; or (2) such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met.

U.S. trade or business income of a Non-U.S. Holder will generally be subject to regular United States federal income tax in the same manner as if it were realized by a U.S. Holder. Non-U.S. Holders that realize U.S. trade or business income with respect to the notes should consult their tax advisors as to the treatment of such income or gain. In addition, U.S. trade or business income of a Non-U.S. Holder that is a corporation may be subject to a branch profits tax equal to 30% (or such lower tax rate provided by an applicable treaty).

#### BACKUP WITHHOLDING AND INFORMATION REPORTING

##### U.S. HOLDERS

Payments of interest made by us on, or the proceeds of the sale or other disposition of, the notes will generally be subject to information reporting. Additionally, United States federal backup withholding tax will apply if the recipient of such payment fails to supply an accurate taxpayer identification number or otherwise fails to comply with applicable United States information reporting or certification requirements. Any amount withheld from a payment to a U.S. Holder under the backup withholding rules is allowable as a credit against the holder's United States federal income tax, if any, or will be otherwise refundable, provided that the required information is furnished to the IRS in a timely manner.

##### NON-U.S. HOLDERS

Generally, we must report annually to the IRS and to each Non-U.S. Holder the amount of each payment of interest and the amount of tax, if any, that is withheld with respect to such payments. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides.

Generally, information reporting and backup withholding of United States federal income tax at the applicable rate may apply to payments made by us or our agent to a Non-U.S. Holder if such holder fails to

make the appropriate certification that the holder is a non-U.S. person or if we or our agent has actual knowledge or reason to know that the payee is a United States person.

Payments of the proceeds of the sale of a note to or through a foreign office of a U.S. broker or of a foreign broker that is a "controlled foreign corporation" within the meaning of the Code, a foreign person, 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with the conduct of a trade or business within the United States, or, in certain cases, a foreign partnership will be subject to information reporting requirements, but not backup withholding, unless the payee is an exempt recipient or such broker has evidence in its records that the payee is a Non-U.S. Holder. Both backup withholding and information reporting will apply to the proceeds of such dispositions if the broker has actual knowledge or reason to know that the payee is a U.S. Holder.

Payments of the proceeds of a sale of a note to or through the United States office of a broker will be subject to information reporting and possible backup withholding unless the payee certifies under penalties of perjury as to his or her status as a Non-U.S. Holder and satisfies certain other qualifications (and no agent of the broker who is responsible for receiving or reviewing such statement has actual knowledge or reason to know that it is incorrect) and provides his or her name and address or the payee otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder of a note will be allowed as a credit against such holder's United States federal income tax, if any, or will be otherwise refundable, provided that the required information is furnished to the IRS in a timely manner.

THE PRECEDING DISCUSSION OF CERTAIN UNITED STATES FEDERAL INCOME CONSEQUENCES IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. ACCORDINGLY, YOU SHOULD CONSULT YOUR OWN TAX ADVISER AS TO PARTICULAR TAX CONSEQUENCES TO YOU OF PURCHASING, HOLDING AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY PROPOSED CHANGES IN APPLICABLE LAWS.

## CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the acquisition and/or holding of the new notes by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "Similar Laws"), and entities whose underlying assets are considered to include "assets" of such plans, accounts and arrangements (each, a "Plan").

### GENERAL FIDUCIARY MATTERS

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation with respect to the assets of an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the new notes with the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

### PROHIBITED TRANSACTION ISSUES

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities that are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of new notes by (or with the assets of) an ERISA Plan with respect to which Halliburton is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the United States Department of Labor has issued prohibited transaction class exemptions, or PTCEs, that may apply to the acquisition and holding of the new notes. These class exemptions include, without limitation, PTCE 75-1 respecting transactions with broker-dealer parties in interest acting as principals or agents, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers, although there can be no assurance that all of the conditions of any such exemptions will be satisfied.

Governmental plans and certain church plans and non-U.S. plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to Similar Laws.

Because of the foregoing, the new notes should not be acquired or held by any person investing assets of any Plan, unless such acquisition and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or a violation of any applicable Similar Laws.

## REPRESENTATION

Accordingly, by acceptance of any new notes (or any interest therein), each holder and subsequent transferee of the new notes will be deemed to have represented and warranted that either (1) no portion of the assets used by such holder or transferee to acquire and hold the new notes (or any interest therein) constitutes assets of any Plan or (2) the acquisition and holding of the new notes by such holder or transferee or the redemption of the new notes by Halliburton will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the new notes.

## PLAN OF DISTRIBUTION

Based on interpretations by the staff of the SEC in no action letters issued to third parties, we believe that you may transfer new notes issued under the exchange offer in exchange for the outstanding notes if:

- you acquire the new notes in the ordinary course of your business; and
- you are not engaged in, and do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of new notes.

Broker-dealers receiving new notes in the exchange offer will be subject to a prospectus delivery requirement with respect to resales of the new notes.

We believe that you may not transfer new notes issued under the exchange offer in exchange for the outstanding notes if you are:

- our "affiliate" within the meaning of Rule 405 under the Securities Act;
- a broker-dealer that acquired outstanding notes directly from us; or
- a broker-dealer that acquired outstanding notes as a result of market-making or other trading activities without compliance with the registration and prospectus delivery provisions of the Securities Act.

To date, the staff of the SEC has taken the position that participating broker-dealers may fulfill their prospectus delivery requirements with respect to transactions involving an exchange of securities such as this exchange offer, other than a resale of an unsold allotment from the original sale of the outstanding notes, with the prospectus contained in the exchange offer registration statement. In the registration rights agreement, we have agreed to permit participating broker-dealers to use this prospectus in connection with the resale of new notes. We have agreed that, for a period of up to 180 days after the closing of the exchange offer, we will make this prospectus, and any amendment or supplement to this prospectus, available to any broker-dealer that requests these documents in the letter of transmittal. In addition, until , 2004 all dealers effecting transactions in the new notes may be required to deliver a prospectus.

If you wish to exchange your outstanding notes for new notes in the exchange offer, you will be required to make representations to us as described in "The Exchange Offer -- Purpose and Effect of the Exchange Offer" and "The Exchange Offer -- Your Representations to Us" of this prospectus and in the letter of transmittal. In addition, if you are a broker-dealer who receives new notes in exchange for outstanding notes that you acquired for your own account as a result of market-making activities or other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale by you of new notes.

We will not receive any proceeds from sale of new notes by broker-dealers. Broker-dealers who receive new notes for their own account in the exchange offer may sell them from time to time in one or more transactions either:

- in the over-the-counter market;
- in negotiated transactions;
- through the writing of options on the new notes;
- at market prices or negotiated prices; or
- a combination of methods of resale

The prices at which these sales occur may be:

- at market prices prevailing at the time of resale;
- at prices related to prevailing market prices; or
- at negotiated prices.



Any resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any broker-dealer or the purchasers of any new notes. Any broker-dealer that resells new notes it received for its own account in the exchange offer and any broker or dealer that participates in a distribution of new notes may be deemed to be an "underwriter" within the meaning of the Securities Act. Any profit on any resale of new notes and any commissions or concessions received by any persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivery a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning the Securities Act.

We have agreed to pay all expenses incidental to the exchange offer other than commissions and concessions of any broker or dealers. We will indemnify holders of the outstanding notes, including any broker-dealers, against some liabilities, including liabilities under the Securities Act, as provided in the registration rights agreement.

#### TRANSFER RESTRICTIONS ON OUTSTANDING NOTES

The outstanding notes were not registered under the Securities Act. Accordingly, we offered and sold the outstanding notes only in private sales exempt from or not subject to the registration requirements of the Securities Act to "qualified institutional buyers" under Rule 144A under the Securities Act and outside the United States in accordance with Regulation S under the Securities Act. You may not offer or sell those outstanding notes in the United States or to, or for the account or benefit of, U.S. persons except in transactions exempt from or not subject to the Securities Act registration requirements.

#### LEGAL MATTERS

Baker Botts L.L.P., Houston, Texas, our outside counsel, will issue opinions about certain legal matters in connection with this offering of new notes.

#### EXPERTS

The consolidated financial statements of Halliburton Company as of December 31, 2002 and for the year then ended, have been incorporated by reference in this prospectus in reliance on the report of KPMG LLP, independent accountants, included in our Current Report on Form 8-K filed on October 28, 2003 incorporated by reference herein, and upon the authority of such firm as experts in accounting and auditing.

The audit report covering the consolidated financial statements as of and for the year ended December 31, 2002 and included in the Current Report on Form 8-K filed on October 28, 2003 refers to a change in the composition of Halliburton's reportable business segments in 2003. The amounts in the 2002, 2001 and 2000 consolidated financial statements related to reportable business segments have been restated to conform to the 2003 composition of reportable segments.

#### CHANGE IN INDEPENDENT AUDITORS

The consolidated financial statements of Halliburton for December 31, 2001 and 2000 incorporated by reference in this prospectus were audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto.

On April 17, 2002, we dismissed Arthur Andersen LLP as our independent auditors and engaged KPMG LLP to serve as our independent auditors for the year ended December 31, 2002. The Arthur Andersen dismissal and the KPMG LLP engagement were approved by our Board of Directors upon the recommendation of our audit committee.

Arthur Andersen's reports on our consolidated financial statements for the year ended December 31, 2001 did not contain an adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal year ended December 31, 2001 and through April 17, 2002, there were no disagreements with Arthur Andersen on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which if not resolved to Arthur Andersen's satisfaction would have caused Arthur Andersen to make a reference to the subject matter in connection with Arthur Andersen's report.

Arthur Andersen ceased to practice before the SEC effective August 31, 2002. Because of Arthur Andersen's current financial position, you may not be able to recover against Arthur Andersen for any claims you may have under securities or other laws as a result of Arthur Andersen's activities during the period in which it acted as our independent public accountants.

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\$500,000,000

HALLIBURTON COMPANY

SENIOR NOTES DUE JANUARY 26, 2007

(HALLIBURTON COMPANY LOGO)

-----  
PROSPECTUS

-----  
, 2004  
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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the General Corporation Law of the State of Delaware or DGCL, provides that a Delaware corporation has the power, under specified circumstances, to indemnify its directors, officers, employees, and agents. Indemnification is allowed in connection with threatened, pending, or completed actions, suits, or proceedings, whether civil, criminal, administrative, or investigative, other than an action by or in right of the corporation, brought against them by reason of the fact that they were or are directors, officers, employees, or agents, for:

- expenses, judgments, and fines; and
- amounts paid in settlement actually and reasonably incurred in any action, suit, or proceeding.

Article X of Halliburton's restated certificate of incorporation together with Section 47 of its by-laws provide for mandatory indemnification of each person who is or was made a party to any actual or threatened civil, criminal, administrative, or investigative action, suit, or proceeding because:

- the person is or was an officer or director of the registrant; or
- is a person who is or was serving at the request of Halliburton as a director, officer, employee, or agent of another corporation or of a partnership, joint venture, trust, or other enterprise,

to the fullest extent permitted by the DGCL as it existed at the time the indemnification provisions of Halliburton's restated certificate of incorporation and the by-laws were adopted or as each may be amended. Section 47 of Halliburton's by-laws and Article X of its restated certificate of incorporation expressly provide that they are not the exclusive methods of indemnification.

Section 47 of the by-laws provides that Halliburton may maintain insurance, at its own expense, to protect itself and any director or officer of Halliburton or of another entity against any expense, liability, or loss. This insurance coverage may be maintained regardless of whether Halliburton would have the power to indemnify the person against the expense, liability, or loss under the DGCL.

Section 102(b)(7) of the DGCL provides that a certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. However, that provision shall not eliminate or limit the liability of a director:

- for any breach of the director's duty of loyalty to the corporation or its stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- under Section 174 of the DGCL, relating to liability for unauthorized acquisitions or redemptions of, or dividends on, capital stock; or
- for any transaction from which the director derived an improper personal benefit.

Article XV of Halliburton's restated certificate of incorporation contains this type of provision.

ITEM 21. EXHIBITS.

EXHIBIT NO.	DESCRIPTION
OF EXHIBIT -	-----
-----	-----
----- 3.1*	Restated
	Certificate
	of
	Incorporation
	of
	Halliburton
	Company
	filed with
	the
	Secretary of
	State of
	Delaware on
	July 23,
	1998
	(incorporated
	by reference
	to Exhibit
	3(a) to
	Halliburton's
	Form 10-Q

for the  
quarter  
ended June  
30, 1998,  
File No. 1-  
3492). 3.2\*  
By-laws of  
Halliburton  
revised  
effective  
February 12,  
2003  
(incorporated  
by reference  
to Exhibit  
3.2 to  
Halliburton's  
Form 10-K  
for the year  
ended  
December 31,  
2002, File  
No. 1-3492).

EXHIBIT NO.  
DESCRIPTION OF  
EXHIBIT - -----  
-----

----- 4.1\*  
Senior  
Indenture dated  
as of October  
17, 2003  
between  
Halliburton and  
JPMorgan Chase  
Bank, as  
Trustee  
(incorporated  
by reference to  
Exhibit 4.1 to  
Halliburton's  
Form 10-Q for  
the quarter  
ended September  
30, 2003, File  
No. 1-3492).

4.2 Third  
Supplemental  
Indenture dated  
as of January  
26, 2004  
between  
Halliburton and  
JPMorgan Chase  
Bank, as  
Trustee. 4.3  
Form of Senior  
Notes due 2007  
(included as  
Exhibit A to  
Exhibit 4.2  
above). 4.4  
Registration  
Rights

Agreement dated  
as of January  
26, 2004 among  
Halliburton and  
J.P. Morgan  
Securities  
Inc., Citigroup  
Global Markets,  
Inc. and  
Goldman, Sachs  
& Co., as  
representatives  
of the several  
Purchasers  
named in  
Schedule I of  
the Purchase  
Agreement dated  
as of January  
21, 2004. 5.1

Opinion of  
Baker Botts  
L.L.P. Selected  
Material  
Contracts:  
10.1\* 3-Year  
Revolving  
Credit  
Agreement,  
dated as of  
October 31,  
2003, among  
Halliburton,  
the Banks party  
thereto,  
Citicorp North  
America, Inc.,  
as  
Administrative  
Agent, JPMorgan  
Chase Bank, as  
Syndication  
Agent, and ABN  
AMRO Bank N.V.,  
as  
Documentation  
Agent  
(incorporated  
by reference to  
Exhibit 10.2 to  
Halliburton's  
Form 10-Q for  
the quarter

ended September 30, 2003, File No. 1-3492).  
10.2\* Master Letter of Credit Facility Agreement, dated as of October 31, 2003, among Halliburton, Kellogg Brown & Root, Inc., and DII Industries, LLC, as Account Parties, the Banks party thereto, Citicorp North America, Inc., as Administrative Agent, JPMorgan Chase Bank, as Syndication Agent, and ABN AMRO Bank N.V., as Documentation Agent (incorporated by reference to Exhibit 10.3 to Halliburton's Form 10-Q for the quarter ended September 30, 2003, File No. 1-3492).  
10.3\* Senior Unsecured Credit Facility Agreement, dated as of November 4, 2003, among Halliburton, the Banks party thereto, Citicorp North America, Inc., as Administrative Agent, JPMorgan Chase Bank, as Syndication Agent, and ABN AMRO Bank N.V., as Documentation Agent (incorporated by reference to Exhibit 10.4 to Halliburton's Form 10-Q for the quarter ended September 30, 2003, File No. 1-3492).  
12.1 Statement of computation of ratio of earnings to fixed charges.  
23.1 Consent of KPMG LLP. 23.2 Consent of Baker Botts L.L.P. (included in Exhibit 5.1).  
24.1 Power of Attorney. 25.1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of the Trustee on Form T-1. 99.1 Form of Letter to DTC Participants for the Senior Notes due 2007.

99.2 Form of  
Letter to  
Clients for the  
Senior Notes  
due 2007. 99.3  
Form of Notice  
of Guaranteed  
Delivery for  
the Senior  
Notes due 2007.  
99.4 Form of  
Letter of  
Transmittal for  
the Senior  
Notes due 2007.

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\* Incorporated by reference as indicated.

ITEM 22. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any



deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) of the Securities Act of 1933 if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3 or Form S-8 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(d) The undersigned Registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(e) The undersigned Registrant hereby undertake to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Company has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on February 20, 2004.

HALLIBURTON COMPANY

By: /s/ David J. Lesar  
-----  
David J. Lesar  
Chairman of the Board, President and  
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated and on February 20, 2004.

/s/ David J. Lesar Chairman of the Board, President, Chief Executive  
----- Officer and Director (Principal Executive Officer)  
David J. Lesar

/s/ C. Christopher Gaut Executive Vice President and Chief Financial  
----- Officer  
C. Christopher Gaut (Principal Financial Officer)

/s/ Mark A. McCollum Senior Vice President and Chief Accounting Officer  
----- (Principal Accounting Officer)  
Mark A. McCollum

\* Director  
-----  
Robert L. Crandall

\* Director  
-----  
Kenneth T. Derr

\* Director  
-----  
Charles J. DiBona

\* Director  
-----  
W.R. Howell

\* Director  
-----  
Ray L. Hunt

\* Director  
-----  
Aylwin B. Lewis

\* Director  
-----  
J. Landis Martin

\* Director  
-----  
Jay A. Precourt

\* Director  
-----  
Debra L. Reed

\* Director  
-----  
C.J. Silas

\*By: /s/ Margaret E. Carriere  
-----  
Margaret E. Carriere  
Attorney-in-Fact

INDEX TO EXHIBITS

EXHIBIT NO.  
DESCRIPTION OF  
EXHIBIT - -----  
----- 3.1\*  
Restated  
Certificate of  
Incorporation  
of Halliburton  
Company filed  
with the  
Secretary of  
State of  
Delaware on  
July 23, 1998  
(incorporated  
by reference to  
Exhibit 3(a) to  
Halliburton's  
Form 10-Q for  
the quarter  
ended June 30,  
1998, File No.  
1-3492). 3.2\*  
By-laws of  
Halliburton  
revised  
effective  
February 12,  
2003  
(incorporated  
by reference to  
Exhibit 3.2 to  
Halliburton's  
Form 10-K for  
the year ended  
December 31,  
2002, File No.  
1-3492). 4.1\*  
Senior  
Indenture dated  
as of October  
17, 2003  
between  
Halliburton and  
JPMorgan Chase  
Bank, as  
Trustee  
(incorporated  
by reference to  
Exhibit 4.1 to  
Halliburton's  
Form 10-Q for  
the quarter  
ended September  
30, 2003, File  
No. 1-3492).  
4.2 Third  
Supplemental  
Indenture dated  
as of January  
26, 2004  
between  
Halliburton and  
JPMorgan Chase  
Bank, as  
Trustee. 4.3  
Form of Senior  
Notes due 2007  
(included as  
Exhibit A to  
Exhibit 4.2  
above). 4.4  
Registration  
Rights  
Agreement dated  
as of January  
26, 2004 among  
Halliburton and  
J.P. Morgan  
Securities  
Inc., Citigroup  
Global Markets,  
Inc. and  
Goldman, Sachs  
& Co., as  
representatives  
of the several  
Purchasers  
named in  
Schedule I of  
the Purchase

Agreement dated  
as of January  
21, 2004. 5.1  
Opinion of  
Baker Botts  
L.L.P. Selected  
Material  
Contracts:  
10.1\* 3-Year  
Revolving  
Credit  
Agreement,  
dated as of  
October 31,  
2003, among  
Halliburton,  
the Banks party  
thereto,  
Citicorp North  
America, Inc.,  
as  
Administrative  
Agent, JPMorgan  
Chase Bank, as  
Syndication  
Agent, and ABN  
AMRO Bank N.V.,  
as  
Documentation  
Agent  
(incorporated  
by reference to  
Exhibit 10.2 to  
Halliburton's  
Form 10-Q for  
the quarter  
ended September  
30, 2003, File  
No. 1-3492).  
10.2\* Master  
Letter of  
Credit Facility  
Agreement,  
dated as of  
October 31,  
2003, among  
Halliburton,  
Kellogg Brown &  
Root, Inc., and  
DII Industries,  
LLC, as Account  
Parties, the  
Banks party  
thereto,  
Citicorp North  
America, Inc.,  
as  
Administrative  
Agent, JPMorgan  
Chase Bank, as  
Syndication  
Agent, and ABN  
AMRO Bank N.V.,  
as  
Documentation  
Agent  
(incorporated  
by reference to  
Exhibit 10.3 to  
Halliburton's  
Form 10-Q for  
the quarter  
ended September  
30, 2003, File  
No. 1-3492).  
10.3\* Senior  
Unsecured  
Credit Facility  
Agreement,  
dated as of  
November 4,  
2003, among  
Halliburton,  
the Banks party  
thereto,  
Citicorp North  
America, Inc.,  
as  
Administrative  
Agent, JPMorgan  
Chase Bank, as  
Syndication  
Agent, and ABN  
AMRO Bank N.V.,  
as  
Documentation  
Agent

(incorporated by reference to Exhibit 10.4 to Halliburton's Form 10-Q for the quarter ended September 30, 2003, File No. 1-3492).  
12.1 Statement of computation of ratio of earnings to fixed charges.  
23.1 Consent of KPMG LLP. 23.2 Consent of Baker Botts L.L.P.  
(included in Exhibit 5.1).  
24.1 Power of Attorney. 25.1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of the Trustee on Form T-1. 99.1 Form of Letter to DTC Participants for the Senior Notes due 2007.  
99.2 Form of Letter to Clients for the Senior Notes due 2007. 99.3 Form of Notice of Guaranteed Delivery for the Senior Notes due 2007.  
99.4 Form of Letter of Transmittal for the Senior Notes due 2007.

- -----

\* Incorporated by reference as indicated.

HALLIBURTON COMPANY

as Issuer

and

JPMORGAN CHASE BANK

as Trustee

-----

THIRD SUPPLEMENTAL INDENTURE

Dated as of January 26, 2004

-----

\$500,000,000 Senior Notes due January 26, 2007

THIRD SUPPLEMENTAL INDENTURE dated as of January 26, 2004 between Halliburton Company, a Delaware corporation (the "Company"), and JPMorgan Chase Bank, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the Company has heretofore entered into an Indenture, dated as of October 17, 2003 (the "Original Indenture"), with the Trustee, as supplemented by a First Supplemental Indenture, dated as of October 17, 2003 (the "First Supplemental Indenture"), and a Second Supplemental Indenture, dated as of December 15, 2003 (together with the First Supplemental Indenture, the "Supplemental Indentures");

WHEREAS, the Original Indenture is incorporated herein by this reference and the Original Indenture, as supplemented by the Supplemental Indentures and this Third Supplemental Indenture, is herein called the "Indenture";

WHEREAS, under the Original Indenture, a new series of Securities may at any time be established pursuant to a supplemental indenture executed by the Company and the Trustee;

WHEREAS, the Company desires to issue \$500,000,000 aggregate principal amount of Notes (as defined below), which will be a new series of Securities under the Indenture; and

WHEREAS, all conditions necessary to authorize the execution and delivery of this Third Supplemental Indenture and to make it a valid and binding obligation of the Company have been done or performed.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree to the following provisions:

Capitalized terms used but not defined herein have the meanings ascribed thereto in the Original Indenture.

ARTICLE I  
THE NOTES

SECTION 1.01 Establishment and Terms

There is hereby established a new series of Securities to be issued under the Indenture, to be designated as the Company's Senior Notes due 2007 (the "Notes"). The Notes are being sold initially by the Company pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Act").

The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is unlimited. The Notes that are to be authenticated and delivered on the

date hereof (the "Initial Notes") will be in an aggregate principal amount of \$500,000,000. The Notes shall be issued in definitive fully registered form without coupons.

With respect to any additional Notes the Company elects to issue under this Indenture (the "Additional Notes"), the Company shall set forth in an Officer's Certificate the following information:

- (i) the aggregate principal amount of such Additional Notes to be authenticated and delivered pursuant to this Indenture;
- (ii) the issue price and the issue date of such Additional Notes, including the date from which interest shall accrue; and
- (iii) whether such Additional Notes shall be a Note that constitutes a "restricted security" within the meaning of Rule 144(a)(3) of the Securities Act (a "Restricted Note") or a Note that is not a Restricted Note (an "Unrestricted Note"); provided, however, that the Trustee shall be entitled to request and conclusively rely on an opinion of counsel with respect to whether any Note constitutes a Restricted Note.

For purposes of the Indenture, Notes will not be deemed to be Additional Notes unless the maturity date, Interest Payment Dates, record date and interest rate are identical to the Initial Notes. The Initial Notes and the Additional Notes shall be considered collectively as a single class for all purposes of this Indenture. Holders of the Initial Notes and the Additional Notes will vote and consent together on all matters to which such Holders are entitled to vote or consent as one class, and none of the Holders of the Initial Notes or the Additional Notes shall have the right to vote or consent as a separate class on any matter to which such Holders are entitled to vote or consent.

The Notes shall be issued in the form of one or more Global Securities in substantially the form set out in Exhibit A and as further provided in Article II. The initial Depository with respect to the Notes shall be The Depository Trust Company ("DTC").

All payments of principal, premium (if any) and interest on the Notes shall be made in accordance with Sections 2.14 and 4.01 of the Original Indenture. No Additional Amounts will be payable on the Notes.

SECTION 1.02 Maturity, Payment of Principal and Interest. The Notes will mature on January 26, 2007. The Notes will bear interest for each Interest Period at a rate determined by the Calculation Agent. The interest rate on the Notes for a particular Interest Period will be a per annum rate equal to the Three-Month LIBOR Rate, as determined on the Interest Determination Date, plus 0.75%, for each interest period. The Interest Periods with respect to the Notes are: January 27 through April 26; April 27 through July 26; July 27 through October 26; and October 27 through January 26, except that the first Interest Period with respect to the Initial Notes will be from January 26, 2004 through April 26, 2004. The Interest Determination Date with respect to the Notes will be the second London Business Day preceding the commencement of an Interest Period, except that the Interest Determination Date for the first Interest Period with respect to the Initial Notes will be January 22, 2004. Interest will be



calculated on the basis of the actual number of days in an interest period and a 360-day year. Dollar amounts resulting from such calculation will be rounded down to the nearest cent, with one-half cent being rounded upward. The interest rate for the first Interest Period with respect to the Initial Notes is 1.87%.

The Interest Payment Dates with respect to the Notes will be January 26, April 26, July 26 and October 26 of each year. The first Interest Payment Date with respect to the Initial Notes will be April 26, 2004. Interest shall be paid to the Person in whose name the applicable Note is registered at the close of business on January 1, in the case of a January 26 Interest Payment Date, April 1, in the case of a April 26 Interest Payment Date, July 1, in the case of a July 26 Interest Payment Date and October 1, in the case of an October 26 Interest Payment Date. Interest on the Initial Notes will accrue from January 26, 2004, or from the most recent Interest Payment Date to which interest has been paid or duly provided for.

The following definitions are used in the calculation of the interest rate:

"Three-Month LIBOR Rate" means the rate for deposits in amounts of at least \$1,000,000 U.S. dollars for the 3-month period commencing on the applicable Interest Determination Date which appears on Telerate Page 3750 at approximately 11:00 a.m., London time, on the second London banking day prior to the applicable Interest Reset Date. If Telerate page 3750 is replaced by another service or ceases to exist, the Calculation Agent (after consultation with the Company) will use the replacing service or such other service that may be nominated by the British Bankers' Association for the purpose of displaying such rate for U.S. dollar deposits. If this rate does not appear on Telerate Page 3750 at approximately 11:00 a.m London time, on the second London banking day prior to the applicable Interest Reset Date, the Calculation Agent will determine the rate on the basis of the rates at which deposits in U.S. dollars are offered by four major banks in the London interbank market (selected by the Calculation Agent) to prime banks in the London interbank market for a period of three months commencing on that Interest Determination Date and in a principal amount equal to an amount not less than \$1,000,000 that is representative for a single transaction in such market at such time. In such case, the Calculation Agent will request the principal London office of each of the aforesaid major banks to provide a quotation of such rate. If at least two such quotations are provided, the rate for that Interest Determination Date will be the arithmetic average of the quotations, and, if fewer than two quotations are provided as requested, the Calculation Agent will select three major banks in The City of New York to provide a quotation of the rate offered by them at approximately 11:00 a.m., New York City time, on the Interest Determination Date for loans in U.S. dollars to leading European banks for a period of three months commencing on that Interest Determination Date and in a principal amount equal to an amount not less than \$1,000,000 that is representative of a single transaction in such market at such time. If three quotations are provided, the rate for that Interest Determination Date will be the arithmetic average of the three rates quoted; otherwise, the rate for that Interest Determination Date will be set equal to the rate of LIBOR for the then-current interest period.

A London banking day is any day in which dealings in U.S. dollars are transacted in the London interbank market.

"Telerate Page 3750" means the display page so designated on the Telerate Service (or such other page as may replace such page on that service for the purpose of displaying London interbank offered rates of major banks). The interest rate on the Notes will in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general application.

SECTION 1.03 Denominations. The Notes shall be issued in denominations of \$1,000 or any integral multiple thereof.

SECTION 1.04 No Sinking Fund. The Notes will not be subject to a sinking fund.

SECTION 1.05 Optional Redemption. At January 26, 2005 and at any Interest Payment Date thereafter, the Notes will be redeemable, in the Company's sole discretion, in whole or in part, in principal amounts of \$1,000 or any integral multiple of \$1,000 for an amount equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to the Redemption Date.

In the event of any such redemption, interest will accrue up to and including the Redemption Date. Unless there is a default in payment of the Redemption Price on and after the Redemption Date, interest will cease to accrue on the Notes or portions thereof called for redemption.

SECTION 1.06 Transfer Restrictions. The Notes shall be subject to the restrictions on transfer and exchange set forth in Section 2.01, which restrictions on transfer and exchange shall amend, supplement, modify or supersede those contained in Article II of the Original Indenture to the extent applicable.

SECTION 1.07 Paying Agent and Calculation Agent. The Company initially appoints the Trustee as Paying Agent and as Calculation Agent with respect to the Notes (the "Calculation Agent").

SECTION 1.08 Calculation of Interest Rate by the Calculation Agent. The Calculation Agent will calculate the interest rate applicable to the Notes for each Interest Period in accordance with the provisions of this Article I. Promptly upon determination, the Calculation Agent will inform the Trustee and the Company of the interest rate for the next Interest Period. Absent manifest error, the determination of the interest rate by the Calculation Agent shall be binding and conclusive on all Holders of Notes, the Trustee and the Company. Upon request by any Holder of Notes, the Calculation Agent will provide notice of the interest rate in effect on the Notes for the then-current Interest Period and, if it has been determined, the interest rate to be in effect for the next succeeding Interest Period.

ARTICLE II  
RESTRICTIONS ON TRANSFER AND EXCHANGE OF NOTES

SECTION 2.01 Form; Restrictions on Transfer and Exchange.

The Initial Notes are being offered and sold by the Company pursuant to a Purchase Agreement, dated January 21, 2004, among the Company, Citigroup Global Markets

Inc., Goldman, Sachs & Co., J.P. Morgan Securities Inc. and the other initial purchasers named therein. The Initial Notes and any Additional Notes (if issued with transfer restrictions) (the "Restricted Notes") will be resold initially only to (A) qualified institutional buyers (as defined in Rule 144A under the Act ("Rule 144A")) in reliance on Rule 144A ("QIBs") and (B) Persons other than U.S. Persons (as defined in Regulation S under the Act ("Regulation S")) in reliance on Regulation S. Such Restricted Notes may thereafter be transferred to, among others, QIBs, purchasers in reliance on Regulation S and institutional "accredited investors" (as defined in Rules 501(a)(1), (2), (3) and (7) under the Securities Act) who are not QIBs ("IAIs") in accordance with Rule 501 of the Securities Act in accordance with the procedure described herein.

Restricted Notes offered and sold to qualified institutional buyers in the United States of America in reliance on Rule 144A shall be issued in the form of a permanent Global Security, without interest coupons, substantially in the form of Exhibit A (the "Rule 144A Securities"), deposited with the Trustee, as custodian for DTC, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Rule 144A Securities may be represented by more than one certificate, if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Rule 144A Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC or its nominee, as hereinafter provided.

Initial Notes and Additional Notes offered and sold outside the United States of America (the "Regulation S Notes") in reliance on Regulation S shall be issued in the form of a permanent Global Security, without interest coupons, substantially in the form of Exhibit A (the "Regulation S Global Securities"), deposited with the Trustee, as custodian for DTC, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Regulation S Global Note may be represented by more than one certificate, if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Regulation S Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC or its nominee, as hereinafter provided.

Each Regulation S Global Note will be deposited with, or on behalf of, a custodian for DTC for credit to the respective accounts of the purchasers (or to such other accounts as they may direct) on behalf of the Euroclear S.A. N.V., as operator of the Euroclear System ("Euroclear") or Clearstream Banking, societe anonyme ("Clearstream"). Prior to the 40th day after the later of the commencement of the offering of the Notes and January 26, 2004 (such period through and including such 40th day, the "Restricted Period"), interests in the Regulation S Temporary Global Notes may only be held through Euroclear or Cedel (as indirect participants in DTC) unless exchanged for interests in the Rule 144A Securities.

Initial Notes and Additional Notes resold to IAIs (the "Institutional Accredited Investor Notes") in the United States of America shall be issued in the form of a permanent Global Security, without interest coupons, substantially in the form of Exhibit A (the "Institutional Accredited Investor Global Security"), deposited with the Trustee, as custodian for DTC, duly executed by the Company and authenticated by the Trustee as hereinafter provided. A transfer of an Institutional Accredited Investor Note shall be made upon receipt by the Trustee

or its agent of a certificate substantially in the form set forth in Exhibit D from the proposed transferee and, if requested by the Company or the Trustee, the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them. The Institutional Accredited Investor Global Note may be represented by more than one certificate, if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Institutional Accredited Investor Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC or its nominee, as hereinafter provided.

Securities issued in exchange for interests in the Rule 144A Notes, the Regulation S Notes and the Institutional Accredited Investor Notes will be issued in the form of a permanent Global Security, without interest coupons, substantially in the form of Exhibit A, and deposited with the Trustee as hereinafter provided (the "Exchange Global Securities"). The Exchange Global Securities may be represented by more than one certificate, if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate.

Upon any sale or transfer of a Restricted Note (x) pursuant to Rule 144, (y) pursuant to an effective registration statement under the Securities Act or (z) pursuant to any other available exemption (other than Rule 144A) from the registration requirements of the Securities Act and as a result of which, in the case of a Security transferred pursuant to this clause (z), such Security shall cease to be a "restricted security" within the meaning of Rule 144, the Trustee shall permit the beneficial owner thereof to transfer such beneficial interest to a transferee who shall take such interest in the form of a beneficial interest in an unrestricted Global Security and shall rescind any restriction on transfer of such beneficial interest; provided, however, that the owner of such beneficial interest shall, in connection with such transfer, comply with the other applicable provisions of this Article II.

Upon the exchange, registration of transfer or replacement of Securities not bearing the legends with respect to restrictions on transfer set forth in Exhibit A, the Company shall execute and the Trustee shall authenticate and deliver Securities that do not bear such legend and which do not have a Assignment Form attached thereto.

The Securities may have notations, legends or endorsements required by law, stock exchange rule or usage, in addition to those set forth on Exhibit A. The Company and the Trustee shall approve the forms of the Securities and any notation, endorsement or legend on them. Each Security shall be dated the date of its authentication. The terms of the Securities set forth in Exhibit A are part of the terms of this Indenture and, to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to be bound by such terms.

SECTION 2.02 Exchanges Among the Global Notes. Transfers by an owner of a beneficial interest in a Rule 144A Security to a transferee who takes delivery of such interest through a Regulation S Global Note, whether before or after the expiration of the Restricted Period, will be made only upon receipt by the Trustee of a certification from the transferor substantially in the form of Exhibit B.

Prior to the expiration of the Restricted Period, transfers by an owner of a beneficial interest in a Regulation S Global Note to a transferee who takes delivery of such interest through the applicable Rule 144A Security will be made only in accordance with applicable procedures and upon receipt by the Trustee of a written certification from the transferor of the beneficial interest substantially in the form of Exhibit C.

ARTICLE III  
MISCELLANEOUS

SECTION 3.01 Trustee Matters. The recitals in this Third Supplemental Indenture are made by the Company only and not by the Trustee, and all of the provisions contained in the Original Indenture in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of the Securities and of this Third Supplemental Indenture as fully and with like effect as if set forth herein in full.

SECTION 3.02 Ratification. The Original Indenture is in all respects ratified and confirmed, and the Original Indenture and this Third Supplemental Indenture shall be read, taken and construed as one and the same instrument; provided that, in case of conflict between this Third Supplemental Indenture and the Original Indenture, this Third Supplemental Indenture shall control.

SECTION 3.03 Counterpart Originals. This Third Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

SECTION 3.04 Performance by DTC, Euroclear or Cedel. Neither the Company nor the Trustee will have any responsibility for the performance of DTC, Euroclear or Cedel, or any of their participants, direct or indirect, of their respective obligations under the rules and procedures governing their operations.

SECTION 3.05 Effect of Headings. The Article and Section headings herein have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 3.06 Governing Law. This Third Supplemental Indenture and the Notes shall be governed by and construed in accordance with the law of the State of New York.

SECTION 3.07 Provisions for the Sole Benefit of Parties and Holders. Nothing in the Indenture, as supplemented, amended and modified by this Third Supplemental Indenture, or in the Notes, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Company, the Trustee, the Paying Agent, the Calculation Agent and the registered owners of the Notes, any legal or equitable right,

remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in the Indenture contained by and on behalf of the Company shall be for the sole and exclusive benefit of the Company, the Trustee, the Paying Agent, the Calculation Agent and the registered owners of the Notes.

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed as of the day and year first above written.

HALLIBURTON COMPANY, as Issuer

By: /s/ C. Christopher Gaut

-----  
Name: C. Christopher Gaut  
Title: Executive Vice President  
and Chief Financial Officer

JPMORGAN CHASE BANK, as Trustee

By: /s/ Frank W. McCreary

-----  
Name: Frank W. McCreary  
Title: Trust Officer

EXHIBIT A  
FORM OF NOTE

[FACE OF SECURITY]

[Global Note]  
[Certificated Note]

[THIS GLOBAL NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). NEITHER THIS TEMPORARY GLOBAL NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD, OR DELIVERED, EXCEPT AS PERMITTED BELOW.

NO BENEFICIAL OWNERS OF THIS TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF PRINCIPAL OR INTEREST HEREON UNLESS THE REQUIRED CERTIFICATIONS HAVE BEEN DELIVERED PURSUANT TO THE TERMS OF THE INDENTURE (AS DEFINED HEREAFTER).](1)

[UNTIL THIS SECURITY IS SOLD PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT, IT SHALL BEAR THE FOLLOWING LEGEND:]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THESE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT or outside the United States in compliance with Regulation S of the Securities Act, and, in each case, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE

- - - - -

(1) To be included in a Regulation S Temporary Global Note.



ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

THIS SECURITY AND ANY RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED BY THE ACCEPTANCE OF THIS SECURITY TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

[IF THIS SECURITY HAS BEEN TRANSFERRED PURSUANT TO REGULATION S, IT SHALL BEAR THE FOLLOWING LEGEND:]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE.

BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"), (2) BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) (THE "RESALE RESTRICTION TERMINATION DATE"), ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S, (E) TO AN

INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A TRANSACTION INVOLVING A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF \$250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSE (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (ii) IN THE CASE OF THE FOREGOING CLAUSE (E), A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE COMPANY AND THE TRUSTEE. THIS LEGEND WILL BE REMOVED AFTER 40 CONSECUTIVE DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DAY ON WHICH THE SECURITIES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S) AND (B) THE DATE OF THE CLOSING OF THE ORIGINAL OFFERING. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

BY ITS ACQUISITION OF THIS SECURITY THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (I) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE AND HOLD THIS SECURITY CONSTITUTES THE ASSETS OF AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OF PLANS, INDIVIDUAL RETIREMENT ACCOUNTS OR OTHER ARRANGEMENTS THAT ARE SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS"), OR OF AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF SUCH PLANS, ACCOUNTS OR ARRANGEMENTS, OR (II) THE PURCHASE AND HOLDING OF THIS SECURITY WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

THIS SECURITY AND ANY RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED BY THE ACCEPTANCE OF THIS SECURITY TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

[IF THIS SECURITY IS TO BE A GLOBAL NOTE, IT SHALL BEAR THE FOLLOWING LEGEND:]

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

[FOR AS LONG AS THIS GLOBAL SECURITY IS DEPOSITED WITH OR ON BEHALF OF THE DEPOSITARY TRUST COMPANY IT SHALL BEAR THE FOLLOWING LEGEND:]

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO HALLIBURTON COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

HALLIBURTON COMPANY  
SENIOR NOTES due 2007

No. \_\_\_\_

CUSIP No. \_\_\_\_\_  
\$

Halliburton Company, a Delaware corporation (the "Issuer"), for value received promises to pay to \_\_\_\_\_ or registered assigns, the principal sum of \_\_\_\_\_ Dollars[, or such greater or lesser amount as indicated on the Schedule I hereto,](2) on January 26, 2007.

Interest Payment

Dates: January 26, April 26, July 26 and October 26

Record Dates: January 1, April 1, July 1 and October 1

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Issuer has caused this Security to be signed manually or by facsimile by its duly authorized officers.

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

HALLIBURTON COMPANY

By: \_\_\_\_\_

Name:  
Title:

By: \_\_\_\_\_

Name:  
Title:

Certificate of Authentication:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

JPMORGAN CHASE BANK, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

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

- - - - -

(2) To be included in any Global Note.

[REVERSE OF SECURITY]

HALLIBURTON COMPANY

Senior Notes due 2007

This Security is one of a duly authorized issue of Senior Notes Due 2007 (the "Securities") of Halliburton Company, a Delaware corporation (the "Issuer"). The Issuer issued the Securities under an Indenture dated as of October 17, 2003 between the Issuer and the Trustee, as supplemented by the Third Supplemental Indenture dated as of January 26, 2004 (the "Indenture"). Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Indenture.

1. Interest. The Issuer promises to pay interest on the principal amount of this Security from January 26, 2004 until maturity. The Securities shall bear interest at the Three-Month LIBOR Rate, as determined by the Calculation Agent on each Interest Determination Date, plus 0.75%, for each Interest Period, until paid or duly provided for. The Issuer will pay interest quarterly on January 26, April 26, July 26 and October 26 of each year, or, if any such day is not a Business Day, on the next succeeding Business Day; provided that if there is no existing Default in the payment of interest, and if this Security is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; provided, further, that the first Interest Payment Date shall be April 26, 2004. Interest on the Securities will accrue from the most recent Interest Payment Date on which interest has been paid or, if no interest has been paid, from January 26, 2004. The Three-Month LIBOR Rate will be reset quarterly on each Interest Determination Date. Interest payments for the Securities shall be computed and paid on the basis of a 360-day year and the actual number of days in each interest period.

2. Method of Payment. The Issuer will pay interest on the Securities (except defaulted interest) to the Persons who are registered Holders of Securities at the close of business on the record date next preceding the Interest Payment Date, even if such Securities are canceled after such record date and on or before such Interest Payment Date. The Holder must surrender this Security to a Paying Agent to collect principal payments. The Issuer will pay the principal of and interest on the Securities in money of the United States of America that at the time of payment is legal tender for payment of public and private debts. Such amounts shall be payable at the offices of the Trustee or any Paying Agent, provided that at the option of the Issuer, the Issuer may pay such amounts (1) by wire transfer with respect to Securities represented by a Global Note or (2) by check payable in such money mailed to a Holder's registered address with respect to any Securities.

3. Paying Agent, Calculation Agent and Registrar. Initially, JPMorgan Chase Bank (the "Trustee"), the Trustee under the Indenture, will act as Paying Agent and Registrar and as Calculation Agent. The Issuer may change any Paying Agent, Calculation Agent, Registrar, co-registrar, additional paying agent or calculation agent without notice to any Holder. The Issuer or any of the Issuer's subsidiaries may act in any such capacity.

4. Indenture. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbbb) (the "TIA"), as in effect on the date of execution of the Indenture.

The Securities are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of such terms. The Securities are unsecured senior obligations of the Issuer and rank equally with all of the Issuer's existing and future unsecured indebtedness. The Indenture provides for the issuance of other series of debt securities thereunder.

5. Denominations, Transfer, Exchange. The Securities are in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not exchange or register the transfer of any Securities during the period between a record date and the corresponding Interest Payment Date.

6. Optional Redemption. No sinking fund is provided for the Securities. At January 26, 2005 and at any Interest Payment Date thereafter, the Securities will be redeemable, in the Issuer's sole discretion, in whole or in part, in principal amounts of \$1,000 or any integral multiple of \$1,000 for an amount equal to 100% of the principal amount of the Security to be redeemed, plus accrued and unpaid interest to the Redemption Date. In the event of any such redemption, interest will accrue up to and including the Redemption Date. Unless there is a default in payment of the Redemption Price on and after the Redemption Date, interest will cease to accrue on the Security or portions thereof called for redemption. The Notes are not redeemable by the Issuer at any time.

7. Persons Deemed Owners. The registered Holder of a Security shall be treated as its owner for all purposes.

8. Amendments and Waivers. Subject to certain exceptions and limitations, the Indenture or the Securities may be amended or supplemented by the Issuer and the Trustee with the written consent (including consents obtained in connection with a tender offer or exchange offer for the Securities of any one or more series or all series or a solicitation of consents in respect of the Securities of any one or more series or all series, provided that in each case such offer or solicitation is made to all Holders of then outstanding Securities of each series (but the terms of such solicitation may vary from series to series)) of the Holders of at least a majority in principal amount of the then outstanding Securities of all series under the Indenture affected by such amendment or supplement (acting as one class), and any existing or past Default or Event of Default under, or compliance with any provision of, the Indenture may be waived (other than any continuing Default or Event of Default in the payment of the principal of, premium (if any) or interest on the Securities) by the Holders of at least a majority in principal amount of the then outstanding Securities of any series or of all series (acting as one class) in accordance with the terms of the Indenture. The Issuer and the Trustee may amend or supplement the Indenture or the Securities or waive any provision of either, to:

(1) cure any ambiguity, omission, defect or inconsistency;

(2) evidence the assumption by a Successor of the Issuer's obligations under the Indenture and the Securities;

(3) provide for uncertificated Securities in addition to or in place of certificated Securities or to provide for the issuance of bearer securities (with or without coupons);

(4) provide any security for the Securities or to add guaranties of, or additional obligors on, the Securities;

(5) comply with any requirement in order to effect or maintain the qualification of the Indenture under the TIA;

(6) add to the covenants of the Issuer for the benefit of the Holders of the Securities, or to surrender any right or power conferred by the Indenture upon the Issuer;

(7) add any additional Events of Default with respect to the Securities;

(8) change or eliminate any of the provisions of the Indenture, provided that any such change or elimination shall become effective only when there are no outstanding Securities of any series that are adversely affected in any material respect by such changes in or elimination of such provisions;

(9) establish the form or terms of securities of any series as permitted by the Indenture;

(10) supplement any of the provisions of the Indenture to such extent as shall be necessary to permit or facilitate the defeasance and discharge of the Securities pursuant to the Indenture, provided that any such action shall not adversely affect the interest of the Holders of the Securities of any series in any material respect;

(11) evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts thereunder by more than one Trustee, pursuant to the requirements of the Indenture; or

(12) make any other change that does not adversely affect the rights of any Holder of any series of Securities under the Indenture.

The right of any Holder to participate in any consent required or sought pursuant to any provision of the Indenture (and the obligation of the Issuer to obtain any such consent otherwise required from such Holder) may be subject to the requirement that such Holder shall have been the Holder of record of any Securities with respect to which such consent is required or sought as of a date fixed in accordance with the terms of the Indenture.

Without the consent of each Holder affected, the Issuer may not:

(1) reduce the amount of Securities whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the rate of or change the time for payment of interest, including default interest, on any Security;

(3) change the Stated Maturity of any Security;

(4) change the coin or currency or currencies (including composite currencies) in which any Security or any premium or interest with respect thereto are payable;

(5) impair the right to institute suit for the enforcement of any payment of principal of, premium (if any) or interest on any Security pursuant to Sections 6.07 and 6.08 of the Indenture, except as limited by Section 6.06 of the Indenture;

(6) make any change in the percentage of principal amount of Securities necessary to waive compliance with certain provisions of the Indenture pursuant to Section 6.04 or 6.07 of the Indenture or make any change in Section 9.02(8) of the Indenture; or

(7) waive a continuing Default or Event of Default in the payment of principal of, premium (if any) or interest on the Securities.

A supplemental indenture that changes or eliminates any covenant or other provision of the Indenture which has expressly been included solely for the benefit of one or more particular series of Securities under the Indenture, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under the Indenture of the Holders of the Securities.

9. Defaults and Remedies. Events of Default are defined in the Indenture and with respect to the Securities generally include:

(1) default by the Issuer in the payment of any interest on the Securities when the same becomes due and payable and such default continues for a period of 30 days;

(2) default by the Issuer in any payment of principal of or premium (if any) on the Securities when the same becomes due and payable;

(3) default by the Issuer in observing or performing any of its other covenants or agreements in, or provisions of, the Securities or the Indenture which shall not have been remedied within 60 days after written notice to the Issuer by the Trustee or to the Issuer and Trustee by the holders of at least 25% in aggregate principal amount of the Securities then outstanding affected by such default;

(4) default by the Issuer on a scheduled payment at maturity, in the aggregate principal amount of \$125 million or more, after the expiration of any applicable grace period, of any Indebtedness or the acceleration of any Indebtedness of the Issuer in such aggregate principal amount, so that it becomes due and payable prior to the date on which it would otherwise have become due and payable and such payment default is not cured or such acceleration is not rescinded within 30 days after notice to the Issuer in accordance with the terms of the Indebtedness; or

(5) certain events involving bankruptcy, insolvency or reorganization affecting the Issuer.

If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the outstanding Securities affected by such default



(or, in the case of an Event of Default described in clause (5) above, if outstanding Securities of other series are affected by such Default, then at least 25% in principal amount of the then outstanding Securities so affected), may declare the principal of and interest on all the Securities to be immediately due and payable, except that in the case of an Event of Default arising from certain events of bankruptcy, insolvency or reorganization affecting the Issuer, all outstanding Securities become due and payable immediately without further action or notice by the Trustee or any Holder. The amount due and payable upon the acceleration of any Security is equal to 100% of the principal amount thereof plus accrued interest to the date of payment. Holders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Securities may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or may direct the Trustee in its exercise of any trust or power conferred on the Trustee. The Trustee may withhold from Holders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in their interests. The Issuer must furnish an annual compliance certificate to the Trustee.

10. Discharge Prior to Maturity. The Indenture with respect to the Securities shall be discharged and canceled upon the payment of all of the Securities issued thereunder and shall be discharged except for certain obligations upon the irrevocable deposit with the Trustee of funds or Government Obligations sufficient for such payment.

11. Trustee Dealings with the Issuer. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Issuer or its Affiliates, and may otherwise deal with the Issuer or its Affiliates, as if it were not Trustee.

12. No Recourse Against Others. A director, officer, employee or stockholder, as such, of the Issuer shall not have any liability for any obligations of the Issuer under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Securities.

13. Authentication. The Securities shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

14. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Securities as a convenience to the Holders of the Securities. No representation is made as to the accuracy of such numbers as printed on the Securities and reliance may be placed only on the other identification numbers printed thereon.

15. Indenture to Control; Governing Law. In the case of any conflict between the provisions of this Security and the Indenture, the provisions of the Indenture shall control. The Indenture and the Securities shall be governed by and construed under the laws of the State of New York.

16. Successor Person. When a Successor assumes all the obligations of its predecessor under the Securities and the Indenture in accordance with the terms and conditions

of the Indenture, the predecessor person will (except in certain circumstances specified in the Indenture) be released from those obligations.

17. Abbreviations and Definitions. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

The Issuer will furnish to any Holder upon written request and without charge a copy of the Indenture. Request may be made to:

Halliburton Company  
1401 McKinney, Suite 2400  
Houston, Texas 77010  
Telephone: (713) 759-2600  
Attention: General Counsel



ASSIGNMENT FORM

To assign this Security, fill in the form below: (I) or (we) assign and transfer this Security to

-----  
(Insert assignee's social security or tax I.D. number)  
-----

-----  
(Print or type assignee's name, address and zip code)  
-----

and irrevocably appoint

-----  
as agent to transfer this Security on the books of the Issuer. The agent may substitute another to act for him.

Date: \_\_\_\_\_ Your Signature: \_\_\_\_\_  
(Sign exactly as your name appears on the face of this Security)

Signature Guarantee: \_\_\_\_\_  
(Participant in a Recognized Signature Guaranty Medallion Program)

This assignment relates to \$\_\_\_\_\_ principal amount of Senior Notes due 2007 of Halliburton Company held in (5)\_\_\_\_\_ book-entry or (5) \_\_\_\_\_ definitive form by \_\_\_\_\_ (the "Transferor").

The Transferor has requested the Trustee by written order to exchange or register the transfer of a Note or Notes.

In connection with such request and in respect of each such Note, the Transferor does hereby certify that the Transferor is familiar with the Indenture, as supplemented, relating to the above-captioned Notes and that the transfer of this Note does not require registration under the Securities Act (as defined below) because:(5)

- Such Note is being acquired for the Transferor's own account without transfer.
- Such Note is being transferred to the Issuer.
- Such Note is being transferred pursuant to a registration statement that has been declared effective under the Securities Act of 1933, as amended (the "Securities Act").
- Such Note is being transferred to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act), in accordance with Rule 144A under the Securities Act.

-----  
(5) Fill in blank or check appropriate box, as applicable

Such Note is being transferred pursuant to an exemption from registration in accordance with Rule 904 of Regulation S under the Securities Act, based upon an opinion of counsel if the Issuer or the Trustee so requests, together with a certification in substantially the form of attached to the Indenture.

Such Note is being transferred to an institutional accredited investor (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act), that has furnished to the Trustee a signed letter containing certain representations and agreements as required by the Indenture.

Such Note is being transferred pursuant to another available exemption under the Securities Act.

-----  
[INSERT NAME OF TRANSFEROR]

By: \_\_\_\_\_

Name:  
Title:  
Address:

Date: \_\_\_\_\_

EXHIBIT B

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION WITH  
TRANSFERS PURSUANT TO REGULATION S

[Date]

JPMorgan Chase Bank, as Trustee

Re: Senior Notes due 2007 of Halliburton Company (the "Notes")

Dear Sir or Madam:

Reference is hereby made to the Indenture dated as of October 17, 2003, as amended and supplemented by the Third Supplemental Indenture thereto, and as amended and supplemented from time to time thereafter (the "Indenture") between Halliburton Company, as issuer, and JPMorgan Chase Bank, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture. In connection with our proposed sale of \$\_\_\_\_\_ aggregate principal amount of the Notes, we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, we represent that:

(a) the offer of the Notes was not made to a person in the United States;

(b) either (i) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (ii) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(c) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable;

(d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and

(e) we are the beneficial owner of the principal amount of Notes being transferred.

In addition, if the sale is made during a restricted period and the provisions of Rule 903(c)(3) or Rule 904(c)(1) of Regulation S are applicable thereto, we confirm that such sale has been made in accordance with the applicable provisions of Rule 903(c)(3) or Rule 904(c)(1), as the case may be.

You and the issuer are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By: -----

Authorized Signature

Signature Medallion Guaranteed

EXHIBIT C

FORM OF TRANSFER CERTIFICATE FOR TRANSFER TO  
QUALIFIED INSTITUTIONAL BUYERS

[Date]

JPMorgan Chase Bank, as Trustee

Re: Senior Notes due 2007 of Halliburton Company (the "Notes")

Dear Sir or Madam:

Reference is hereby made to the Indenture dated as of January 26, 2004, as amended and supplemented by the Third Supplemental Indenture thereto, and as amended and supplemented from time to time thereafter (the "Indenture") between Halliburton Company, as issuer, and JPMorgan Chase Bank, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture. This letter relates to \$\_\_\_\_\_ aggregate principal amount of Notes which are held in the name of [name of transferor] (the "Transferor") to effect the transfer of such Notes in exchange for an equivalent beneficial interest in the Rule 144A Securities.

In connection with such request, and with respect to such Notes, the Transferor does hereby certify that such Notes are being transferred in accordance with (i) the transfer restrictions set forth in the Notes and (ii) Rule 144A under the United States Securities Act of 1933, as amended ("Rule 144A"), to a transferee that the Transferor reasonably believes is purchasing the Notes for its own account or an account with respect to which the transferee exercises sole investment discretion, and the transferee, as well as any such account, is a "qualified institutional buyer" within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with applicable securities laws of any state of the United States or any other jurisdiction.

You and the issuer are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.



Very truly yours,  
[Name of Transferor]

By: \_\_\_\_\_

Authorized Signature

Signature Medallion Guaranteed

EXHIBIT D

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION WITH  
TRANSFERS TO INSTITUTIONAL ACCREDITED INVESTORS

[Date]

Halliburton Company  
c/o JPMorgan Chase Bank  
600 Travis, Suite 1150  
Houston, Texas 77002  
Attention: Institutional Trust Services

Ladies and Gentlemen:

This certificate is delivered to request a transfer of  
\$\_\_\_\_\_ principal amount of the Senior Notes due January 26, 2007 (the  
"Notes") of Halliburton Company (the "Company").

Upon transfer, the Notes would be registered in the name of  
the new beneficial owner as follows:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Taxpayer ID Number: \_\_\_\_\_

The undersigned represents and warrants to you that:

1. We are an institutional accredited investor (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "Securities Act")) purchasing for our own account or for the account of such an institutional accredited investor at least \$250,000 principal amount of the Notes, and we are acquiring the Notes not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risk of our investment in the Notes and we invest in or purchase securities similar to the Notes in the normal course of our business. We and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

2. We understand that the Notes have not been registered under the Securities Act and, unless so registered, may not be sold except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account for which we are purchasing Notes to offer, sell or otherwise transfer such Notes prior to the date that is two years after the later of the date of original issue and the last date on which the Company or any affiliate of the Company was the owner of such Notes (or any predecessor thereto) (the "Resale Restriction Termination Date") only (a) to the Company, (b) pursuant to a registration statement

which has been declared effective under the Securities Act, (c) in a transaction complying with the requirements of Rule 144A under the Securities Act ("Rule 144A"), to a person we reasonably believe is a qualified institutional buyer under Rule 144A (a "QIB") that purchases for its own account or for the account of a QIB and to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) pursuant to offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act, (e) to an institutional accredited investor within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act that is purchasing for its own account or for the account of such an institutional accredited investor, in each case in a minimum principal amount of Notes of \$250,000 or (f) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of our property or the property of such investor account or accounts be at all times within our or their control and in compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Notes is proposed to be made pursuant to clause (e) above prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee substantially in the form of this letter to the Company and the Trustee, which shall provide, among other things, that the transferee is an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act) and that it is acquiring such Notes for investment purposes and not for distribution in violation of the Securities Act. Each purchaser acknowledges that the Company and the Trustee reserve the right prior to any offer, sale or other transfer prior to the Resale Termination Date of the Notes pursuant to clause (d), (e) or (f) above to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company and the Trustee.

TRANSFeree: -----

BY: -----

HALLIBURTON COMPANY

SENIOR NOTES DUE JANUARY 26, 2007

EXCHANGE AND REGISTRATION RIGHTS AGREEMENT

January 26, 2004

Goldman, Sachs & Co.,  
J.P. Morgan Securities Inc.  
Citigroup Global Markets Inc.,  
As representatives of the several Purchasers  
named in Schedule 1 to the Purchase Agreement  
c/o Goldman, Sachs & Co.  
85 Broad Street  
New York, New York 10004

Ladies and Gentlemen:

Halliburton Company, a Delaware corporation (the "Company"), proposes to issue and sell to the Purchasers (as defined herein) upon the terms set forth in the Purchase Agreement (as defined herein) \$500,000,000 principal amount of its Senior Notes due January 26, 2007. As an inducement to the Purchasers to enter into the Purchase Agreement and in satisfaction of a condition to the obligations of the Purchasers thereunder, the Company agrees with the Purchasers for the benefit of holders (as defined herein) from time to time of the Registrable Securities (as defined herein) as follows:

1. Certain Definitions. For purposes of this Exchange and Registration Rights Agreement, the following terms shall have the following respective meanings:

"Base Interest" shall mean the interest that would otherwise accrue on the Securities under the terms thereof and the Indenture, without giving effect to the provisions of this Agreement.

The term "broker-dealer" shall mean any broker or dealer registered with the Commission under the Exchange Act.

"Closing Date" shall mean the date on which the Securities are initially issued.

"Commission" shall mean the United States Securities and Exchange Commission, or any other federal agency at the time administering the Exchange Act or the Securities Act, whichever is the relevant statute for the particular purpose.

"Effective Time," in the case of (i) an Exchange Registration, shall mean the time and date as of which the Commission declares the Exchange Registration Statement effective or

as of which the Exchange Registration Statement otherwise becomes effective and (ii) a Shelf Registration, shall mean the time and date as of which the Commission declares the Shelf Registration Statement effective or as of which the Shelf Registration Statement otherwise becomes effective.

"Electing Holder" shall have the meaning assigned thereto in Section 3(f) hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, or any successor thereto, as the same shall be amended from time to time.

"Exchange Offer" shall have the meaning assigned thereto in Section 2(a) hereof.

"Exchange Registration" shall have the meaning assigned thereto in Section 3(c) hereof.

"Exchange Registration Statement" shall have the meaning assigned thereto in Section 2(a) hereof.

"Exchange Securities" shall have the meaning assigned thereto in Section 2(a) hereof.

The term "holder" shall mean each of the Purchasers and other persons who acquire Registrable Securities from time to time (including any successors or assigns), in each case for so long as such person owns any Registrable Securities.

"Indenture" shall mean the Indenture, dated as of October 17, 2003 between the Company and JPMorgan Chase Bank, as Trustee, as the same shall be supplemented or amended from time to time.

The term "person" shall mean a corporation, association, partnership, organization, business, individual, government or political subdivision thereof or governmental agency.

"Purchase Agreement" shall mean the Purchase Agreement, dated as of January 21, 2004 between the Purchasers and the Company relating to the Securities.

"Purchasers" shall mean the Purchasers named in Schedule 1 to the Purchase Agreement.

"Registrable Securities" shall mean the Securities; provided, however, that a Security shall cease to be a Registrable Security when (i) in the circumstances contemplated by Section 2(a) hereof, the Security has been exchanged for an Exchange Security in an Exchange Offer as contemplated in Section 2(a) hereof (provided that any Exchange Security that, pursuant to the last two sentences of Section 2(a), is included in a prospectus for use in connection with resales by broker-dealers shall be deemed to be a Registrable Security with respect to Sections 5 and 8 until resale of such Registrable Security has been effected within the 180-day period referred to in Section 2(a)); (ii) in the circumstances contemplated by Section 2(b) hereof, a Shelf Registration Statement registering such Security under the Securities Act has been declared or becomes effective and such Security has been sold or otherwise transferred by the holder thereof pursuant to and in a manner contemplated by such effective Shelf Registration Statement; (iii) such Security is sold pursuant to Rule 144 under circumstances in which any legend borne by such Security relating to restrictions on transferability thereof, under the Securities Act or otherwise, is removed by the Company or pursuant to the Indenture; (iv) such Security is eligible to be sold pursuant to paragraph (k) of Rule 144; or (v) such Security shall cease to be outstanding.

"Registration Default" shall have the meaning assigned thereto in Section 2(c) hereof.

"Registration Expenses" shall have the meaning assigned thereto in Section 4 hereof.

"Resale Period" shall have the meaning assigned thereto in Section 2(a) hereof.

"Restricted Holder" shall mean (i) a holder that is an affiliate of the Company within the meaning of Rule 405, (ii) a holder who acquires Exchange Securities outside the ordinary course of such holder's business, (iii) a holder who has arrangements or understandings with any person to participate in the Exchange Offer for the purpose of distributing Exchange Securities and (iv) a holder that is a broker-dealer, but only with respect to Exchange Securities received by such broker-dealer pursuant to an Exchange Offer in exchange for Registrable Securities acquired by the broker-dealer directly from the Company.

"Rule 144," "Rule 405" and "Rule 415" shall mean, in each case, such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

"Securities" shall mean, the \$500,000,000 principal amount of the Company's Senior Notes due January 26, 2007 to be issued and sold to the Purchasers, and securities issued in exchange therefor or in lieu thereof pursuant to the Indenture.

"Securities Act" shall mean the Securities Act of 1933, or any successor thereto, as the same shall be amended from time to time.

"Shelf Registration" shall have the meaning assigned thereto in Section 2(b) hereof.

"Shelf Registration Statement" shall have the meaning assigned thereto in Section 2(b) hereof.

"Special Interest" shall have the meaning assigned thereto in Section 2(c) hereof.

"Trust Indenture Act" shall mean the Trust Indenture Act of 1939, or any successor thereto, and the rules, regulations and forms promulgated thereunder, all as the same shall be amended from time to time.

Unless the context otherwise requires, any reference herein to a "Section" or "clause" refers to a Section or clause, as the case may be, of this Exchange and Registration Rights Agreement, and the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Exchange and Registration Rights Agreement as a whole and not to any particular Section or other subdivision.

## 2. Registration Under the Securities Act.

(a) Except as set forth in Section 2(b) below, the Company agrees to file under the Securities Act, as soon as practicable, but no later than 120 days after the Closing Date, a registration statement relating to an offer to exchange (such registration statement, the "Exchange Registration Statement", and such offer, the "Exchange Offer") any and all of the Securities for a like aggregate principal amount of debt securities issued by the Company which debt securities are substantially identical to the Securities (and are entitled to the benefits of a trust indenture which is substantially identical to the Indenture or is the

Indenture and which has been qualified under the Trust Indenture Act), except that they have been registered pursuant to an effective registration statement under the Securities Act and do not contain provisions for the additional interest contemplated in Section 2(c) below (such new debt securities hereinafter called "Exchange Securities"). The Company agrees to use its reasonable best efforts to cause the Exchange Registration Statement to become effective under the Securities Act as soon as practicable, but no later than 210 days after the Closing Date. The Exchange Offer will be registered under the Securities Act on the appropriate form and will comply with all applicable tender offer rules and regulations under the Exchange Act. The Company further agrees to use its reasonable best efforts to commence and complete the Exchange Offer promptly, but no later than 45 days after such registration statement has become effective, hold the Exchange Offer open for at least 30 days and exchange Exchange Securities for all Registrable Securities that have been properly tendered and not withdrawn on or prior to the expiration of the Exchange Offer. The Exchange Offer will be deemed to have been "completed" only if the debt securities received by holders other than Restricted Holders in the Exchange Offer for Registrable Securities are, upon receipt, transferable by each such holder without restriction under the Securities Act and the Exchange Act and without material restrictions under the blue sky or securities laws of a substantial majority of the States of the United States of America. The Exchange Offer shall be deemed to have been completed upon the earlier to occur of (i) the Company having exchanged the Exchange Securities for all outstanding Registrable Securities pursuant to the Exchange Offer and (ii) the Company having exchanged, pursuant to the Exchange Offer, Exchange Securities for all Registrable Securities that have been properly tendered and not withdrawn before the expiration of the Exchange Offer, which shall be on a date that is at least 30 days following the commencement of the Exchange Offer. The Company agrees (x) to include in the Exchange Registration Statement a prospectus for use in any resales by any holder of Exchange Securities that is a broker-dealer and (y) to keep such Exchange Registration Statement effective for a period (the "Resale Period") beginning when Exchange Securities are first issued in the Exchange Offer and ending upon the earlier of the expiration of the 180th day after the Exchange Offer has been completed or such time as such broker-dealers no longer own any Registrable Securities. With respect to such Exchange Registration Statement, such holders shall have the benefit of the rights of indemnification and contribution set forth in Sections 5(a), (c), (d) and (e) hereof.

(b) If (i) on or prior to the time the Exchange Offer is completed existing Commission interpretations are changed such that the debt securities received by holders other than Restricted Holders in the Exchange Offer for Registrable Securities are not or would not be, upon receipt, transferable by each such holder without restriction under the Securities Act, (ii) the Exchange Offer has not been completed within 255 days following the Closing Date or (iii) the Exchange Offer is not available to any holder of the Securities, the Company shall, in lieu of (or, in the case of clause (iii), in addition to) conducting the Exchange Offer contemplated by Section 2(a), file under the Securities Act as soon as practicable, but no later than 60 days after the time such obligation to file arises, a "shelf" registration statement providing for the registration of, and the sale on a continuous or delayed basis by the holders of, all of the Registrable Securities, pursuant to Rule 415 or any similar rule that may be adopted by the Commission (such filing, the "Shelf Registration" and such registration statement, the "Shelf Registration Statement"). The Company agrees to use its reasonable best efforts (x) to cause the Shelf Registration Statement to become or be declared effective no later than 120 days after such Shelf Registration Statement is filed and to keep such Shelf Registration Statement continuously effective for a period ending on the earlier of the second anniversary of the Effective Time or such time as there are no longer any

Registrable Securities outstanding; provided, however, that no holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement or to use the prospectus forming a part thereof for resales of Registrable Securities unless such holder is an Electing Holder, and (y) after the Effective Time of the Shelf Registration Statement, promptly upon the request of any holder of Registrable Securities that is not then an Electing Holder, to take any action reasonably necessary to enable such holder to use the prospectus forming a part thereof for resales of Registrable Securities, including, without limitation, any action necessary to identify such holder as a selling securityholder in the Shelf Registration Statement; provided further, however, that nothing in this clause (y) shall relieve any such holder of the obligation to provide the information required by Section 3(f) hereof. The Company further agrees to supplement or make amendments to the Shelf Registration Statement, as and when required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the Securities Act or rules and regulations thereunder for shelf registration, and the Company agrees to furnish to each Electing Holder copies of any such supplement or amendment prior to its being used or promptly following its filing with the Commission.

(c) In the event that (i) the Company has not filed the Exchange Registration Statement or Shelf Registration Statement on or before the date on which such registration statement is required to be filed pursuant to Section 2(a) or 2(b), respectively, or (ii) such Exchange Registration Statement or Shelf Registration Statement has not become effective or been declared effective by the Commission on or before the date on which such registration statement is required to become or be declared effective pursuant to Section 2(a) or 2(b), respectively, or (iii) the Exchange Offer has not been completed within 45 days after the initial effective date of the Exchange Registration Statement relating to the Exchange Offer (if the Exchange Offer is then required to be made), or (iv) any Exchange Registration Statement or Shelf Registration Statement required by Section 2(a) or 2(b) hereof is filed and declared effective but shall thereafter cease to be effective or fail to be usable (provided that the unavailability of a Registration Statement for the use of a holder as a result of such holder's failure to provide information pursuant to Section 3(f) hereof shall not be deemed to make the Registration Statement fail to be usable) (each such event referred to in clauses (i) through (iv), a "Registration Default" and each period during which a Registration Default has occurred and is continuing, a "Registration Default Period"), then, as liquidated damages for such Registration Default, subject to the provisions of Section 8(b)), special interest ("Special Interest"), in addition to the Base Interest, shall accrue at a per annum rate of 0.25% for the first 90 days of the Registration Default Period and an additional 0.25% per annum from and after the 91st day following the commencement of the Registration Default until the Registration Default has been cured. In no event shall Special Interest exceed 0.50% per annum. The Company shall pay Special Interest to holders of the Registrable Securities in the same manner and at the same time as interest on the Securities is paid. In the event that the Company fails to perform any terms of this Exchange and Registration Rights Agreement with respect to which Special Interest pursuant to Section 2(c) hereof is expressly provided as a remedy, and the Company is not in default of payment of such Special Interest, payment of such Special Interest shall constitute the sole monetary damages for such failure.

(d) The Company shall take all actions necessary or advisable to be taken by it to ensure that the transactions contemplated herein are effected as so contemplated.

(e) Any reference herein to a registration statement as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as



of such time and any reference herein to any post-effective amendment to a registration statement as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time.

### 3. Registration Procedures.

If the Company files a registration statement pursuant to Section 2(a) or Section 2(b), the following provisions shall apply:

(a) At or before the Effective Time of the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, the Company shall qualify the Indenture under the Trust Indenture Act of 1939.

(b) In the event that such qualification would require the appointment of a new trustee under the Indenture, the Company shall appoint a new trustee thereunder pursuant to the applicable provisions of the Indenture.

(c) In connection with the Company's obligations with respect to the registration of Exchange Securities as contemplated by Section 2(a) (the "Exchange Registration"), if applicable, the Company shall, as soon as practicable (or as otherwise specified):

(i) prepare and file with the Commission, as soon as practicable but no later than 120 days after the Closing Date, an Exchange Registration Statement on any form which may be utilized by the Company and which shall permit the Exchange Offer and resales of Exchange Securities by broker-dealers during the Resale Period to be effected as contemplated by Section 2(a), and use its reasonable best efforts to cause such Exchange Registration Statement to become effective as soon as practicable thereafter, but no later than 210 days after the Closing Date;

(ii) prepare and file with the Commission such amendments and supplements to such Exchange Registration Statement and the prospectus included therein as may be necessary to effect and maintain the effectiveness of such Exchange Registration Statement for the periods and purposes contemplated in Section 2(a) hereof and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such Exchange Registration Statement, and promptly provide each broker-dealer holding Exchange Securities with such number of copies of the prospectus included therein (as then amended or supplemented), in conformity in all material respects with the requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder, as such broker-dealer reasonably may request prior to the expiration of the Resale Period, for use in connection with resales of Exchange Securities;

(iii) promptly notify each broker-dealer that has requested or received copies of the prospectus included in such registration statement, and confirm such advice in writing, (A) when such Exchange Registration Statement or the prospectus included therein or any prospectus amendment or supplement or post-effective amendment has been filed, and, with respect to such Exchange Registration Statement or any post-effective amendment, when the same has become effective, (B) of any comments by the Commission and by the blue sky or securities commissioner or regulator of any state with respect thereto or any request by the Commission for amendments or supplements to such Exchange Registration Statement or

prospectus or for additional information, (C) of the issuance by the Commission of any stop order suspending the effectiveness of such Exchange Registration Statement or the initiation or threatening of any proceedings for that purpose, (D) the receipt by the Company of any notification with respect to the suspension of the qualification of the Exchange Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, or (E) at any time during the Resale Period when a prospectus is required to be delivered under the Securities Act, that such Exchange Registration Statement, prospectus, prospectus amendment or supplement or post-effective amendment does not conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder or contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(iv) in the event that the Company would be required, pursuant to Section 3(c)(iii)(E) above, to notify any broker-dealers holding Exchange Securities, without delay prepare and furnish to each such holder a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to purchasers of such Exchange Securities during the Resale Period, such prospectus shall conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder and shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing; each broker-dealer agrees that upon receipt of any notice from the Company pursuant to Section 3(c)(iii)(E) hereof, such broker-dealer shall forthwith discontinue the disposition of Registrable Securities pursuant to the Exchange Registration Statement applicable to such Registrable Securities until such broker-dealer shall have received copies of such amended or supplemented prospectus, and if so directed by the Company, such broker-dealer shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such broker-dealer's possession of the prospectus covering such Registrable Securities at the time of receipt of such notice;

(v) use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of such Exchange Registration Statement or any post-effective amendment thereto at the earliest practicable date;

(vi) use its reasonable best efforts to (A) register or qualify the Exchange Securities under the securities laws or blue sky laws of such jurisdictions as are contemplated by Section 2(a) no later than the commencement of the Exchange Offer, (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions until the expiration of the Resale Period and (C) take any and all other actions as may be reasonably necessary or advisable to enable each broker-dealer holding Exchange Securities to consummate the disposition thereof in such jurisdictions; provided, however, that the Company shall not be required for any such purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(c)(vi), (2) consent to general service of process in any such jurisdiction or (3) make any

changes to its certificate of incorporation or by-laws or any agreement between it and its stockholders;

(vii) use its reasonable best efforts to obtain the consent or approval of each governmental agency or authority, whether federal, state or local, which may be required to effect the Exchange Registration, the Exchange Offer and the offering and sale of Exchange Securities by broker-dealers during the Resale Period;

(viii) provide a CUSIP number for all Exchange Securities, not later than the applicable Effective Time;

(ix) comply with all applicable rules and regulations of the Commission, and make generally available to its securityholders as soon as practicable but no later than eighteen months after the effective date of such Exchange Registration Statement, an earning statement of the Company and its subsidiaries complying with Section 11(a) of the Securities Act (including, at the option of the Company, Rule 158 thereunder).

(d) In connection with the Company's obligations with respect to the Shelf Registration, if applicable, the Company shall, as soon as practicable (or as otherwise specified):

(i) prepare and file with the Commission, as soon as practicable but in any case within the time periods specified in Section 2(b), a Shelf Registration Statement on any form which may be utilized by the Company and which shall register all of the Registrable Securities for resale by the holders thereof in accordance with such method or methods of disposition as may be specified by such of the holders as, from time to time, may be Electing Holders and use its reasonable best efforts to cause such Shelf Registration Statement to become effective as soon as practicable but in any case within the time periods specified in Section 2(b);

(ii) prepare and file with the Commission such amendments and supplements to such Shelf Registration Statement and the prospectus included therein as may be necessary to effect and maintain the effectiveness of such Shelf Registration Statement for the period specified in Section 2(b) hereof and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such Shelf Registration Statement, and furnish to the Electing Holders copies of any such supplement or amendment simultaneously with or prior to its being used or filed with the Commission;

(iii) comply with the provisions of the Securities Act with respect to the disposition of all of the Registrable Securities covered by such Shelf Registration Statement in accordance with the intended methods of disposition by the Electing Holders provided for in such Shelf Registration Statement;

(iv) provide (A) the Electing Holders, (B) the underwriters (which term, for purposes of this Exchange and Registration Rights Agreement, shall include a person deemed to be an underwriter within the meaning of Section 2(a)(11) of the Securities Act), if any, thereof, (C) any sales or placement agent therefor, (D) counsel for any such underwriter or agent and (E) not more than one counsel for all the Electing Holders the opportunity to participate in the preparation of such Shelf

Registration Statement, each prospectus included therein or filed with the Commission and each amendment or supplement thereto;

(v) for a reasonable period prior to the filing of such Shelf Registration Statement, and throughout the period specified in Section 2(b), make available at reasonable times at the Company's principal place of business or such other reasonable place for inspection by the persons referred to in Section 3(d)(iv) who shall certify to the Company that they have a current intention to sell the Registrable Securities pursuant to the Shelf Registration such financial and other information and books and records of the Company, and cause the officers, employees, counsel and independent certified public accountants of the Company to respond to such inquiries, as shall be reasonably necessary, in the judgment of the respective counsel referred to in such Section, to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act; provided, however, that each such party shall be required to maintain in confidence and not to disclose to any other person any information or records reasonably designated by the Company as being confidential, until such time as (A) such information becomes a matter of public record (whether by virtue of its inclusion in such registration statement or otherwise), or (B) such person shall be required so to disclose such information pursuant to a subpoena or order of any court or other governmental agency or body having jurisdiction over the matter (subject to the requirements of such order, and only after such person shall have given the Company prompt prior written notice of such requirement), or (C) such information is required to be set forth in such Shelf Registration Statement or the prospectus included therein or in an amendment to such Shelf Registration Statement or an amendment or supplement to such prospectus in order that such Shelf Registration Statement, prospectus, amendment or supplement, as the case may be, complies with applicable requirements of the federal securities laws and the rules and regulations of the Commission and does not contain an untrue statement of a material fact or omit to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(vi) promptly notify each of the Electing Holders, any sales or placement agent therefor and any underwriter thereof (which notification may be made through any managing underwriter that is a representative of such underwriter for such purpose) and confirm such advice in writing, (A) when such Shelf Registration Statement or the prospectus included therein or any prospectus amendment or supplement or post-effective amendment has been filed, and, with respect to such Shelf Registration Statement or any post-effective amendment, when the same has become effective, (B) of any comments by the Commission and by the blue sky or securities commissioner or regulator of any state with respect thereto or any request by the Commission for amendments or supplements to such Shelf Registration Statement or prospectus or for additional information, (C) of the issuance by the Commission of any stop order suspending the effectiveness of such Shelf Registration Statement or the initiation or threatening of any proceedings for that purpose, (D) if at any time the representations and warranties of the Company contemplated by Section 3(d)(xv) cease to be true and correct in all material respects, (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, or (F) if at any time when a prospectus is required to be delivered under the Securities Act,

that such Shelf Registration Statement, prospectus, prospectus amendment or supplement or post-effective amendment does not conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder or contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(vii) use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of such registration statement or any post-effective amendment thereto at the earliest practicable date;

(viii) if requested by any managing underwriter or underwriters, any placement or sales agent or any Electing Holder, promptly incorporate in a prospectus supplement or post-effective amendment such information as is required by the applicable rules and regulations of the Commission and as such managing underwriter or underwriters, such agent or such Electing Holder specifies should be included therein relating to the terms of the sale of such Registrable Securities, including information with respect to the principal amount of Registrable Securities being sold by such Electing Holder or agent or to any underwriters, the name and description of such Electing Holder, agent or underwriter, the offering price of such Registrable Securities and any discount, commission or other compensation payable in respect thereof, the purchase price being paid therefor by such underwriters and with respect to any other terms of the offering of the Registrable Securities to be sold by such Electing Holder or agent or to such underwriters; and make all required filings of such prospectus supplement or post-effective amendment promptly after notification of the matters to be incorporated in such prospectus supplement or post-effective amendment;

(ix) furnish to each Electing Holder, each placement or sales agent, if any, therefor, each underwriter, if any, thereof and the respective counsel referred to in Section 3(d)(iv) a conformed copy of such Shelf Registration Statement, each amendment and supplement thereto (in each case including all exhibits thereto (in the case of an Electing Holder of Registrable Securities, upon request) and documents incorporated by reference therein) and such number of copies of such Shelf Registration Statement (excluding exhibits thereto and documents incorporated by reference therein unless specifically so requested by such Electing Holder, agent or underwriter, as the case may be) and of the prospectus included in such Shelf Registration Statement (including each preliminary prospectus and any summary prospectus), in conformity in all material respects with the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder, and such other documents, as such Electing Holder, agent, if any, and underwriter, if any, may reasonably request in order to facilitate the offering and disposition of the Registrable Securities owned by such Electing Holder, offered or sold by such agent or underwritten by such underwriter and to permit such Electing Holder, agent and underwriter to satisfy the prospectus delivery requirements of the Securities Act; and the Company hereby consents to the use of such prospectus (including such preliminary and summary prospectus) and any amendment or supplement thereto by each such Electing Holder and by any such agent and underwriter, in each case in the form most recently provided to such person by the Company, in connection with the offering and sale of the Registrable

Securities covered by the prospectus (including such preliminary and summary prospectus) or any supplement or amendment thereto;

(x) use its reasonable best efforts to (A) register or qualify the Registrable Securities to be included in such Shelf Registration Statement under such securities laws or blue sky laws of such jurisdictions as any Electing Holder and each placement or sales agent, if any, therefor and underwriter, if any, thereof shall reasonably request, (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions during the period the Shelf Registration is required to remain effective under Section 2(b) above and for so long as may be necessary to enable any such Electing Holder, agent or underwriter to complete its distribution of Securities pursuant to such Shelf Registration Statement and (C) take any and all other actions as may be reasonably necessary or advisable to enable each such Electing Holder, agent, if any, and underwriter, if any, to consummate the disposition in such jurisdictions of such Registrable Securities; provided, however, that the Company shall not be required for any such purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(d)(x), (2) consent to general service of process in any such jurisdiction or (3) make any changes to its certificate of incorporation or by-laws or any agreement between it and its stockholders;

(xi) use its reasonable best efforts to obtain the consent or approval of each governmental agency or authority, whether federal, state or local, which may be required to effect the Shelf Registration or the offering or sale in connection therewith or to enable the selling holder or holders to offer, or to consummate the disposition of, their Registrable Securities;

(xii) unless any Registrable Securities shall be in book-entry only form, cooperate with the Electing Holders and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates, if so required by any securities exchange upon which any Registrable Securities are listed, shall be panned, lithographed or engraved, or produced by any combination of such methods, on steel engraved borders, and which certificates shall not bear any restrictive legends; and, in the case of an underwritten offering, enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriters may request at least two business days prior to any sale of the Registrable Securities;

(xiii) provide a CUSIP number for all Registrable Securities, not later than the applicable Effective Time;

(xiv) enter into one or more underwriting agreements, engagement letters, agency agreements, "best efforts" underwriting agreements or similar agreements, as appropriate, including customary provisions relating to indemnification and contribution, and take such other actions in connection therewith as any Electing Holders aggregating at least 33 1/3% in aggregate principal amount of the Registrable Securities at the time outstanding shall request in order to expedite or facilitate the disposition of such Registrable Securities;

(xv) whether or not an agreement of the type referred to in Section 3(d)(xiv) hereof is entered into and whether or not any portion of the offering contemplated by

the Shelf Registration is an underwritten offering or is made through a placement or sales agent or any other entity, (A) make such representations and warranties to the Electing Holders and the placement or sales agent, if any, therefor and the underwriters, if any, thereof in form, substance and scope as are customarily made in connection with an offering of debt securities covering matters similar to those contained in the Purchase Agreement; (B) use reasonable best efforts to obtain an opinion of counsel to the Company in customary form and covering matters similar to those set forth in Sections 7(b) and 7(c) of the Purchase Agreement, as the managing underwriters, if any, or as any Electing Holders of at least 33 1/3% in aggregate principal amount of the Registrable Securities at the time outstanding may reasonably request, addressed to such Electing Holder or Electing Holders and the placement or sales agent, if any, therefor and the underwriters, if any, thereof and dated the effective date of such Shelf Registration Statement (and if such Shelf Registration Statement contemplates an underwritten offering of a part or all of the Registrable Securities, dated the date of the closing under the underwriting agreement relating thereto); (C) use reasonable best efforts to obtain a "cold comfort" letter or letters from the independent certified public accountants of the Company addressed to the selling Electing Holders, the placement or sales agent, if any, therefor or the underwriters, if any, thereof, dated (i) the effective date of such Shelf Registration Statement and (ii) the effective date of any prospectus supplement to the prospectus included in such Shelf Registration Statement or post-effective amendment to such Shelf Registration Statement which includes unaudited or audited financial statements as of a date or for a period subsequent to that of the latest such statements included in such prospectus (and, if such Shelf Registration Statement contemplates an underwritten offering pursuant to any prospectus supplement to the prospectus included in such Shelf Registration Statement or post-effective amendment to such Shelf Registration Statement which includes unaudited or audited financial statements as of a date or for a period subsequent to that of the latest such statements included in such prospectus, dated the date of the closing under the underwriting agreement relating thereto), such letter or letters to be in customary form and covering such matters of the type customarily covered by letters of such type; (D) deliver such documents and certificates, including officers' certificates, as may be reasonably requested by any Electing Holders of at least 33 1/3% in aggregate principal amount of the Registrable Securities at the time outstanding or the placement or sales agent, if any, therefor and the managing underwriters, if any, thereof to evidence the accuracy of the representations and warranties made pursuant to clause (A) above hereof and the compliance with or satisfaction of any agreements or conditions contained in the underwriting agreement or other agreement entered into by the Company and (E) undertake such obligations relating to expense reimbursement, indemnification and contribution as are provided in Section 5 hereof;

(xvi) notify in writing each holder of Registrable Securities of any proposal by the Company to amend or waive any provision of this Exchange and Registration Rights Agreement pursuant to Section 8(h) hereof and of any amendment or waiver effected pursuant thereto, each of which notices shall contain the text of the amendment or waiver proposed or effected, as the case may be;

(xvii) in the event that any broker-dealer registered under the Exchange Act shall underwrite any Registrable Securities or participate as a member of an underwriting syndicate or selling group or "assist in the distribution" (within the meaning of the

Conduct Rules (the "Conduct Rules") of the National Association of Securities Dealers, Inc. ("NASD") or any successor thereto, as amended from time to time) thereof, whether as a holder of such Registrable Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, assist such broker-dealer in complying with the requirements of such Conduct Rules, including by (A) if such Conduct Rules shall so require, engaging a "qualified independent underwriter" (as defined in such Conduct Rules) to participate in the preparation of the Shelf Registration Statement relating to such Registrable Securities, to exercise usual standards of due diligence in respect thereto and, if any portion of the offering contemplated by such Shelf Registration Statement is an underwritten offering or is made through a placement or sales agent, to recommend the yield of such Registrable Securities, (B) indemnifying any such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 5 hereof (or to such other customary extent as may be requested by such underwriter), and (C) providing such information to such broker-dealer as may be required in order for such broker-dealer to comply with the requirements of the Conduct Rules; and

(xviii) comply with all applicable rules and regulations of the Commission, and make generally available to its securityholders as soon as practicable but in any event not later than eighteen months after the effective date of such Shelf Registration Statement, an earning statement of the Company and its subsidiaries complying with Section 11(a) of the Securities Act (including, at the option of the Company, Rule 158 thereunder).

(e) In the event that the Company would be required, pursuant to Section 3(d)(vi)(F) above, to notify the Electing Holders, the placement or sales agent, if any, therefor and the managing underwriters, if any, thereof, the Company shall without delay prepare and furnish to each of the Electing Holders, to each placement or sales agent, if any, and to each such underwriter, if any, a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to purchasers of Registrable Securities, such prospectus shall conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder and shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing. Each Electing Holder agrees that upon receipt of any notice from the Company pursuant to Section 3(d)(vi)(F) hereof, such Electing Holder shall forthwith discontinue the disposition of Registrable Securities pursuant to the Shelf Registration Statement applicable to such Registrable Securities until such Electing Holder shall have received copies of such amended or supplemented prospectus, and if so directed by the Company, such Electing Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Electing Holder's possession of the prospectus covering such Registrable Securities at the time of receipt of such notice.

(f) Notwithstanding the foregoing, no holder of Registrable Securities may include any of its Registrable Securities in any Shelf Registration Statement pursuant to this Exchange and Registration Rights Agreement unless and until such holder furnishes to the Company in writing, within 10 days after receipt of a request therefor, the information specified in Item 507 or 508 of Regulation S-K, as applicable, of the Securities Act for use in connection with any Shelf Registration Statement (each such holder furnishing such information and electing



to participate in a Shelf Registration, an "Electing Holder"). No Electing Holder shall be entitled to Special Interest pursuant to Section 2(c) hereof unless and until such Electing Holder shall have provided all such information which is required by rules of the Commission to be included in the Shelf Registration Statement prior to the time it is declared effective. Each selling Electing Holder agrees to promptly furnish additional information required to be disclosed in order to make the information previously furnished to the Company by such holder not materially misleading.

(g) Until the expiration of two years after the Closing Date, the Company will not, and will not permit any of its "affiliates" (as defined in Rule 144) to, resell any of the Securities that have been reacquired by any of them except pursuant to an effective registration statement under the Securities Act.

#### 4. Registration Expenses.

The Company agrees to bear and to pay or cause to be paid promptly all expenses incident to the Company's performance of or compliance with this Exchange and Registration Rights Agreement, including (a) all Commission and any NASD registration, filing and review fees and expenses including fees and disbursements of counsel for the placement or sales agent or underwriters in connection with such registration, filing and review, (b) all fees and expenses in connection with the qualification of the Securities for offering and sale under the State securities and blue sky laws referred to in Section 3(d)(x) hereof and determination of their eligibility for investment under the laws of such jurisdictions as any managing underwriters or the Electing Holders may designate, including any fees and disbursements of counsel for the Electing Holders or underwriters in connection with such qualification and determination, (c) all expenses relating to the preparation, printing, production, distribution and reproduction of each registration statement required to be filed hereunder, each prospectus included therein or prepared for distribution pursuant hereto, each amendment or supplement to the foregoing, the expenses of preparing the Securities for delivery and the expenses of printing or producing any underwriting agreements, agreements among underwriters, selling agreements and blue sky or legal investment memoranda and all other documents in connection with the offering, sale or delivery of Securities to be disposed of (including certificates representing the Securities), (d) messenger, telephone and delivery expenses relating to the offering, sale or delivery of Securities and the preparation of documents referred in clause (c) above, (e) internal expenses (including all salaries and expenses of the Company's officers and employees performing legal or accounting duties), (f) fees, disbursements and expenses of counsel and independent certified public accountants of the Company (including the expenses of any opinions or "cold comfort" letters required by or incident to such performance and compliance), (g) fees, disbursements and expenses of any "qualified independent underwriter" engaged pursuant to Section 3(d)(xvii) hereof, (h) fees, disbursements and expenses of one counsel for the Electing Holders retained in connection with a Shelf Registration, as selected by the Electing Holders of at least a majority in aggregate principal amount of the Registrable Securities held by Electing Holders (which counsel shall be reasonably satisfactory to the Company), (i) any fees charged by securities rating services for rating the Securities, and (j) fees, expenses and disbursements of any other persons, including special experts, retained by the Company in connection with such registration (collectively, the "Registration Expenses"). To the extent that any Registration Expenses are incurred, assumed or paid by any holder of Registrable Securities or any placement or sales agent therefor or underwriter thereof, the Company shall reimburse such person for the full amount of the Registration Expenses so incurred, assumed or paid promptly after receipt of a request therefor. Notwithstanding the foregoing, the holders of the Registrable Securities being registered shall pay all agency fees and commissions and underwriting

discounts and commissions attributable to the sale of such Registrable Securities and the fees and disbursements of any counsel or other advisors or experts retained by such holders (severally or jointly), other than the counsel and experts specifically referred to above.

#### 5. Indemnification.

(a) Indemnification by the Company. The Company will indemnify and hold harmless each of the holders of Registrable Securities included in an Exchange Registration Statement, each of the Electing Holders of Registrable Securities included in a Shelf Registration Statement and each person who participates as a placement or sales agent or as an underwriter in any offering or sale of such Registrable Securities against any losses, claims, damages or liabilities, joint or several, to which such holder, agent or underwriter may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Exchange Registration Statement or Shelf Registration Statement, as the case may be, under which such Registrable Securities were registered under the Securities Act, or any preliminary, final or summary prospectus contained therein or furnished by the Company to any such holder, Electing Holder, agent or underwriter, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse such holder, such Electing Holder, such agent and such underwriter for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable to any such person in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, or preliminary, final or summary prospectus, or amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by such holder, agent or underwriter expressly for use therein.

(b) Indemnification by the Holders and any Agents and Underwriters. As a condition to including any Registrable Securities in any registration statement filed pursuant to this Agreement and to entering into any underwriting agreement with respect thereto, each holder of such Registrable Securities to be included and each underwriter named in any such underwriting agreement, severally and not jointly, agrees to (i) indemnify and hold harmless the Company, its directors, officers who sign any registration statement, each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and all other holders of Registrable Securities, against any losses, claims, damages or liabilities to which the Company or such other holders of Registrable Securities may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in such registration statement, or any preliminary, final or summary prospectus contained therein or furnished by the Company to any such holder, agent or underwriter, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such holder or underwriter expressly for use therein, and (ii)

reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that no such holder shall be required to undertake liability to any person under this Section 5(b) for any amounts in excess of the dollar amount of the proceeds to be received by such holder from the sale of such holder's Registrable Securities pursuant to such registration.

(c) Notices of Claims, Etc. Promptly after receipt by an indemnified party under subsection (a) or (b) above of written notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party pursuant to the indemnification provisions of or contemplated by this Section 5, notify such indemnifying party in writing of the commencement of such action; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under the indemnification provisions of or contemplated by Section 5(a) or 5(b) hereof. In case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) Contribution. If for any reason the indemnification provisions contemplated by Section 5(a) or Section 5(b) are unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 5(d) were determined by pro rata allocation (even if the holders or any agents or underwriters or all of them were treated as one entity

for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 5(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5(d), no holder shall be required to contribute any amount in excess of the amount by which the dollar amount of the proceeds received by such holder from the sale of any Registrable Securities (after deducting any fees, discounts and commissions applicable thereto) exceeds the amount of any damages which such holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The holders' and any underwriters' obligations in this Section 5(d) to contribute shall be several in proportion to the principal amount of Registrable Securities registered or underwritten, as the case may be, by them and not joint.

(e) The obligations of the Company under this Section 5 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and partner of each holder, agent and underwriter and each person, if any, who controls any holder, agent or underwriter within the meaning of the Securities Act; and the obligations of the holders and any agents or underwriters contemplated by this Section 5 shall be in addition to any liability which the respective holder, agent or underwriter may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company (including any person who, with his consent, is named in any registration statement as about to become a director of the Company) and to each person, if any, who controls the Company within the meaning of the Securities Act.

#### 6. Underwritten Offerings.

(a) Selection of Underwriters. If any of the Registrable Securities covered by the Shelf Registration are to be sold pursuant to an underwritten offering, the managing underwriter or underwriters thereof shall be designated by Electing Holders holding at least a majority in aggregate principal amount of the Registrable Securities to be included in such offering, provided that such designated managing underwriter or underwriters is or are reasonably acceptable to the Company.

(b) Participation by Holders. Each holder of Registrable Securities hereby agrees with each other such holder that no such holder may participate in any underwritten offering hereunder unless such holder (i) agrees to sell such holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

7. Rule 144.

The Company covenants to the holders of Registrable Securities that to the extent it shall be required to do so under the Exchange Act, the Company shall timely file the reports required to be filed by it under the Exchange Act or the Securities Act (including the reports under Section 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1) of Rule 144 adopted by the Commission under the Securities Act) and the rules and regulations adopted by the Commission thereunder, and shall take such further action as any holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitations of the exemption provided by Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar or successor rule or regulation hereafter adopted by the Commission. Upon the request of any holder of Registrable Securities in connection with that holder's sale pursuant to Rule 144, the Company shall deliver to such holder a written statement as to whether it has complied with such requirements.

8. Miscellaneous.

(a) No Inconsistent Agreements. The Company represents, warrants, covenants and agrees that it has not granted, and shall not grant, registration rights with respect to Registrable Securities or any other securities which would be inconsistent with the terms contained in this Exchange and Registration Rights Agreement.

(b) Specific Performance. The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations hereunder and that the Purchasers and the holders from time to time of the Registrable Securities may be irreparably harmed by any such failure, and accordingly agree that the Purchasers and such holders, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled to compel specific performance of the obligations of the Company under this Exchange and Registration Rights Agreement in accordance with the terms and conditions of this Exchange and Registration Rights Agreement, in any court of the United States or any State thereof having jurisdiction.

(c) Notices. All notices and other communications provided for or permitted hereunder shall be given as provided in the Indenture.

(d) Parties in Interest. All the terms and provisions of this Exchange and Registration Rights Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and the holders from time to time of the Registrable Securities and the respective successors and assigns of the parties hereto and such holders. In the event that any transferee of any holder of Registrable Securities shall acquire Registrable Securities, in any manner, whether by gift, bequest, purchase, operation of law or otherwise, such transferee shall, without any further writing or action of any kind, be deemed a beneficiary hereof for all purposes and such Registrable Securities shall be held subject to all of the terms of this Exchange and Registration Rights Agreement, and by taking and holding such Registrable Securities such transferee shall be entitled to receive the benefits of, and be conclusively deemed to have agreed to be bound by all of the applicable terms and provisions of this Exchange and Registration Rights Agreement. If the Company shall so request, any such successor, assign or transferee shall agree in writing to acquire and hold the Registrable Securities subject to all of the applicable terms hereof.

(e) Survival. The respective indemnities, agreements, representations, warranties and each other provision set forth in this Exchange and Registration Rights Agreement or made pursuant hereto shall remain in full force and effect regardless of any investigation (or statement as to the results thereof) made by or on behalf of any holder of Registrable Securities, any director, officer or partner of such holder, any agent or underwriter or any director, officer or partner thereof, or any controlling person of any of the foregoing, and shall survive delivery of and payment for the Registrable Securities pursuant to the Purchase Agreement and the transfer and registration of Registrable Securities by such holder and the consummation of an Exchange Offer.

(f) Governing Law. This Exchange and Registration Rights Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(g) Headings. The descriptive headings of the several Sections and paragraphs of this Exchange and Registration Rights Agreement are inserted for convenience only, do not constitute a part of this Exchange and Registration Rights Agreement and shall not affect in any way the meaning or interpretation of this Exchange and Registration Rights Agreement.

(h) Entire Agreement; Amendments. This Exchange and Registration Rights Agreement, together with the Purchase Agreement, the Indenture and the form of Securities, and the other writings delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to its subject matter. This Exchange and Registration Rights Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter. This Exchange and Registration Rights Agreement may be amended and the observance of any term of this Exchange and Registration Rights Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument duly executed by the Company and the holders of at least a majority in aggregate principal amount of the Registrable Securities at the time outstanding. Each holder of any Registrable Securities at the time or thereafter outstanding shall be bound by any amendment or waiver effected pursuant to this Section 8(h), whether or not any notice, writing or marking indicating such amendment or waiver appears on such Registrable Securities or is delivered to such holder.

(i) Counterparts. This agreement may be executed by the parties in counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

Please confirm that the foregoing correctly sets forth the agreement between the Company and you.

Very truly yours,

HALLIBURTON COMPANY

By: /s/ C. Christopher Gaut

-----  
Name: C. Christopher Gaut  
Title: Executive Vice President and Chief  
Financial Officer

Accepted as of the date hereof for themselves and as Representatives of the several Purchasers named in Schedule 1 to the Purchase Agreement:

By: Goldman, Sachs & Co.

By: /s/ Goldman, Sachs & Co.

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(Goldman, Sachs & Co.)

By: Citigroup Global Markets Inc.

By: /s/ Sean Dolan

-----  
Name: Sean Dolan  
Title: Vice President

By: J.P. Morgan Securities Inc.

By: /s/ Marla Sramek

-----  
Name: Marla Sramek  
Title: Vice President

[Letterhead of Baker Botts L.L.P.]

063718.0509

February 20, 2004

Halliburton Company  
1401 McKinney, Suite 2400  
Houston, Texas 77010

Ladies and Gentlemen:

As set forth in the Registration Statement on Form S-4 (the "Registration Statement") filed by Halliburton Company, a Delaware corporation (the "Company"), with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), relating to the registration under the Act of \$500 million aggregate principal amount of Senior Notes due 2007 (the "New Notes") to be offered by the Company in exchange (the "Exchange Offer") for a like principal amount of its issued and outstanding Senior Notes due 2007 (the "Outstanding Notes"), we are passing upon certain legal matters in connection with the New Notes for the Company. The New Notes are to be issued under an Indenture dated as of October 17, 2003 between the Company and JPMorgan Chase Bank, as trustee, as supplemented by that certain Third Supplemental Indenture thereto dated as of January 26, 2004 (as so supplemented, the "Indenture"). At your request, this opinion is being furnished to you for filing as Exhibit 5.1 to the Registration Statement.

In our capacity as counsel to the Company in connection with the matters referred to above, we have examined the Restated Certificate of Incorporation and Bylaws of the Company, each as amended to date, the Indenture, the form of the New Notes and the originals, or copies certified or otherwise identified, of corporate records of the Company furnished to us by the Company, certificates of public officials and of representatives of the Company, statutes and other instruments and documents as a basis for the opinions hereinafter expressed. In giving such opinion, we have relied upon certificates of officers of the Company with respect to the accuracy of the material factual matters contained in such certificates. We have assumed that all signatures on documents examined by us are genuine, all documents submitted to us are authentic and all documents submitted as certified or photostatic copies conform to the originals thereof.

On the basis of the foregoing, and subject to the assumptions, limitations and qualifications set forth herein, we are of the opinion that when (i) the Registration Statement has become effective under the Act and the Indenture has been qualified under the Trust Indenture



Act of 1939, as amended, and (ii) the New Notes have been duly executed, authenticated and delivered in accordance with the provisions of the Indenture and issued in exchange for Outstanding Notes pursuant to, and in accordance with the terms of, the Exchange Offer as contemplated in the Registration Statement, the New Notes will constitute legal, valid and binding obligations of the Company, enforceable against it in accordance with their terms, except to the extent that the enforceability thereof may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general principles of equity and public policy (regardless of whether such enforceability is considered in a proceeding in equity or at law).

The opinion set forth above is based on and limited in all respects to matters of the federal laws of the United States, the General Corporation Law of the State of Delaware and the laws of the State of New York, each as currently in effect.

We hereby consent to the filing of this opinion of counsel as Exhibit 5.1 to the Registration Statement and to the reference to our Firm under the heading "Legal Matters" in the prospectus forming a part of the Registration Statement. In giving this consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

BAKER BOTTS L.L.P.

Halliburton Company  
 Computation of Ratio of Earnings to Fixed Charges

EXHIBIT 12.1

(in millions of dollars, except for ratios)  
 (Unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 2003	YEAR ENDED DECEMBER 31,				
		2002	2001	2000	1999	1998
Earnings available for fixed charges:						
Income (loss) from continuing operations before income taxes, minority interests, and cumulative effects of accounting changes, net:	\$ 352	\$(228)	\$ 954	\$ 335	\$ 307	\$ 55
Add:						
Distributed Earnings from equity in unconsolidated affiliates	70	19	25	27	57	93
Fixed charges	127	168	209	203	194	195
Subtotal	\$ 549	\$ (41)	\$1,188	\$565	\$558	\$343
Less:						
Undistributed equity in earnings and losses of unconsolidated affiliates	13	74	107	88	99	154
Total	\$ 536	\$(115)	\$1,081	\$477	\$459	\$189
Fixed Charges:						
Interest expense	\$ 85	\$ 113	\$ 147	\$146	\$141	\$134
Rental expense representative of interest	42	55	62	57	53	61
Total	\$ 127	\$ 168	\$ 209	\$203	\$194	\$195
Ratio of Earnings to Fixed Charges	4.2	(a)	5.2	2.3	2.4	(a)

(a) For the years ended December 31, 2002 and 1998, earnings were inadequate to cover fixed charges by \$283 million and \$6 million, respectively.

## Independent Auditors' Consent

The Board of Directors  
Halliburton Company:

We consent to the use of our report dated March 13, 2003, except for Notes 1, 2, and 4, which are as of October 17, 2003, with respect to the consolidated balance sheet of Halliburton Company as of December 31, 2002 and the related consolidated statements of operations, shareholders' equity, and cash flows for the year ended December 31, 2002, which report appears in the Form 8-K of Halliburton Company filed October 28, 2003 and to the reference to our firm under the heading "Experts" in the registration statement.

Our report contains an explanatory paragraph that states the Company changed the composition of its reportable segments in 2003. The amounts in the 2002, 2001, and 2000 consolidated financial statements related to reportable segments have been restated to conform to the 2003 composition of reportable segments.

Our report also refers to our audit of the adjustments that were applied to Halliburton Company's reportable segments to revise the 2001 and 2000 consolidated financial statements, as more fully described in Note 4 to the consolidated financial statements, as well as to our audit of the revisions to include the transitional disclosures required by Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, as more fully described in Note 22 to the consolidated financial statements. However, we were not engaged to audit, review, or apply any procedures to the 2001 and 2000 consolidated financial statements other than with respect to such adjustments.

/s/ KPMG LLP

Houston, TX  
February 19, 2004

POWER OF ATTORNEY

WHEREAS, Halliburton Company, a Delaware corporation (the "Company"), intends to file with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), a Registration Statement on Form S-4, including a prospectus, with such amendment or amendments thereto, whether pre-effective or post-effective, in each case as may be necessary or appropriate, together with any and all exhibits and other documents having relation to said Registration Statement (collectively, the "Registration Statement");

NOW, THEREFORE, each of the undersigned, in his or her capacity as a director of Company, does hereby appoint Albert O. Cornelison, Jr. and Margaret E. Carriere, each of whom may act without the joinder of the other, as his or her true and lawful attorneys-in-fact and agents with power to act and with full power of substitution and resubstitution, to execute in his or her name, place and stead, in his or her capacity as a director of the Company, the Registration Statement and all instruments necessary or incidental in connection therewith, with such amendment or amendments thereto in each case as said attorneys-in-fact and agents or any of them shall deem necessary or appropriate, together with any and all exhibits and other documents relating thereto as said attorneys-in-fact and agents or any of them shall deem necessary or appropriate or incidental in connection therewith, and to file the same or cause the same to be filed with the Commission. Said attorneys-in-fact and agents shall have full power and authority to do and perform in the name and on behalf of each of the undersigned, in any and all capacities, every act whatsoever necessary or desirable to be done to the premises, as fully and to all intents and purposes as each of the undersigned might or could do in person, each of the undersigned hereby ratifying and approving the acts of said attorneys-in-fact and agents or any of them or their substitutes.

IN WITNESS WHEREOF, each of the undersigned has executed this instrument on this 20th day of February, 2004.

/s/ Robert L. Crandall  
-----  
Robert L. Crandall

/s/ Kenneth T. Derr  
-----  
Kenneth T. Derr

/s/ Charles J. DiBona  
-----  
Charles J. DiBona

/s/ W.R. Howell  
-----  
W.R. Howell

/s/ Ray L. Hunt  
-----  
Ray L. Hunt

/s/ Aylwin B. Lewis  
-----  
Aylwin B. Lewis

/s/ J. Landis Martin  
-----  
J. Landis Martin

/s/ Jay A. Precourt  
-----  
Jay A. Precourt

/s/ Debra L. Reed  
-----  
Debra L. Reed

/s/ C. J. Silas  
-----  
C. J. Silas

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY  
UNDER THE TRUST INDENTURE ACT OF 1939 OF  
A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF  
A TRUSTEE PURSUANT TO SECTION 305(b)(2) \_\_\_\_\_

JPMORGAN CHASE BANK  
(Exact name of trustee as specified in its charter)

NEW YORK  
(State of incorporation  
if not a national bank)

13-4994650  
(I.R.S. employer  
identification No.)

270 PARK AVENUE  
NEW YORK, NEW YORK  
(Address of principal executive offices)

10017  
(Zip Code)

WILLIAM H. MCDAVID  
GENERAL COUNSEL  
270 PARK AVENUE  
NEW YORK, NEW YORK 10017  
TELEPHONE: (212) 270-2611  
(Name, address and telephone number of agent for service)

HALLIBURTON COMPANY  
(Exact name of obligor as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

76-2677995  
(I.R.S. employer  
identification No.)

1401 MCKINNEY, SUITE 2400  
HOUSTON, TEXAS  
(Address of principal executive offices)

77010  
(Zip Code)

\$500,000,000 SENIOR NOTES DUE JANUARY 26, 2007  
(Title of indenture securities)

GENERAL

ITEM 1. GENERAL INFORMATION.

FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

(a) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING AUTHORITY TO WHICH IT IS SUBJECT.

New York State Banking Department, State House, Albany, New York 12110.

Board of Governors of the Federal Reserve System, Washington, D.C., 20551.

Federal Reserve Bank of New York, District No. 2, 33 Liberty Street, New York, N.Y.

Federal Deposit Insurance Corporation, Washington, D.C., 20429.

(b) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

Yes.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR AND GUARANTORS.

IF THE OBLIGOR OR ANY GUARANTOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

None.

ITEMS 3 THROUGH 15, INCLUSIVE, ARE NOT APPLICABLE BY VIRTUE OF T-1 GENERAL INSTRUCTION B.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

ITEM 16. LIST OF EXHIBITS

LIST BELOW ALL EXHIBITS FILED AS A PART OF THIS STATEMENT OF ELIGIBILITY.

1. A copy of the Restated Organization Certificate of the Trustee dated March 25, 1997 and the Certificate of Amendment dated October 22, 2001 (see Exhibit 1 to Form T-1 filed in connection with Registration Statement No. 333-76894, which exhibit is incorporated by reference).
2. A copy of the Certificate of Authority of the Trustee to Commence Business (see Exhibit 2 to Form T-1 filed in connection with Registration Statement No. 33-50010, which exhibit is incorporated by reference). On November 11, 2001, in connection with the merger of The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York, the surviving corporation was renamed JPMorgan Chase Bank.
3. None, authorization to exercise corporate trust powers being contained in the documents identified above as Exhibits 1 and 2.
4. A copy of the existing By-Laws of the Trustee (see Exhibit 4 to Form T-1 filed in connection with Registration Statement No. 333-76894, which exhibit is incorporated by reference.)
5. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Act (see Exhibit 6 to Form T-1 filed in connection with Registration Statement No. 33-50010, which exhibit is incorporated by reference). On November 11, 2001, in connection with the merger of The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York, the surviving corporation was renamed JPMorgan Chase Bank.
7. A copy of the latest report of condition of the Trustee, published pursuant to law or the requirements of its supervising or examining authority.
8. Not applicable.
9. Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, JPMorgan Chase Bank, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Houston and State of Texas, on the 9th day of February, 2004.

JPMORGAN CHASE BANK

By: /s/ Frank W. McCreary

-----  
Frank W. McCreary  
Trust Officer

Exhibit 7 to Form T-1

Bank Call Notice

RESERVE DISTRICT NO. 2  
CONSOLIDATED REPORT OF CONDITION OF

JPMorgan Chase Bank  
of 270 Park Avenue, New York, New York 10017  
and Foreign and Domestic Subsidiaries,  
a member of the Federal Reserve System,

at the close of business September 30, 2003, in  
accordance with a call made by the Federal Reserve Bank of this  
District pursuant to the provisions of the Federal Reserve Act.

ASSETS	DOLLAR AMOUNTS IN MILLIONS
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin .....	\$ 17,578
Interest-bearing balances .....	9,823
Securities:	
Held to maturity securities.....	210
Available for sale securities.....	57,792
Federal funds sold and securities purchased under agreements to resell .....	
Federal funds sold in domestic offices.....	9,491
Securities purchased under agreements to resell.....	91,241
Loans and lease financing receivables:	
Loans and leases held for sale.....	35,681
Loans and leases, net of unearned income	\$170,168
Less: Allowance for loan and lease losses	3,448
Loans and leases, net of unearned income and allowance .....	166,720
Trading Assets .....	178,938
Premises and fixed assets (including capitalized leases).....	6,057
Other real estate owned.....	110
Investments in unconsolidated subsidiaries and associated companies.....	732
Customers' liability to this bank on acceptances outstanding.....	260
Intangible assets	
Goodwill.....	2,198
Other Intangible assets.....	4,096
Other assets .....	57,193
TOTAL ASSETS .....	\$ 638,120 =====



LIABILITIES

Deposits		
In domestic offices .....		\$ 188,866
Noninterest-bearing .....	\$ 76,927	
Interest-bearing .....	111,939	
In foreign offices, Edge and Agreement subsidiaries and IBF's .....		124,493
Noninterest-bearing.....	\$ 6,439	
Interest-bearing .....	118,054	
Federal funds purchased and securities sold under agree- ments to repurchase:		
Federal funds purchased in domestic offices.....		4,679
Securities sold under agreements to repurchase.....		82,206
Trading liabilities .....		136,012
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases).....		24,937
Bank's liability on acceptances executed and outstanding.....		260
Subordinated notes and debentures .....		8,040
Other liabilities .....		31,270
TOTAL LIABILITIES .....		600,763
Minority Interest in consolidated subsidiaries.....		358

EQUITY CAPITAL

Perpetual preferred stock and related surplus.....		0
Common stock .....		1,785
Surplus (exclude all surplus related to preferred stock).....		16,306
Retained earnings.....		18,875
Accumulated other comprehensive income.....		33
Other equity capital components.....		0
TOTAL EQUITY CAPITAL .....		36,999
TOTAL LIABILITIES, MINORITY INTEREST, AND EQUITY CAPITAL		\$ 638,120
		=====

I, Joseph L. Sclafani, E.V.P. & Controller of the above-named bank, do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

JOSEPH L. SCLAFANI

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

WILLIAM B. HARRISON, JR.	)	
LAWRENCE A. BOSSIDY	)	DIRECTORS
ELLEN V. FUTTER	)	

## HALLIBURTON COMPANY

LETTER TO THE DEPOSITORY TRUST COMPANY PARTICIPANTS  
 FOR TENDER OF ALL OUTSTANDING  
 UNREGISTERED SENIOR NOTES DUE 2007  
 IN EXCHANGE FOR  
 REGISTERED SENIOR NOTES DUE 2007

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON \_\_\_\_\_, 200 (THE "EXPIRATION DATE"), UNLESS SOONER TERMINATED OR EXTENDED. OUTSTANDING NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE FOR THE EXCHANGE OFFER.

To Depository Trust Company Participants:

We enclose the materials listed below relating to the offer by Halliburton Company (the "Issuer") to exchange its Senior Notes due 2007 (the "New Notes"), the issuance of which has been registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of its issued and outstanding unregistered Senior Notes due 2007 (the "Outstanding Notes"), upon the terms and subject to the conditions set forth in the Issuer's prospectus dated \_\_\_\_\_, 200 (the "Prospectus") and the related Letter of Transmittal. The exchange of the Outstanding Notes for the New Notes and the related documentation are referred to herein as the "Exchange Offer."

We are enclosing copies of the following documents:

1. Prospectus dated \_\_\_\_\_, 200 ;
2. Letter of Transmittal (together with accompanying Substitute Form W-9 Guidelines);
3. Notice of Guaranteed Delivery; and
4. Letter of instructions that may be sent to your clients for whose account you hold Outstanding Notes in your name or in the name of your nominee, with space provided for obtaining such client's instructions with regard to the Exchange Offer.

We urge you to contact your clients promptly. Please note that the Exchange Offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 200, unless sooner terminated or extended.

The Exchange Offer is not conditioned upon any minimum aggregate principal amount of Outstanding Notes being tendered for exchange.

Pursuant to the Letter of Transmittal, each holder of Outstanding Notes will represent to the Issuer that:

- such person is not an "affiliate," as defined in Rule 405 under the Securities Act, of the Issuer or a broker-dealer tendering Outstanding Notes acquired directly from the Issuer for its own account;
- if such person is not a broker-dealer, or is a broker-dealer but will not receive New Notes for its own account in exchange for Outstanding Notes, it is not engaged in, and does not intend to participate in, a distribution of New Notes;
- such person does not have an arrangement or understanding with any person to participate in the distribution of the Outstanding Notes or the New Notes within the meaning of the Securities Act; and
- any New Notes received are being acquired in the ordinary course of business of the person receiving such New Notes.

If such person is a broker-dealer that will receive New Notes for its own account in exchange for Outstanding Notes, it represents that the Outstanding Notes to be exchanged for New Notes were acquired as a result of market-

making activities or other trading activities, and it will deliver a Prospectus in connection with any resale of such New Notes; however, by so acknowledging and by delivering a Prospectus, it will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The enclosed Letter to Clients contains an authorization by the beneficial owners of the Outstanding Notes for you to make the foregoing representations.

The Issuer will not pay any fee or commission to any broker or dealer or to any other person (other than the Exchange Agent) in connection with the solicitation of tenders of Outstanding Notes pursuant to the Exchange Offer. The Issuer will pay or cause to be paid any transfer taxes payable on the transfer of Outstanding Notes to it, except as otherwise provided in Instruction 7 of the enclosed Letter of Transmittal.

Additional copies of the enclosed material may be obtained from us or the Exchange Agent, JPMorgan Chase Bank, upon request.

Very truly yours,

Halliburton Company

## HALLIBURTON COMPANY

LETTER TO CLIENTS  
 FOR  
 TENDER OF ALL OUTSTANDING  
 UNREGISTERED SENIOR NOTES DUE 2007  
 IN EXCHANGE FOR  
 REGISTERED SENIOR NOTES DUE 2007

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON \_\_\_\_\_, 200 (THE "EXPIRATION DATE"), UNLESS SOONER TERMINATED OR EXTENDED. OUTSTANDING NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME BEFORE 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE FOR THE EXCHANGE OFFER.

To Our Clients:

We are enclosing with this letter a prospectus dated \_\_\_\_\_, 200 (the "Prospectus") of Halliburton Company (the "Issuer") and the related Letter of Transmittal. These two documents together constitute the Issuer's offer to exchange its Senior Notes due 2007 (the "New Notes"), the issuance of which has been registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of issued and outstanding unregistered Senior Notes due 2007 (the "Outstanding Notes"). The exchange of Outstanding Notes for New Notes and the related documentation are referred to herein as the "Exchange Offer." The Exchange Offer is not conditioned upon any minimum aggregate principal amount of Outstanding Notes being tendered for exchange.

We are the holder of record of Outstanding Notes held by us for your own account. A tender of your Outstanding Notes held by us can be made only by us as the record holder according to your instructions. The Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender Outstanding Notes held by us for your account.

We request instructions as to whether you wish to tender any or all of the Outstanding Notes held by us for your account under the terms and conditions of the Exchange Offer. We also request that you confirm that we may, on your behalf, make the representations contained in the Letter of Transmittal.

Under the Letter of Transmittal, each holder of Outstanding Notes will represent to the Issuer that:

- such person is not an "affiliate," as defined in Rule 405 under the Securities Act, of the Issuer or a broker-dealer tendering Outstanding Notes acquired directly from the Issuer for its own account;
- if such person is not a broker-dealer, or is a broker-dealer but will not receive New Notes for its own account in exchange for Outstanding Notes, it is not engaged in, and does not intend to participate in, a distribution of the New Notes;
- such person does not have an arrangement or understanding with any person to participate in the distribution of the Outstanding Notes or the New Notes within the meaning of the Securities Act;
- any New Notes received are being acquired in the ordinary course of business of the person receiving such New Notes; and
- if such person is a broker-dealer who will receive New Notes for its own account in exchange for Outstanding Notes, it will represent that the Outstanding Notes to be exchanged for New Notes were acquired as a result of market-making activities or other trading activities, and that it will deliver a Prospectus in connection with any resale of those New Notes; however, by so acknowledging and by delivering a Prospectus, it will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Very truly yours,

PLEASE RETURN YOUR INSTRUCTIONS TO US IN THE ENCLOSED ENVELOPE WITHIN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF BEFORE THE EXPIRATION DATE.

INSTRUCTION TO  
DTC TRANSFER PARTICIPANT

To Participant of The Depository Trust Company:

The undersigned hereby acknowledges receipt and review of the prospectus dated \_\_\_\_\_, 200 (the "Prospectus") of Halliburton Company (the "Issuer") and the related Letter of Transmittal. These two documents together constitute the Issuer's offer to exchange its Senior Notes due 2007 (the "New Notes"), the issuance of which has been registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of its issued and outstanding unregistered Senior Notes due 2007 (the "Outstanding Notes"). The exchange of Outstanding Notes for New Notes and the relevant documentation are referred to herein as an "Exchange Offer."

This will instruct you, the registered holder and DTC participant, as to the action to be taken by you relating to the Exchange Offer for the Outstanding Notes held by you for the account of the undersigned.

The aggregate principal amount of the Outstanding Notes held by you for the account of the undersigned is (fill in amount):

PRINCIPAL TITLE OF  
SERIES AMOUNT - -----  
-----  
Halliburton Company  
Senior Notes due  
2007.....

With respect to the Exchange Offer, the undersigned hereby instructs you (check appropriate box):

- To TENDER all Outstanding Notes held by you for the account of the undersigned.
- To TENDER the following amount of Outstanding Notes held by you for the account of the undersigned:

PRINCIPAL TITLE OF  
SERIES AMOUNT - -----  
-----  
Halliburton Company  
Senior Notes due  
2007.....

- NOT to TENDER any Outstanding Notes held by you for the account of the undersigned.

IF NO BOX IS CHECKED, A SIGNED AND RETURNED INSTRUCTION TO DTC PARTICIPANT WILL BE DEEMED TO INSTRUCT YOU TO TENDER ALL OUTSTANDING NOTES HELD BY YOU FOR THE ACCOUNT OF THE UNDERSIGNED.

If the undersigned instructs you to tender the Outstanding Notes held by you for the account of the undersigned, it is understood that you are authorized to make, on behalf of the undersigned (and the undersigned, by its signature below, hereby makes to you), the representations contained in the Letter of Transmittal that are to be made to the Issuer with respect to the undersigned as a beneficial owner, including, but not limited to, the representations that:

- (i) the undersigned is not an "affiliate," as defined in Rule 405 under the Securities Act, of the Issuer or a broker-dealer tendering Outstanding Notes acquired directly from the Issuer for its own account;
- (ii) if the undersigned is not a broker-dealer, or is a broker-dealer but will not receive New Notes for its own account in exchange for Outstanding Notes, it is not engaged in, and does not intend to participate in, a distribution of New Notes;
- (iii) the undersigned does not have an arrangement or understanding with any person to participate in the distribution of the Outstanding Notes or the New Notes within the meaning of the Securities Act;
- (iv) any New Notes received are being acquired in the ordinary course of business of the undersigned; and
- (v) if the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Outstanding Notes, it will represent that the Outstanding Notes to be exchanged for New Notes were acquired

as a result of market-making activities or other trading activities, and it will acknowledge that it will deliver a Prospectus in connection with any resale of those New Notes; however, by so acknowledging and by delivering a Prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

SIGN HERE

Name of beneficial owner(s):

-----

Signature(s):

-----

Name(s) (please print):

-----

Address:

-----

Telephone Number:

-----

Taxpayer Identification or Social Security Number:

-----

Date:

-----

## HALLIBURTON COMPANY

NOTICE OF GUARANTEED DELIVERY  
 FOR TENDER OF ALL OUTSTANDING  
 UNREGISTERED SENIOR NOTES DUE 2007  
 IN EXCHANGE FOR  
 REGISTERED SENIOR NOTES DUE 2007

This form, or one substantially equivalent hereto, must be used by a holder to accept the Exchange Offer of Halliburton Company (the "Issuer"), and to tender outstanding unregistered Senior Notes due 2007 (the "Outstanding Notes") to JPMorgan Chase Bank, as exchange agent (the "Exchange Agent"), pursuant to the guaranteed delivery procedures described in "The Exchange Offer -- Guaranteed Delivery Procedures" of the Issuer's prospectus dated , 200 (the "Prospectus") and in Instruction 2 to the related Letter of Transmittal. Any holder who wishes to tender Outstanding Notes pursuant to such guaranteed delivery procedures must ensure that the Exchange Agent receives this Notice of Guaranteed Delivery, properly completed and duly executed, prior to the Expiration Date (as defined below) of the Exchange Offer. Capitalized terms used but not defined herein have the meanings ascribed to them in the Prospectus or the Letter of Transmittal.

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 200 (THE "EXPIRATION DATE"), UNLESS SOONER TERMINATED OR EXTENDED. OUTSTANDING NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE FOR THE EXCHANGE OFFER.

The Exchange Agent for the Exchange Offer is:

JPMorgan Chase Bank  
 1-800-275-2048

For Delivery By Mail (registered or certified mail recommended),  
 Overnight Delivery or by Hand:

JPMorgan Chase Bank  
 2001 Bryan Street  
 Floor 10  
 Dallas, Texas 75201  
 Attn: Frank Ivins

By Facsimile Transmission (eligible institutions only):

(214) 468-6494  
 Attn.: Frank Ivins

Confirm by telephone:  
 (214) 468-6464

Delivery of this instrument to an address other than as set forth above, or transmission via facsimile to a number other than as set forth above, will not constitute a valid delivery. The instructions accompanying this Notice of Guaranteed Delivery should be read carefully before the Notice of Guaranteed Delivery is completed.

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space in the box provided on the Letter of Transmittal for guarantee of signatures.







THIS NOTICE OF GUARANTEED DELIVERY MUST BE SIGNED BY THE REGISTERED HOLDER(S) OF THE TENDERED OUTSTANDING NOTES EXACTLY AS THE NAME(S) OF SUCH PERSON(S) APPEAR(S) ON CERTIFICATES FOR THE OUTSTANDING NOTES OR ON A SECURITY POSITION LISTING AS THE OWNER OF THE OUTSTANDING NOTES, OR BY PERSON(S) AUTHORIZED TO BECOME HOLDER(S) BY ENDORSEMENTS AND DOCUMENTS TRANSMITTED WITH THIS NOTICE OF GUARANTEED DELIVERY.

IF SIGNATURE IS BY A TRUSTEE, EXECUTOR, ADMINISTRATOR, GUARDIAN,  
ATTORNEY-IN-FACT, OFFICER OR OTHER PERSON ACTING IN A FIDUCIARY OR  
REPRESENTATIVE CAPACITY, SUCH PERSON MUST PROVIDE THE FOLLOWING INFORMATION:

PLEASE PRINT NAME(S) AND ADDRESS(ES)

Name(s):  
-----  
-----  
-----

Capacity:  
-----

Address(es):  
-----  
-----

GUARANTEE

(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm which is a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., or is a commercial bank or trust company having an office or correspondent in the United States, or is otherwise an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, hereby guarantees deposit with the Exchange Agent of the Letter of Transmittal (or facsimile thereof or agent's message in lieu thereof), together with the Outstanding Notes tendered hereby in proper form for transfer (or confirmation of the book-entry transfer of such Outstanding Notes into the Exchange Agent's account at the DTC described in the Prospectus under the caption "The Exchange Offer -- Procedures for Tendering -- Book-Entry Transfer" and in the Letter of Transmittal) and any other required documents, all by 5:00 p.m., New York City time, within three New York Stock Exchange trading days following the Expiration Date.

Name of Firm: ----- (AUTHORIZED SIGNATURE)

Address: ----- Name: -----

----- Title: -----  
(INCLUDE ZIP CODE) (PLEASE TYPE OR PRINT)

Area Code and Telephone Number: ----- Date: -----  
-----

DO NOT SEND OUTSTANDING NOTES WITH THIS FORM. ACTUAL SURRENDER OF  
OUTSTANDING NOTES MUST BE MADE PURSUANT TO, AND BE ACCOMPANIED BY, A PROPERLY  
COMPLETED AND DULY EXECUTED LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED  
DOCUMENTS.

## INSTRUCTIONS FOR NOTICE OF GUARANTEED DELIVERY

1. DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY. A properly completed and duly executed copy of this Notice of Guaranteed Delivery (or facsimile hereof or an agent's message and Notice of Guaranteed Delivery in lieu hereof) and any other documents required by this Notice of Guaranteed Delivery with respect to the Outstanding Notes must be received by the Exchange Agent at its address set forth herein prior to the Expiration Date of the Exchange Offer. The method of delivery of this Notice of Guaranteed Delivery and any other required documents to the Exchange Agent is at the election and sole risk of the holder, and the delivery will be deemed made only when actually received by the Exchange Agent. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. As an alternative to delivery by mail, holders may wish to consider using an overnight or hand delivery service. In all cases, sufficient time should be allowed to ensure timely delivery. For a description of the guaranteed delivery procedures, see Instruction 2 of the Letter of Transmittal.

2. SIGNATURES ON THIS NOTICE OF GUARANTEED DELIVERY. If this Notice of Guaranteed Delivery (or facsimile hereof) is signed by the registered holder(s) of the Outstanding Notes referred to herein, the signature(s) must correspond exactly with the name(s) written on the face of the Outstanding Notes without alteration, enlargement or any change whatsoever. If this Notice of Guaranteed Delivery (or facsimile hereof) is signed by a participant of the DTC whose name appears on a security position listing as the owner of the Outstanding Notes, the signature must correspond with the name shown on the security position listing as the owner of the Outstanding Notes.

If this Notice of Guaranteed Delivery (or facsimile hereof) is signed by a person other than the registered holder(s) of any Outstanding Notes listed or a participant of the DTC, this Notice of Guaranteed Delivery must be accompanied by appropriate bond powers, signed as the name(s) of the registered holder(s) appear(s) on the Outstanding Notes or signed as the name(s) of the participant shown on the DTC's security position listing.

If this Notice of Guaranteed Delivery (or facsimile hereof) is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person should so indicate when signing and submit with the Letter of Transmittal evidence satisfactory to the Exchange Agent of such person's authority to so act.

3. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Questions and requests for assistance and requests for additional copies of the Prospectus and this Notice of Guaranteed Delivery may be directed to the Exchange Agent at the address set forth on the cover page hereof. Holders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer.

HALLIBURTON COMPANY  
LETTER OF TRANSMITTAL  
FOR  
TENDER OF ALL OUTSTANDING  
UNREGISTERED SENIOR NOTES DUE 2007  
IN EXCHANGE FOR  
REGISTERED SENIOR NOTES DUE 2007

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON  
, 200 (THE "EXPIRATION DATE"), UNLESS SOONER TERMINATED OR  
EXTENDED. OUTSTANDING NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT  
ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE FOR THE  
EXCHANGE OFFER.

PLEASE READ CAREFULLY THE ATTACHED INSTRUCTIONS

If you desire to accept the Exchange Offer, this Letter of Transmittal  
should be completed, signed and submitted to the Exchange Agent:

JPMorgan Chase Bank  
1-800-275-2049

For Delivery By Mail (registered or certified mail recommended),  
Overnight Delivery or by Hand:

JPMorgan Chase Bank  
2001 Bryan Street  
Floor 10  
Dallas, Texas 75201  
Attn: Frank Ivins

By Facsimile Transmission (eligible institutions only):

(214) 468-6494  
Attn: Frank Ivins

Confirm by telephone:  
(214) 468-6464

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SHOWN ABOVE OR  
TRANSMISSION VIA A FACSIMILE NUMBER OTHER THAN THE ONE LISTED ABOVE WILL NOT  
CONSTITUTE A VALID DELIVERY. THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF  
TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS  
COMPLETED.

The undersigned hereby acknowledges receipt and review of the prospectus  
dated , 200 (the "Prospectus") of Halliburton Company (the "Issuer")  
and this Letter of Transmittal which together constitute the Issuer's offer to  
exchange its Senior Notes due 2007 (the "New Notes"), the issuance of which has  
been registered under the Securities Act of 1933, as amended (the "Securities  
Act"), for a like principal amount of issued and outstanding unregistered Senior  
Notes due 2007 (the "Outstanding Notes"). The exchange of Outstanding Notes for  
New Notes and the related documentation are referred to as the "Exchange Offer."  
Capitalized terms used but not defined herein have the respective meanings given  
to them in the Prospectus.

The Issuer reserves the right, at any time or from time to time, to extend  
the period of time during which the Exchange Offer for the Outstanding Notes is  
open, at its discretion, in which event the term "Expiration Date" shall mean  
the latest date to which such Exchange Offer is extended. The Issuer shall  
notify JPMorgan Chase Bank (the

"Exchange Agent") of any extension by oral or written notice and shall make a public announcement thereof no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

The interest rate on the New Notes for a particular interest period will be a per annum rate equal to three-month LIBOR plus 0.75%. Interest will be payable quarterly on the 26th day of January, April, July and October of each year, commencing April 26, 2004. Registered holders of New Notes on the relevant record date for the first interest payment date following the consummation of the Exchange Offer will receive interest accruing from the most recent date to which interest has been paid on the Outstanding Notes or, if no interest has been paid, from January 26, 2004. Outstanding Notes accepted for exchange will cease to accrue interest from and after the date of consummation of the Exchange Offer. Holders whose Outstanding Notes are accepted for exchange will not receive any payment in respect of accrued interest on such Outstanding Notes otherwise payable on any interest payment date the record date for which occurs on or after consummation of the Exchange Offer. Interest will be paid to the person in whose name the applicable New Note is registered at the close of business on the immediately preceding 1st day of January, April, July and October, as the case may be. Interest will be computed on the basis of the actual number of days in an interest period and a 360-day year. No additional interest will be payable on the New Notes.

This Letter of Transmittal is to be used by a holder of Outstanding Notes if:

- certificates of Outstanding Notes are to be forwarded with this Letter of Transmittal; or
- delivery of Outstanding Notes is to be made by book-entry transfer to the account maintained by the Exchange Agent at The Depository Trust Company (the "DTC") pursuant to the procedures set forth in the Prospectus under the caption "The Exchange Offer -- Procedures for Tendering -- Book-Entry Transfer."

Tenders by book-entry transfer may also be made by delivering an "agent's message" pursuant to DTC's Automated Tender Offer Program in lieu of this Letter of Transmittal. Holders of Outstanding Notes (i) whose Outstanding Notes are not immediately available, (ii) who are unable to deliver their Outstanding Notes, this Letter of Transmittal and all other documents required hereby to the Exchange Agent on or prior to the Expiration Date for the Exchange Offer, or (iii) who are unable to complete the procedure for book-entry transfer on a timely basis, must tender their Outstanding Notes according to the guaranteed delivery procedures set forth in the Prospectus under the caption "The Exchange Offer -- Guaranteed Delivery Procedures." See Instruction 2 of this Letter of Transmittal. Delivery of documents to the book-entry transfer facility does not constitute delivery to the Exchange Agent.

The term "holder" with respect to the Exchange Offer for Outstanding Notes means any person in whose name such Outstanding Notes are registered on the books of Halliburton Company, any person who holds such Outstanding Notes and has obtained a properly completed bond power from the registered holder or any participant in the DTC system whose name appears on a security position listing as the holder of such Outstanding Notes and who desires to deliver the Outstanding Notes by book-entry transfer at DTC. The undersigned has completed, executed and delivered this Letter of Transmittal to indicate the action the undersigned desires to take with respect to the Exchange Offer. Holders who wish to tender their Outstanding Notes must complete this Letter of Transmittal in its entirety (unless such Outstanding Notes are to be tendered by book-entry transfer and an agent's message is delivered in lieu hereof).

Please read the entire Letter of Transmittal and the Prospectus carefully before checking any box below. The instructions included with this Letter of Transmittal must be followed. Questions and requests for assistance or for additional copies of the Prospectus and this Letter of Transmittal may be directed to the Exchange Agent.









Window Ticket Number (if available):

Name of Eligible Institution that Guaranteed Delivery:

DTC Account Number(s) (if delivered by book-entry transfer):

Transaction Code Number (if delivered by book-entry transfer):

Name of Tendering Institution (if delivered by book-entry transfer):

CHECK HERE IF TENDERED OUTSTANDING NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER AND NON-EXCHANGED OUTSTANDING NOTES ARE TO BE RETURNED, BY CREDITING THE DTC ACCOUNT NUMBER SET FORTH ABOVE (FOR USE BY ELIGIBLE INSTITUTIONS ONLY).

CHECK HERE AND COMPLETE THE FOLLOWING IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO:

Name:

Address:

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to participate in, a distribution of New Notes. If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Outstanding Notes, it represents that the New Notes are acquired as a result of market-making activities or other trading activities and that it will deliver a Prospectus in connection with any resale of such New Notes; however, by so acknowledging and by delivering a Prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

SIGNATURES MUST BE PROVIDED BELOW.  
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

Ladies and Gentlemen:

Subject to the terms and conditions of the Exchange Offer, the undersigned hereby tenders to the Issuer for exchange the principal amount of Outstanding Notes indicated above. Subject to and effective upon the acceptance for exchange of the principal amount of Outstanding Notes tendered in accordance with this Letter of Transmittal, the undersigned hereby exchanges, assigns and transfers to, or upon the order of, the Issuer all right, title and interest in and to the Outstanding Notes tendered for exchange hereby, including all rights to accrued and unpaid interest thereon as of the Expiration Date. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent the true and lawful agent and attorney-in-fact for the undersigned (with full knowledge that said Exchange Agent also acts as the agent for the Issuer in connection with the Exchange Offer) with respect to the tendered Outstanding Notes with full power of substitution to:

- deliver such Outstanding Notes, or transfer ownership of such Outstanding Notes on the account books maintained by the DTC, to the Issuer and deliver all accompanying evidences of transfer and authenticity; and
- present such Outstanding Notes for transfer on the books of the Issuer and receive all benefits and otherwise exercise all rights of beneficial ownership of such Outstanding Notes, all in accordance with the terms of the Exchange Offer.

The power of attorney granted in this paragraph shall be deemed to be irrevocable and coupled with an interest.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, exchange, assign and transfer the Outstanding Notes tendered hereby and to acquire the New Notes issuable upon the exchange of such tendered Outstanding Notes, and that the Issuer will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim, when the same are accepted for exchange by the Issuer as contemplated herein.

The undersigned acknowledges that the Exchange Offer is being made in reliance upon interpretations set forth in no-action letters issued to third parties by the staff of the Securities and Exchange Commission (the "SEC"), including Exxon Capital Holdings Corporation (available April 13, 1988), Morgan Stanley & Co. Incorporated (available June 5, 1991), Shearman & Sterling (available July 2, 1993) and similar no-action letters (the "Prior No-Action Letters"), that the New Notes issued in exchange for Outstanding Notes pursuant to the Exchange Offer may be offered for resale or resold and otherwise transferred by holders thereof (other than any such holder that is an "affiliate" of the Issuer within the meaning of Rule 405 under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Notes are acquired in the ordinary course of such holders' business and that such holders are not engaging in, do not intend to participate in and have no arrangement or understanding with any person to participate in a distribution of such New Notes. The SEC has not, however, considered the Exchange Offer in the context of a no-action letter and there can be no assurance that the staff of the SEC would make a similar determination with respect to the Exchange Offer as in other circumstances.

The undersigned hereby further represents to the Issuer that:

- neither the holder nor any other person receiving its New Notes in the Exchange Offer is an "affiliate," as defined in Rule 405 under the Securities Act, of the Issuer or a broker-dealer tendering Outstanding Notes acquired directly from the Issuer for its own account;
- if the undersigned is not a broker-dealer or is a broker-dealer but will not receive New Notes for its own account in exchange for Outstanding Notes, the undersigned represents that it is not engaged in, and does not intend to participate in, a distribution of New Notes;
- neither the undersigned nor any other person receiving notes in the Exchange Offer has an arrangement or understanding with any person to participate in the distribution of the Outstanding Notes or the New Notes within the meaning of the Securities Act; and
- the New Notes to be received are being acquired in the ordinary course of business of the person receiving such New Notes, whether or not the undersigned.

If the undersigned is a broker-dealer that will receive New Notes in exchange for Outstanding Notes that were acquired for its own account as a result of market-making activities or other trading activities, it represents that it will deliver a Prospectus in connection with any resale of such New Notes. By so acknowledging and by delivering a Prospectus, however, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned acknowledges that if the undersigned is tendering Outstanding Notes in the Exchange Offer with the intention of participating in any manner in a distribution of the New Notes:

- the undersigned cannot rely on the position of the staff of the SEC set forth in the Prior No-Action Letters and, in the absence of an exemption therefrom, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale transaction of the New Notes, in which case the registration statement must contain the selling security holder information required by Item 507 or Item 508, as applicable, of Regulation S-K of the SEC; and
- failure to comply with such requirements in such instance could result in the undersigned incurring liability for which the undersigned is not indemnified by the Issuer.

The undersigned will, upon request, execute and deliver any additional documents deemed by the Exchange Agent or the Issuer to be necessary or desirable to complete the exchange, assignment and transfer of the Outstanding Notes tendered hereby, including the transfer of such Outstanding Notes on the account books maintained by the DTC.

For purposes of the Exchange Offer, the Issuer shall be deemed to have accepted for exchange validly tendered Outstanding Notes when, as and if the Issuer gives oral or written notice thereof to the Exchange Agent. Any tendered Outstanding Notes that are not accepted for exchange pursuant to the Exchange Offer for any reason will be returned, without expense, to the undersigned at the address shown below or at a different address as may be indicated herein under Special Delivery Instructions as promptly as practicable after the Expiration Date for such Exchange Offer.

All authority conferred or agreed to be conferred by this Letter of Transmittal shall survive the death, incapacity or dissolution of the undersigned, and every obligation of the undersigned under this Letter of Transmittal shall be binding upon its successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives. This tender may be withdrawn only in accordance with the procedures set forth in the section of the Prospectus entitled "The Exchange Offer -- Withdrawal of Tenders."

The undersigned acknowledges that the Issuer's acceptance of properly tendered Outstanding Notes pursuant to the procedures described under the caption "The Exchange Offer -- Procedures for Tendering" in the Prospectus and in the instructions hereto will constitute a binding agreement between the undersigned and the Issuer upon the terms and subject to the conditions of the Exchange Offer. The undersigned further agrees that acceptance of any tendered Outstanding Notes by the Issuer and the issuance of New Notes in exchange therefor shall constitute performance in full by the Issuer of their obligations under the registration rights agreement and that the Issuer shall have no further obligations or liabilities thereunder for the registration of the Outstanding Notes or the New Notes.

The Exchange Offer is subject to certain conditions set forth in the Prospectus under the caption "The Exchange Offer -- Conditions to the Exchange Offer." The undersigned recognizes that as a result of these conditions (which may be waived, in whole or in part, by the Issuer), the Issuer may not be required to exchange any of the Outstanding Notes tendered hereby. In such event, the Outstanding Notes not exchanged will be returned to the undersigned at the address shown below the signature of the undersigned.

Unless otherwise indicated under "Special Issuance Instructions," please issue the New Notes issued in exchange for the Outstanding Notes accepted for exchange and return any Outstanding Notes not tendered or not exchanged, in the name(s) of the undersigned (or, in the case of a book-entry delivery of Outstanding Notes, please credit the account indicated above maintained at the DTC). Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail or deliver the New Notes issued in exchange for the Outstanding Notes accepted for exchange and any Outstanding Notes not tendered or not exchanged (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s). In the event that both "Special Issuance Instructions" and "Special Delivery Instructions" are completed, please issue the New Notes issued in exchange for the Outstanding Notes accepted for exchange in the name(s) of, and return any Outstanding Notes not tendered or not exchanged to, the

person(s) so indicated. The undersigned recognizes that the Issuer has no obligation pursuant to the "Special Issuance Instructions" and "Special Delivery Instructions" to transfer any Outstanding Notes from the name of the registered holder(s) thereof if the Issuer does not accept for exchange any of the Outstanding Notes so tendered for exchange.

SPECIAL ISSUANCE INSTRUCTIONS  
(SEE INSTRUCTIONS 5 AND 6)

To be completed ONLY (i) if Outstanding Notes in a principal amount not tendered, or New Notes issued in exchange for Outstanding Notes accepted for exchange, are to be issued in the name of someone other than the undersigned, or (ii) if Outstanding Notes tendered by book-entry transfer which are not exchanged are to be returned by credit to an account maintained at the DTC other than the DTC Account Number set forth above. Issue New Notes and/or Outstanding Notes to:

Name:-----

Address:-----

-----  
(INCLUDE ZIP CODE)

-----  
(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)

-----  
(PLEASE TYPE OR PRINT)

SPECIAL DELIVERY INSTRUCTIONS  
(SEE INSTRUCTIONS 5 AND 6)

To be completed ONLY if Outstanding Notes in a principal amount not tendered, or New Notes issued in exchange for Outstanding Notes accepted for exchange, are to be mailed or delivered to someone other than the undersigned, or to the undersigned at an address other than that shown below the undersigned's signature. Mail or deliver New Notes and/or Outstanding Notes to:

Name:-----

Address:-----

-----  
(INCLUDE ZIP CODE)

-----  
(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)

-----  
(PLEASE TYPE OR PRINT)

[ ] Credit unexchanged Outstanding Notes delivered by book-entry transfer to the DTC account number set forth below:

Number:----- DTC Account

IMPORTANT  
PLEASE SIGN HERE WHETHER OR NOT  
OUTSTANDING NOTES ARE BEING PHYSICALLY TENDERED HEREBY  
(COMPLETE ACCOMPANYING SUBSTITUTE FORM W-9 BELOW)

X  
-----

X  
-----

SIGNATURE(S) OF REGISTERED HOLDER(S) OF OUTSTANDING NOTES

Dated -----

(The above lines must be signed by the registered holder(s) of Outstanding Notes as your name(s) appear(s) on the Outstanding Notes or on a security position listing, or by person(s) authorized to become registered holder(s) by a properly completed bond power from the registered holder(s), a copy of which must be transmitted with this Letter of Transmittal. If Outstanding Notes to which this Letter of Transmittal relate are held of record by two or more joint holders, then all such holders must sign this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, then such person must (i) set forth his or her full title below and (ii) unless waived by the Issuer, submit evidence satisfactory to the Issuer of such person's authority so to act. See Instruction 5 regarding the completion of this Letter of Transmittal, printed below.)

Name(s):  
-----

(PLEASE TYPE OR PRINT)

Capacity (Full Title):  
-----

Address:  
-----

(INCLUDE ZIP CODE)

Area Code and Telephone Number:  
-----

Employer Identification Number or Social Security Number:  
-----

MEDALLION SIGNATURE GUARANTEE  
(IF REQUIRED BY INSTRUCTION 5)

Certain signatures must be guaranteed by an Eligible Institution. Please read Instruction 5 of this Letter of Transmittal to determine whether a signature guarantee is required for the tender of your Outstanding Notes.

Signature(s) Guaranteed by an Eligible Institution:

-----  
(AUTHORIZED SIGNATURE)

-----  
(TITLE)

-----  
(NAME OF FIRM)

-----  
(ADDRESS, INCLUDING ZIP CODE)

-----  
(AREA CODE AND TELEPHONE NUMBER)

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

INSTRUCTIONS TO LETTER OF TRANSMITTAL  
FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. DELIVERY OF THIS LETTER OF TRANSMITTAL AND OUTSTANDING NOTES OR AGENT'S MESSAGE AND BOOK-ENTRY CONFIRMATION. All physically delivered Outstanding Notes or any confirmation of a book-entry transfer to the Exchange Agent's account at the DTC of Outstanding Notes tendered by book-entry transfer (a "Book-Entry Confirmation"), as well as a properly completed and duly executed copy of this Letter of Transmittal or facsimile hereof (or an agent's message in lieu hereof), and any other documents required by this Letter of Transmittal must be received by the Exchange Agent at its address set forth herein on or prior to 5:00 p.m., New York City time, on the Expiration Date for the Exchange Offer, or the tendering holder must comply with the guaranteed delivery procedures set forth below. Outstanding Notes tendered hereby must be in denominations of principal amount of \$1,000 and any integral multiple thereof. The method of delivery of the tendered Outstanding Notes, this Letter of Transmittal and all other required documents to the Exchange Agent is at the election and risk of the holder and, except as otherwise provided below, the delivery will be deemed made only when actually received or confirmed by the Exchange Agent. Instead of delivery by mail, it is recommended that the holder use an overnight or hand delivery service. In all cases, sufficient time should be allowed to ensure delivery to the Exchange Agent before the Expiration Date. NEITHER THIS LETTER OF TRANSMITTAL NOR OUTSTANDING NOTES SHOULD BE SENT TO THE ISSUER.

All questions as to the validity, form, eligibility (including time of receipt) or acceptance of tendered Outstanding Notes and withdrawal of tendered Outstanding Notes will be determined by the Issuer in its sole discretion, which determination will be final and binding. The Issuer reserves the absolute right to reject any and all Outstanding Notes not properly tendered or any Outstanding Notes the Issuer's acceptance of which would, in the opinion of counsel for the Issuer, be unlawful. The Issuer also reserves the right to waive any defects, irregularities or conditions of tender as to particular Outstanding Notes. The Issuer's interpretation of the terms and conditions of the Exchange Offer (including the instructions in this Letter of Transmittal) shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Outstanding Notes must be cured within such time as the Issuer shall determine. Neither the Issuer, the Exchange Agent nor any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of Outstanding Notes, nor shall any of them incur any liability for failure to give such notification. Tenderees of Outstanding Notes will not be deemed to have been made until such defects or irregularities have been cured or waived. Any Outstanding Notes received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the Exchange Agent to the tendering holders of Outstanding Notes, unless otherwise provided in this Letter of Transmittal, as soon as practicable following the Expiration Date. See "The Exchange Offer" section of the Prospectus.

2. GUARANTEED DELIVERY PROCEDURES. Holders who wish to tender their Outstanding Notes and (a) whose Outstanding Notes are not immediately available, or (b) who cannot deliver their Outstanding Notes, this Letter of Transmittal or any other documents required hereby to the Exchange Agent prior to the Expiration Date, or (c) who are unable to comply with the applicable procedures under the DTC's Automated Tender Offer Program on a timely basis, must tender their Outstanding Notes according to the guaranteed delivery procedures set forth in the Prospectus.

Pursuant to such procedures:

- such tender must be made by or through a financial institution (including most banks, savings and loan associations, and brokerage houses) that is a participant in the Securities Transfer Agents' Medallion Program, the New York Stock Exchange Medallion Program or the Stock Exchanges' Medallion Program approved by the Securities Transfer Association Inc. (an "Eligible Institution");
- prior to the Expiration Date, the Exchange Agent must have received from the Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery (by facsimile transmission, mail or hand delivery) or a properly transmitted agent's message and Notice of Guaranteed Delivery setting forth the name and address of the holder of the Outstanding Notes, the registration number(s) of such Outstanding Notes and the total principal amount of Outstanding Notes tendered, stating that the tender is being made thereby and guaranteeing that, within three New York Stock Exchange trading days after such Expiration Date, this Letter of Transmittal (or facsimile hereof or an agent's message in lieu hereof) together with the Outstanding Notes in proper form for transfer (or a Book-entry Confirmation) and any other documents required by this Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent; and



- this Letter of Transmittal (or a facsimile hereof or an agent's message in lieu hereof) together with the certificates for all physically tendered Outstanding Notes in proper form for transfer (or Book-entry Confirmation, as the case may be) and all other documents required hereby are received by the Exchange Agent within three New York Stock Exchange trading days after such Expiration Date.

Any holder of Outstanding Notes who wishes to tender Outstanding Notes pursuant to the guaranteed delivery procedures described above must ensure that the Exchange Agent receives the Notice of Guaranteed Delivery prior to 5:00 p.m., New York City time, on the Expiration Date. Upon request of the Exchange Agent, a Notice of Guaranteed Delivery will be sent to holders who wish to tender their Outstanding Notes according to the guaranteed delivery procedures set forth above. See "The Exchange Offer -- Guaranteed Delivery Procedures" section of the prospectus.

3. TENDER BY HOLDER. Only a registered holder of Outstanding Notes may tender such Outstanding Notes in the Exchange Offer. Any beneficial holder of Outstanding Notes who is not the registered holder and who wishes to tender should arrange with the registered holder to execute and deliver this Letter of Transmittal on his behalf or must, prior to completing and executing this Letter of Transmittal and delivering his Outstanding Notes, either make appropriate arrangements to register ownership of the Outstanding Notes in such holder's name or obtain a properly completed bond power from the registered holder.

4. PARTIAL TENDERS (NOT APPLICABLE TO HOLDERS WHO TENDER BY BOOK-ENTRY TRANSFER). Tenders of Outstanding Notes will be accepted only in integral multiples of \$1,000. If less than the entire principal amount of any Outstanding Notes is tendered, the tendering holder should fill in the principal amount tendered in the third column of the box entitled "Description of Outstanding Notes Tendered" above. The entire principal amount of Outstanding Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated. If the entire principal amount of all Outstanding Notes is not tendered, then Outstanding Notes for the principal amount of Outstanding Notes not tendered and New Notes issued in exchange for any Outstanding Notes accepted will be returned to the holder as promptly as practicable after the Outstanding Notes are accepted for exchange.

5. SIGNATURES ON THIS LETTER OF TRANSMITTAL; BOND POWERS AND ENDORSEMENTS; MEDALLION GUARANTEE OF SIGNATURES. If this Letter of Transmittal (or facsimile hereof) is signed by the record holder(s) of the Outstanding Notes tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the Outstanding Notes without alteration, enlargement or any change whatsoever. If this Letter of Transmittal (or facsimile hereof) is signed by a participant in the DTC, the signature must correspond with the name as it appears on the security position listing as the holder of the Outstanding Notes.

If any tendered Outstanding Notes are owned of record by two or more joint owners, all of such owners must sign this Letter of Transmittal.

If this Letter of Transmittal (or facsimile hereof) is signed by the registered holder(s) of Outstanding Notes listed and tendered hereby and the New Notes issued in exchange therefor are to be issued (or any untendered principal amount of Outstanding Notes is to be reissued) to the registered holder(s), then said holder(s) need not and should not endorse any tendered Outstanding Notes, nor provide a separate bond power. In any other case, such holder(s) must either properly endorse the Outstanding Notes tendered or transmit a properly completed separate bond power with this Letter of Transmittal, with the signatures on the endorsement or bond power guaranteed by an Eligible Institution.

If this Letter of Transmittal (or facsimile hereof) or any Outstanding Notes or bond powers are signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and, unless waived by the Issuer, evidence satisfactory to the Issuer of their authority to act must be submitted with this Letter of Transmittal.

No signature guarantee is required if (i) this Letter of Transmittal (or facsimile hereof) is signed by the registered holder(s) of the Outstanding Notes tendered herein (or by a participant in the DTC whose name appears on a security position listing as the owner of the tendered Outstanding Notes) and the New Notes are to be issued directly to such registered holder(s) (or, if signed by a participant in the DTC, deposited to such participant's account at the DTC) and neither the box entitled "Special Delivery Instructions" nor the box entitled "Special Issuance Instructions" has been completed, or (ii) such Outstanding Notes are tendered for the account of an Eligible Institution. In all other cases, all signatures on this Letter of Transmittal (or facsimile hereof) must be guaranteed by an Eligible Institution.

6. SPECIAL ISSUANCE AND DELIVERY INSTRUCTIONS. Tendering holders should indicate, in the applicable box or boxes, the name and address to which New Notes or substitute Outstanding Notes for principal amounts not tendered or not accepted for exchange are to be issued or sent, if different from the name and address of the person signing this Letter of Transmittal. In the case of issuance in a different name, the taxpayer identification or social security number of the person named must also be indicated. Holders tendering Outstanding Notes by book-entry transfer may request that Outstanding Notes not exchanged be credited to such account maintained at the DTC as such noteholder may designate hereon. If no such instructions are given, such Outstanding Notes not exchanged will be returned to the name and address (or account number) of the person signing this Letter of Transmittal.

7. TRANSFER TAXES. The Issuer will pay all transfer taxes, if any, applicable to the exchange of Outstanding Notes pursuant to the Exchange Offer. If, however, New Notes or Outstanding Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the Outstanding Notes tendered hereby, or if tendered Outstanding Notes are registered in the name of any person other than the person signing this Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Outstanding Notes pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with this Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder and the Exchange Agent will retain possession of an amount of New Notes with a face amount at least equal to the amount of such transfer taxes due by such tendering holder pending receipt by the Exchange Agent of the amount of such taxes.

8. TAX IDENTIFICATION NUMBER. Federal income tax law requires that a holder of any Outstanding Notes or New Notes provide the Issuer (as payor) with its correct taxpayer identification number ("TIN"), which, in the case of a holder who is an individual, is his or her social security number. If the Issuer is not provided with the correct TIN, the holder or payee may be subject to a \$50 penalty imposed by the Internal Revenue Service and backup withholding, currently at a rate of 28%, on interest payments on the New Notes.

To prevent backup withholding, each tendering holder and each prospective holder must provide such holder's correct TIN by completing the Substitute Form W-9 set forth herein, certifying that the TIN provided is correct (or that such holder is awaiting a TIN), that the holder is a U.S. person (including U.S. resident alien), and that (i) the holder has not been notified by the Internal Revenue Service that such holder is subject to backup withholding as a result of failure to report all interest or dividends or (ii) the Internal Revenue Service has notified the holder that such holder is no longer subject to backup withholding. If the New Notes will be registered in more than one name or will not be in the name of the actual owner, consult the Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 included in this Letter of Transmittal ("Instructions") for information on which TIN to report.

If such holder does not have a TIN, such holder should consult the Instructions concerning applying for a TIN, check the box in Part 3 of the Substitute Form W-9, write "applied for" in lieu of its TIN and sign and date the form and the Certificate of Awaiting Taxpayer Identification Number. Checking this box, writing "applied for" on the form and signing such certificate means that such holder has already applied for a TIN or that such holder intends to apply for one in the near future. If such holder does not provide its TIN to the Issuer within 60 days, backup withholding will begin and continue until such holder furnishes its TIN to the Issuer.

Certain holders are not subject to the backup withholding and reporting requirements. These holders, which we refer to as exempt holders, include certain foreign persons (other than U.S. resident aliens) and persons listed in the Instructions as payees exempt from backup withholding. Exempt holders (other than certain foreign persons) should indicate their exempt status on Substitute Form W-9. A foreign person (other than a U.S. resident alien) may qualify as an exempt holder by submitting to the Exchange Agent a properly completed Internal Revenue Service Form W-8BEN, signed under penalty of perjury, attesting to the holder's exempt status. A disregarded domestic entity that has a foreign owner should file an Internal Revenue Service Form W-8BEN rather than a Substitute Form W-9. An Internal Revenue Service Form W-8BEN may be obtained from the Exchange Agent.

The Issuer reserves the right in its sole discretion to take whatever steps are necessary to comply with the Issuer's obligations regarding backup withholding.

9. VALIDITY OF TENDERS. All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered Outstanding Notes will be determined by the Issuer in its sole discretion, which determination will be final and binding. The Issuer reserves the absolute right to reject any and all Outstanding Notes not properly tendered or any Outstanding Notes the Issuer's acceptance of which might, in the opinion of the Issuer or its counsel, be unlawful. The Issuer also reserves the absolute right to waive any conditions of the Exchange Offer or defects or irregularities of tenders as to particular Outstanding Notes. The Issuer's interpretation of the terms and conditions of the Exchange Offer (including this Letter of Transmittal and the instructions hereto) shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Outstanding Notes must be cured within such time as the Issuer shall determine. Neither the Issuer, the Exchange Agent nor any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of Outstanding Notes nor shall any of them incur any liability for failure to give such notification. Any Outstanding Notes received by The Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder as soon as practicable following the Expiration Date.

10. WAIVER OF CONDITIONS. The Issuer reserves the absolute right to waive, in whole or part, any of the conditions to the Exchange Offer set forth in the Prospectus.

11. NO CONDITIONAL TENDER. No alternative, conditional, irregular or contingent tender of Outstanding Notes will be accepted.

12. MUTILATED, LOST, STOLEN OR DESTROYED OUTSTANDING NOTES. Any holder whose Outstanding Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions. This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost, stolen or destroyed Outstanding Notes have been followed.

13. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Requests for assistance or for additional copies of the Prospectus or this Letter of Transmittal may be directed to the Exchange Agent at the address or telephone number set forth on the cover page of this Letter of Transmittal. Holders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer.

14. WITHDRAWAL. Tenders may be withdrawn only pursuant to the limited withdrawal rights set forth in the Prospectus under the caption "The Exchange Offer -- Withdrawal of Tenders."

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A MANUALLY SIGNED FACSIMILE HEREOF OR AN AGENT'S MESSAGE IN LIEU THEREOF (TOGETHER WITH THE OUTSTANDING NOTES DELIVERED BY BOOK-ENTRY TRANSFER OR IN ORIGINAL HARD COPY FORM) MUST BE RECEIVED BY THE EXCHANGE AGENT, OR THE NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE EXCHANGE AGENT, PRIOR TO THE EXPIRATION DATE.

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SUBSTITUTE  
PART 1 --  
PLEASE  
PROVIDE YOUR  
TIN IN THE  
BOX FORM W-9  
AT RIGHT (OR  
COMPLETE PART  
3) AND  
CERTIFY BY --

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SIGNING AND  
DATING BELOW.  
Social  
Security  
Number or ---

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Employer ID  
Number -----  
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DEPARTMENT OF  
THE TREASURY  
PART 2 --

CERTIFICATIONS  
-- Under  
penalties of  
perjury, I  
certify that:  
INTERNAL  
REVENUE  
SERVICE (1)  
The number  
shown on this  
form is my  
correct  
Taxpayer  
Identification  
Number (or I  
PAYOR'S  
REQUEST FOR  
TAXPAYER have  
checked the  
box in Part 3  
and executed  
the  
Certificate  
of Awaiting  
Taxpayer  
IDENTIFICATION  
NUMBER  
Identification  
Number  
below), and  
("TIN") (2) I  
am not  
subject to  
backup  
withholding  
because (a) I  
am exempt  
from backup  
withholding,  
or (b) I have  
not been  
notified by  
the Internal  
Revenue  
Service  
("IRS") that  
I am subject  
to backup  
withholding  
as a result  
of failure to

report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and (3) I am a U.S. person (including a U.S. resident alien).

CERTIFICATION INSTRUCTIONS

-- You must cross out item (2) in Part 2 above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return.

However, if after being notified by the IRS that you are subject to backup withholding you received another notification from the IRS stating that you are no longer subject to backup withholding, do not cross out item (2).

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Name PART 3 -

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Address -----

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---- Awaiting TIN [ ] Please complete the Certificate of -----

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Awaiting Taxpayer Identification CITY, STATE AND ZIP CODE Number below.

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SIGNATURE DATE - -----

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FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING  
OF A PORTION (CURRENTLY 28%) OF ANY PAYMENTS MADE TO YOU  
WITH RESPECT TO THE NEW NOTES.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED  
THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9

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CERTIFICATE  
OF AWAITING  
TAXPAYER  
IDENTIFICATION  
NUMBER I

certify under penalties of perjury that a Taxpayer Identification Number has not been issued to me, and either (a) I have mailed or delivered an application to receive a Taxpayer Identification Number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a Taxpayer Identification Number, a portion (currently 28%) of all reportable payments made to me thereafter will be withheld until I provide a number. - ---

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Signature  
Date - -----

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