UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the quarterly period ended September 30, 2007

OR

[ ] Transition Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number 1-3492

HALLIBURTON COMPANY

(a Delaware Corporation)
75-2677995

5 Houston Center
1401 McKinney, Suite 2400
Houston, Texas 77010
(Address of Principal Executive Offices)

Telephone Number – Area Code (713) 759-2600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No _____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer X Accelerated filer _____ Non-accelerated filer _____

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes _____ No X

As of October 19, 2007, 881,153,038 shares of Halliburton Company common stock, $2.50 par value per share, were outstanding.

HALLIBURTON COMPANY

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

HALLIBURTON COMPANY
Condensed Consolidated Statements of Operations
(Unaudited)

Millions of dollars and shares except per share data	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
Revenue:				
Services	$ 2,951	$ 2,566	$ 8,217	$ 7,073
Product sales	977	826	2,868	2,373
Total revenue	3,928	3,392	11,085	9,446
Operating costs and expenses:				
Cost of services	2,111	1,770	5,908	4,957
Cost of sales	845	669	2,423	1,936
General and administrative	63	84	214	243
Gain on sale of business assets, net	(1)	(1)	(51)	(12)
Total operating costs and expenses	3,018	2,522	8,494	7,124
Operating income	910	870	2,591	2,322
Interest expense	(39)	(40)	(118)	(124)
Interest income	26	36	100	94
Other, net	(1)	(3)	(6)	(2)
Income from continuing operations before income taxes and minority interest	896	863	2,567	2,290
Provision for income taxes	(152)	(257)	(695)	(725)
Minority interest in net income of subsidiaries	(18)	(3)	(22)	(15)
Income from continuing operations	726	603	1,850	1,550
Income from discontinued operations, net of income tax provision of $0, $61, $11, and $123	1	8	959	140
Net income	$ 727	$ 611	$ 2,809	$ 1,690
Basic income per share:				
Income from continuing operations	$ 0.83	$ 0.60	$ 2.00	$ 1.52
Income from discontinued operations, net	-	0.01	1.04	0.13
Net income per share	$ 0.83	$ 0.61	$ 3.04	$ 1.65
Diluted income per share:				
Income from continuing operations	$ 0.79	$ 0.57	$ 1.93	$ 1.46
Income from discontinued operations, net	-	0.01	0.99	0.13
Net income per share	$ 0.79	$ 0.58	$ 2.92	$ 1.59
Cash dividends per share	$ 0.09	$ 0.075	$ 0.255	$ 0.225
Basic weighted average common shares outstanding	880	1,011	925	1,021
Diluted weighted average common shares outstanding	917	1,048	961	1,062

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Balance Sheets
(Unaudited)

Millions of dollars and shares except per share data	September 30, 2007	December 31, 2006
Assets		
Current assets:		
Cash and equivalents	$ 735	$ 2,918
Receivables (less allowance for bad debts of $51 and $40)	3,109	2,629
Inventories	1,560	1,235
Investments in marketable securities	1,156	20
Current deferred income taxes	275	205
Current assets of discontinued operations	-	3,898
Other current assets	386	285
Total current assets	7,221	11,190
Property, plant, and equipment, net of accumulated depreciation of $3,991 and $3,793	3,337	2,557
Goodwill	731	486
Noncurrent deferred income taxes	439	448
Noncurrent assets of discontinued operations	-	1,497
Other assets	741	682
Total assets	$ 12,469	$ 16,860
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 798	$ 655
Accrued employee compensation and benefits	525	496
Income tax payable	216	146
Deferred revenue	188	171
Current maturities of long-term debt	10	26
Current liabilities of discontinued operations	-	2,831
Other current liabilities	454	409
Total current liabilities	2,191	4,734
Long-term debt	2,796	2,783
Employee compensation and benefits	503	474
Noncurrent liabilities of discontinued operations	-	981
Other liabilities	692	443
Total liabilities	6,182	9,415
Minority interest in consolidated subsidiaries	90	69
Shareholders' equity:		
Common shares, par value $2.50 per share – authorized 2,000 shares, issued 1,062 and 1,060 shares	2,655	2,650
Paid-in capital in excess of par value	1,694	1,689
Accumulated other comprehensive income (loss)	(178)	(437)
Retained earnings	7,591	5,051
	11,762	8,953
Less 181 and 62 shares of treasury stock, at cost	5,565	1,577
Total shareholders' equity	6,197	7,376
Total liabilities and shareholders' equity	$ 12,469	$ 16,860

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Statements of Cash Flows
(Unaudited)

Millions of dollars	Nine Months Ended September 30 2007	2006
Cash flows from operating activities:		
Net income	$ 2,809	$ 1,690
Adjustments to reconcile net income to net cash from operations:		
Income from discontinued operations	(959)	(140)
Depreciation, depletion, and amortization	417	356
Provision (benefit) for deferred income taxes, including $(15) and $23 related to discontinued operations	(82)	558
Gain on sale of assets	(51)	(19)
Other changes:		
Receivables	(318)	(265)
Inventories	(320)	(252)
Accounts payable	109	144
Contributions to pension plans	(23)	(57)
Other	237	(80)
Cash flows from continuing operations	1,819	1,935
Cash flows from discontinued operations	(55)	335
Total cash flows from operating activities	1,764	2,270
Cash flows from investing activities:		
Capital expenditures	(1,064)	(569)
Sales of property, plant, and equipment	124	108
Dispositions (acquisitions) of business assets, net of cash acquired or disposed	(447)	7
Sales (purchases) of short-term investments in marketable securities, net	(1,113)	–
Investments – restricted cash	55	–
Other investing activities	(21)	(10)
Cash flows from continuing operations	(2,466)	(464)
Cash flows from discontinued operations	(13)	233
Total cash flows from investing activities	(2,479)	(231)
Cash flows from financing activities:		
Payments to reacquire common stock	(1,303)	(1,056)
Proceeds from exercises of stock options	92	146
Borrowings (repayments) of short-term debt, net	(2)	(14)
Payments of long-term debt	(3)	(323)
Payments of dividends to shareholders	(235)	(231)
Tax benefit from exercise of options and restricted stock	22	–
Other financing activities	(4)	(3)
Cash flows from continuing operations	(1,433)	(1,481)
Cash flows from discontinued operations	(18)	(18)
Total cash flows from financing activities	(1,451)	(1,499)
Effect of exchange rate changes on cash	(17)	(13)
Increase (decrease) in cash and equivalents	(2,183)	527
Cash and equivalents at beginning of period	2,918	2,001
Cash and equivalents at end of period	$ 735	$ 2,528
Supplemental disclosure of cash flow information:		
Cash payments during the period for:		
Interest from continuing operations	$ 118	$ 135
Income taxes from continuing operations	$ 689	$ 202

See notes to condensed consolidated financial statements.

Note 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements were prepared using generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Regulation S-X. Accordingly, these financial statements do not include all information or footnotes required by generally accepted accounting principles for annual financial statements and should be read together with our 2006 Annual Report on Form 10-K.

Certain prior period amounts have been reclassified to be consistent with the current presentation.

Our accounting policies are in accordance with generally accepted accounting principles in the United States of America. The preparation of financial statements in conformity with these accounting principles requires us to make estimates and assumptions that affect:

- the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements; and
- the reported amounts of revenue and expenses during the reporting period.

Ultimate results could differ from our estimates.

In our opinion, the condensed consolidated financial statements included herein contain all adjustments necessary to present fairly our financial position as of September 30, 2007, the results of our operations for the three and nine months ended September 30, 2007 and 2006, and our cash flows for the nine months ended September 30, 2007 and 2006. Such adjustments are of a normal recurring nature. The results of operations for the three and nine months ended September 30, 2007 may not be indicative of results for the full year.

As the result of realigning our products and services during the third quarter of 2007, we are now reporting two business segments. See Note 4 for further information. Additionally, KBR, Inc. (KBR) has been reclassified to discontinued operations in the condensed consolidated financial statements. All prior periods presented reflect these changes.

Note 2. KBR, Inc. Separation

In November 2006, KBR completed an initial public offering (IPO), in which it sold approximately 32 million shares of KBR, Inc. common stock at $17.00 per share. Proceeds from the IPO were approximately $508 million, net of underwriting discounts and commissions and offering expenses. The increase in the carrying amount of our investment in KBR, Inc., resulting from the IPO, was recorded in “Paid-in capital in excess of par value” on our condensed consolidated balance sheet at December 31, 2006. On April 5, 2007, we completed the separation of KBR from us by exchanging the 135.6 million shares of KBR, Inc. common stock owned by us on that date for 85.3 million shares of our common stock. In the second quarter of 2007, we recorded a gain on the disposition of KBR, Inc. of approximately $933 million, net of tax and the estimated fair value of the indemnities and guarantees provided to KBR as described below, which is included in income from discontinued operations on the condensed consolidated statement of operations.

The following table presents the financial results of KBR, Inc. as discontinued operations in our condensed consolidated statements of operations. For accounting purposes, we ceased including KBR’s operations in our results effective March 31, 2007.

	Three Months Ended September 30		Nine Months Ended September 30	
Millions of dollars	2007	2006	2007	2006
Revenue	$ -	$ 2,439	$ 2,250	$ 7,114
Operating income	$ -	$ 96	$ 62	$ 118
Net income	$ -	$ 10	$ 23(a)	$ 141

(a) Net income for the nine months ended September 30, 2007 represents our 81% share of KBR, Inc.’s results.

We entered into various agreements relating to the separation of KBR, including, among others, a master separation agreement, a registration rights agreement, a tax sharing agreement, transition services agreements, and an employee matters agreement. The master separation agreement provides for, among other things, KBR's responsibility for liabilities related to its business and Halliburton's responsibility for liabilities unrelated to KBR's business. Halliburton provides indemnification in favor of KBR under the master separation agreement for certain contingent liabilities, including Halliburton's indemnification of KBR and any of its greater than 50%-owned subsidiaries as of November 20, 2006, the date of the master separation agreement, for:

- fines or other monetary penalties or direct monetary damages, including disgorgement, as a result of a claim made or assessed by a governmental authority in the United States, the United Kingdom, France, Nigeria, Switzerland, and/or Algeria, or a settlement thereof, related to alleged or actual violations occurring prior to November 20, 2006 of the United States Foreign Corrupt Practices Act (FCPA) or particular, analogous applicable foreign statutes, laws, rules, and regulations in connection with investigations pending as of that date, including with respect to the construction and subsequent expansion by TSKJ of a natural gas liquefaction complex and related facilities at Bonny Island in Rivers State, Nigeria; and
- all out-of-pocket cash costs and expenses, or cash settlements or cash arbitration awards in lieu thereof, KBR may incur after the effective date of the master separation agreement as a result of the replacement of the subsea flowline bolts installed in connection with the Barracuda-Caratinga project. See Note 10 for further discussion of these matters.

Additionally, the Halliburton performance guarantees, surety bond guarantees, and letter of credit guarantees that are currently in place in favor of KBR's customers or lenders will continue until these guarantees expire at the earlier of: (1) the termination of the underlying project contract or KBR obligations thereunder or (2) the expiration of the relevant credit support instrument in accordance with its terms or release of such instrument by the customer. Further, KBR and we have agreed that, until December 31, 2009, we will issue additional guarantees, indemnification, and reimbursement commitments for KBR's benefit in connection with (a) letters of credit necessary to comply with KBR's Egypt Basic Industries Corporation ammonia plant contract, KBR's Allenby & Connaught project, and all other KBR contracts that were in place as of December 15, 2005; (b) surety bonds issued to support new task orders pursuant to the Allenby & Connaught project, two job order contracts for KBR's Government and Infrastructure segment, and all other KBR contracts that were in place as of December 15, 2005; and (c) performance guarantees in support of these contracts. KBR will compensate Halliburton for these guarantees and indemnify Halliburton if Halliburton is required to perform under any of these guarantees.

As a result of these agreements, we recorded $190 million, as a reduction of the gain on the disposition of KBR, to reflect the estimated fair value of the above indemnities and guarantees, net of the associated estimated future tax benefit. The estimated fair value of these indemnities and guarantees are primarily included in "Other liabilities" on the condensed consolidated balance sheet.

The tax sharing agreement provides for allocations of United States and certain other jurisdiction tax liabilities between us and KBR. Under the transition services agreements, we continue to provide various interim corporate support services to KBR, and KBR continues to provide various interim corporate support services to us. The fees are determined on a basis generally intended to approximate the fully allocated direct and indirect costs of providing the services, without any profit. Under an employee matters agreement, Halliburton and KBR have allocated liabilities and responsibilities related to current and former employees and their participation in certain benefit plans. Among other items, the employee matters agreement provided for the conversion, which occurred upon completion of the separation of KBR, of stock options and restricted stock awards (with restrictions that had not yet lapsed as of the final separation date) granted to KBR employees under our 1993 Stock and Incentive Plan (1993 Plan) to options and restricted stock awards covering KBR common stock. As of April 5, 2007, these awards consisted of 1.2 million options with a weighted average exercise price per share of $15.01 and approximately 600,000 restricted shares with a weighted average grant-date fair value per share of $17.95 under our 1993 Plan.

Note 3. Acquisitions and Dispositions

PSL Energy Services Limited

In July 2007, we acquired the entire share capital of PSL Energy Services Limited (PSLES), a leading eastern hemisphere provider of process, pipeline, and well intervention services. PSLES has operational bases in the United Kingdom, Norway, the Middle East, Azerbaijan, Algeria, and Asia Pacific. As a result of the acquisition, we are expecting to enhance our existing product offerings throughout the eastern hemisphere. We paid approximately $320 million for PSLES, consisting of $316 million in cash and $4 million in debt assumed, subject to adjustment for working capital purposes, and, as of September 30, 2007, we had recorded goodwill of $136 million and intangible assets of $54 million on a preliminary basis until our analysis of the fair value of assets acquired and liabilities assumed is complete. Beginning in July 2007, PSLES's results of operations are included in our Completion and Production segment.

Dresser, Ltd. interest

As a part of our sale of Dresser Equipment Group in 2001, we retained a small equity interest in Dresser Inc.'s Class A common stock. Dresser Inc. was later reorganized as Dresser, Ltd., and we exchanged our shares for shares of Dresser, Ltd. In May 2007, we sold our remaining interest in Dresser, Ltd. We received $70 million in cash from the sale and recorded a $49 million gain. This investment was reflected in "Other assets" on our condensed consolidated balance sheet at December 31, 2006.

Ultraline Services Corporation

In January 2007, we acquired all intellectual property, current assets, and existing business associated with Calgary-based Ultraline Services Corporation (Ultraline), a division of Savanna Energy Services Corp. Ultraline is a provider of wireline services in Canada. We paid approximately $178 million for Ultraline. As of September 30, 2007, we had recorded goodwill of $108 million and intangible assets of $41 million. Beginning in January 2007, Ultraline's results of operations are included in our Drilling and Evaluation segment.

Note 4. Business Segment Information

Subsequent to the KBR separation, in the third quarter of 2007, we realigned our products and services to improve operational and cost management efficiencies, better serve our customers, and become better aligned with the process of exploring for and producing from oil and natural gas wells. We now operate under two divisions, which form the basis for the two operating segments we now report: the Completion and Production segment and the Drilling and Evaluation segment. All periods presented reflect reclassifications related to the change in operating segments and the reclassification of certain amounts between the operating segments and Corporate and other. The two KBR segments have been reclassified to discontinued operations as a result of the separation of KBR from us.

Following is a discussion of our operating segments.

Completion and Production delivers cementing, stimulation, intervention, and completion services. This segment consists of production enhancement services, completion tools and services, and cementing services.

Production enhancement services include stimulation services, pipeline process services, sand control services, and well intervention services. Stimulation services optimize oil and gas reservoir production through a variety of pressure pumping services, nitrogen services, and chemical processes, commonly known as hydraulic fracturing and acidizing. Pipeline process services include pipeline and facility testing, commissioning, and cleaning via pressure pumping, chemical systems, specialty equipment, and nitrogen, which are provided to the midstream and downstream sectors of the energy business. Sand control services include fluid and chemical systems and pumping services for the prevention of formation sand production. Well intervention services enable live well intervention and continuous pipe deployment capabilities through the use of hydraulic workover systems and coiled tubing tools and services.

Completion tools and services include subsurface safety valves and flow control equipment, surface safety systems, packers and specialty completion equipment, intelligent completion systems, expandable liner hanger systems, sand control systems, well servicing tools, and reservoir performance services. Reservoir performance services include testing tools, real-time reservoir analysis, and data acquisition services. Additionally, completion tools and services include WellDynamics, an intelligent well completions joint venture, which we consolidate for accounting purposes.

Cementing services involve bonding the well and well casing while isolating fluid zones and maximizing wellbore stability. Our cementing service line also provides casing equipment.

Drilling and Evaluation provides field and reservoir modeling, drilling, evaluation, and precise well-bore placement solutions that enable customers to model, measure, and optimize their well construction activities. This segment consists of Baroid Fluid Services, Sperry Drilling Services, Security DBS Drill Bits, wireline and perforating services, Landmark, and project management.

Baroid Fluid Services provides drilling fluid systems, performance additives, solids control, and waste management services for oil and gas drilling, completion, and workover operations.

Sperry Drilling Services provides drilling systems and services. These services include directional and horizontal drilling, measurement-while-drilling, logging-while-drilling, multilateral systems, underbalanced applications, and rig site information systems. Our drilling systems offer directional control while providing important measurements about the characteristics of the drill string and geological formations while drilling directional wells. Real-time operating capabilities enable the monitoring of well progress and aid decision-making processes.

Security DBS Drill Bits provides roller cone rock bits, fixed cutter bits, and related downhole tools used in drilling oil and gas wells. In addition, coring equipment and services are provided to acquire cores of the formation drilled for evaluation.

Wireline and perforating services include open-hole wireline services that provide information on formation evaluation, including resistivity, porosity, and density, rock mechanics, and fluid sampling. Also offered are cased-hole and slickline services, which provide cement bond evaluation, reservoir monitoring, pipe evaluation, pipe recovery, mechanical services, well intervention, and perforating. Perforating services include tubing-conveyed perforating services and products.

Landmark is a supplier of integrated exploration, drilling, and production software information systems, as well as consulting and data management services for the upstream oil and gas industry.

This segment also provides oilfield project management and integrated solutions to independent, integrated, and national oil companies. These offerings make use of all of our oilfield services, products, technologies, and project management capabilities to assist our customers in optimizing the value of their oil and gas assets.

The following table presents information on our business segments. “Corporate and other” includes corporate expenses and other operational transactions that do not specifically relate to the business segments.

	Three Months Ended September 30		Nine Months Ended September 30	
Millions of dollars	2007	2006	2007	2006
Revenue:				
Completion and Production	$ 2,187	$ 1,896	$ 6,097	$ 5,279
Drilling and Evaluation	1,741	1,496	4,988	4,167
Total revenue	$ 3,928	$ 3,392	$ 11,085	$ 9,446
Operating income (loss):				
Completion and Production	$ 596	$ 564	$ 1,628	$ 1,543
Drilling and Evaluation	372	368	1,082	943
Corporate and other	(58)	(62)	(119)	(164)
Total operating income	$ 910	$ 870	$ 2,591	$ 2,322

Intersegment revenue was immaterial. Our equity in earnings and losses of unconsolidated affiliates that are accounted for by the equity method is included in revenue and operating income of the applicable segment.

Millions of dollars	September 30, 2007	December 31, 2006
Total assets:		
Completion and Production	$ 4,779	$ 3,636
Drilling and Evaluation	4,402	3,566
Shared energy services	853	1,216
Corporate and other	2,435	3,047
Discontinued operations	-	5,395
Total	$ 12,469	$ 16,860

Not all assets are associated with specific segments. Those assets specific to segments include receivables, inventories, certain identified property, plant, and equipment (including field service equipment), equity in and advances to related companies, and goodwill. The remaining assets, such as cash, are considered to be shared among the segments and are included in "Shared energy services."

As of September 30, 2007, 36% of our gross trade receivables were from customers in the United States. As of December 31, 2006, 39% of our gross trade receivables were from customers in the United States. No other country accounted for more than 10% of our gross trade receivables at these dates.

Note 5. Inventories

Inventories are stated at the lower of cost or market. In the United States, we manufacture certain finished products and have parts inventories for drill bits, completion products, bulk materials, and other tools that are recorded using the last-in, first-out method totaling $74 million at September 30, 2007 and $58 million at December 31, 2006. If the weighted average cost method was used, total inventories would have been $23 million higher than reported at September 30, 2007 and $20 million higher than reported at December 31, 2006. Inventories consisted of the following:

Millions of dollars	September 30, 2007	December 31, 2006
Finished products and parts	$ 1,050	$ 883
Raw materials and supplies	394	256
Work in process	116	96
Total	$ 1,560	$ 1,235

Finished products and parts are reported net of obsolescence reserves of $69 million at September 30, 2007 and $63 million at December 31, 2006.

Note 6. Investments

Investments in marketable securities

At September 30, 2007, we had $1.2 billion invested in marketable securities, consisting of auction-rate securities and variable-rate demand notes. Our auction-rate securities and variable-rate demand notes are classified as available-for-sale and recorded at fair value. At December 31, 2006, our investments in marketable securities were $20 million.

Restricted and committed cash

At September 30, 2007, we had restricted cash of $53 million, which primarily consisted of collateral for potential future insurance claim reimbursements, included in "Other assets." At December 31, 2006, we had restricted cash of $108 million in "Other assets," which primarily consisted of similar items. The $55 million decrease in restricted cash primarily reflects the release, due to the separation of KBR, of collateral related to potential insurance claim reimbursements.

Note 7. Debt

The stock conversion rate for the $1.2 billion of 3.125% convertible senior notes issued in June 2003 changed to 53.2993 shares of common stock per each $1,000 principal amount of the convertible senior notes in the third quarter of 2007 due to the increased quarterly dividend paid on the common stock.

On July 9, 2007, we entered into a new unsecured $1.2 billion five-year revolving credit facility that replaced our then existing unsecured $1.2 billion five-year revolving credit facility with generally similar terms and conditions except that the new facility does not contain any financial covenants. The purpose of the facility is to provide commercial paper support, general working capital, and credit for other corporate purposes. There were no cash drawings under the revolving credit facility as of September 30, 2007.

Note 8. Comprehensive Income

The components of other comprehensive income included the following:

	Three Months Ended September 30		Nine Months Ended September 30	
Millions of dollars	2007	2006	2007	2006
Net income	$ 727	$ 611	$ 2,809	$ 1,690
Cumulative translation adjustments	–	14	–	51
Realization of (gains) losses included in net income	–	2	(24)	(14)
Net cumulative translation adjustments	–	16	(24)	37
Realized pension liability adjustments	–	–	282	–
Unrealized net gains (losses) on investments and derivatives	–	(10)	1	11
Realization of gains on investments and derivatives included in net income	–	(1)	–	(1)
Net unrealized gains (losses) on investments and derivatives	–	(11)	1	10
Total comprehensive income	$ 727	$ 616	$ 3,068	$ 1,737

Accumulated other comprehensive income consisted of the following:

Millions of dollars	September 30, 2007	December 31, 2006
Cumulative translation adjustments	$ (62)	$ (38)
Pension liability adjustments	(118)	(400)
Unrealized gains on investments and derivatives	2	1
Total accumulated other comprehensive income	$ (178)	$ (437)

Note 9. Asbestos Insurance Recoveries

Several of our subsidiaries or former subsidiaries, particularly DII Industries LLC and Kellogg Brown & Root LLC, had been named as defendants in a large number of asbestos- and silica-related lawsuits. Effective December 31, 2004, we resolved all open and future claims in the prepackaged Chapter 11 proceedings of DII Industries LLC, Kellogg Brown & Root LLC, and our other affected subsidiaries (which were filed on December 16, 2003) when the plan of reorganization became final and nonappealable.

During 2004, we settled insurance disputes with substantially all the insurance companies for asbestos- and silica-related claims and all other claims under the applicable insurance policies and terminated all the applicable insurance policies. Under the terms of our insurance settlements, we would receive cash proceeds with a nominal amount of approximately $1.5 billion and with a then present value of approximately $1.4 billion for our asbestos- and silica-related insurance receivables. Cash payments of approximately $24 million related to these receivables were received in the first nine months of 2007. At September 30, 2007, the remaining amounts that we will receive under the terms of the settlement agreements totaled $238 million or $223 million on a present value basis, to be paid in several installments through 2010. Of the $223 million recorded at September 30, 2007, $90 million was classified as current.

Under the insurance settlements entered into as part of the resolution of our Chapter 11 proceedings, we have agreed to indemnify our insurers under certain historic general liability insurance policies in certain situations. We have concluded that the likelihood of any claims triggering the indemnity obligations is remote, and we believe any potential liability for these indemnifications will be immaterial. At September 30, 2007, we had not recorded any liability associated with these indemnifications.

Note 10. Commitments and Contingencies

Foreign Corrupt Practices Act investigations

The Securities and Exchange Commission (SEC) is conducting a formal investigation into whether improper payments were made to government officials in Nigeria through the use of agents or subcontractors in connection with the construction and subsequent expansion by TSKJ of a multibillion dollar natural gas liquefaction complex and related facilities at Bonny Island in Rivers State, Nigeria. The Department of Justice (DOJ) is also conducting a related criminal investigation. The SEC has also issued subpoenas seeking information, which we and KBR are furnishing, regarding current and former agents used in connection with multiple projects, including current and prior projects, over the past 20 years located both in and outside of Nigeria in which the Halliburton energy services business, KBR or affiliates, subsidiaries or joint ventures of Halliburton or KBR, are or were participants. In September 2006 and October 2007, the SEC and the DOJ, respectively, each requested that we enter into an agreement to extend the statute of limitations with respect to its investigation. We anticipate that we will enter into an appropriate agreement with each of the SEC and the DOJ.

TSKJ is a private limited liability company registered in Madeira, Portugal whose members are Technip SA of France, Snamprogetti Netherlands B.V. (a subsidiary of Saipem SpA of Italy), JGC Corporation of Japan, and Kellogg Brown & Root LLC (a subsidiary of KBR), each of which had an approximate 25% interest in the venture. TSKJ and other similarly owned entities entered into various contracts to build and expand the liquefied natural gas project for Nigeria LNG Limited, which is owned by the Nigerian National Petroleum Corporation, Shell Gas B.V., Cleag Limited (an affiliate of Total), and Agip International B.V. (an affiliate of ENI SpA of Italy).

The SEC and the DOJ have been reviewing these matters in light of the requirements of the FCPA. In addition to performing our own investigation, we have been cooperating with the SEC and the DOJ investigations and with other investigations in France, Nigeria, and Switzerland regarding the Bonny Island project. The government of Nigeria gave notice in 2004 to the French magistrate of a civil claim as an injured party in the French investigation. We are not aware of any further developments with respect to this claim. We also believe that the Serious Fraud Office in the United Kingdom is conducting an investigation relating to the Bonny Island project. Our Board of Directors has appointed a committee of independent directors to oversee and direct the FCPA investigations. Through our committee of independent directors, we will continue to oversee and direct the investigations.

The matters under investigation relating to the Bonny Island project cover an extended period of time (in some cases significantly before our 1998 acquisition of Dresser Industries and continuing through the current time period). We have produced documents to the SEC and the DOJ from the files of numerous officers and employees of Halliburton and KBR, including current and former executives of Halliburton and KBR, both voluntarily and pursuant to company subpoenas from the SEC and a grand jury, and we are making our employees and KBR is making its employees available to the SEC and the DOJ for interviews. In addition, the SEC has issued a subpoena to A. Jack Stanley, who formerly served as a consultant and chairman of Kellogg Brown & Root LLC, and to others, including certain of our former and KBR's current and former employees, former executive officers of KBR, and at least one subcontractor of KBR. We further understand that the DOJ has issued subpoenas for the purpose of obtaining information abroad, and we understand that other partners in TSKJ have provided information to the DOJ and the SEC with respect to the investigations, either voluntarily or under subpoenas.

The SEC and DOJ investigations include an examination of whether TSKJ's engagements of Tri-Star Investments as an agent and a Japanese trading company as a subcontractor to provide services to TSKJ were utilized to make improper payments to Nigerian government officials. In connection with the Bonny Island project, TSKJ entered into a series of agency agreements, including with Tri-Star Investments, of which Jeffrey Tesler is a principal, commencing in 1995 and a series of subcontracts with a Japanese trading company commencing in 1996. We understand that a French magistrate has officially placed Mr. Tesler under investigation for corruption of a foreign public official. In Nigeria, a legislative committee of the National Assembly and the Economic and Financial Crimes Commission, which is organized as part of the executive branch of the government, are also investigating these matters. Our representatives have met with the French magistrate and Nigerian officials. In October 2004, representatives of TSKJ voluntarily testified before the Nigerian legislative committee.

TSKJ suspended the receipt of services from and payments to Tri-Star Investments and the Japanese trading company and has considered instituting legal proceedings to declare all agency agreements with Tri-Star Investments terminated and to recover all amounts previously paid under those agreements. In February 2005, TSKJ notified the Attorney General of Nigeria that TSKJ would not oppose the Attorney General's efforts to have sums of money held on deposit in accounts of Tri-Star Investments in banks in Switzerland transferred to Nigeria and to have the legal ownership of such sums determined in the Nigerian courts.

As a result of these investigations, information has been uncovered suggesting that, commencing at least 10 years ago, members of TSKJ planned payments to Nigerian officials. We have reason to believe that, based on the ongoing investigations, payments may have been made by agents of TSKJ to Nigerian officials. In addition, information uncovered in the summer of 2006 suggests that, prior to 1998, plans may have been made by employees of The M.W. Kellogg Company (a predecessor of a KBR subsidiary) to make payments to government officials in connection with the pursuit of a number of other projects in countries outside of Nigeria. We are reviewing a number of more recently discovered documents related to KBR's activities in countries outside of Nigeria with respect to agents for projects after 1998. Certain activities discussed in this paragraph involve current or former employees or persons who were or are consultants to KBR, and our investigation is continuing.

In June 2004, all relationships with Mr. Stanley and another consultant and former employee of M.W. Kellogg Limited were terminated. The terminations occurred because of Code of Business Conduct violations that allegedly involved the receipt of improper personal benefits from Mr. Tesler in connection with TSKJ's construction of the Bonny Island project.

In 2006 and 2007, KBR suspended the services of other agents in and outside of Nigeria, including one agent who, until such suspension, had worked for KBR outside of Nigeria on several current projects and on numerous older projects going back to the early 1980s. Such suspensions have occurred when possible improper conduct has been discovered or alleged or when Halliburton and KBR have been unable to confirm the agent's compliance with applicable law and the Code of Business Conduct.

The SEC and DOJ are also investigating and have issued subpoenas concerning TSKJ's use of an immigration services provider, apparently managed by a Nigerian immigration official, to which approximately $1.8 million in payments in excess of costs of visas were allegedly made between approximately 1997 and the termination of the provider in December 2004 and our 2007 reporting of this matter to the government. We understand that TSKJ terminated the immigration services provider after a KBR employee discovered the issue.

If violations of the FCPA were found, a person or entity found in violation could be subject to fines, civil penalties of up to $500,000 per violation, equitable remedies, including disgorgement (if applicable) generally of profits, including prejudgment interest on such profits, causally connected to the violation, and injunctive relief. Criminal penalties could range up to the greater of $2 million per violation or twice the gross pecuniary gain or loss from the violation, which could be substantially greater than $2 million per violation. It is possible that both the SEC and the DOJ could assert that there have been multiple violations, which could lead to multiple fines. The amount of any fines or monetary penalties that could be assessed would depend on, among other factors, the findings regarding the amount, timing, nature, and scope of any improper payments, whether any such payments were authorized by or made with knowledge of us, KBR or our or KBR's affiliates, the amount of gross pecuniary gain or loss involved, and the level of cooperation provided the government authorities during the investigations. The government has expressed concern regarding the level of our cooperation. Agreed dispositions of these types of violations also frequently result in an acknowledgement of wrongdoing by the entity and the appointment of a monitor on terms negotiated with the SEC and the DOJ to review and monitor current and future business practices, including the retention of agents, with the goal of assuring compliance with the FCPA.

These investigations could also result in third-party claims against us, which may include claims for special, indirect, derivative or consequential damages, damage to our business or reputation, loss of, or adverse effect on, cash flow, assets, goodwill, results of operations, business prospects, profits or business value or claims by directors, officers, employees, affiliates, advisors, attorneys, agents, debt holders, or other interest holders or constituents of us or our current or former subsidiaries. In addition, we could incur costs and expenses for any monitor required by or agreed to with a governmental authority to review our continued compliance with FCPA law.

As of September 30, 2007, we are unable to estimate an amount of probable loss or a range of possible loss related to these matters as it relates to Halliburton directly. However, we provided indemnification in favor of KBR under the master separation agreement for certain contingent liabilities, including Halliburton's indemnification of KBR and any of its greater than 50%-owned subsidiaries as of November 20, 2006, the date of the master separation agreement, for fines or other monetary penalties or direct monetary damages, including disgorgement, as a result of a claim made or assessed by a governmental authority in the United States, the United Kingdom, France, Nigeria, Switzerland, and/or Algeria, or a settlement thereof, related to alleged or actual violations occurring prior to November 20, 2006 of the FCPA or particular, analogous applicable foreign statutes, laws, rules, and regulations in connection with investigations pending as of that date, including with respect to the construction and subsequent expansion by TSKJ of a natural gas liquefaction complex and related facilities at Bonny Island in Rivers State, Nigeria. We recorded the estimated fair market value of this indemnity regarding FCPA matters described above upon our separation from KBR. See Note 2 for additional information.

Our indemnification obligation to KBR does not include losses resulting from third-party claims against KBR, including claims for special, indirect, derivative or consequential damages, nor does our indemnification apply to damage to KBR's business or reputation, loss of, or adverse effect on, cash flow, assets, goodwill, results of operations, business prospects, profits or business value or claims by directors, officers, employees, affiliates, advisors, attorneys, agents, debt holders, or other interest holders or constituents of KBR or KBR's current or former subsidiaries.

In consideration of our agreement to indemnify KBR for the liabilities referred to above, KBR has agreed that we will at all times, in our sole discretion, have and maintain control over the investigation, defense and/or settlement of these FCPA matters until such time, if any, that KBR exercises its right to assume control of the investigation, defense and/or settlement of the FCPA matters as it relates to KBR. KBR has also agreed, at our expense, to assist with Halliburton's full cooperation with any governmental authority in our investigation of these FCPA matters and our investigation, defense and/or settlement of any claim made by a governmental authority or court relating to these FCPA matters, in each case even if KBR assumes control of these FCPA matters as it relates to KBR. If KBR takes control over the investigation, defense, and/or settlement of FCPA matters, refuses a settlement of FCPA matters negotiated by us, enters into a settlement of FCPA matters without our consent, or materially breaches its obligation to cooperate with respect to our investigation, defense, and/or settlement of FCPA matters, we may terminate the indemnity.

Barracuda-Caratinga arbitration

We also provided indemnification in favor of KBR under the master separation agreement for all out-of-pocket cash costs and expenses (except for legal fees and other expenses of the arbitration so long as KBR controls and directs it), or cash settlements or cash arbitration awards in lieu thereof, KBR may incur after November 20, 2006 as a result of the replacement of certain subsea flowline bolts installed in connection with the Barracuda-Caratinga project. Under the master separation agreement, KBR currently controls the defense, counterclaim, and settlement of the subsea flowline bolts matter. As a condition of our indemnity, for any settlement to be binding upon us, KBR must secure our prior written consent to such settlement's terms. We have the right to terminate the indemnity in the event KBR enters into any settlement without our prior written consent. See Note 2 for additional information regarding the KBR indemnification.

At Petrobras' direction, KBR replaced certain bolts located on the subsea flowlines that failed through mid-November 2005, and KBR has informed us that additional bolts have failed thereafter, which were replaced by Petrobras. These failed bolts were identified by Petrobras when it conducted inspections of the bolts. The designation of the material to be used for the bolts was issued by Petrobras, and as such, we understand that KBR believes the cost resulting from any replacement is not KBR's responsibility. We understand Petrobras disagrees. We understand KBR believes several possible solutions may exist, including replacement of the bolts. Estimates indicate that costs of these various solutions range up to $140 million. In March 2006, Petrobras commenced arbitration against KBR claiming $220 million plus interest for the cost of monitoring and replacing the defective bolts and all related costs and expenses of the arbitration, including the cost of attorneys' fees. We understand KBR intends to vigorously defend and pursue recovery of the costs incurred to date through the arbitration process and to that end has submitted a counterclaim in the arbitration seeking the recovery of $22 million. The final arbitration hearing is expected to begin in 2008.

Securities and related litigation

In June 2002, a class action lawsuit was filed against us in federal court alleging violations of the federal securities laws after the SEC initiated an investigation in connection with our change in accounting for revenue on long-term construction projects and related disclosures. In the weeks that followed, approximately twenty similar class actions were filed against us. Several of those lawsuits also named as defendants several of our present or former officers and directors. The class action cases were later consolidated, and the amended consolidated class action complaint, styled *Richard Moore, et al. v. Halliburton Company, et al.*, was filed and served upon us in April 2003. As a result of a substitution of lead plaintiffs, the case is now styled *Archdiocese of Milwaukee Supporting Fund ("AMSF") v. Halliburton Company, et al.* (the "AMSF classification"). We settled with the SEC in the second quarter of 2004.

In June 2003, the lead plaintiffs filed a motion for leave to file a second amended consolidated complaint, which was granted by the court. In addition to restating the original accounting and disclosure claims, the second amended consolidated complaint included claims arising out of the 1998 acquisition of Dresser Industries, Inc. by Halliburton, including that we failed to timely disclose the resulting asbestos liability exposure (the "Dresser claims"). The memorandum of understanding contemplated settlement of the Dresser claims as well as the original claims.

In June 2004, the court entered an order preliminarily approving the settlement. Following the transfer of the case to another district judge, the court held that evidence of the settlement's fairness was inadequate, denied the motion for final approval of the settlement, and ordered the parties to mediate. The mediation was unsuccessful.

In April 2005, the court appointed new co-lead counsel and named AMSF the new lead plaintiff, directing that it file a third consolidated amended complaint and that we file our motion to dismiss. The court held oral arguments on that motion in August 2005, at which time the court took the motion under advisement. In March 2006, the court entered an order in which it granted the motion to dismiss with respect to claims arising prior to June 1999 and granted the motion with respect to certain other claims while permitting AMSF to replead some of those claims to correct deficiencies in its earlier complaint. In April 2006, AMSF filed its fourth amended consolidated complaint. We filed a motion to dismiss those portions of the complaint that had been repled. A hearing was held on that motion in July 2006, and in March 2007 the court ordered dismissal of the claims against all individual defendants other than our CEO. The court ordered that the case proceed against our CEO and Halliburton. In response to a motion by the lead plaintiff, on February 26, 2007, the court ordered the removal and replacement of their co-lead counsel. Most recently, upon becoming aware of a United States Supreme Court opinion issued near the end of its most recently completed term, the court allowed further briefing on the motion to dismiss filed on behalf of our CEO. That briefing is complete, but the court has not yet ruled. In September 2007, AMSF filed a motion for class certification. Our response to the motion is due on November 1, 2007. The case is set for trial in July 2009.

As of September 30, 2007, we had not accrued any amounts related to this matter.

Operations in Iran

We received and responded to an inquiry in mid-2001 from the Office of Foreign Assets Control (OFAC) of the United States Treasury Department with respect to operations in Iran by a Halliburton subsidiary incorporated in the Cayman Islands. The OFAC inquiry requested information with respect to compliance with the Iranian Transaction Regulations. These regulations prohibit United States citizens, including United States corporations and other United States business organizations, from engaging in commercial, financial, or trade transactions with Iran, unless authorized by OFAC or exempted by statute. Our 2001 written response to OFAC stated that we believed that we were in compliance with applicable sanction regulations. In the first quarter of 2004, we responded to a follow-up letter from OFAC requesting additional information. We understand this matter has now been referred by OFAC to the DOJ. In July 2004, we received a grand jury subpoena from an Assistant United States District Attorney requesting the production of documents. We are cooperating with the government's investigation and responded to the subpoena by producing documents in September 2004. As of September 30, 2007, we had not accrued any amounts related to this investigation.

Separate from the OFAC inquiry, we completed a study in 2003 of our activities in Iran during 2002 and 2003 and concluded that these activities were in compliance with applicable sanction regulations. These sanction regulations require isolation of entities that conduct activities in Iran from contact with United States citizens or managers of United States companies. Notwithstanding our conclusions that our activities in Iran were not in violation of United States laws and regulations, we announced in April 2007 that all of our contractual commitments in Iran have been completed, and we are no longer working in Iran.

David Hudak and International Hydrocut Technologies Corp.

In October 2004, David Hudak and International Hydrocut Technologies Corp. (collectively, Hudak) filed suit against us in the United States District Court alleging civil Racketeer Influenced and Corporate Organizations Act violations, fraud, breach of contract, unfair trade practices, and other torts. The action arose out of Hudak's alleged purchase from us in early 1994 of certain explosive charges that were later alleged by the DOJ to be military ordnance, the possession of which by persons not possessing the requisite licenses and registrations is unlawful. As a result of that allegation by the government, Hudak was charged with, but later acquitted of, certain criminal offenses in connection with his possession of the explosive charges. This case was settled in August 2007. The amount of the settlement was not material.

M-I, LLC antitrust litigation

On February 16, 2007, we were informed that M-I, LLC, a competitor of ours in the drilling fluids market, had sued us for allegedly attempting to monopolize the market for invert emulsion drilling fluids used in deep water and/or in cold water temperatures. The claims M-I asserted are based upon its allegation that the patent issued for our Accolade® drilling fluid was invalid as a result of its allegedly having been procured by fraud on the United States Patent and Trademark Office and that our subsequent prosecution of an infringement action against M-I amounted to predatory conduct in violation of Section 2 of the Sherman Antitrust Act. In October 2006, a federal court dismissed our infringement action based upon its holding that the claims in our patent were indefinite and the patent was, therefore, invalid. That judgment is now on appeal. M-I also alleges that we falsely advertised our Accolade® drilling fluid in violation of the Lanham Act and California law and that our earlier infringement action amounted to malicious prosecution in violation of Texas state law. M-I seeks compensatory damages, which it claims should be trebled, as well as punitive damages and injunctive relief. We believe that M-I's claims are without merit and intend to aggressively defend them. As of September 30, 2007, we had not accrued any amounts in connection with this matter.

Dirt, Inc. litigation

Dirt, Inc. has brought suit in Alabama against Bredero-Shaw (a joint venture in which we formerly held a 50% interest that we sold to the other party in the venture, ShawCor Ltd., in 2002), Halliburton Energy Services, Inc., and ShawCor Ltd., claiming that Bredero-Shaw disposed of hazardous waste in a construction materials landfill owned and operated by Dirt, Inc. Bredero-Shaw has offered to take responsibility for clean-up of the site. The plaintiff has not accepted that offer, and the amount of such clean-up cost is disputed, with expert opinions ranging from $6 million to $144 million. Our share of any award for the clean-up costs could be as much as 50%. The plaintiff is also seeking punitive damages, which under Alabama law could be an amount up to three times actual damages; we believe, however, that we have valid legal defenses to the imposition of any punitive damages against us. We are vigorously defending this action, which will be tried during the fourth quarter of 2007. We have accrued our 50% portion of an estimate of what we believe it will cost to remediate the site.

Environmental

We are subject to numerous environmental, legal, and regulatory requirements related to our operations worldwide. In the United States, these laws and regulations include, among others:

- the Comprehensive Environmental Response, Compensation, and Liability Act;
- the Resources Conservation and Recovery Act;
- the Clean Air Act;
- the Federal Water Pollution Control Act; and
- the Toxic Substances Control Act.

In addition to the federal laws and regulations, states and other countries where we do business often have numerous environmental, legal, and regulatory requirements by which we must abide. We evaluate and address the environmental impact of our operations by assessing and remediating contaminated properties in order to avoid future liabilities and comply with environmental, legal, and regulatory requirements. On occasion, we are involved in specific environmental litigation and claims, including the remediation of properties we own or have operated, as well as efforts to meet or correct compliance-related matters. Our Health, Safety and Environment group has several programs in place to maintain environmental leadership and to prevent the occurrence of environmental contamination.

We do not expect costs related to these remediation requirements to have a material adverse effect on our consolidated financial position or our results of operations. Our accrued liabilities for environmental matters were $75 million as of September 30, 2007 and $39 million as of December 31, 2006. Our total liability related to environmental matters covers numerous properties. We have subsidiaries that have been named as potentially responsible parties along with other third parties for 11 federal and state superfund sites for which we have established a liability. As of September 30, 2007, those 11 sites accounted for approximately $11 million of our total $75 million liability. For any particular federal or state superfund site, since our estimated liability is typically within a range and our accrued liability may be the amount on the low end of that range, our actual liability could eventually be well in excess of the amount accrued. Despite attempts to resolve these superfund matters, the relevant regulatory agency may at any time bring suit against us for amounts in excess of the amount accrued. With respect to some superfund sites, we have been named a potentially responsible party by a regulatory agency; however, in each of those cases, we do not believe we have any material liability. We also could be subject to third-party claims with respect to environmental matters for which we have been named as a potentially responsible party.

Letters of credit

In the normal course of business, we have agreements with banks under which approximately $2.3 billion of letters of credit, surety bonds, or bank guarantees were outstanding as of September 30, 2007, including $1.3 billion that relate to KBR. These KBR letters of credit, surety bonds, or bank guarantees are being guaranteed by us in favor of KBR's customers and lenders. KBR has agreed to compensate us for these guarantees and indemnify us if we are required to perform under any of these guarantees. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization.

Note 11. Income per Share

Basic income per share is based on the weighted average number of common shares outstanding during the period. Diluted income per share includes additional common shares that would have been outstanding if potential common shares with a dilutive effect had been issued. A reconciliation of the number of shares used for the basic and diluted income per share calculations is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
Millions of shares	2007	2006	2007	2006
Basic weighted average common shares outstanding	880	1,011	925	1,021
Dilutive effect of:				
Convertible senior notes premium	30	27	28	30
Stock options	6	8	6	9
Restricted stock	1	2	2	2
Diluted weighted average common shares outstanding	917	1,048	961	1,062

Excluded from the computation of diluted income per share are options to purchase four million shares of common stock that were outstanding during the three and nine months ended September 30, 2007 and two million shares that were outstanding during the three and nine months ended September 30, 2006. These options were outstanding during these quarters but were excluded because they were antidilutive, as the option exercise price was greater than the average market price of the common shares.

Effective April 5, 2007, common shares outstanding were reduced by the 85.3 million shares of our common stock that we accepted in exchange for the shares of KBR, Inc. common stock we owned.

Note 12. Income Taxes

In the third quarter of 2007, we recorded a $133 million favorable income tax impact from our ability to recognize United States foreign tax credits we previously estimated would not be fully benefited. We now believe we can utilize these credits currently because we have generated additional taxable income for 2006 and expect to continue to generate a higher level of taxable income largely from the growth of our international operations.

Effective January 1, 2007, we adopted Financial Accounting Standards Board (FASB) Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109." FIN 48, as amended May 2007 by FASB Staff Position FIN 48-1, "Definition of 'Settlement' in FASB Interpretation No. 48," prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

As a result of the adoption of FIN 48, we recognized a decrease of $4 million in other liabilities to account for a decrease in unrecognized tax benefits and an increase of $34 million for accrued interest and penalties, which were accounted for as a net reduction of $30 million to the January 1, 2007 balance of retained earnings. Of the $30 million reduction to retained earnings, $10 million was attributable to KBR, which is now reported as discontinued operations in the condensed consolidated financial statements.

The following presents a rollforward of our unrecognized tax benefits and associated interest and penalties.

Millions of dollars	Unrecognized Tax Benefits	Interest and Penalties
Balance at January 1, 2007	$ 266	$ 47
Increase (decrease) in prior year tax positions	50	(3)
Increase in current year tax positions	10	2
Decrease related to settlements with taxing authorities	(7)	-
Decrease related to lapse of statute of limitations	(1)	-
Reclassification to discontinued operations	(24)	(13)
Balance at September 30, 2007	$ 294	$ 33

We recognize interest and penalties related to unrecognized tax benefits within the provision for income taxes on continuing operations in our condensed consolidated statements of operations.

At September 30, 2007, $50 million of tax benefits associated with United States foreign tax credits was included in the balance of unrecognized tax benefits that could be resolved within the next twelve months. A review of foreign tax documentation is currently underway and will likely be significantly progressed within the next twelve months. Also, as of September 30, 2007, a significant portion of our non-United States unrecognized tax benefits, while not individually significant, could be settled within the next twelve months. As of September 30, 2007, we estimated that the entire balance of unrecognized tax benefits, if resolved in our favor, would positively impact the effective tax rate and, therefore, be recognized as additional tax benefits in our income statement.

We file income tax returns in the United States federal jurisdiction and in various states and foreign jurisdictions. In most cases, we are no longer subject to United States federal, state, and local, or non-United States income tax examination by tax authorities for years before 1998.

Note 13. Retirement Plans

The components of net periodic benefit cost related to pension benefits for the three and nine months ended September 30, 2007 and September 30, 2006 were as follows:

	Three Months Ended September 30			
	2007		2006	
Millions of dollars	United States	International	United States	International
Components of net periodic benefit cost:				
Service cost	$ -	$ 6	$ -	$ 6
Interest cost	2	11	2	9
Expected return on plan assets	(2)	(10)	(2)	(7)
Settlements/curtailments	1	-	-	-
Recognized actuarial loss	2	3	1	1
Net periodic benefit cost	$ 3	$ 10	$ 1	$ 9

	Nine Months Ended September 30			
	2007		2006	
Millions of dollars	United States	International	United States	International
Components of net periodic benefit cost:				
Service cost	$ -	$ 18	$ -	$ 17
Interest cost	5	32	5	26
Expected return on plan assets	(5)	(28)	(5)	(21)
Settlement/curtailments	1	(1)	-	-
Recognized actuarial loss	5	7	4	5
Net periodic benefit cost	$ 6	$ 28	$ 4	$ 27

We currently expect to contribute approximately $26 million to our international pension plans in 2007. During the nine months ended September 30, 2007, we contributed $23 million to our international pension plans, and we plan to contribute $3 million in the fourth quarter of 2007. We do not have a required minimum contribution for our domestic plans; however, we made immaterial additional discretionary contributions in the third quarter of 2007. We do not expect to make additional contributions to our domestic plans in the fourth quarter of 2007.

The components of net periodic benefit cost related to other postretirement benefits for the three and nine months ended September 30, 2007 and September 30, 2006 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
Millions of dollars	2007	2006	2007	2006
Components of net periodic benefit cost:				
Service cost	$ 1	$ -	$ 1	$ 1
Interest cost	2	3	6	7
Net periodic benefit cost	$ 3	$ 3	$ 7	$ 8

Note 14. Common Stock

In February 2006, our Board of Directors approved a share repurchase program of up to $1.0 billion. In September 2006, our Board of Directors approved an increase to our existing common share repurchase program of up to an additional $2.0 billion. In July 2007, our Board of Directors approved an additional increase to our existing common share repurchase program of up to $2.0 billion, bringing the entire authorization to $5.0 billion. This additional authorization may be used for open market share purchases or to settle the conversion premium on our 3.125% convertible senior notes, should they be redeemed. From the inception of this program, we have repurchased approximately 77 million shares of our common stock for approximately $2.6 billion at an average price per share of $33.85. These numbers include the repurchases of approximately 37 million shares of our common stock for approximately $1.3 billion at an average price per share of $34.87 during the first nine months of 2007. As of September 30, 2007, $2.4 billion remained available under this program.

Note 15. New Accounting Standards

In June 2006, the FASB ratified the consensus reached on Emerging Issues Task Force Issue No. 06-3 (EITF 06-3), "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)." EITF 06-3 requires a company to disclose its policy regarding the presentation of tax receipts on the face of the income statement. The scope of this guidance includes any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction between a seller and a customer and may include, but is not limited to, sales, use, value added, and some excise taxes. The provisions of EITF 06-3 are effective for periods beginning after December 15, 2006. Therefore, we adopted EITF 06-3 on January 1, 2007. We present taxes collected from customers on a net basis.

In September 2006, the FASB issued Staff Position (FSP) AUG AIR-1, "Accounting for Planned Major Maintenance Activities," which prohibits the use of the accrue-in-advance method of accounting for planned major maintenance activities. The provisions of this FSP are effective for the first fiscal year beginning after December 15, 2006. We did not elect early adoption and, therefore, adopted FSP AUG AIR-1 on January 1, 2007 without material impact to our financial statements.

In September 2006, the FASB issued Statement No. 157 (SFAS No. 157), "Fair Value Measurements," which is intended to increase consistency and comparability in fair value measurements by defining fair value, establishing a framework for measuring fair value, and expanding disclosures about fair value measurements. SFAS No. 157 applies to other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. We will adopt the provisions of SFAS No. 157 beginning January 1, 2008 and are currently evaluating the impact of this statement on our financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115" (SFAS 159). SFAS 159 permits entities to measure eligible assets and liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. We will adopt SFAS 159 on January 1, 2008, and are currently evaluating the impact of this statement on our financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

EXECUTIVE OVERVIEW

During the first nine months of 2007, our continuing operations produced revenue of $11.1 billion and operating income of $2.6 billion, reflecting an operating margin of 23%. Revenue increased $1.6 billion or 17% over the first nine months of 2006. Operating income improved $269 million or 12% over the first nine months of 2006. Internationally, our operations experienced 20% revenue growth and 22% operating income growth during the first nine months of 2007 compared to the same period in 2006, most of which was derived from our eastern hemisphere operations.

Business outlook

The outlook for our business remains generally favorable. In the early months of 2007, we were negatively impacted by decreased activity in North America, particularly the well stimulation market in Canada and the United States Rocky Mountains. This decline was primarily attributable to poor weather and customer delays to certain completion and stimulation plans. However, we have seen a recovery in our United States land operations throughout the second and third quarters, particularly for our fracturing and cementing services. In the third quarter, we saw increasing downward pressure on pricing, particularly in our United States pressure pumping land operations. We are also beginning to see pricing pressures in other product lines, including fluid services, drill bits, and wireline and perforating. Seasonal restrictions during the winter months may negatively impact activity levels in our North America land operations in the fourth quarter of 2007 and early 2008. However, based on natural gas price forecasts and our customers' drilling plans, we expect activity levels to increase in 2008. While we foresee continued growth in our United States land operations, we do think there is downside risk to our operating margins if pricing continues to erode or if natural gas prices decline significantly. In such a case, any increases in North American revenue may not offset the deterioration in our North American margins and our operating income. In Canada, we experienced a seasonal recovery in the third quarter from the traditionally slow second quarter spring break-up season. Looking ahead, however, we are not expecting a significant recovery in the foreseeable future. Where appropriate, we have reduced personnel and moved equipment to higher utilization areas.

Outside of North America, our outlook remains positive. Worldwide demand for hydrocarbons continues to grow, and the reservoirs are becoming more complex. Therefore, we have been investing and will continue to invest in infrastructure, capital, and technology predominantly in the eastern hemisphere, consistent with our initiative to grow our operations in that part of the world. Outside of the seasonal impact of winter weather in Russia and the North Sea, we expect to realize continued expansion in the Middle East, Africa, Russia, the North Sea, and Asia.

For the remainder of 2007, we are focusing on:

- maintaining optimal utilization of our equipment and resources;
- leveraging our technologies to provide our customers with the ability to more efficiently drill and complete their wells and to increase their productivity. To that end, we recently opened one and have plans for two more international research and development centers with global technology and training missions;
- expanding our manufacturing capability and capacity with new manufacturing plants, such as three that opened in Mexico, Brazil, and Malaysia in the first half of 2007 and one in Singapore expected to open by year-end;
- hiring and training additional personnel to meet the increased demand for our services;
- pursuing strategic acquisitions in line with our core products and services to expand our portfolio in key geographic areas. Consistent with this objective:
    - in July 2007, we acquired the United Kingdom-based PSL Energy Services Limited, a leading eastern hemisphere provider of process, pipeline, and well intervention services;
    - also in July 2007, we entered into a definitive agreement to purchase the entire share capital of OOO Burservice, a leading provider of directional drilling services in Russia; and

- in September 2007, we acquired the intellectual property and substantially all of the assets and existing business of GeoSmith Consulting Group, LLC, a leading developer of software components for 3-D interpretation and geometric modeling applications; and
- increasing capital spending, primarily directed toward eastern hemisphere operations for service equipment additions and infrastructure related to recent project wins. Capital spending for 2008 is expected to be approximately $1.5 billion to $1.7 billion.

Our operating performance is described in more detail in "Business Environment and Results of Operations."

Separation of KBR, Inc.

In November 2006, KBR, Inc. (KBR) completed an initial public offering (IPO), in which it sold approximately 32 million shares of KBR, Inc. common stock. The increase in the carrying amount of our investment in KBR, Inc., resulting from the IPO, was recorded in "Paid-in capital in excess of par value" on our condensed consolidated balance sheet at December 31, 2006. On April 5, 2007, we completed the separation of KBR from us by exchanging the 135.6 million shares of KBR, Inc. common stock owned by us on that date for 85.3 million shares of our common stock. Consequently, KBR operations have been reclassified to discontinued operations in the condensed consolidated financial statements for all periods presented. Income from discontinued operations related to our 81% share of KBR's results in the first nine months of 2007 was $23 million after tax or $0.02 per share. In the second quarter of 2007, we recorded a gain on the disposition of KBR, Inc. of approximately $933 million, net of tax and the estimated fair value of the indemnities and guarantees provided to KBR as described below, which is included in income from discontinued operations on the condensed consolidated statement of operations.

We entered into various agreements relating to the separation of KBR, including, among others, a master separation agreement, a registration rights agreement, a tax sharing agreement, transition services agreements, and an employee matters agreement. The master separation agreement provides for, among other things, KBR's responsibility for liabilities related to its business and Halliburton's responsibility for liabilities unrelated to KBR's business. Halliburton provides indemnification in favor of KBR under the master separation agreement for certain contingent liabilities, including Halliburton's indemnification of KBR and any of its greater than 50%-owned subsidiaries as of November 20, 2006, the date of the master separation agreement, for:

- fines or other monetary penalties or direct monetary damages, including disgorgement, as a result of a claim made or assessed by a governmental authority in the United States, the United Kingdom, France, Nigeria, Switzerland, and/or Algeria, or a settlement thereof, related to alleged or actual violations occurring prior to November 20, 2006 of the United States Foreign Corrupt Practices Act (FCPA) or particular, analogous applicable foreign statutes, laws, rules, and regulations in connection with investigations pending as of that date, including with respect to the construction and subsequent expansion by TSKJ of a natural gas liquefaction complex and related facilities at Bonny Island in Rivers State, Nigeria; and
- all out-of-pocket cash costs and expenses, or cash settlements or cash arbitration awards in lieu thereof, KBR may incur after the effective date of the master separation agreement as a result of the replacement of the subsea flowline bolts installed in connection with the Barracuda-Caratinga project. See Note 10 to our condensed consolidated financial statements for further discussion of these matters.

Additionally, the Halliburton performance guarantees, surety bond guarantees, and letter of credit guarantees that are currently in place in favor of KBR's customers or lenders will continue until these guarantees expire at the earlier of: (1) the termination of the underlying project contract or KBR obligations thereunder or (2) the expiration of the relevant credit support instrument in accordance with its terms or release of such instrument by the customer. Further, KBR and we have agreed that, until December 31, 2009, we will issue additional guarantees, indemnification, and reimbursement commitments for KBR's benefit in connection with (a) letters of credit necessary to comply with KBR's Egypt Basic Industries Corporation ammonia plant contract, KBR's Allenby & Connaught project, and all other KBR contracts that were in place as of December 15, 2005; (b) surety bonds issued to support new task orders pursuant to the Allenby & Connaught project, two job order contracts for KBR's Government and Infrastructure segment, and all other KBR contracts that were in place as of December 15, 2005; and (c) performance guarantees in support of these contracts. KBR will compensate Halliburton for these guarantees and indemnify Halliburton if Halliburton is required to perform under any of these guarantees.

As a result of these agreements, we recorded $190 million, as a reduction of the gain on the disposition of KBR, to reflect the estimated fair value of the above indemnities and guarantees, net of the associated estimated future tax benefit. The estimated fair value of these indemnities and guarantees are primarily included in "Other liabilities" on the condensed consolidated balance sheet.

The tax sharing agreement provides for allocations of United States and certain other jurisdiction tax liabilities between us and KBR. Under the transition services agreements, we continue to provide various interim corporate support services to KBR, and KBR continues to provide various interim corporate support services to us. The fees are determined on a basis generally intended to approximate the fully allocated direct and indirect costs of providing the services, without any profit. Under an employee matters agreement, Halliburton and KBR have allocated liabilities and responsibilities related to current and former employees and their participation in certain benefit plans. Among other items, the employee matters agreement provided for the conversion, which occurred upon completion of the separation of KBR, of stock options and restricted stock awards (with restrictions that had not yet lapsed as of the final separation date) granted to KBR employees under our 1993 Stock and Incentive Plan (1993 Plan) to options and restricted stock awards covering KBR common stock. As of April 5, 2007, these awards consisted of 1.2 million options with a weighted average exercise price per share of $15.01 and approximately 600,000 restricted shares with a weighted average grant-date fair value per share of $17.95 under our 1993 Plan.

See Note 10 to our condensed consolidated financial statements for further information.

Foreign Corrupt Practices Act investigations

The Securities and Exchange Commission (SEC) is conducting a formal investigation into whether improper payments were made to government officials in Nigeria through the use of agents or subcontractors in connection with the construction and subsequent expansion by TSKJ of a multibillion dollar natural gas liquefaction complex and related facilities at Bonny Island in Rivers State, Nigeria. The Department of Justice (DOJ) is also conducting a related criminal investigation. The SEC has also issued subpoenas seeking information, which we and KBR are furnishing, regarding current and former agents used in connection with multiple projects, including current and prior projects, over the past 20 years located both in and outside of Nigeria in which the Halliburton energy services business, KBR or affiliates, subsidiaries or joint ventures of Halliburton or KBR, are or were participants. In September 2006 and October 2007, the SEC and the DOJ, respectively, each requested that we enter into an agreement to extend the statute of limitations with respect to its investigation. We anticipate that we will enter into an appropriate agreement with each of the SEC and the DOJ.

TSKJ is a private limited liability company registered in Madeira, Portugal whose members are Technip SA of France, Snamprogetti Netherlands B.V. (a subsidiary of Saipem SpA of Italy), JGC Corporation of Japan, and Kellogg Brown & Root LLC (a subsidiary of KBR), each of which had an approximate 25% interest in the venture. TSKJ and other similarly owned entities entered into various contracts to build and expand the liquefied natural gas project for Nigeria LNG Limited, which is owned by the Nigerian National Petroleum Corporation, Shell Gas B.V., Cleag Limited (an affiliate of Total), and Agip International B.V. (an affiliate of ENI SpA of Italy).

The SEC and the DOJ have been reviewing these matters in light of the requirements of the FCPA. In addition to performing our own investigation, we have been cooperating with the SEC and the DOJ investigations and with other investigations in France, Nigeria, and Switzerland regarding the Bonny Island project. The government of Nigeria gave notice in 2004 to the French magistrate of a civil claim as an injured party in the French investigation. We are not aware of any further developments with respect to this claim. We also believe that the Serious Fraud Office in the United Kingdom is conducting an investigation relating to the Bonny Island project. Our Board of Directors has appointed a committee of independent directors to oversee and direct the FCPA investigations. Through our committee of independent directors, we will continue to oversee and direct the investigations.

The matters under investigation relating to the Bonny Island project cover an extended period of time (in some cases significantly before our 1998 acquisition of Dresser Industries and continuing through the current time period). We have produced documents to the SEC and the DOJ from the files of numerous officers and employees of Halliburton and KBR, including current and former executives of Halliburton and KBR, both voluntarily and pursuant to company subpoenas from the SEC and a grand jury, and we are making our employees and KBR is making its employees available to the SEC and the DOJ for interviews. In addition, the SEC has issued a subpoena to A. Jack Stanley, who formerly served as a consultant and chairman of Kellogg Brown & Root LLC, and to others, including certain of our former and KBR's current and former employees, former executive officers of KBR, and at least one subcontractor of KBR. We further understand that the DOJ has issued subpoenas for the purpose of obtaining information abroad, and we understand that other partners in TSKJ have provided information to the DOJ and the SEC with respect to the investigations, either voluntarily or under subpoenas.

The SEC and DOJ investigations include an examination of whether TSKJ's engagements of Tri-Star Investments as an agent and a Japanese trading company as a subcontractor to provide services to TSKJ were utilized to make improper payments to Nigerian government officials. In connection with the Bonny Island project, TSKJ entered into a series of agency agreements, including with Tri-Star Investments, of which Jeffrey Tesler is a principal, commencing in 1995 and a series of subcontracts with a Japanese trading company commencing in 1996. We understand that a French magistrate has officially placed Mr. Tesler under investigation for corruption of a foreign public official. In Nigeria, a legislative committee of the National Assembly and the Economic and Financial Crimes Commission, which is organized as part of the executive branch of the government, are also investigating these matters. Our representatives have met with the French magistrate and Nigerian officials. In October 2004, representatives of TSKJ voluntarily testified before the Nigerian legislative committee.

TSKJ suspended the receipt of services from and payments to Tri-Star Investments and the Japanese trading company and has considered instituting legal proceedings to declare all agency agreements with Tri-Star Investments terminated and to recover all amounts previously paid under those agreements. In February 2005, TSKJ notified the Attorney General of Nigeria that TSKJ would not oppose the Attorney General's efforts to have sums of money held on deposit in accounts of Tri-Star Investments in banks in Switzerland transferred to Nigeria and to have the legal ownership of such sums determined in the Nigerian courts.

As a result of these investigations, information has been uncovered suggesting that, commencing at least 10 years ago, members of TSKJ planned payments to Nigerian officials. We have reason to believe that, based on the ongoing investigations, payments may have been made by agents of TSKJ to Nigerian officials. In addition, information uncovered in the summer of 2006 suggests that, prior to 1998, plans may have been made by employees of The M.W. Kellogg Company (a predecessor of a KBR subsidiary) to make payments to government officials in connection with the pursuit of a number of other projects in countries outside of Nigeria. We are reviewing a number of more recently discovered documents related to KBR's activities in countries outside of Nigeria with respect to agents for projects after 1998. Certain activities discussed in this paragraph involve current or former employees or persons who were or are consultants to KBR, and our investigation is continuing.

In June 2004, all relationships with Mr. Stanley and another consultant and former employee of M.W. Kellogg Limited were terminated. The terminations occurred because of Code of Business Conduct violations that allegedly involved the receipt of improper personal benefits from Mr. Tesler in connection with TSKJ's construction of the Bonny Island project.

In 2006 and 2007, KBR suspended the services of other agents in and outside of Nigeria, including one agent who, until such suspension, had worked for KBR outside of Nigeria on several current projects and on numerous older projects going back to the early 1980s. Such suspensions have occurred when possible improper conduct has been discovered or alleged or when Halliburton and KBR have been unable to confirm the agent's compliance with applicable law and the Code of Business Conduct.

The SEC and DOJ are also investigating and have issued subpoenas concerning TSKJ's use of an immigration services provider, apparently managed by a Nigerian immigration official, to which approximately $1.8 million in payments in excess of costs of visas were allegedly made between approximately 1997 and the termination of the provider in December 2004 and our 2007 reporting of this matter to the government. We understand that TSKJ terminated the immigration services provider after a KBR employee discovered the issue.

If violations of the FCPA were found, a person or entity found in violation could be subject to fines, civil penalties of up to $500,000 per violation, equitable remedies, including disgorgement (if applicable) generally of profits, including prejudgment interest on such profits, causally connected to the violation, and injunctive relief. Criminal penalties could range up to the greater of $2 million per violation or twice the gross pecuniary gain or loss from the violation, which could be substantially greater than $2 million per violation. It is possible that both the SEC and the DOJ could assert that there have been multiple violations, which could lead to multiple fines. The amount of any fines or monetary penalties that could be assessed would depend on, among other factors, the findings regarding the amount, timing, nature, and scope of any improper payments, whether any such payments were authorized by or made with knowledge of us, KBR or our or KBR's affiliates, the amount of gross pecuniary gain or loss involved, and the level of cooperation provided the government authorities during the investigations. The government has expressed concern regarding the level of our cooperation. Agreed dispositions of these types of violations also frequently result in an acknowledgement of wrongdoing by the entity and the appointment of a monitor on terms negotiated with the SEC and the DOJ to review and monitor current and future business practices, including the retention of agents, with the goal of assuring compliance with the FCPA.

These investigations could also result in third-party claims against us, which may include claims for special, indirect, derivative or consequential damages, damage to our business or reputation, loss of, or adverse effect on, cash flow, assets, goodwill, results of operations, business prospects, profits or business value or claims by directors, officers, employees, affiliates, advisors, attorneys, agents, debt holders, or other interest holders or constituents of us or our current or former subsidiaries. In addition, we could incur costs and expenses for any monitor required by or agreed to with a governmental authority to review our continued compliance with FCPA law.

As of September 30, 2007, we are unable to estimate an amount of probable loss or a range of possible loss related to these matters as it relates to Halliburton directly. However, we provided indemnification in favor of KBR under the master separation agreement for certain contingent liabilities, including Halliburton's indemnification of KBR and any of its greater than 50%-owned subsidiaries as of November 20, 2006, the date of the master separation agreement, for fines or other monetary penalties or direct monetary damages, including disgorgement, as a result of a claim made or assessed by a governmental authority in the United States, the United Kingdom, France, Nigeria, Switzerland, and/or Algeria, or a settlement thereof, related to alleged or actual violations occurring prior to November 20, 2006 of the FCPA or particular, analogous applicable foreign statutes, laws, rules, and regulations in connection with investigations pending as of that date, including with respect to the construction and subsequent expansion by TSKJ of a natural gas liquefaction complex and related facilities at Bonny Island in Rivers State, Nigeria. We recorded the estimated fair market value of this indemnity regarding FCPA matters described above upon our separation from KBR. See Note 2 to our condensed consolidated financial statements for additional information.

Our indemnification obligation to KBR does not include losses resulting from third-party claims against KBR, including claims for special, indirect, derivative or consequential damages, nor does our indemnification apply to damage to KBR's business or reputation, loss of, or adverse effect on, cash flow, assets, goodwill, results of operations, business prospects, profits or business value or claims by directors, officers, employees, affiliates, advisors, attorneys, agents, debt holders, or other interest holders or constituents of KBR or KBR's current or former subsidiaries.

In consideration of our agreement to indemnify KBR for the liabilities referred to above, KBR has agreed that we will at all times, in our sole discretion, have and maintain control over the investigation, defense and/or settlement of these FCPA matters until such time, if any, that KBR exercises its right to assume control of the investigation, defense and/or settlement of the FCPA matters as it relates to KBR. KBR has also agreed, at our expense, to assist with Halliburton's full cooperation with any governmental authority in our investigation of these FCPA matters and our investigation, defense and/or settlement of any claim made by a governmental authority or court relating to these FCPA matters, in each case even if KBR assumes control of these FCPA matters as it relates to KBR. If KBR takes control over the investigation, defense, and/or settlement of FCPA matters, refuses a settlement of FCPA matters negotiated by us, enters into a settlement of FCPA matters without our consent, or materially breaches its obligation to cooperate with respect to our investigation, defense, and/or settlement of FCPA matters, we may terminate the indemnity.

Other corporate matters

Subsequent to the KBR separation, in the third quarter of 2007, we realigned our products and services to improve operational and cost management efficiencies, better serve our customers, and become better aligned with the process of exploring for and producing from oil and natural gas wells. We now operate under two divisions, which form the basis for the two operating segments we now report: the Completion and Production segment and the Drilling and Evaluation segment.

In May 2007, the Board of Directors increased the quarterly dividend by $0.015 per common share, or 20%, to $0.09 per share.

In February 2006, our Board of Directors approved a share repurchase program of up to $1.0 billion. In September 2006, our Board of Directors approved an increase to our existing common share repurchase program of up to an additional $2.0 billion. In July 2007, our Board of Directors approved an additional increase to our existing common share repurchase program of up to $2.0 billion, bringing the entire authorization to $5.0 billion. This additional authorization may be used for open market share purchases or to settle the conversion premium on our 3.125% convertible senior notes, should they be redeemed. From the inception of this program, we have repurchased approximately 77 million shares of our common stock for approximately $2.6 billion at an average price per share of $33.85. These numbers include the repurchases of approximately 37 million shares of our common stock for approximately $1.3 billion at an average price per share of $34.87 during the first nine months of 2007. As of September 30, 2007, $2.4 billion remained available under this program.

LIQUIDITY AND CAPITAL RESOURCES

We ended the third quarter of 2007 with cash and equivalents of $735 million compared to $2.9 billion at December 31, 2006. The decrease in cash and equivalents was primarily because we repurchased 37 million shares of our common stock at a cost of $1.3 billion under our share repurchase program and invested $1.1 billion in various marketable securities in the first nine months of 2007, consisting of auction-rate securities, variable-rate demand notes, and municipal bonds.

Significant sources of cash

Cash flows from operations contributed $1.8 billion to cash in the first nine months of 2007. This included $55 million in cash outflows related to discontinued operations.

In May 2007, we sold our remaining interest in Dresser, Ltd. for $70 million in cash.

We received approximately $24 million in asbestos- and silica-related insurance proceeds in the first nine months of 2007 and expect to receive additional amounts as follows:

Millions of dollars		
October 1 through December 31, 2007	$	23
2008		67
2009		132
2010		16
Total	$	238

Further available sources of cash. On July 9, 2007, we entered into a new unsecured $1.2 billion five-year revolving credit facility that replaced our then existing unsecured $1.2 billion five-year revolving credit facility. The purpose of the new facility is to provide commercial paper support, general working capital, and credit for other corporate purposes. There were no cash drawings under the facility as of September 30, 2007.

Significant uses of cash

Capital expenditures were $1.1 billion in the first nine months of 2007.

During the first nine months of 2007, we invested in approximately $1.1 billion of marketable securities, consisting of auction-rate securities, variable-rate demand notes, and municipal bonds.

In January 2007, we acquired all of the intellectual property, current assets, and existing wireline services business associated with Ultraline Services Corporation, a division of Savanna Energy Services Corp., for approximately $178 million.

In the third quarter of 2007, we purchased the entire share capital of PSL Energy Services Limited (PSLES), a leading eastern hemisphere provider of process, pipeline, and well intervention services, for $316 million.

In July 2007, the Board of Directors declared a dividend of $0.09 per common share for the third quarter of 2007, payable on September 25, 2007 to shareholders of record at the close of business on September 3, 2007. We paid $235 million in dividends to our shareholders in the first nine months of 2007.

During the first nine months of 2007, we repurchased approximately 37 million shares of our common stock at a cost of approximately $1.3 billion at an average price per share of $34.87, under our share repurchase program.

During the first nine months of 2007, we invested approximately $242 million in technology, including $216 million for company-sponsored research and development.

Future uses of cash. Capital spending for 2007 is expected to be approximately $1.5 billion. The capital expenditures forecast for 2007 is primarily directed toward our drilling services, wireline and perforating, production enhancement, and cementing operations. Capital spending for 2008 is expected to be approximately $1.5 billion to $1.7 billion.

In October 2007, the Board of Directors declared a dividend of $0.09 per common share for the fourth quarter of 2007, payable on December 20, 2007 to shareholders of record at the close of business on December 3, 2007. Thus, we expect to pay dividends of approximately $80 million in the fourth quarter of 2007.

In July 2007, our Board of Directors approved an increase to our existing common share repurchase program of up to an additional $2.0 billion, bringing the entire authorization to $5.0 billion. This additional authorization may be used for open market share purchases or to settle the conversion premium over the face amount of our 3.125% convertible senior notes, should they be redeemed. As of September 30, 2007, $2.4 billion remained available under this program.

Other factors affecting liquidity

Letters of credit. In the normal course of business, we have agreements with banks under which approximately $2.3 billion of letters of credit, surety bonds, or bank guarantees were outstanding as of September 30, 2007, including $1.3 billion that relate to KBR. These KBR letters of credit, surety bonds, or bank guarantees are being guaranteed by us in favor of KBR's customers and lenders. KBR has agreed to compensate us for these guarantees and indemnify us if we are required to perform under any of these guarantees. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization.

Credit ratings. The credit ratings for our long-term debt are A2 with Moody's Investors Service and A with Standard and Poor's. Our Moody's rating became effective May 1, 2007, and was an upward revision from our previous Moody's rating of Baa1, which had been in effect since December 2005. Our Standard and Poor's rating became effective August 20, 2007, and was an upward revision from our previous Standard and Poor's rating of BBB+, which had been in effect since May 2006. The credit ratings on our short-term debt are P1 with Moody's Investors Service and A1 with Standard and Poor's.

BUSINESS ENVIRONMENT AND RESULTS OF OPERATIONS

We operate in nearly 70 countries throughout the world to provide a comprehensive range of discrete and integrated services and products to the energy industry. The majority of our consolidated revenue is derived from the sale of services and products to major, national, and independent oil and gas companies worldwide. We serve the upstream oil and gas industry throughout the lifecycle of the reservoir: from locating hydrocarbons and managing geological data, to drilling and formation evaluation, well construction and completion, and optimizing production through the life of the field. Our two business segments are the Completion and Production segment and the Drilling and Evaluation segment. The two KBR segments have been reclassified to discontinued operations as a result of the separation of KBR.

The industries we serve are highly competitive with many substantial competitors in each segment. In the first nine months of 2007, based upon the location of the services provided and products sold, 45% of our consolidated revenue was from the United States. In the first nine months of 2006, 46% of our consolidated revenue was from the United States. No other country accounted for more than 10% of our revenue during these periods.

Operations in some countries may be adversely affected by unsettled political conditions, acts of terrorism, civil unrest, force majeure, war or other armed conflict, expropriation or other governmental actions, inflation, exchange controls, or currency devaluation. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country would be material to our consolidated results of operations.

Activity levels within our business segments are significantly impacted by spending on upstream exploration, development, and production programs by major, national, and independent oil and gas companies. Also impacting our activity is the status of the global economy, which impacts oil and gas consumption.

Some of the more significant barometers of current and future spending levels of oil and gas companies are oil and gas prices, the world economy, and global stability, which together drive worldwide drilling activity. Our financial performance is significantly affected by oil and gas prices and worldwide rig activity, which are summarized in the following tables.

This table shows the average oil and gas prices for West Texas Intermediate (WTI) and United Kingdom Brent crude oils, and Henry Hub natural gas:

	Three Months Ended September 30		Year Ended December 31
Average Oil Prices (dollars per barrel)	2007	2006	2006
West Texas Intermediate	$ 75.16	$ 70.80	$ 66.17
United Kingdom Brent	74.62	70.03	65.35
Average United States Gas Prices (dollars per million British thermal units, or mmBtu)			
Henry Hub	$ 6.00	$ 6.35	$ 6.81

The quarterly and year-to-date average rig counts based on the Baker Hughes Incorporated rig count information were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
Land vs. Offshore	2007	2006	2007	2006
United States:				
Land	1,716	1,624	1,682	1,533
Offshore	72	95	78	91
Total	1,788	1,719	1,760	1,624
Canada:				
Land	346	490	337	477
Offshore	2	4	3	3
Total	348	494	340	480
International (excluding Canada):				
Land	733	671	714	648
Offshore	287	270	287	269
Total	1,020	941	1,001	917
Worldwide total	3,156	3,154	3,101	3,021
Land total	2,795	2,785	2,733	2,658
Offshore total	361	369	368	363

	Three Months Ended September 30		Nine Months Ended September 30	
Oil vs. Gas	2007	2006	2007	2006
United States:				
Oil	298	306	285	269
Gas	1,490	1,413	1,475	1,355
Total	1,788	1,719	1,760	1,624
Canada:				
Oil	122	122	127	104
Gas	226	372	213	376
Total	348	494	340	480
International (excluding Canada):				
Oil	798	720	780	703
Gas	222	221	221	214
Total	1,020	941	1,001	917
Worldwide total	3,156	3,154	3,101	3,021
Oil total	1,218	1,148	1,192	1,076
Gas total	1,938	2,006	1,909	1,945

Our customers' cash flows, in many instances, depend upon the revenue they generate from the sale of oil and gas. Higher oil and gas prices usually translate into higher exploration and production budgets. Higher prices also improve the economic attractiveness of marginal exploration areas. This promotes additional investment by our customers in the sector. The opposite is true for lower oil and gas prices.

After declining from record highs during the third and fourth quarters of 2006, WTI oil spot prices were expected to average $68.84 per barrel in 2007 and $73.50 per barrel in 2008 per the Energy Information Administration (EIA). Between mid-December 2006 and mid-January 2007, the WTI crude oil price fell about $12 per barrel to a low of $50.51 per barrel, as warm weather reduced demand for heating fuels throughout most of the United States. However, the WTI price recovered to over $66 per barrel by the end of March 2007, as the weather turned colder than normal and geopolitical tensions intensified. Crude oil prices have continued to rise to record levels over the $80 per barrel mark throughout the second and third quarters of 2007 due to a tight world oil supply and demand balance. We expect that oil prices will remain at these historically high levels due to a combination of the following factors:

- continued growth in worldwide petroleum demand, despite high oil prices;
- projected production growth in non-Organization of Petroleum Exporting Countries (non-OPEC) supplies is not expected to accommodate world wide demand growth;
- OPEC's commitment to control production;
- modest increases in OPEC's current and forecasted production capacity; and
- geopolitical tensions in major oil-exporting nations.

According to the International Energy Agency's (IEA) October 2007 "Oil Market Report," the outlook for world oil demand remains strong, with China, the Middle East, and North America accounting for approximately 84% of the expected demand growth in 2007. Excess oil production capacity is expected to remain constrained and that, along with increased demand, is expected to keep supplies tight. Thus, any unexpected supply disruption or change in demand could lead to fluctuating prices. The IEA forecasts world petroleum demand growth in 2007 to increase 2% over 2006.

Volatility in natural gas prices has the potential to impact our customers' drilling and production activities, particularly in the United States. In the first quarter of 2007, we experienced lower than anticipated customer activity in North America, particularly the pressure pumping market in Canada and the United States Rockies. Some of this activity decline was attributable to poor weather, including an early spring break-up season in Canada and severe weather early in 2007 in the United States Rockies and mid-continent regions. In addition, the unusually warm start to the United States 2006/2007 winter caused concern about natural gas storage levels, which negatively impacted the price of natural gas. This uncertainty made many of our customers more cautious about their drilling and production plans in the early part of 2007. The second and third quarters of 2007 were characterized by increased activity for our United States customers and growth in the eastern hemisphere. Despite recovery from a traditionally slow second quarter spring break-up season, Canada has experienced a significant decline in activity as compared to 2006. Beginning in late 2006, we began moving equipment and personnel from Canada to the United States and Latin America to address the anticipated slowdown. In October 2007, the EIA projected that the Henry Hub spot price will average $7.21 per thousand cubic feet (mcf) in 2007 and $7.86 per mcf in 2008.

It is common practice in the United States oilfield services industry to sell services and products based on a price book and then apply discounts to the price book based upon a variety of factors. The discounts applied typically increase to partially offset price book increases. We are currently experiencing increased pricing pressure from our customers in the North American market, particularly in Canada and in our United States well stimulation operations. We have also begun to experience some pricing pressures in the United States in several other product lines, including cementing, fluid services, drill bits, and wireline and perforating.

Focus on international growth. Consistent with our strategy to grow our international operations, we expect to continue to invest capital and increase manufacturing capacity to bring new tools online to serve the high demand for our services. Following is a brief discussion of some of our recent initiatives:

- we have opened a corporate office in Dubai, United Arab Emirates, allowing us to focus more attention on customer relationships in that part of the world, particularly with national oil companies;
- in order to continue to supply our customers with leading-edge services and products, we have increased our technology spending during 2007 as compared to the prior year. Our plans are progressing for new international research and development centers with global technology and training missions. We opened one in Pune, India in the third quarter of 2007, and a second facility, which will be in Singapore, is expected to open by year-end;
- we are expanding our manufacturing capability and capacity during 2007 to meet the increasing demands for our services and products. In the first nine months of 2007, we opened manufacturing plants in Mexico, Brazil, and Malaysia, and we plan to open an additional plant in Singapore by year-end. Having manufacturing facilities closer to our worksites will allow us to more efficiently deploy equipment to our field operations, as well as increase our use of local people and materials;
- as our workforce becomes more global, the need for regional training centers increases. To meet the increasing need for technical training, we opened a new training center in Tyumen, Russia during the first quarter of 2007. We have also recently expanded training centers in Malaysia, Egypt, and Mexico; and
- part of our growth strategy includes select acquisitions that will enhance or augment our current portfolio of products and services, including those with unique technologies or distribution networks in areas where we do not already have large operations;
    - in January 2007, we acquired Ultraline Services Company, a provider of wireline services in Canada. Prior to this acquisition, we did not have meaningful wireline and perforating operations in Canada;
    - in May 2007, we acquired the intellectual property, assets, and existing business associated with Vector Magnetics LLC’s active ranging technology for steam-assisted gravity drainage applications;

- in July 2007, we acquired PSL Energy Services Limited, a leading eastern hemisphere provider of process, pipeline, and well intervention services. This acquisition will increase our eastern hemisphere production enhancement operations significantly, putting us in a strong position in pipeline processing services both in the eastern hemisphere and globally;
- in July 2007, we entered into a definitive agreement to purchase the entire share capital of OOO Burservice, a leading provider of directional drilling services in Russia; and
- in September 2007, we acquired the intellectual property and substantially all of the assets and existing business of GeoSmith Consulting Group, LLC, a leading developer of software components for 3-D interpretation and geometric modeling applications.

Recent contract wins are positioning us to grow our international operations over the coming years. Examples include:

- a contract to provide hydraulic fracturing services on the Right Bank of the Priobskye field in Siberia. The scope of work includes providing services for 327 wells;
- a multiservices contract for work in the Tyumen region of Russia. We will be providing drilling fluids, waste management, cementing, drill bits, directional drilling, and logging-while-drilling services;
- a contract to provide acidizing, acid fracturing, water control, and nitrogen stimulation services for a customer in the Bay of Campeche, Mexico;
- a contract to provide deepwater sand control completion technology in two offshore fields of India;
- a contract to provide completion products and services to a group of energy companies for operations throughout Malaysia for a term of five years;
- a contract to provide exploration and development testing services in high pressure, high temperature environments in Latin America;
- a five-year contract for sand control completions for over 200 wells in offshore China;
- a three-year contract to provide a full range of subsurface services, including drilling and formation evaluation, slickline, fluids, cementing services and production enhancement in Papua New Guinea; and
- a contract to provide completion products and services in Indonesia.

RESULTS OF OPERATIONS IN 2007 COMPARED TO 2006

Three Months Ended September 30, 2007 Compared with Three Months Ended September 30, 2006

REVENUE:	Three Months Ended September 30		Increase	Percentage
Millions of dollars	2007	2006	(Decrease)	Change
Completion and Production	$ 2,187	$ 1,896	$ 291	15%
Drilling and Evaluation	1,741	1,496	245	16
Total revenue	$ 3,928	$ 3,392	$ 536	16%
By geographic region:				
Completion and Production:				
North America	$ 1,227	$ 1,159	$ 68	6%
Latin America	193	152	41	27
Europe/Africa/CIS	439	352	87	25
Middle East/Asia	328	233	95	41
Total	2,187	1,896	291	15
Drilling and Evaluation:				
North America	620	579	41	7
Latin America	263	238	25	11
Europe/Africa/CIS	493	369	124	34
Middle East/Asia	365	310	55	18
Total	1,741	1,496	245	16
Total revenue by region:				
North America	1,847	1,738	109	6
Latin America	456	390	66	17
Europe/Africa/CIS	932	721	211	29
Middle East/Asia	693	543	150	28

OPERATING INCOME (LOSS):	Three Months Ended September 30		Increase	Percentage
Millions of dollars	2007	2006	(Decrease)	Change
Completion and Production	$ 596	$ 564	$ 32	6%
Drilling and Evaluation	372	368	4	1
Corporate and other	(58)	(62)	4	7
Total operating income	$ 910	$ 870	$ 40	5%
By geographic region:				
Completion and Production:				
North America	$ 387	$ 411	$ (24)	(6)%
Latin America	34	37	(3)	(8)
Europe/Africa/CIS	92	66	26	39
Middle East/Asia	83	50	33	66
Total	596	564	32	6
Drilling and Evaluation:				
North America	110	162	(52)	(32)
Latin America	48	45	3	7
Europe/Africa/CIS	115	72	43	60
Middle East/Asia	99	89	10	11
Total	372	368	4	1
Total operating income by region (excluding Corporate and other):				
North America	497	573	(76)	(13)
Latin America	82	82	-	-
Europe/Africa/CIS	207	138	69	50
Middle East/Asia	182	139	43	31

Note 1 – All periods presented reflect the new segment structure and the reclassification of certain amounts between the segments/regions and "Corporate and other."

The increase in consolidated revenue in the third quarter of 2007 compared to the third quarter of 2006 was attributable to higher worldwide activity, particularly in the United States, Africa, and Europe. Approximately $17 million in estimated revenue was lost during the third quarter of 2007 due to Gulf of Mexico hurricanes. International revenue was 56% of consolidated revenue in the third quarter of 2007 and 54% of consolidated revenue in the third quarter of 2006.

The increase in consolidated operating income stems from a 40% increase in the eastern hemisphere and was due to increased customer activity, pricing gains, and new contracts primarily in Europe, Africa, and Asia Pacific. Partially offsetting the increase in operating income was $32 million in charges for environmental reserves in the third quarter of 2007.

Following is a discussion of our results of operations by reportable segment.

Completion and Production increase in revenue compared to the third quarter of 2006 was led by a 30% increase in revenue from completion tools sales and services. Increased completion tool sales and services primarily resulted from a large completion tools sale in Asia Pacific, increased activity in our WellDynamics joint venture in Africa, and increased completions in the United States. Production enhancement services revenue grew 10% largely driven by higher utilization of fracturing crews and equipment in the United States, better prices and increased fracturing activity in Mexico, and the recent acquisition of PSLES in Europe. Partially offsetting production enhancement services revenue was a decline in Canada's activity. Cementing services revenue increased 17%, which stemmed from increased activity in the United States, new contracts, increased activity, and better prices in Latin America, and increased activity in Eurasia. International revenue was 46% of total segment revenue in the third quarter of 2007 and 44% of total segment revenue in the third quarter of 2006.

The Completion and Production segment operating income improvement compared to the third quarter of 2006 was led by completion tools sales. Completion tools sales and services operating income grew 58%, with eastern hemisphere operating income increasing 63%. The completion tools operating income increase was led by a large completion tool sale in Asia, increased activity in our WellDynamics joint venture in Africa, and increased completion activity in the United States. Cementing operating income increased 10% compared to the prior year third quarter with improved pricing and increased activity in Europe and additional contracts in Latin America. Production enhancement services operating income declined 7% from lower margins in the United States and reduced activity in Canada.

Drilling and Evaluation revenue increase for the third quarter of 2007 compared to the third quarter of 2006 was driven by 21% growth in drilling services revenue. Drilling services revenue increased primarily from higher utilization of assets in the United States, new contracts and improved pricing in Europe, and increased activity in Africa. Wireline and perforating services revenue improved 23% on a large direct sale in Asia and improved pricing and increased activity in Latin America. Drill bits revenue increased 8% due to revenue growth in the United States and the North Sea. Fluid services revenue, which grew 15%, benefited from improved sales in the North Sea. Landmark revenue increased 16%, with growth in all four regions, due to stronger software sales and consulting services. Project management services revenue declined 14% due to the completion of a project in Mexico. International revenue was 68% of total segment revenue in the third quarter of 2007 and 66% of total segment revenue in the third quarter of 2006.

The increase in segment operating income was predominantly due to a 14% increase in drilling services operating income in Europe, new contracts and improved asset utilization in Russia, and increased activity in Africa. Wireline and perforating services operating income increased 22%, with the eastern hemisphere contributing 67% of the increase. The wireline and perforating services increase was primarily due to favorable pricing in Latin America and increased direct sales in Asia Pacific. Fluid services operating income declined 46%, primarily from recording an additional reserve related to a North America environmental matter in the third quarter of 2007. Drill bits operating income improved 12% over the prior year third quarter benefiting from high specification work in the North Sea, including successful runs of the XR™ Reamer hole enlargement tool, and improved fixed cutter bit sales in the United States. Landmark's year-over-year operating income grew 39% with increases in all four regions on improved sales of software and consulting services. Project management's operating income fell 29% from the prior year quarter due to the completion of a project in Mexico.

Corporate and other expenses were $58 million in the third quarter of 2007 compared to $62 million in the third quarter of 2006. The decrease was primarily due to reduced legal fees. Also, third quarter of 2007 included charges for additional reserves related to environmental matters.

NONOPERATING ITEMS

Interest income decreased $10 million compared to the third quarter of 2006 due to lower cash balances.

Provision for income taxes from continuing operations of $152 million in the third quarter of 2007 resulted in an effective tax rate of 17% compared to an effective tax rate of 30% in the third quarter of 2006. The provision for income taxes in the third quarter of 2007 included a $133 million favorable income tax impact from the ability to recognize foreign tax credits previously estimated not to be fully utilizable. We now believe we can utilize these credits currently because we have generated additional taxable income for 2006 and expect to continue to generate a higher level of taxable income largely from the growth of our international operations.

Minority interest in net income of subsidiaries increased $15 million compared to the third quarter of 2006 related primarily to our joint ventures in Egypt, Malaysia, and Saudi Arabia.

Income from discontinued operations, net of income tax in the third quarter of 2006 primarily consisted of the results of KBR, Inc.

RESULTS OF OPERATIONS IN 2007 COMPARED TO 2006

Nine Months Ended September 30, 2007 Compared with Nine Months Ended September 30, 2006

REVENUE:	Nine Months Ended September 30		Increase	Percentage
Millions of dollars	2007	2006	(Decrease)	Change
Completion and Production	$ 6,097	$ 5,279	$ 818	15%
Drilling and Evaluation	4,988	4,167	821	20
Total revenue	$ 11,085	$ 9,446	$ 1,639	17%
By geographic region:				
Completion and Production:				
North America	$ 3,449	$ 3,171	$ 278	9%
Latin America	551	424	127	30
Europe/Africa/CIS	1,259	1,009	250	25
Middle East/Asia	838	675	163	24
Total	6,097	5,279	818	15
Drilling and Evaluation:				
North America	1,816	1,621	195	12
Latin America	757	672	85	13
Europe/Africa/CIS	1,382	1,013	369	36
Middle East/Asia	1,033	861	172	20
Total	4,988	4,167	821	20
Total revenue by region:				
North America	5,265	4,792	473	10
Latin America	1,308	1,096	212	19
Europe/Africa/CIS	2,641	2,022	619	31
Middle East/Asia	1,871	1,536	335	22

OPERATING INCOME (LOSS):	Nine Months Ended September 30		Increase	Percentage
Millions of dollars	2007	2006	(Decrease)	Change
Completion and Production	$ 1,628	$ 1,543	$ 85	6%
Drilling and Evaluation	1,082	943	139	15
Corporate and other	(119)	(164)	45	27
Total operating income	$ 2,591	$ 2,322	$ 269	12%
By geographic region:				
Completion and Production:				
North America	$ 1,069	$ 1,108	$ (39)	(4)%
Latin America	122	93	29	31
Europe/Africa/CIS	240	187	53	28
Middle East/Asia	197	155	42	27
Total	1,628	1,543	85	6
Drilling and Evaluation:				
North America	390	428	(38)	(9)
Latin America	129	112	17	15
Europe/Africa/CIS	297	186	111	60
Middle East/Asia	266	217	49	23
Total	1,082	943	139	15
Total operating income by region (excluding Corporate and other):				
North America	1,459	1,536	(77)	(5)
Latin America	251	205	46	22
Europe/Africa/CIS	537	373	164	44
Middle East/Asia	463	372	91	24

Note 1 – All periods presented reflect the new segment structure and the reclassification of certain amounts between the segments/regions and "Corporate and other."

The increase in consolidated revenue in the first nine months of 2007 compared to the first nine months of 2006 spanned all four regions and was attributable to higher worldwide activity, particularly in Europe, Africa, and the United States. Revenue derived from the eastern hemisphere contributed 58% to the total revenue increase. International revenue was 55% of consolidated revenue in the first nine months of 2007 and 54% of consolidated revenue in the first nine months of 2006.

The increase in consolidated operating income in the first nine months of 2007 compared to the first nine months of 2006 spanned all regions except North America and was predominantly due to the operating income increase in the eastern hemisphere, which increased 34% compared to the first nine months of 2006. Operating income in the first nine months of 2007 was positively impacted by a $49 million gain recorded on the sale of our remaining interest in Dresser, Ltd. and was negatively impacted by $44 million in charges for environmental reserves.

Following is a discussion of our results of operations by reportable segments.

Completion and Production revenue increase compared to the first nine months of 2006 was driven by an 11% increase in revenue from production enhancement services. Production enhancement services revenue benefited from increased resources and improved weather conditions in the United States, increased stimulation activity in Mexico, additional projects in the North Sea, and higher utilization of equipment in Angola. The production enhancement services revenue improvement was partially offset by decreased activity in Canada. Sales of completion tools and services grew 28% due to increased testing activity and increased activity in our intelligent well completions joint venture in Africa, increased completion product sales in Asia, increased testing activity in Brazil, and increases in the United States. Cementing services revenue increased 17% compared to the first nine months of 2006 due primarily to new contracts in the Middle East, new contracts and improved pricing in Latin America, and increased activity and pricing gains in the United States. International revenue was 46% of total segment revenue in the first nine months of 2007 and 45% of total segment revenue in the first nine months of 2006.

The increase in segment operating income in the first nine months of 2007 compared to the first nine months of 2006 was led by completion tools sales and services operating income, which increased 54% and spanned all regions. Contributing to the completion tools sales and services increase were increased product sales in Asia, increased testing activity and improved product mix in Africa, and increased completion product sales in the Gulf of Mexico. Cementing services grew 10% from new technology and improved pricing in Latin America and increased activity and improved pricing in the North Sea. Production enhancement services operating income declined 6% compared to the first nine months of 2006 due to decreased activity in Canada, the United States, and Russia. Partially offsetting the decline in production enhancement services operating income were increased fracturing activity in Africa and additional projects in the North Sea.

Drilling and Evaluation revenue increase compared to the first nine months of 2006 was driven by a 26% increase in drilling services revenue, which spanned all four regions. The increase in drilling services revenue was primarily the result of additional contract awards in the United States, the Middle East, and Asia Pacific. Also contributing to drilling services revenue improvement was increased drilling activity in Eurasia. Wireline and perforating services revenue grew 23% benefiting from new projects in Africa, increased rig count in the United States, and a new contract in Asia Pacific. Fluid services revenue increased 20% compared to the first nine months of 2006 on increased land rig activity in the United States, new contracts in the North Sea, and increased activity in Africa. Increased United States rig count and fixed cutter activity in the United States and Europe contributed to the 13% increase in drill bits revenue. Landmark revenue grew 17%, which spanned all four regions, with the largest increases occurring in Latin America and Eurasia due to stronger software sales and consulting services. Project management revenue declined 21% due to the completion of a project in Mexico. International revenue was 67% of total segment revenue in the first nine months of 2007 and 66% of total segment revenue in the first nine months of 2006.

The increase in segment operating income in the first nine months of 2007 compared to the first nine months of 2006 came from all geographic regions except North America. Drilling services operating income grew 33% over the first nine months of 2006 primarily from increased drilling activity in United States land operations, Europe, Eurasia, and the Middle East. Wireline and perforating services operating income improved 17% from new projects in Africa and increased activity in Latin America. Partially offsetting wireline and perforating services operating income was the slowdown in Canada. Fluid services operating income fell 18% compared to the first nine months of 2006 primarily due to an additional provision recorded for an environmental exposure in North America and decreased activity in Canada and Latin America. Drill bits operating income increased 23% compared to the first nine months of 2006 due primarily to increased rig count and fixed cutter activity in the United States. Landmark operating income increased 36% compared to the first nine months of 2006 from stronger software sales and consulting services. Project management operating income declined 21% due to lower gas production in the Gulf of Mexico.

Corporate and other expenses were $119 million in the first nine months of 2007 and $164 million in the first nine months of 2006. The first nine months of 2007 included a $49 million gain recorded on the sale of our remaining interest in Dresser, Ltd.

NONOPERATING ITEMS

Interest expense decreased $6 million in the first nine months of 2007 compared to the first nine months of 2006 due to the repayment in August 2006 of our $275 million 6.0% medium-term notes.

Interest income increased $6 million in the first nine months of 2007 compared to the first nine months of 2006 due to higher interest-rate-driven earnings on higher balances of cash and marketable investments.

Other, net in the first nine months of 2007 primarily included losses on the Canadian dollar and the Indonesian rupiah.

Provision for income taxes from continuing operations of $695 million in the first nine months of 2007 resulted in an effective tax rate of 27% compared to an effective tax rate of 32% in the first nine months of 2006. The provision for income taxes in 2007 included a $133 million favorable income tax impact from the ability to recognize foreign tax credits previously estimated not to be fully utilizable. We now believe we can utilize these credits currently because we have generated additional taxable income for 2006 and expect to continue to generate a higher level of taxable income largely from the growth of our international operations.

Minority interest in net income of subsidiaries increased $7 million compared to the first nine months of 2006 related primarily to our joint ventures in Egypt, Malaysia, and Saudi Arabia.

Income from discontinued operations, net of income tax in the first nine months of 2007 primarily consisted of the approximate $933 million net gain recorded on the disposition of KBR, Inc.

ENVIRONMENTAL MATTERS

We are subject to numerous environmental, legal, and regulatory requirements related to our operations worldwide. In the United States, these laws and regulations include, among others:

- the Comprehensive Environmental Response, Compensation, and Liability Act;
- the Resources Conservation and Recovery Act;
- the Clean Air Act;
- the Federal Water Pollution Control Act; and
- the Toxic Substances Control Act.

In addition to the federal laws and regulations, states and other countries where we do business often have numerous environmental, legal, and regulatory requirements by which we must abide. We evaluate and address the environmental impact of our operations by assessing and remediating contaminated properties in order to avoid future liabilities and comply with environmental, legal, and regulatory requirements. On occasion, we are involved in specific environmental litigation and claims, including the remediation of properties we own or have operated, as well as efforts to meet or correct compliance-related matters. Our Health, Safety and Environment group has several programs in place to maintain environmental leadership and to prevent the occurrence of environmental contamination.

We do not expect costs related to these remediation requirements to have a material adverse effect on our consolidated financial position or our results of operations. Our accrued liabilities for environmental matters were $75 million as of September 30, 2007 and $39 million as of December 31, 2006. Our total liability related to environmental matters covers numerous properties. We have subsidiaries that have been named as potentially responsible parties along with other third parties for 11 federal and state superfund sites for which we have established a liability. As of September 30, 2007, those 11 sites accounted for approximately $11 million of our total $75 million liability. For any particular federal or state superfund site, since our estimated liability is typically within a range and our accrued liability may be the amount on the low end of that range, our actual liability could eventually be well in excess of the amount accrued. Despite attempts to resolve these superfund matters, the relevant regulatory agency may at any time bring suit against us for amounts in excess of the amount accrued. With respect to some superfund sites, we have been named a potentially responsible party by a regulatory agency; however, in each of those cases, we do not believe we have any material liability. We also could be subject to third-party claims with respect to environmental matters for which we have been named as a potentially responsible party.

NEW ACCOUNTING STANDARDS

Effective January 1, 2007, we adopted Financial Accounting Standards Board (FASB) Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109." FIN 48, as amended May 2007 by FASB Staff Position FIN 48-1, "Definition of 'settlement' in FASB Interpretation No. 48," prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

As a result of the adoption of FIN 48, we recognized a decrease of $4 million in other liabilities to account for a decrease in unrecognized tax benefits and an increase of $34 million for accrued interest and penalties, which were accounted for as a net reduction of $30 million to the January 1, 2007 balance of retained earnings. Of the $30 million reduction to retained earnings, $10 million was attributable to KBR, which is now reported as discontinued operations in the condensed consolidated financial statements. See Note 12 to our condensed consolidated financial statements for further information.

In June 2006, the FASB ratified the consensus reached on Emerging Issues Task Force Issue No 06-3 (EITF 06-3), "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)." EITF 06-3 requires a company to disclose its policy regarding the presentation of tax receipts on the face of the income statement. The scope of this guidance includes any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction between a seller and a customer and may include, but is not limited to, sales, use, value added, and some excise taxes. The provisions of EITF 06-3 are effective for periods beginning after December 15, 2006. Therefore, we adopted EITF 06-3 on January 1, 2007. We present taxes collected from customers on a net basis.

In September 2006, the FASB issued Staff Position (FSP) AUG AIR-1, "Accounting for Planned Major Maintenance Activities," which prohibits the use of the accrue-in-advance method of accounting for planned major maintenance activities. The provisions of this FSP are effective for the first fiscal year beginning after December 15, 2006. We did not elect early adoption and, therefore, adopted FSP AUG AIR-1 on January 1, 2007 without material impact to our financial statements.

In September 2006, the FASB issued Statement No. 157 (SFAS No. 157), "Fair Value Measurements," which is intended to increase consistency and comparability in fair value measurements by defining fair value, establishing a framework for measuring fair value, and expanding disclosures about fair value measurements. SFAS No. 157 applies to other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. We will adopt the provisions of SFAS No. 157 beginning January 1, 2008 and are currently evaluating the impact of this statement on our financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115" (SFAS 159). SFAS 159 permits entities to measure eligible assets and liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. We will adopt SFAS 159 on January 1, 2008, and are currently evaluating the impact of this statement on our financial statements.

FORWARD-LOOKING INFORMATION

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 Form 10-Q are forward-looking and use words like "may," "may not," "believes," "do not believe," "expects," "do not expect," "anticipates," "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 risk 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, no forward-looking information can be guaranteed. Actual events and the results of operations may vary materially.

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 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.

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 and potentially materially and adversely affect our financial condition and results of operations.

Due to the separation of KBR, Inc., a number of risk factors previously disclosed in our 2006 annual report on Form 10-K are no longer applicable to our continuing business operations, including: "United States Government Contract Work," "Bidding practices investigation," "Possible Algerian investigation," "Risk related to award of new gas monetization and upstream projects," "Government spending," "Risks related to contracts," and "Other KBR risks."

The risk factors discussed below update the remaining risk factors previously disclosed in our 2006 annual report on Form 10-K.

RISK FACTORS

Foreign Corrupt Practices Act Investigations

The Securities and Exchange Commission (SEC) is conducting a formal investigation into whether improper payments were made to government officials in Nigeria through the use of agents or subcontractors in connection with the construction and subsequent expansion by TSKJ of a multibillion dollar natural gas liquefaction complex and related facilities at Bonny Island in Rivers State, Nigeria. The Department of Justice (DOJ) is also conducting a related criminal investigation. The SEC has also issued subpoenas seeking information, which we and KBR are furnishing, regarding current and former agents used in connection with multiple projects, including current and prior projects, over the past 20 years located both in and outside of Nigeria in which the Halliburton energy services business, KBR or affiliates, subsidiaries or joint ventures of Halliburton or KBR, are or were participants. In September 2006 and October 2007, the SEC and the DOJ, respectively, each requested that we enter into an agreement to extend the statute of limitations with respect to its investigation. We anticipate that we will enter into an appropriate agreement with each of the SEC and the DOJ.

TSKJ is a private limited liability company registered in Madeira, Portugal whose members are Technip SA of France, Snamprogetti Netherlands B.V. (a subsidiary of Saipem SpA of Italy), JGC Corporation of Japan, and Kellogg Brown & Root LLC (a subsidiary of KBR), each of which had an approximate 25% interest in the venture. TSKJ and other similarly owned entities entered into various contracts to build and expand the liquefied natural gas project for Nigeria LNG Limited, which is owned by the Nigerian National Petroleum Corporation, Shell Gas B.V., Cleag Limited (an affiliate of Total), and Agip International B.V. (an affiliate of ENI SpA of Italy).

The SEC and the DOJ have been reviewing these matters in light of the requirements of the FCPA. In addition to performing our own investigation, we have been cooperating with the SEC and the DOJ investigations and with other investigations in France, Nigeria, and Switzerland regarding the Bonny Island project. The government of Nigeria gave notice in 2004 to the French magistrate of a civil claim as an injured party in the French investigation. We are not aware of any further developments with respect to this claim. We also believe that the Serious Fraud Office in the United Kingdom is conducting an investigation relating to the Bonny Island project. Our Board of Directors has appointed a committee of independent directors to oversee and direct the FCPA investigations. Through our committee of independent directors, we will continue to oversee and direct the investigations.

The matters under investigation relating to the Bonny Island project cover an extended period of time (in some cases significantly before our 1998 acquisition of Dresser Industries and continuing through the current time period). We have produced documents to the SEC and the DOJ from the files of numerous officers and employees of Halliburton and KBR, including current and former executives of Halliburton and KBR, both voluntarily and pursuant to company subpoenas from the SEC and a grand jury, and we are making our employees and KBR is making its employees available to the SEC and the DOJ for interviews. In addition, the SEC has issued a subpoena to A. Jack Stanley, who formerly served as a consultant and chairman of Kellogg Brown & Root LLC, and to others, including certain of our former and KBR's current and former employees, former executive officers of KBR, and at least one subcontractor of KBR. We further understand that the DOJ has issued subpoenas for the purpose of obtaining information abroad, and we understand that other partners in TSKJ have provided information to the DOJ and the SEC with respect to the investigations, either voluntarily or under subpoenas.

The SEC and DOJ investigations include an examination of whether TSKJ's engagements of Tri-Star Investments as an agent and a Japanese trading company as a subcontractor to provide services to TSKJ were utilized to make improper payments to Nigerian government officials. In connection with the Bonny Island project, TSKJ entered into a series of agency agreements, including with Tri-Star Investments, of which Jeffrey Tesler is a principal, commencing in 1995 and a series of subcontracts with a Japanese trading company commencing in 1996. We understand that a French magistrate has officially placed Mr. Tesler under investigation for corruption of a foreign public official. In Nigeria, a legislative committee of the National Assembly and the Economic and Financial Crimes Commission, which is organized as part of the executive branch of the government, are also investigating these matters. Our representatives have met with the French magistrate and Nigerian officials. In October 2004, representatives of TSKJ voluntarily testified before the Nigerian legislative committee.

TSKJ suspended the receipt of services from and payments to Tri-Star Investments and the Japanese trading company and has considered instituting legal proceedings to declare all agency agreements with Tri-Star Investments terminated and to recover all amounts previously paid under those agreements. In February 2005, TSKJ notified the Attorney General of Nigeria that TSKJ would not oppose the Attorney General's efforts to have sums of money held on deposit in accounts of Tri-Star Investments in banks in Switzerland transferred to Nigeria and to have the legal ownership of such sums determined in the Nigerian courts.

As a result of these investigations, information has been uncovered suggesting that, commencing at least 10 years ago, members of TSKJ planned payments to Nigerian officials. We have reason to believe that, based on the ongoing investigations, payments may have been made by agents of TSKJ to Nigerian officials. In addition, information uncovered in the summer of 2006 suggests that, prior to 1998, plans may have been made by employees of The M.W. Kellogg Company (a predecessor of a KBR subsidiary) to make payments to government officials in connection with the pursuit of a number of other projects in countries outside of Nigeria. We are reviewing a number of more recently discovered documents related to KBR's activities in countries outside of Nigeria with respect to agents for projects after 1998. Certain activities discussed in this paragraph involve current or former employees or persons who were or are consultants to KBR, and our investigation is continuing.

In June 2004, all relationships with Mr. Stanley and another consultant and former employee of M.W. Kellogg Limited were terminated. The terminations occurred because of Code of Business Conduct violations that allegedly involved the receipt of improper personal benefits from Mr. Tesler in connection with TSKJ's construction of the Bonny Island project.

In 2006 and 2007, KBR suspended the services of other agents in and outside of Nigeria, including one agent who, until such suspension, had worked for KBR outside of Nigeria on several current projects and on numerous older projects going back to the early 1980s. Such suspensions have occurred when possible improper conduct has been discovered or alleged or when Halliburton and KBR have been unable to confirm the agent's compliance with applicable law and the Code of Business Conduct.

The SEC and DOJ are also investigating and have issued subpoenas concerning TSKJ's use of an immigration services provider, apparently managed by a Nigerian immigration official, to which approximately $1.8 million in payments in excess of costs of visas were allegedly made between approximately 1997 and the termination of the provider in December 2004 and our 2007 reporting of this matter to the government. We understand that TSKJ terminated the immigration services provider after a KBR employee discovered the issue.

If violations of the FCPA were found, a person or entity found in violation could be subject to fines, civil penalties of up to $500,000 per violation, equitable remedies, including disgorgement (if applicable) generally of profits, including prejudgment interest on such profits, causally connected to the violation, and injunctive relief. Criminal penalties could range up to the greater of $2 million per violation or twice the gross pecuniary gain or loss from the violation, which could be substantially greater than $2 million per violation. It is possible that both the SEC and the DOJ could assert that there have been multiple violations, which could lead to multiple fines. The amount of any fines or monetary penalties that could be assessed would depend on, among other factors, the findings regarding the amount, timing, nature, and scope of any improper payments, whether any such payments were authorized by or made with knowledge of us, KBR or our or KBR's affiliates, the amount of gross pecuniary gain or loss involved, and the level of cooperation provided the government authorities during the investigations. The government has expressed concern regarding the level of our cooperation. Agreed dispositions of these types of violations also frequently result in an acknowledgement of wrongdoing by the entity and the appointment of a monitor on terms negotiated with the SEC and the DOJ to review and monitor current and future business practices, including the retention of agents, with the goal of assuring compliance with the FCPA.

These investigations could also result in third-party claims against us, which may include claims for special, indirect, derivative or consequential damages, damage to our business or reputation, loss of, or adverse effect on, cash flow, assets, goodwill, results of operations, business prospects, profits or business value or claims by directors, officers, employees, affiliates, advisors, attorneys, agents, debt holders, or other interest holders or constituents of us or our current or former subsidiaries. In addition, we could incur costs and expenses for any monitor required by or agreed to with a governmental authority to review our continued compliance with FCPA law.

As of September 30, 2007, we are unable to estimate an amount of probable loss or a range of possible loss related to these matters as it relates to Halliburton directly. However, we provided indemnification in favor of KBR under the master separation agreement for certain contingent liabilities, including Halliburton's indemnification of KBR and any of its greater than 50%-owned subsidiaries as of November 20, 2006, the date of the master separation agreement, for fines or other monetary penalties or direct monetary damages, including disgorgement, as a result of a claim made or assessed by a governmental authority in the United States, the United Kingdom, France, Nigeria, Switzerland, and/or Algeria, or a settlement thereof, related to alleged or actual violations occurring prior to November 20, 2006 of the FCPA or particular, analogous applicable foreign statutes, laws, rules, and regulations in connection with investigations pending as of that date, including with respect to the construction and subsequent expansion by TSKJ of a natural gas liquefaction complex and related facilities at Bonny Island in Rivers State, Nigeria. We recorded the estimated fair market value of this indemnity regarding FCPA matters described above upon our separation from KBR. See Note 2 to our condensed consolidated financial statements for additional information.

Our indemnification obligation to KBR does not include losses resulting from third-party claims against KBR, including claims for special, indirect, derivative or consequential damages, nor does our indemnification apply to damage to KBR's business or reputation, loss of, or adverse effect on, cash flow, assets, goodwill, results of operations, business prospects, profits or business value or claims by directors, officers, employees, affiliates, advisors, attorneys, agents, debt holders, or other interest holders or constituents of KBR or KBR's current or former subsidiaries.

In consideration of our agreement to indemnify KBR for the liabilities referred to above, KBR has agreed that we will at all times, in our sole discretion, have and maintain control over the investigation, defense and/or settlement of these FCPA matters until such time, if any, that KBR exercises its right to assume control of the investigation, defense and/or settlement of the FCPA matters as it relates to KBR. KBR has also agreed, at our expense, to assist with Halliburton's full cooperation with any governmental authority in our investigation of these FCPA matters and our investigation, defense and/or settlement of any claim made by a governmental authority or court relating to these FCPA matters, in each case even if KBR assumes control of these FCPA matters as it relates to KBR. If KBR takes control over the investigation, defense, and/or settlement of FCPA matters, refuses a settlement of FCPA matters negotiated by us, enters into a settlement of FCPA matters without our consent, or materially breaches its obligation to cooperate with respect to our investigation, defense, and/or settlement of FCPA matters, we may terminate the indemnity.

Operations in Iran

We received and responded to an inquiry in mid-2001 from the Office of Foreign Assets Control (OFAC) of the United States Treasury Department with respect to operations in Iran by a Halliburton subsidiary incorporated in the Cayman Islands. The OFAC inquiry requested information with respect to compliance with the Iranian Transaction Regulations. These regulations prohibit United States citizens, including United States corporations and other United States business organizations, from engaging in commercial, financial, or trade transactions with Iran, unless authorized by OFAC or exempted by statute. Our 2001 written response to OFAC stated that we believed that we were in compliance with applicable sanction regulations. In the first quarter of 2004, we responded to a follow-up letter from OFAC requesting additional information. We understand this matter has now been referred by OFAC to the DOJ. In July 2004, we received a grand jury subpoena from an Assistant United States District Attorney requesting the production of documents. We are cooperating with the government's investigation and responded to the subpoena by producing documents in September 2004.

Separate from the OFAC inquiry, we completed a study in 2003 of our activities in Iran during 2002 and 2003 and concluded that these activities were in compliance with applicable sanction regulations. These sanction regulations require isolation of entities that conduct activities in Iran from contact with United States citizens or managers of United States companies. Notwithstanding our conclusions that our activities in Iran were not in violation of United States laws and regulations, we announced in April 2007 that all of our contractual commitments in Iran have been completed, and we are no longer working in Iran.

Barracuda-Caratinga Arbitration

We also provided indemnification in favor of KBR under the master separation agreement for all out-of-pocket cash costs and expenses (except for legal fees and other expenses of the arbitration so long as KBR controls and directs it), or cash settlements or cash arbitration awards in lieu thereof, KBR may incur after November 20, 2006 as a result of the replacement of certain subsea flowline bolts installed in connection with the Barracuda-Caratinga project. Under the master separation agreement, KBR currently controls the defense, counterclaim, and settlement of the subsea flowline bolts matter. As a condition of our indemnity, for any settlement to be binding upon us, KBR must secure our prior written consent to such settlement's terms. We have the right to terminate the indemnity in the event KBR enters into any settlement without our prior written consent. See Note 2 to our condensed consolidated financial statements for additional information regarding the KBR indemnification.

At Petrobras' direction, KBR replaced certain bolts located on the subsea flowlines that failed through mid-November 2005, and KBR has informed us that additional bolts have failed thereafter, which were replaced by Petrobras. These failed bolts were identified by Petrobras when it conducted inspections of the bolts. The designation of the material to be used for the bolts was issued by Petrobras, and as such, we understand that KBR believes the cost resulting from any replacement is not KBR's responsibility. We understand Petrobras disagrees. We understand KBR believes several possible solutions may exist, including replacement of the bolts. Estimates indicate that costs of these various solutions range up to $140 million. In March 2006, Petrobras commenced arbitration against KBR claiming $220 million plus interest for the cost of monitoring and replacing the defective bolts and all related costs and expenses of the arbitration, including the cost of attorneys' fees. We understand KBR intends to vigorously defend and pursue recovery of the costs incurred to date through the arbitration process and to that end has submitted a counterclaim in the arbitration seeking the recovery of $22 million. The final arbitration hearing is expected to begin in 2008.

Impairment of Oil and Gas Properties

We have interests in oil and gas properties totaling $126 million, net of accumulated depletion, which we account for under the successful efforts method. The majority of this amount is related to one property in Bangladesh. These oil and gas properties are assessed for impairment whenever changes in facts and circumstances indicate that the properties' carrying amounts may not be recoverable. The expected future cash flows used for impairment reviews and related fair-value calculations are based on judgmental assessments of future production volumes, prices, and costs, considering all available information at the date of review. We are currently engaged in a drilling program on two prospects in Bangladesh. If the results of the program are unsuccessful, this could result in the write-off of our drilling costs and a portion of the carrying value of the leasehold.

A downward trend in estimates of production volumes or prices or an upward trend in costs could result in an impairment of our oil and gas properties, which in turn could have a material and adverse effect on our results of operations.

Environmental Requirements

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. We also store, transport, and use radioactive and explosive materials in certain of our operations. Environmental requirements include, for example, those concerning:

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

Environmental and other similar 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 to conduct business; 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 a material 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, which could 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.

We are periodically notified of potential liabilities at state and federal superfund sites. These potential liabilities may arise from both historical Halliburton operations and the historical operations of companies that we have acquired. Our exposure at these sites may be materially impacted by unforeseen adverse developments both in the final remediation costs and with respect to the final allocation among the various parties involved at the sites. For any particular federal or state superfund site, since our estimated liability is typically within a range and our accrued liability may be the amount on the low end of that range, our actual liability could eventually be well in excess of the amount accrued. The relevant regulatory agency may bring suit against us for amounts in excess of what we have accrued and what we believe is our proportionate share of remediation costs at any superfund site. We also could be subject to third-party claims, including punitive damages, with respect to environmental matters for which we have been named as a potentially responsible party.

Changes in environmental requirements may negatively impact demand for our services. For example, oil and natural gas exploration and production may decline as a result of environmental requirements (including land use policies responsive to environmental concerns). A decline in exploration and production, in turn, could materially and adversely affect us.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial instrument market risk from changes in foreign currency exchange rates, interest rates, and, to a limited extent, commodity prices. We selectively manage these exposures through the use of derivative instruments to mitigate our market risk from these exposures. The objective of our risk management is to protect our cash flows related to sales or purchases of goods or services from market fluctuations in currency rates. Our use of derivative instruments includes the following types of market risk:

- volatility of the currency rates;
- time horizon of the derivative instruments;
- market cycles; and
- the type of derivative instruments used.

We do not use derivative instruments for trading purposes. We do not consider any of these risk management activities to be material.

Item 4. Controls and Procedures

In accordance with the Securities Exchange Act of 1934 Rules 13a-15 and 15d-15, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2007 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting that occurred during the three months ended September 30, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Information related to various commitments and contingencies is described in "Management's Discussion and Analysis of Financial Condition and Results of Operations," in "Forward-Looking Information" and "Risk Factors," and in Notes 2, 9, and 10 to the condensed consolidated financial statements.

Item 1(a). Risk Factors

Information related to risk factors is described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" under "Forward-Looking Information" and "Risk Factors."

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Following is a summary of our repurchases of our common stock during the three-month period ended September 30, 2007.

Period	Total Number Of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)
July 1-31	1,286,042	$ 36.48	1,231,495
August 1-31	9,391,655	$ 33.28	9,382,335
September 1-30	500,124	$ 34.93	486,800
Total	11,177,821	$ 33.72	11,100,630

(a) Of the 11,177,821 shares purchased during the three-month period ended September 30, 2007, 77,191 shares were acquired from employees in connection with the settlement of income tax and related benefit withholding obligations arising from vesting in restricted stock grants. These shares were not part of a publicly announced program to purchase common shares.

(b) In July 2007, our Board of Directors approved an additional increase to our existing common share repurchase program of up to $2.0 billion, bringing the entire authorization to $5.0 billion. This additional authorization may be used for open market share purchases or to settle the conversion premium on our 3.125% convertible senior notes, should they be redeemed. From the inception of this program, we have repurchased approximately 77 million shares of our common stock for approximately $2.6 billion at an average price per share of $33.85. These numbers include the repurchases of approximately 37 million shares of our common stock for approximately $1.3 billion at an average price per share of $34.87 during the first nine months of 2007. As of September 30, 2007, $2.4 billion remained available under this program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

10.1		Form of Indemnification Agreement for Officers (incorporated by reference to Exhibit 10.1 to Halliburton's Form 8-K filed August 3, 2007, File No. 1-3492).
10.2		Form of Indemnification Agreement for Directors (incorporated by reference to Exhibit 10.2 to Halliburton's Form 8-K filed August 3, 2007, File No. 1-3492).
*	10.3	2008 Halliburton Elective Deferral Plan, as amended and restated effective January 1, 2008.
*	10.4	Halliburton Company Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2008.
*	10.5	Halliburton Company Benefit Restoration Plan, as amended and restated effective January 1, 2008.
*	10.6	Halliburton Annual Performance Pay Plan, as amended and restated effective January 1, 2007.
*	10.7	Halliburton Management Performance Plan, as amended and restated effective January 1, 2007.
*	10.8	Halliburton Company Pension Equalizer Plan, as amended and restated effective March 1, 2007.
*	10.9	Halliburton Company Directors' Deferred Compensation Plan, as amended and restated effective January 1, 2007.
*	10.10	Retirement Plan for the Directors of Halliburton Company, as amended and restated effective July 1, 2007.
*	10.11	First Amendment to the Retirement Plan for the Directors of Halliburton Company, effective September 1, 2007.
*	31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*	31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**	32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**	32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed with this Form 10-Q
** Furnished with this Form 10-Q

SIGNATURES

As required by the Securities Exchange Act of 1934, the registrant has authorized this report to be signed on behalf of the registrant by the undersigned authorized individuals.

HALLIBURTON COMPANY

/s/ C. Christopher Gaut
C. Christopher Gaut
Executive Vice President and
Chief Financial Officer

/s/ Mark A. McCollum
Mark A. McCollum
Senior Vice President and
Chief Accounting Officer

Date: October 26, 2007

EXHIBIT 10-3

2008 HALLIBURTON ELECTIVE DEFERRAL PLAN

As Amended and Restated

Effective January 1, 2008

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2008 HALLIBURTON ELECTIVE DEFERRAL PLAN

W I T N E S S E T H:

WHEREAS, Halliburton Company (the "Company"), desiring to aid certain of its employees in making more adequate provision for their retirement, has adopted the Halliburton Elective Deferral Plan (the "Plan"), as most recently amended and restated effective May 1, 2002; and

WHEREAS, the Company desires to continue to provide participants with an opportunity to make deferrals of amounts earned on or after January 1, 2005, consistent with the provisions of Section 409A of the Internal Revenue Code, as amended; and

WHEREAS, certain participants in the Plan made transition elections related to amounts earned on or after January 1, 2005, as permitted in accordance with guidance under Section 409A of the Internal Revenue Code; and

WHEREAS, the Company desires to preserve the material terms of the Plan as in effect on December 31, 2004 (the "Grandfathered Plan") in order that the Grandfathered Plan qualify as a grandfathered plan for purposes of Section 409A of the Internal Revenue Code, as amended; and

WHEREAS, certain provisions applicable solely to the Grandfathered Plan are preserved in Appendix A, which provisions shall be substituted for the corresponding provisions of the Plan for purposes of determining the terms applicable to amounts deferred under the Grandfathered Plan.

NOW THEREFORE, the Plan is hereby renamed the 2008 Halliburton Elective Deferral Plan and is hereby amended and restated to read as follows, effective as of January 1, 2008:

I.

Definitions and Construction

1.1 Definitions. Where the following words and phrases appear in the Plan, they shall have the respective meanings set forth below, unless their context clearly indicates to the contrary.

(1) **Act:** The Employee Retirement Income Security Act of 1974, as amended.

(2) **Affiliate**: Any entity of which an aggregate of 50% or more of the ownership interest is owned of record or beneficially, directly or indirectly, by the Company or any other Affiliate.

(3) **Base Salary**: The base rate of cash compensation paid by the Employer to or for the benefit of a Participant for services rendered or labor performed while a Participant, including base pay a Participant could have received in cash in lieu of (a) deferrals pursuant to Section 3.1 and (b) contributions made on his or her behalf to any qualified plan maintained by the Employer or to any cafeteria plan under Section 125 of the Code maintained by the Employer.

(4) **Bonus Compensation**: With respect to any Participant for a Plan Year, remuneration based on calendar year performance under an annual incentive compensation plan maintained by the Employer that is payable to the Participant in cash.

(5) **Credited Investment Return**: The hypothetical gain or loss credited to a Participant's Deferral Account or Grandfathered Plan Account, as applicable, pursuant to the applicable provisions of Section 3.4(e) hereof.

(6) **Code**: The Internal Revenue Code of 1986, as amended.

(7) **Compensation Committee**: The Compensation Committee of the Directors.

(8) **Committee**: The administrative committee appointed by the Compensation Committee to administer the Plan.

(9) **Company**: Halliburton Company.

(10) **Deemed Investment Elections**: The investment elections described in Section 3.4 hereof.

(11) **Deferral Account**: A memorandum bookkeeping account established on the records of the Employer for a Participant that is credited with specified deferrals, and the Credited Investment Return determined in accordance with Section 3.4(e) of the Plan, made and earned after December 31, 2004. A Participant shall have a 100% nonforfeitable interest in his or her Deferral Account at all times.

(12) **Deferral and Investment Election Form**: The form or procedure prescribed by the Committee pursuant to which a Participant elects for a particular Plan Year (a) the deferral of a portion of his or her Base Salary, Bonus Compensation and/or Long-Term Incentive Compensation, and (b) one or more Deemed Investment Options into which amounts to be allocated to his or her Deferral Account in respect of such deferrals for such Plan Year will be deemed invested.

(13) **Determination Date**: The date on which the amount of a Participant's Deferral Account or Grandfathered Plan Account is determined as provided in Section 3.4 hereof, as applicable. The last day of each month shall be a Determination Date. As of any Determination Date, a Participant's aggregate benefit under the Plan shall be equal to the amount credited to his or her Deferral Account and Grandfathered Plan Account, if applicable, as of such date.

(14) **Directors**: The Board of Directors of the Company.

(15) **Eligible Employee**: Any Employee who is (a) a permanent Full-Time Active Employee, (b) paid in United States dollars and subject to the income tax laws of the United States, and (c) an officer or member of a select group of highly compensated employees of the Employer.

(16) **Employee**: Any person employed by the Employer.

(17) **Employer**: The Company and each eligible organization designated as an Employer in accordance with the provisions of Article IX of the Plan.

(18) **Full-Time Active Employee**: An Employee whose employment with the Employer requires, and who regularly and actively performs, 30 or more hours of service for the Employer each week at a usual place of business of the Employer or at a location to which such Employee is required or permitted to travel on behalf of the Employer for which such Employee is paid regular compensation.

(19) **Grandfathered Plan**: The Halliburton Elective Deferral Plan as in effect on December 31, 2004, the material terms of which have not been materially modified (within the meaning of Section 409A) after October 3, 2004, and are preserved and continued in the Plan as reflected in Appendix A.

(20) **Grandfathered Plan Account**: A memorandum bookkeeping account established on the records of the Employer for a Participant that is credited with specified deferrals made prior to January 1, 2005, and the Credited Investment Return on such amounts determined in accordance with Section 3.4(e) of the Grandfathered Plan. A Participant shall have a 100% nonforfeitable interest in his or her Grandfathered Plan Account at all times.

(21) **Investment Election Change Form**: The form or procedure prescribed by the Committee pursuant to which a Participant may make changes to his or her Deemed Investment Elections applicable to future allocations to his or her Deferral Account or Grandfathered Plan Account and/or to his or her current Deferral Account balance or Grandfathered Plan Account balance.

(22) **Investment Options**: One or more alternatives designated from time to time by the Committee for purposes of crediting earnings or losses to Deferral Accounts and Grandfathered Plan Accounts.

(23) **Long-Term Incentive Compensation**: Awards earned under the Company's Performance Unit Program and such other plans or programs as the Compensation Committee may, from time to time, designate that are payable in cash.

(24) **Participant**: Each individual who has been selected for participation in the Plan and who has become a Participant pursuant to Article II.

(25) **Plan**: The 2008 Halliburton Elective Deferral Plan, as amended from time to time.

(26) **Plan Year**: The twelve consecutive month period commencing January 1 of each year.

(27) **Retirement**: The date the Participant separates from service with the Employer after attaining age 55 or after the sum of the Participant's age and years of service is 70 or greater.

(28) **Section 409A**: Section 409A of the Code and applicable Treasury authorities.

(29) **Trust**: The trust, if any, established under the Trust Agreement.

(30) **Trust Agreement**: The agreement, if any, entered into between the Employer and the Trustee pursuant to Article VIII.

(31) **Trust Fund**: The funds and properties, if any, held pursuant to the provisions of the Trust Agreement, together with all income, profits and increments thereto.

(32) **Trustee**: The trustee or trustees appointed by the Committee who are qualified and acting under the Trust Agreement at any time.

(33) **Unforeseeable Emergency**: A severe financial hardship to the Participant or beneficiary resulting from an illness or accident of the Participant or beneficiary, the Participant's or beneficiary's spouse or of a dependent (as defined in Section 152(a) of the Code) of the Participant; loss of the Participant's or beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or beneficiary; provided, however, that such circumstances meet the definition of "unforeseeable emergency" under Section 409A, related Treasury pronouncements and any successor thereto.

1.2 Number and Gender. Wherever appropriate herein, words used in the singular shall be considered to include the plural and words used in the plural shall be considered to include the singular. The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender.

1.3 Headings. The headings of Articles and Sections herein are included solely for convenience, and if there is any conflict between such headings and the text of the Plan, the text shall control.

II.

Participation

2.1 **Participation**. Participants in the Plan are those Eligible Employees who are selected by the Committee, in its sole discretion, as Participants. The Committee shall notify each Participant of his or her selection as a Participant. Subject to the provisions of Section 2.2, a Participant shall remain eligible to defer Base Salary and/or Bonus Compensation hereunder for each Plan Year following his or her initial year of participation in the Plan.

2.2 **Cessation of Active Participation**. Notwithstanding any provision herein to the contrary, an individual who has become a Participant in the Plan shall cease to be entitled to defer Base Salary and/or Bonus Compensation hereunder effective as of the date he or she ceases to be an Eligible Employee or any earlier date designated by the Committee. Any such Committee action shall be communicated to the affected individual prior to the effective date of such action.

III.

Deferral Account Credits; Investment Elections

3.1 Base Salary Deferrals.

(a) Any Participant may elect to defer receipt of an integral percentage of from 5% to 75% of his or her Base Salary, in 5% increments, for any Plan Year. A Participant's election to defer receipt of a percentage of his or her Base Salary for any Plan Year shall be made on or before the last day of the preceding Plan Year. Notwithstanding the foregoing, if an individual initially becomes eligible to participate in the Plan other than on the first day of a Plan Year, such Participant's election to defer receipt of a percentage of his or her Base Salary for such Plan Year may be made no later than 30 days after the date he or she becomes eligible to participate in the Plan, but such election shall be prospective only. The reduction in a Participant's Base Salary pursuant to his or her election shall be effected by Base Salary reductions as of each payroll period within the election period. Deferrals of Base Salary under this Plan shall be made before elective deferrals or contributions of Base Salary under any other plan maintained by the Employer. Base Salary deferrals made by a Participant shall be credited to such Participant's Deferral Account as of the date the Base Salary deferred would have been received by such Participant had no deferral been made pursuant to this Section. Except as provided in Paragraph (b) of this Section, deferral elections for a Plan Year pursuant to this Section shall be irrevocable.

(b) If a revocation would not result in taxation under Section 409A, a Participant shall be permitted to revoke his or her election to defer receipt of his or her Base Salary under Section 3.1(a) for any Plan Year in the event of an Unforeseeable Emergency, as determined by the Committee in its sole discretion. For purposes of the Plan, the decision of the Committee regarding the existence or nonexistence of an Unforeseeable Emergency of a Participant shall be final and binding. Further, the Committee shall have the authority to require a Participant to provide such proof as it deems necessary to establish the existence and significant nature of the Participant's Unforeseeable Emergency. A Participant who is permitted to revoke his or her Base Salary deferral election during a Plan Year shall not be permitted to resume Base Salary deferrals under the Plan until the next following Plan Year.

3.2 **Bonus Compensation Deferrals**. Any Participant may elect to defer receipt of an integral percentage of from 5% to 75% of his or her Bonus Compensation, in 5% increments, for any Plan Year. A Participant's election to defer receipt of a percentage of his or her Bonus Compensation attributable to services performed in any Plan Year shall be made on or before the last day of the preceding Plan Year; provided, however, that to the extent Bonus Compensation satisfies the requirements for performance-based compensation under Section 409A, the Committee may allow a Participant to make a deferral election no later than the date that is six months before the end of the performance period for which the Bonus Compensation is paid. Notwithstanding the foregoing, if any individual initially becomes eligible to participate in the Plan other than on the first day of a Plan Year, such Participant's election to defer receipt of a percentage of his or her Bonus Compensation for such Plan Year may be made no later than 30 days after the date he or she becomes eligible to participate in the Plan. Deferrals of Bonus Compensation under this Plan shall be made before elective deferrals or contributions of Bonus Compensation under any other plan maintained by the Employer. Bonus Compensation deferrals made by a Participant shall be credited to such Participant's Deferral Account as of the date the Bonus Compensation deferred would have been received by such Participant had no deferral been made pursuant to this Section 3.2. Deferral elections for a Plan Year pursuant to this Section shall be irrevocable.

3.3 **Long-Term Incentive Compensation Deferrals**. Any Participant may elect to defer receipt of an integral percentage of from 5% to 75% of his or her Long-Term Incentive Compensation, in 5% increments, payable in any Plan Year. A Participant's election to defer receipt of a percentage of his or her Long-Term Incentive Compensation payable with respect to any performance cycle shall be made on or before the date that is six months prior to the end of such performance cycle. Long-Term Incentive Compensation deferrals made by a Participant shall be credited to such Participant's Deferral Account as of the date the Long-Term Incentive Compensation deferred would have been received by such Participant had no deferral been made pursuant to this Section 3.3. Deferral elections pursuant to this Section shall be irrevocable.

3.4 Investment of Deferral Accounts.

(a) As of any Determination Date, each Participant's Deferral Account shall consist of the balance of the Participant's Deferral Account as of the immediately preceding Determination Date adjusted for:

(1) additional deferrals pursuant to Sections 3.1, 3.2 and/or 3.3;

(2) distributions (if any); and

(3) the appropriate Credited Investment Return.

All adjustments will be recorded to the Participants' Deferral Accounts as of each Determination Date.

(b) The Committee shall designate from time to time one or more Investment Options in which the Deferral Accounts may be deemed invested. The Committee shall have the sole discretion to determine the number of Investment Options to be designated hereunder and the nature of the Investment Options and may change or eliminate any of the Investment Options from time to time. In the event of such change or elimination, the Committee shall give each Participant timely notice and opportunity to make a new election. No such change or elimination of any Investment Options shall be considered to be an amendment to the Plan pursuant to Section 10.4. A Participant may request that his or her Deferral Account be allocated among the deemed Investment Options.

(c) A Participant shall, in connection with his or her election to defer Base Salary, Bonus Compensation and/or Long-Term Incentive Compensation for a particular Plan Year, elect one or more Investment Options into which amounts to be allocated to his or her Deferral Account in respect of deferrals for such Plan Year shall be deemed invested by submitting on or before the last day of the preceding Plan Year a Deferral and Investment Election Form in accordance with the procedures prescribed by the Committee.

(d) A Participant may request a change to his or her Deemed Investment Elections for future amounts allocated to his or her Deferral Account and amounts already allocated to his or her Deferral Account. Any such change shall be made by filing with the Committee an Investment Election Change Form. The Committee shall establish procedures relating to changes in Deemed Investment Elections, which may include limiting the percentage, amount and frequency of such changes and specifying the effective date for any such changes.

(e) Each Participant's Deferral Account shall be credited monthly with the Credited Investment Return attributable to his or her Deferral Account. The Credited Investment Return is the amount which the Participant's Deferral Account would have earned if the amounts credited to the Deferral Account had, in fact, been invested in accordance with the Participant's Deemed Investment Elections.

IV.

Emergency Withdrawals

Participants shall be permitted to make withdrawals from the Plan, without penalty, only in the event of an Unforeseeable Emergency, as determined by the Committee in its sole discretion. No withdrawal shall be allowed to the extent that such Unforeseeable Emergency is or may be relieved (a) through reimbursement or compensation by insurance or otherwise, (b) by liquidation of the Participant's assets (other than from any nonqualified deferred compensation plan or qualified employee plan), to the extent the liquidation of such assets would not itself cause severe financial hardship or (c) by cessation of Base Salary deferrals under the Plan pursuant to Section 3.1(b). Further, the Committee shall permit a Participant to withdraw only the amount it determines, in its sole discretion, to be reasonably needed to satisfy the Unforeseeable Emergency.

V.

Payment of Benefits

5.1 **Payment Election Generally**. In conjunction with each deferral election made by a Participant pursuant to Article III for a Plan Year, such Participant shall elect, subject to Sections 5.5, 5.6 and 5.8, the time and the form of payment with respect to such deferral and the Credited Investment Returns attributable thereto.

5.2 **Subsequent Payment Elections**. A Participant may revise his or her election regarding the time and form of payment of deferred amounts provided that (i) the subsequent deferral election is made no later than twelve months prior to the date upon which the deferred amount would have been paid had no subsequent deferral election been made and (ii) the subsequent deferral election defers payment for a period of not less than five years from the date such payment would otherwise have been paid had no subsequent deferral election been made. A subsequent deferral election under this Section 5.2 shall not be effective until the date that is twelve months after such subsequent deferral election is made. Subsequent deferral elections under this Section 5.2 must comply with all applicable requirements for subsequent deferral elections under Section 409A.

Notwithstanding anything to the contrary herein, once a Participant elects payout upon "Retirement" any future payment election revisions are prohibited. Additionally, a participant may not revise an existing election, under Section 5.3 below, from a specific future month and year to "Retirement".

5.3 **Time of Benefit Payment**. With respect to each deferral election made by a Participant pursuant to Article III, such Participant shall elect to commence payment of such deferral and the Credited Investment Returns attributable thereto on one of the following dates:

(a) Retirement; or

(b) A specific future month and year, but not earlier than five years from the date of the deferral if the Participant has not attained age fifty-five at the time of the deferral or one year from the date of the deferral if the Participant has attained age fifty-five at the time of the deferral, and not later than the first day of the year in which the Participant attains age seventy.

In the case of a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, any payments payable as a result of the Employee's termination of employment (other than death) shall not be payable before the earlier of (i) the date that is six months after the Employee's termination of employment, (ii) the date of the Employee's death, or (iii) the date that otherwise complies with the requirements of Section 409A. For purposes of determining the identify of "specified employees", the Committee may establish procedures as it deems appropriate in accordance with Section 409A.

5.4 **Form of Benefit Payment**. With respect to each deferral election made by a Participant pursuant to Article III, such Participant shall elect the form of payment with respect to such deferral and the Credited Investment Returns attributable thereto from one of the following forms:

(a) A lump sum; or

(b) Annual installment payments for a period of full years not to exceed ten years.

Annual installment payments shall be paid on the first business day of January of each Plan Year. Each installment payment shall be determined by multiplying the deferral and the Credited Investment Returns attributable thereto at the time of the payment by a fraction, the numerator of which is one and the denominator of which is the number of remaining installment payments to be made to Participant.

Notwithstanding any provision of the Plan to the contrary, in the event the aggregate amount credited to a Participant's Deferral Account and Grandfathered Plan Account does not exceed $100,000, the Deferral Account shall be paid only in the form of a lump sum.

5.5 **Total and Permanent Disability**. If a Participant becomes totally and permanently disabled while employed by the Employer, payment of the amounts credited to such Participant's Deferral Account shall commence on the first business day of the second calendar quarter following the date the Committee makes a determination that the Participant is totally and permanently disabled, in the form of payment determined in accordance with Section 5.4. The above notwithstanding, if such Participant is already receiving payments pursuant to Section 5.3(b) and Section 5.4(b), such payments shall continue. For purposes of the Plan, a Participant shall be considered totally and permanently disabled if the Committee determines, based on a written medical opinion (unless waived by the Committee as unnecessary), that such Participant is disabled within the meaning of Section 409A(a)(2)(C) of the Code.

5.6 **Death**. In the event of a Participant's death at a time when amounts are credited to such Participant's Deferral Account, such amounts shall be paid to such Participant's designated beneficiary or beneficiaries in a lump sum within sixty (60) days of the date of such Participant's death.

5.7 **Designation of Beneficiaries**.

(a) Each Participant shall have the right to designate the beneficiary or beneficiaries to receive payment of his or her benefit in the event of his or her death. Each such designation shall be made by executing and submitting the beneficiary designation form prescribed by the Committee. Any such designation may be changed at any time by execution of a new designation in accordance with this Section.

(b) If no such designation is on file with the Committee at the time of the death of the Participant or such designation is not effective for any reason as determined by the Committee, then the designated beneficiary or beneficiaries to receive such benefit shall be as follows:

(1) If a Participant leaves a surviving spouse, his or her benefit shall be paid to such surviving spouse.

(2) If a Participant leaves no surviving spouse, his or her benefit shall be paid to such Participant's executor or administrator, or to his or her heirs at law if there is no administration of such Participant's estate.

5.8 **Other Separation from Service**. Subject to the provisions of Section 5.3, if a Participant has a separation from service within the meaning of Section 409A(a)(2)(A)(i) of the Code before Retirement for a reason other than total and permanent disability or death, the amounts credited to such Participant's Deferral Account shall be paid to the Participant in a lump sum thirty days after the Participant's date of separation from service. For purposes of this Section, transfers of employment between and among the Company and its Affiliates shall not be considered a separation from service.

5.9 **Payment of Benefits**. To the extent the Trust Fund, if any, has sufficient assets, the Trustee shall pay benefits to Participants or their beneficiaries, except to the extent the Employer pays the benefits directly and provides adequate evidence of such payment to the Trustee. To the extent the Trustee does not or cannot pay benefits out of the Trust Fund, the benefits shall be paid by the Employer. Any benefit payments made to a Participant or for his or her benefit pursuant to any provision of the Plan shall be debited to such Participant's Deferral Account or Grandfathered Plan Account, as applicable. All benefit payments shall be made in cash to the fullest extent practicable.

5.10 **Unclaimed Benefits**. In the case of a benefit payable on behalf of a Participant, if the Committee is unable to locate the Participant or beneficiary to whom such benefit is payable, upon the Committee's determination thereof, such benefit shall be forfeited to the Employer. Notwithstanding the foregoing, if subsequent to any such forfeiture the Participant or beneficiary to whom such benefit is payable makes a valid claim for such benefit, such forfeited benefit shall be paid by the Employer or restored to the Plan by the Employer.

5.11 **No Acceleration of Bonus or Long-Term Incentive Compensation**. The time of payment of any Bonus Compensation or Long-Term Incentive Compensation that the Participant has elected to defer but that has not yet been credited to the Participant's Deferral Account because it is not yet payable without regard to the deferral shall not be accelerated as a result of the provisions of this Article. If, pursuant to the provisions of this Article, payment of such Bonus Compensation or Long-Term Incentive Compensation would no longer be deferred at the time it becomes payable, such Bonus Compensation or Long-Term Incentive Compensation shall be paid to the Participant as soon as practicable following the date it would have been payable had the Participant not made a deferral election.

VI.

Administration of the Plan

6.1 **Committee Powers and Duties**. The general administration of the Plan shall be vested in the Committee. The Committee shall supervise the administration and enforcement of the Plan according to the terms and provisions hereof and shall have all powers necessary to accomplish these purposes, including, but not by way of limitation, the right, power, authority, and duty:

(a) To make rules, regulations, procedures and bylaws for the administration of the Plan that are not inconsistent with the terms and provisions hereof, and to enforce the terms of the Plan and the rules and regulations promulgated thereunder by the Committee;

(b) To designate, change and eliminate Investment Options in which Deferral Accounts and Grandfathered Plan Accounts may be deemed invested and to establish procedures relating to elections of Investment Options by Participants;

(c) To construe in its discretion all terms, provisions, conditions, and limitations of the Plan;

(d) To correct any defect or to supply any omission or to reconcile any inconsistency that may appear in the Plan in such manner and to such extent as it shall deem in its discretion expedient to effectuate the purposes of the Plan;

(e) To employ and compensate such accountants, attorneys, investment advisors, and other agents, employees, and independent contractors as the Committee may deem necessary or advisable for the proper and efficient administration of the Plan;

(f) To determine in its discretion all questions relating to eligibility;

(g) To determine whether and when a Participant has incurred a separation from service with the Employer, and the reason for such separation;

(h) To make a determination in its discretion as to the right of any person to a benefit under the Plan and to prescribe procedures to be followed by distributees in obtaining benefits hereunder; and

(i) To receive and review reports from the Trustee as to the financial condition of the Trust Fund, if any, including its receipts and disbursements.

6.2 **Self-Interest of Participants**. No member of the Committee shall have any right to vote or decide upon any matter relating solely to himself under the Plan (including, without limitation, Committee decisions under Article II) or to vote in any case in which his or her individual right to claim any benefit under the Plan is particularly involved. In any case in which a Committee member is so disqualified to act and the remaining members cannot agree, the Compensation Committee shall appoint a temporary substitute member to exercise all the powers of the disqualified member concerning the matter in which he or she is disqualified.

6.3 **Claims Review**. In any case in which a claim for Plan benefits of a Participant or beneficiary is denied or modified, the Committee shall furnish written notice to the claimant within ninety days (or within 180 days if additional information requested by the Committee necessitates an extension of the ninety-day period), which notice shall:

(a) State the specific reason or reasons for the denial or modification;

(b) Provide specific reference to pertinent Plan provisions on which the denial or modification is based;

(c) Provide a description of any additional material or information necessary for the Participant, his or her beneficiary, or representative to perfect the claim and an explanation of why such material or information is necessary; and

(d) Explain the Plan's claim review procedure as contained herein.

In the event a claim for Plan benefits is denied or modified, if the Participant, his or her beneficiary, or a representative of such Participant or beneficiary desires to have such denial or modification reviewed, he or she must, within sixty days following receipt of the notice of such denial or modification, submit a written request for review by the Committee of its initial decision. In connection with such request, the Participant, his or her beneficiary, or the representative of such Participant or beneficiary may review any pertinent documents upon which such denial or modification was based and may submit issues and comments in writing. Within sixty days following such request for review the Committee shall, after providing a full and fair review, render its final decision in writing to the Participant, his or her beneficiary or the representative of such Participant or beneficiary stating specific reasons for such decision and making specific references to pertinent Plan provisions upon which the decision is based. If special circumstances require an extension of such sixty-day period, the Committee's decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review. If an extension of time for review is required, written notice of the extension shall be furnished to the Participant, beneficiary, or the representative of such Participant or beneficiary prior to the commencement of the extension period.

6.4 **Employer to Supply Information**. The Employer shall supply full and timely information to the Committee, including, but not limited to, information relating to each Participant's compensation, age, retirement, death, or other cause of separation from service to the Employer and such other pertinent facts as the Committee may require. The Employer shall advise the Trustee, if any, of such of the foregoing facts as are deemed necessary for the Trustee to carry out the Trustee's duties under the Plan and the Trust Agreement. When making a determination in connection with the Plan, the Committee shall be entitled to rely upon the aforesaid information furnished by the Employer.

6.5 **Indemnity**. The Company shall indemnify and hold harmless each member of the Committee against any and all expenses and liabilities arising out of his or her administrative functions or fiduciary responsibilities, including any expenses and liabilities that are caused by or result from an act or omission constituting the negligence of such member in the performance of such functions or responsibilities, but excluding expenses and liabilities that are caused by or result from such member's own gross negligence or willful misconduct. Expenses against which such member shall be indemnified hereunder shall include, without limitation, the amounts of any settlement or judgment, costs, counsel fees, and related charges reasonably incurred in connection with a claim asserted or a proceeding brought or settlement thereof.

VII.

Administration of Funds

7.1 **Payment of Expenses**. All expenses incident to the administration of the Plan and Trust, including but not limited to, legal, accounting, Trustee fees, and expenses of the Committee, may be paid by the Employer and, if not paid by the Employer, shall be paid by the Trustee from the Trust Fund, if any.

7.2 **Trust Fund Property**. All income, profits, recoveries, contributions, forfeitures and any and all moneys, securities and properties of any kind at any time received or held by the Trustee, if any, shall be held for investment purposes as a commingled Trust Fund pursuant to the terms of the Trust Agreement. The Committee shall maintain one or more Deferral Accounts and/or Grandfathered Plan Accounts, as necessary, in the name of each Participant, but the maintenance of any such account designated as the account of a Participant shall not mean that such Participant shall have a greater or lesser interest than that due him or her by operation of the Plan and shall not be considered as segregating any funds or property from any other funds or property contained in the commingled fund. No Participant shall have any title to any specific asset in the Trust Fund, if any.

VIII.

Nature of the Plan

The Employer intends and desires by the adoption of the Plan to recognize the value to the Employer of the past and present services of employees covered by the Plan and to encourage and assure their continued service with the Employer by making more adequate provision for their future retirement security. The Plan is intended to constitute an unfunded, unsecured plan of deferred compensation for a select group of management or highly compensated employees of the Employer. Plan benefits herein provided are to be paid out of the Employer's general assets. The Plan constitutes a mere promise by the Employers to make benefit payments in the future and Participants have the status of general unsecured creditors of the Employers. Nevertheless, subject to the terms hereof and of the Trust Agreement, if any, the Employers, or the Company on behalf of the Employers, may transfer money or other property to the Trustee and the Trustee shall pay Plan benefits to Participants and their beneficiaries out of the Trust Fund.

The Committee, in its sole discretion, may establish the Trust and direct the Employers to enter into the Trust Agreement and adopt the Trust for purposes of the Plan. In such event, the Employers shall remain the owner of all assets in the Trust Fund and the assets shall be subject to the claims of each Employer's creditors if such Employer ever becomes insolvent. For purposes hereof, an Employer shall be considered "insolvent" if (a) the Employer is unable to pay its debts as they become due, or (b) the Employer is subject to a pending proceeding as a debtor under the United States Bankruptcy Code (or any successor federal statute). The chief executive officer of the Employer and its board of directors shall have the duty to inform the Trustee in writing if the Employer becomes insolvent. Such notice given under the preceding sentence by any party shall satisfy all of the parties' duty to give notice. When so informed, the Trustee shall suspend payments to the Participants and hold the assets for the benefit of the Employer's general creditors. If the Trustee receives a written allegation that the Employer is insolvent, the Trustee shall suspend payments to the Participants and hold the Trust Fund for the benefit of the Employer's general creditors, and shall determine within the period specified in the Trust Agreement whether the Employer is insolvent. If the Trustee determines that the Employer is not insolvent, the Trustee shall resume payments to the Participants. No Participant or beneficiary shall have any preferred claim to, or any beneficial ownership interest in, any assets of the Trust Fund.

IX.

Participating Employers

The Committee may designate any entity or organization eligible by law to participate in this Plan as an Employer by written instrument delivered to the Secretary of the Company and the designated Employer. Such written instrument shall specify the effective date of such designated participation, may incorporate specific provisions relating to the operation of the Plan which apply to the designated Employer only and shall become, as to such designated Employer and its employees, a part of the Plan. Each designated Employer shall be conclusively presumed to have consented to its designation and to have agreed to be bound by the terms of the Plan and any and all amendments thereto upon its submission of information to the Committee required by the terms of or with respect to the Plan; provided, however, that the terms of the Plan may be modified so as to increase the obligations of an Employer only with the consent of such Employer, which consent shall be conclusively presumed to have been given by such Employer upon its submission of any information to the Committee required by the terms of or with respect to the Plan. Except as modified by the Committee in its written instrument, the provisions of this Plan shall be applicable with respect to each Employer separately, and amounts payable hereunder shall be paid by the Employer which employs the particular Participant, if not paid from the Trust Fund.

X.

Miscellaneous

10.1 **Not Contract of Employment**. The adoption and maintenance of the Plan shall not be deemed to be a contract between the Employer and any person or to be consideration for the employment of any person. Nothing herein contained shall be deemed to give any person the right to be retained in the employ of the Employer or to restrict the right of the Employer to discharge any person at any time nor shall the Plan be deemed to give the Employer the right to require any person to remain in the employ of the Employer or to restrict any person's right to terminate his or her employment at any time.

10.2 **Alienation of Interest Forbidden**. Except as hereinafter provided, the interest of a Participant or his or her beneficiary or beneficiaries hereunder may not be sold, transferred, assigned, or encumbered in any manner, either voluntarily or involuntarily, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be null and void; neither shall the benefits hereunder be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person to whom such benefits or funds are payable, nor shall they be an asset in bankruptcy or subject to garnishment, attachment or other legal or equitable proceedings. Plan provisions to the contrary notwithstanding, the Committee shall comply with the terms and provisions of an order that satisfies the requirements for a "qualified domestic relations order" as such term is defined in Section 206(d)(3)(B) of the Act, including an order that requires distributions to an alternate payee prior to a Participant's "earliest retirement age" as such term is defined in Section 206(d)(3)(E)(ii) of the Act.

10.3 **Withholding**. All deferrals and payments provided for hereunder shall be subject to applicable withholding and other deductions as shall be required of the Employer under any applicable local, state or federal law.

10.4 **Amendment and Termination**. The Compensation Committee may from time to time, in its discretion, amend, in whole or in part, any or all of the provisions of the Plan; provided, however, that no amendment may be made that would impair the rights of a Participant with respect to amounts already allocated to his or her Deferral Account and Grandfathered Plan Account, as applicable. The Compensation Committee may terminate the Plan at any time. In the event that the Plan is terminated, the balance in a Participant's Deferral Account and Grandfathered Plan Account shall be paid to such Participant or his or her designated beneficiary in a single lump sum payment of cash in full satisfaction of all of such Participant's or beneficiary's benefits hereunder if such distribution is permitted under Section 409A. Any such amendment to or termination of the Plan shall be in writing and signed by a member of the Compensation Committee. Notwithstanding the above, any action taken under this Section is subject to the limitations provided in Appendix A.

10.5 **Severability**. If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof; instead, each provision shall be fully severable and the Plan shall be construed and enforced as if said illegal or invalid provision had never been included herein.

10.6 **Governing Laws**. All provisions of the Plan shall be construed in accordance with the laws of Texas except to the extent preempted by federal law.

10.7 **Section 409A Compliance**. It is intended that the provisions of this Plan satisfy the requirements of Section 409A and that the Plan be operated in a manner consistent with such requirements to the extent applicable. Therefore, the Committee may make adjustments to the Plan and may construe the provisions of the Plan in accordance with the requirements of Section 409A.

APPENDIX A

The Grandfathered Plan contains the provisions governing the deferrals of accounts earned and vested by Eligible Employees on or before December 31, 2004. This Appendix A preserves the material terms of the Grandfathered Plan as in effect on December 31, 2004, and is intended to satisfy the requirements of Section 409A as to grandfathered amounts. The provisions of this Appendix A shall apply to, and be effective only with respect to, the deferral of earned and vested amounts under the Grandfathered Plan before January 1, 2005, and the Credited Investment Return on such deferrals credited at any time. The Plan provides for separate accounting of such amounts deferred, earned, and vested before January 1, 2005, and the Credited Investment Return thereon.

No amendment to the Plan shall be deemed to amend this Appendix A and the relevant provisions of the Plan in effect prior to such amendment unless otherwise specifically set forth therein. Pursuant to Section 1.409A-6(a)(4) of the Proposed Treasury Regulations, a modification is material "if a benefit or right existing as of October 3, 2004 is materially enhanced or a new material benefit or right is added." Section 5.8 of the Grandfathered Plan was removed because that section does not relate to the Company or to the rights of Eligible Employees under the Plan. The removal of Section 5.8, below, is hereunder intended to be in good faith compliance with Section 409A, and is not intended to materially modify the benefits existing as of October 3, 2004 under the Grandfathered Plan.

The provisions of the Plan applicable to the Grandfathered Plan Accounts shall be administered in a manner consistent with the Grandfathered Plan and Appendix A. Wherever the Plan has added, changed, or otherwise altered any terms of the Grandfathered Plan that were in effect on December 31, 2004, in a manner that would constitute a material modification, as described above, such changes will be disregarded in the administration of the Grandfathered Plan Accounts herein.

APPLICABLE GRANDFATHERED PLAN TERMS

With respect to amounts deferred prior to January 1, 2005, and the Credited Investment Return on such amounts credited at any time, the following definitions and Articles in this Appendix A shall be substituted for the corresponding definitions and Articles of the Plan:

Retirement: The date the Participant retires in accordance with the terms of his or her Employer's retirement policy as in effect at that time.

Unforeseeable Emergency: A severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. For purposes of the Grandfathered Plan, the decision of the Committee regarding the existence or nonexistence of an Unforeseeable Emergency of a Participant shall be final and binding. Further, the Committee shall have the authority to require a Participant to provide such proof as it deems necessary to establish the existence and significant nature of the Participant's Unforeseeable Emergency.

III.

Grandfathered Plan Account Credits; Investment Elections

3.1 Base Salary Deferrals. Effective from and after January 1, 2005, no deferrals of Base Salary shall be credited to a Participant's Grandfathered Plan Account.

3.2 Bonus Compensation Deferrals. Effective from and after January 1, 2005, no deferrals of Bonus Compensation shall be credited to a Participant's Grandfathered Plan Account.

3.3 Long-Term Incentive Compensation Deferrals. Effective from and after January 1, 2005, no deferrals of Long-Term Incentive Compensation shall be credited to a Participant's Grandfathered Plan Account.

3.4 Investment of Grandfathered Plan Accounts.

(a) As of any Determination Date, each Participant's Grandfathered Plan Account shall consist of the balance of the Participant's Grandfathered Plan Account as of the immediately preceding Determination Date adjusted for:

(1) distributions (if any); and

(2) the appropriate Credited Investment Return.

All adjustments will be recorded to the Participants' Grandfathered Plan Accounts as of each Determination Date.

(b) The Committee shall designate from time to time one or more Investment Options in which the Grandfathered Plan Accounts may be deemed invested. The Committee shall have the sole discretion to determine the number of Investment Options to be designated hereunder and the nature of the Investment Options and may change or eliminate any of the Investment Options from time to time. In the event of such change or elimination, the Committee shall give each Participant timely notice and opportunity to make a new election. No such change or elimination of any Investment Options shall be considered to be an amendment to the Plan pursuant to Section 10.4. A Participant may request that his or her Grandfathered Plan Account be allocated among the deemed Investment Options. If a Participant fails to make an election, his or her Grandfathered Plan Account shall be invested in a single fund selected by the Committee.

(c) Except as changed under Section 3.4(d), the Participant's Deemed Investment Elections designated in the Participant's initial deferral election shall remain in effect with respect to his or her Grandfathered Plan Account and any additional amounts credited thereto.

(d) A Participant may request a change to his or her Deemed Investment Elections for future amounts allocated to his or her Grandfathered Plan Account and amounts already allocated to his or her Grandfathered Plan Account. Any such change shall be made by filing with the Committee an Investment Election Change Form. The Committee shall establish procedures relating to changes in Deemed Investment Elections, which may include limiting the percentage, amount and frequency of such changes and specifying the effective date for any such changes.

(e) Each Participant's Grandfathered Plan Account shall be credited monthly with the Credited Investment Return attributable to his or her Grandfathered Plan Account. The Credited Investment Return is the amount which the Participant's Grandfathered Plan Account would have earned if the amounts credited to the Grandfathered Plan Account had, in fact, been invested in accordance with the Participant's Deemed Investment Elections.

IV.

Withdrawals

4.1 **Emergency Withdrawals**. Participants shall be permitted to make withdrawals from the Grandfathered Plan Account, without penalty, only in the event of an Unforeseeable Emergency, as determined by the Committee in its sole discretion. No withdrawal shall be allowed to the extent that such Unforeseeable Emergency is or may be relieved (a) through reimbursement or compensation by insurance or otherwise or (b) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. Further, the Committee shall permit a Participant to withdraw only the amount it determines, in its sole discretion, to be reasonably needed to satisfy the Unforeseeable Emergency.

4.2 **Non-Emergency Withdrawals**. A Participant may make withdrawals from his or her Grandfathered Plan Accounts at any time for reasons other than an Unforeseeable Emergency, subject to the following:

(a) the minimum amount that may be withdrawn is $5,000;

(b) only one such withdrawal may be made during any Plan Year;

(c) the withdrawal shall be in cash in a lump sum and taken from the Grandfathered Plan Accounts and Investment Options designated by the Participant;

(d) the withdrawal must be designated in a whole percentage or a whole dollar amount; and

(e) upon such withdrawal, a portion of the Participant's Grandfathered Plan Account balance shall be forfeited based on the amount withdrawn from the Grandfathered Plan, determined as follows:

With Respect to the Amount Withdrawn from the Following Percentiles of the Grandfathered Plan	**Percentage of Amount Withdrawn from the Percentile to be Forfeited from the Grandfathered Plan**
First 50%	10%
Second 50%	25%

The withdrawal amount shall be reduced to the extent necessary for the sum of the amount of the withdrawal and the forfeiture not to exceed 100% of the Participant's Grandfathered Plan Account balance.

Notwithstanding the foregoing, if such a withdrawal is made on or within one year following a Corporate Change (as defined below), the amount of the Participant's Grandfathered Plan Accounts forfeited upon such withdrawal shall be equal to 10% of the amount of such withdrawal. A Corporate Change means one of the following events occurs: (i) the merger, consolidation or other reorganization of the Company in which the outstanding common stock of the Company is converted into or exchanged for a different class of securities of the Company, a class of securities of any other issuer (except a direct or indirect wholly owned subsidiary of the Company), cash or other property; (ii) the sale, lease or exchange of all or substantially all of the assets of the Company to any other corporation or entity (except a direct or indirect wholly owned subsidiary of the Company); (iii) the adoption of the stockholders of the Company of a plan of liquidation and dissolution; (iv) the acquisition (other than any acquisition pursuant to any other clause of this definition) by any person or entity, including, without limitation, a "group" as contemplated by Section 13(d)(3) of the Securities Exchange Act of 1934, of beneficial ownership, as contemplated by such Section, of more than twenty percent (based on voting power) of the Company's outstanding capital stock; or (v) as a result of or in connection with a contested election of directors of the Company, the persons who were directors of the Company before such election shall cease to constitute a majority of the Board of Directors of the Company.

Withdrawals shall be paid as soon as reasonably practicable following the Participant's request, which must be in such form or manner as the Company may prescribe from time to time.

V.

Payment of Benefits

5.1 **Payment Election Generally**. Pursuant to Article III hereof, no additional deferrals are allowed under the Grandfathered Plan.

5.2 **Subsequent Payment Elections**. A Participant may revise his or her election regarding the time and form of payment of deferred amounts, but such revised election shall not be effective until one year from the date of the revised election and shall be effective only if payment has not been made or commenced pursuant to Section 5.2 prior to the expiration of such one-year period.

5.3 **Time of Benefit Payment**. With respect to each deferral election made by a Participant pursuant to Article III, such Participant shall elect to commence payment of such deferral and the Credited Investment Returns attributable thereto on one of the following dates:

(a) Retirement; or

(b) A specific future month and year, but not earlier than five years from the date of the deferral if the Participant has not attained age fifty-five at the time of the deferral or one year from the date of the deferral if the Participant has attained age fifty-five at the time of the deferral, and not later than the first day of the year in which the Participant attains age seventy.

5.4 **Form of Benefit Payment**. With respect to each deferral election made by a Participant pursuant to Article III, such Participant shall elect the form of payment with respect to such deferral and the Credited Investment Returns attributable thereto from one of the following forms:

(a) A lump sum; or

(b) Installment payments for a period not to exceed ten years.

Installment payments shall be paid annually on the first business day of January of each Plan Year; provided however, that not later than sixty days prior to the date payment is to commence, a Participant may elect to have his or her installment payments paid quarterly on the first business day of each calendar quarter. Each installment payment shall be determined by multiplying the deferral and the Credited Investment Returns attributable thereto at the time of the payment by a fraction, the numerator of which is one and the denominator of which is the number of remaining installment payments to be made to Participant.

In the event the aggregate amount credited to a Participant's Deferral Account and Grandfathered Plan Account does not exceed $50,000, the Committee may, in its sole discretion, pay the Grandfathered Plan Account in the form of a lump sum.

5.5 **Total and Permanent Disability**. If a Participant becomes totally and permanently disabled while employed by the Employer, payment of the amounts credited to such Participant's Grandfathered Plan Account shall commence on the first business day of the second calendar quarter following the date the Committee makes a determination that the Participant is totally and permanently disabled, in the form of payment determined in accordance with Section 5.4. The above notwithstanding, if such Participant is already receiving payments pursuant to Section 5.3(b) and Section 5.4(b), such payments shall continue. For purposes of the Plan, a Participant shall be considered totally and permanently disabled if the Committee determines, based on a written medical opinion (unless waived by the Committee as unnecessary), that such Participant is permanently incapable of performing his or her job for physical or mental reasons.

5.6 **Death**. In the event of a Participant's death at a time when amounts are credited to such Participant's Grandfathered Plan Account, such amounts shall be paid to such Participant's designated beneficiary or beneficiaries in five annual installments commencing as soon as administratively feasible after such Participant's date of death. However, the Participant's designated beneficiary or beneficiaries may request a lump sum payment based upon hardship, and the Committee, in its sole discretion, may approve such request.

5.7 **Designation of Beneficiaries.**

(a) Each Participant shall have the right to designate the beneficiary or beneficiaries to receive payment of his or her benefit in the event of his or her death. Each such designation shall be made by executing and submitting the beneficiary designation form prescribed by the Committee. Any such designation may be changed at any time by execution of a new designation in accordance with this Section.

(b) If no such designation is on file with the Committee at the time of the death of the Participant or such designation is not effective for any reason as determined by the Committee, then the designated beneficiary or beneficiaries to receive such benefit shall be as follows:

(1) If a Participant leaves a surviving spouse, his or her benefit shall be paid to such surviving spouse.

(2) If a Participant leaves no surviving spouse, his or her benefit shall be paid to such Participant's executor or administrator, or to his or her heirs at law if there is no administration of such Participant's estate.

5.8 **Other Termination of Employment**. If a Participant terminates his or her employment with the Employer before Retirement for a reason other than total and permanent disability or death, the amounts credited to such Participant's Grandfathered Plan Account shall be paid to the Participant in a lump sum no less than thirty days and no more than one year after the Participant's date of termination of employment. For purposes of this Section, transfers of employment between and among KBR, Inc., the Company and any of their Affiliates shall not be considered a termination of employment.

5.9 **Change in the Company's Credit Rating**. Removed.

5.10 **Payment of Benefits**. To the extent the Trust Fund, if any, has sufficient assets, the Trustee shall pay benefits to Participants or their beneficiaries, except to the extent the Employer pays the benefits directly and provides adequate evidence of such payment to the Trustee. To the extent the Trustee does not or cannot pay benefits out of the Trust Fund, the benefits shall be paid by the Employer. Any benefit payments made to a Participant or for his or her benefit pursuant to any provision of the Grandfathered Plan shall be debited to such Participant's Grandfathered Plan Account. All benefit payments shall be made in cash to the fullest extent practicable.

5.11 **No Acceleration of Bonus or Long-Term Incentive Compensation**. The time of payment of any Bonus Compensation or Long-Term Incentive Compensation that the Participant has elected to defer but that has not yet been credited to the Participant's Grandfathered Plan Account because it is not yet payable without regard to the deferral shall not be accelerated as a result of the provisions of this Article. If, pursuant to the provisions of this Article, payment of such Bonus Compensation or Long-Term Incentive Compensation would no longer be deferred at the time it becomes payable, such Bonus Compensation or Long-Term Incentive Compensation shall be paid to the Participant within 90 days of the date it would have been payable had the Participant not made a deferral election.

EXHIBIT 10-4

HALLIBURTON COMPANY

SUPPLEMENTAL EXECUTIVE

RETIREMENT PLAN

AS AMENDED AND RESTATED

EFFECTIVE JANUARY 1, 2008

Table of Contents

HALLIBURTON COMPANY

SUPPLEMENTAL

EXECUTIVE RETIREMENT PLAN

WHEREAS, Halliburton Company ("Halliburton") adopted and maintains the Halliburton Company Supplemental Executive Retirement Plan, as most recently amended and restated effective December 7, 2005 (the "Plan"), for the benefit of its employees and the employees of its subsidiaries to aid such employees in making more adequate provision for their retirement; and

WHEREAS, the Company desires to continue to provide participants with an opportunity to participate in the Plan on or after January 1, 2005, consistent with the provisions of Section 409A of the Internal Revenue Code, as amended; and

WHEREAS, certain active participants in the Plan made transition elections prior to December 31, 2007 related to amounts earned on or after January 1, 2005, as permitted in accordance with guidance under Section 409A of the Internal Revenue Code; and

WHEREAS, the Company desires to preserve the material terms of the Plan as in effect on December 31, 2004 (the "Grandfathered Plan") in order that the Grandfathered Plan qualify as a grandfathered plan for purposes of Section 409A of the Internal Revenue Code, as amended; and

WHEREAS, certain provisions applicable solely to the Grandfathered Plan are preserved in Appendix A, for purposes of determining the terms applicable to amounts under the Grandfathered Plan, which provisions shall be substituted for the corresponding provisions contained herein.

NOW THEREFORE, the Plan is hereby amended and restated to read as follows, effective as of January 1, 2008:

ARTICLE I

Purpose of the Plan

The purpose of the Halliburton Company Supplemental Executive Retirement Plan is to provide supplemental retirement benefits to Participants in order to promote growth of the Company and provide additional means of attracting and holding qualified competent executives.

ARTICLE II

Definitions

Where the following words and phrases appear in the Plan, they shall have the respective meanings set forth below, unless their context clearly indicates to the contrary.

(A) **Account:** An individual account for each Participant on the books of such Participant's Employer to which is credited amounts allocated for the benefit of such Participant pursuant to the provisions of Article IV, Paragraph (D) and interest credited pursuant to the provisions of Article IV, Paragraph (G).

(B) **Administrative Committee:** The administrative committee appointed by the Compensation Committee to administer the Plan.

(C) **Allocation Year:** The calendar year for which an allocation is made to a Participant's Account pursuant to Article IV.

(D) **Board:** The Board of Directors of the Company.

(E) **Code:** The Internal Revenue Code of 1986, as amended.

(F) **Compensation Committee:** The Compensation Committee of the Board.

(G) **Company:** Halliburton Company.

(H) **Employee:** Any employee of an Employer. The term does not include independent contractors or persons who are retained by an Employer as consultants only.

(I) **Employer:** The Company and any Subsidiary designated as an Employer in accordance with the provisions of Article III of the Plan.

(J) **ERISA:** The Employee Retirement Income Security Act of 1974, as amended.

(K) **Grandfathered Plan:** The Halliburton Company Supplemental Executive Retirement Plan as in effect on December 31, 2004, the material terms of which have not been materially modified (within the meaning of Section 409A) after October 3, 2004, and are preserved and continued in the Plan as reflected in Appendix A.

(L) **Grandfathered Plan Account:** An individual account for each Participant on the books of such Participant's Employer to which is credited amounts allocated prior to January 1, 2005 for the benefit of such Participant pursuant to the provisions of Article IV of Appendix A.

(M) **Participant:** A Senior Executive who is selected as a Participant for an Allocation Year. The Compensation Committee shall be the sole judge of who shall be eligible to be a Participant for any Allocation Year. The selection of a Senior Executive to be a Participant for a particular Allocation Year shall not constitute him or her a Participant for another Allocation Year unless he or she is selected to be a Participant for such other Allocation Year by the Compensation Committee.

(N) **Plan:** The Halliburton Company Supplemental Executive Retirement Plan, as amended and restated January 1, 2008, and as the same may thereafter be amended from time to time.

(O) **Section 409A:** Section 409A of the Code and applicable Treasury authorities.

(P) **Senior Executive:** An Employee who is a senior executive, including an officer, of an Employer (whether or not he or she is also a director thereto), who is employed by an Employer on a full-time basis, who is compensated for such employment by a regular salary and who, in the opinion of the Compensation Committee, is one of the key personnel of an Employer in a position to contribute materially to its continued growth and development and to its future financial success.

(Q) **Subsidiary:** At any given time, a company (whether a corporation, partnership, limited liability company or other form of entity) in which the Company or any other of the Subsidiaries or both owns, directly or indirectly, an aggregate equity interest of 80% or more.

(R) **Termination of Service:** "Separation from service", as defined in Treasury Regulation 1.409A-1(h), with an Employer for any reason other than a transfer between Employers.

(S) **Trust:** Any trust created pursuant to the provisions of Article IX.

(T) **Trust Agreement:** The agreement establishing the Trust.

(U) **Trustee:** The trustee of the Trust.

(V) **Trust Fund:** Assets under the Trust as may exist from time to time.

ARTICLE III

Administration of the Plan

(A) The Compensation Committee shall appoint an Administrative Committee to administer, construe and interpret the Plan. Such Administrative Committee, or such successor Administrative Committee as may be duly appointed by the Compensation Committee, shall serve at the pleasure of the Compensation Committee. Decisions of the Administrative Committee, with respect to any matter involving the Plan, shall be final and binding on the Company, its shareholders, each Employer and all officers and other executives of the Employers. For purposes of ERISA, the Administrative Committee shall be the Plan "administrator" and shall be the "named fiduciary" with respect to the general administration of the Plan.

(B) The Administrative Committee shall maintain complete and accurate records pertaining to the Plan, including but not limited to Participants' Accounts, amounts transferred to the Trust, reports from the Trustee and all other records which shall be necessary or desirable in the proper administration of the Plan. The Administrative Committee shall furnish the Trustee such information as is required to be furnished by the Administrative Committee or the Company pursuant to the Trust Agreement.

(C) The Company (the "Indemnifying Party") hereby agrees to indemnify and hold harmless the members of the Administrative Committee (the "Indemnified Parties") against any losses, claims, damages or liabilities to which any of the Indemnified Parties may become subject to the extent that such losses, claims, damages or liabilities or actions in respect thereof arise out of or are based upon any act or omission of the Indemnified Party in connection with the administration of this Plan (including any act or omission of such Indemnified Party constituting negligence, but excluding any act or omission of such Indemnified Party constituting gross negligence or willful misconduct), and will reimburse the Indemnified Party for any legal or other expenses reasonably incurred by him or her in connection with investigating or defending against any such loss, claim, damage, liability or action.

(D) Promptly after receipt by the Indemnified Party under the preceding paragraph of notice of the commencement of any action or proceeding with respect to any loss, claim, damage or liability against which the Indemnified Party believes he or she is indemnified under the preceding paragraph, the Indemnified Party shall, if a claim with respect thereto is to be made against the Indemnifying Party under such paragraph, notify the Indemnifying Party in writing of the commencement thereof, provided, however, that the omission so to notify the Indemnifying Party shall not relieve it from any liability which it may have to the Indemnified Party to the extent the Indemnifying Party is not prejudiced by such omission. If any such action or proceeding shall be brought against the Indemnified Party, and it shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party shall be entitled to participate therein, and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party, and, after notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party under the preceding paragraph for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof other than reasonable costs of investigation or reasonable expenses of actions taken at the written request of the Indemnifying Party. The Indemnifying Party shall not be liable for any compromise or settlement of any such action or proceeding effected without its consent, which consent will not be unreasonably withheld.

(E) The Administrative Committee may designate any Subsidiary as an Employer by written instrument delivered to the Secretary of the Company and the designated Employer. Such written instrument shall specify the effective date of such designated participation, may incorporate specific provisions relating to the operation of the Plan which apply to the designated Employer only and shall become, as to such designated Employer and its employees, a part of the Plan. Each designated Employer shall be conclusively presumed to have consented to its designation and to have agreed to be bound by the terms of the Plan and any and all amendments thereto upon its submission of information to the Administrative Committee required by the terms of or with respect to the Plan; provided, however, that the terms of the Plan may be modified so as to increase the obligations of an Employer only with the consent of such Employer, which consent shall be conclusively presumed to have been given by such Employer upon its submission of any information to the Administrative Committee required by the terms of or with respect to the Plan. Except as modified by the Administrative Committee in its written instrument, the provisions of this Plan shall be applicable with respect to each Employer separately, and amounts payable hereunder shall be paid by the Employer which employs the particular Participant, if not paid from the Trust Fund.

(F) No member of the Administrative Committee shall have any right to vote or decide upon any matter relating solely to himself or herself under the Plan or to vote in any case in which his or her individual right to claim any benefit under the Plan is particularly involved. In any case in which an Administrative Committee member is so disqualified to act and the remaining members cannot agree, the Compensation Committee shall appoint a temporary substitute member to exercise all the powers of the disqualified member concerning the matter in which he or she is disqualified.

ARTICLE IV

Allocations Under the Plan,
Participation in the Plan and Selection for Awards

(A) Each Allocation Year the Compensation Committee shall, in its sole discretion, determine what amounts shall be available for allocation to the Accounts of the Participants pursuant to Paragraph (D) below.

(B) No award shall be made to any person while he or she is a voting member of the Compensation Committee.

(C) The Compensation Committee from time to time may adopt, amend or revoke such regulations and rules as it may deem advisable for its own purposes to guide in determining which of the Senior Executives it shall deem to be Participants for a particular Allocation Year and the method and manner of payment thereof to the Participants.

(D) The Compensation Committee, during the Allocation Year involved or during the next succeeding Allocation Year, shall determine which Senior Executives it shall designate as Participants for such Allocation Year and the amounts allocated to each Participant for such Allocation Year. In making its determination, the Compensation Committee shall consider such factors as the Compensation Committee may in its sole discretion deem material. The Compensation Committee, in its sole discretion, may notify a Senior Executive at any time during a particular Allocation Year or in the Allocation Year following the Allocation Year for which the award is made that he or she has been selected as a Participant for all or part of such Allocation Year, and may determine and notify him or her of the amount which shall be allocated to such Participant for such Allocation Year. The decision of the Compensation Committee in selecting a Senior Executive to be a Participant or in making any allocation to him or her shall be final and conclusive, and nothing herein shall be deemed to give any Senior Executive or his or her legal representatives or assigns any right to be a Participant for such Allocation Year or to be allocated any amount except to the extent of the amount, if any, allocated to a Participant for a particular Allocation Year, but at all times subject to the provisions of the Plan.

(E) A Senior Executive whose service is terminated during the Allocation Year may be selected as a Participant for such part of the Allocation Year prior to his or her Termination of Service and be granted such award with respect to his or her services during such part of the Allocation Year as the Compensation Committee, in its sole discretion and under any rules it may promulgate, may determine.

(F) Allocations to Participants under the Plan shall be made by crediting their respective Accounts on the books of their Employers as of the last day of the Allocation Year. Accounts of Participants shall also be credited with interest as of the last day of each Allocation Year, at the rate set forth in Paragraph (G) below, on the average monthly credit balance of the Account being calculated by using the balance of each Account on the first day of each month. Prior to Termination of Service, the annual interest shall accumulate as a part of the Account balance. After Termination of Service, the annual interest for such Allocation Year may be paid as more particularly set forth hereinafter in Article VII, Paragraph (D).

(G) Interest shall be credited on amounts allocated to Participants' Accounts at the rate of 5% per annum for periods prior to Termination of Service and at the rate of 10% per annum for periods subsequent to Termination of Service.

(H) Within 30 days of the date a Senior Executive is designated as a Participant in the Plan, such Participant may make a written election, in the form as approved by the Administrative Committee, as to the form of payment of the Participant's Account from the following alternatives:

(1) Monthly installments over five (5) years;

(2) Monthly installments over ten (10) years; or

(3) A single lump sum payment.

If a Participant fails to make a timely election as provided under this Paragraph (H), such Participant's Account shall be paid in the form of a lump sum. The above notwithstanding, if the total vested amount credited to the Participant's Account and Grandfathered Plan Account upon Termination of Service is less than $100,000, such amount shall always be paid in a single lump sum payment.

ARTICLE V

Non-Assignability of Awards

No Participant shall have any right to commute, encumber, pledge, transfer or otherwise dispose of or alienate any present or future right or expectancy which he or she may have at any time to receive payments of any allocations made to such Participant, all such allocations being expressly hereby made non-assignable and non-transferable; provided, however, that nothing in this Article shall prevent transfer (A) by will, (B) by the applicable laws of descent and distribution or (C) pursuant to an order that satisfies the requirements for a "qualified domestic relations order" as such term is defined in Section 206(d)(3)(B) of the ERISA and Section 414(p)(1)(A) of the Code, including an order that requires distributions to an alternate payee prior to a Participant's "earliest retirement age" as such term is defined in Section 206(d)(3)(E)(ii) of the ERISA and Section 414(p)(4)(B) of the Code. Attempts to transfer or assign by a Participant (other than in accordance with the preceding sentence) shall, in the sole discretion of the Compensation Committee after consideration of such facts as it deems pertinent, be grounds for terminating any rights of such Participant to any awards allocated to but not previously paid over to such Participant.

ARTICLE VI

Vesting

As of the date that a Participant has five consecutive years of participation in the Plan as measured from the date such Participant first became a Participant in the Plan (including the Grandfathered Plan), all amounts, including interest, credited to a Participant's Account, which are attributable to the 2005 Allocation Year and any subsequent Allocation Years in which such Participant may receive an award, shall be fully vested and not subject to forfeiture for any reason, except as provided in Article V.

ARTICLE VII

Distribution of Awards

(A) Upon Termination of Service of a Participant the Administrative Committee (i) shall certify to the Trustee or the treasurer of the Employer, as applicable, the vested amount credited to the Participant's Account on the books of each Employer for which the Participant was employed at a time when he or she earned an award hereunder, and (ii) shall determine whether the payment of the vested amount credited to the Participant's Account under the Plan is to be paid directly by the applicable Employer, from the Trust Fund, if any, or by a combination of such sources (except to the extent the provisions of the Trust Agreement if any, specify payment from the Trust Fund).

(B) Any amounts payable under Paragraph (A) above shall be paid in the applicable form pursuant to Article IV, Paragraph (H). Notwithstanding any provision of the Plan to the contrary, in the case of a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, any payments payable as a result of the Employee's Termination of Service (other than death) shall not be payable before the earlier of (i) the date that is six months after the Employee's Termination of Service, (ii) the date of the Employee's death, or (iii) the date that otherwise complies with the requirements of Section 409A. For purposes of determining the identity of "specified employees", the Administrative Committee may establish procedures as it deems appropriate in accordance with Section 409A.

(C) The Trustee or the treasurer of the Employer, as applicable, shall make payments of awards in the manner designated, subject to all of the other terms and conditions of this Plan and the Trust Agreement if any. This Plan shall be deemed to authorize the payment of all or any portion of a Participant's award from the Trust Fund to the extent such payment is required by the provisions of the Trust Agreement, if any.

(D) Interest on installment payments shall be paid as a part of a level monthly annuity payment calculated for a specific period of time by the Administrative Committee using a constant interest rate as defined in Article IV, Paragraph (G).

(E) If a Participant shall die while in the service of an Employer the vesting provision in Article VI shall not apply to such Participant's Account. If a Participant shall die after Termination of Service and prior to the time when all amounts payable to him or her under the Plan have been paid to such Participant, any remaining amounts payable to the Participant hereunder shall be payable to the estate of the Participant. The Administrative Committee shall cause the Trustee or the treasurer of the Employer, as applicable, to pay to the estate of the Participant all of the awards then standing to his or her credit in a lump sum within sixty (60) days of the Participant's death.

(F) If the Plan is terminated pursuant to the provisions of Article X, the Compensation Committee may, at its election and in its sole discretion, cause the Trustee or the treasurer of the Employer, as applicable, to pay to all Participants all of the awards then standing to their credit in the form of lump sum payments, provided such distribution is in compliance with the requirements of Section 409A.

ARTICLE VIII

Nature of Plan

This Plan constitutes a mere promise by the Employers to make benefit payments in the future and Participants have the status of general unsecured creditors of the Employers. Further, the adoption of this Plan and any setting aside of amounts by the Employers with which to discharge their obligations hereunder shall not be deemed to create a trust; legal and equitable title to any funds so set aside shall remain in the Employers, and any recipient of benefits hereunder shall have no security or other interest in such funds. Any and all funds so set aside shall remain subject to the claims of the general creditors of the Employers, present and future. This provision shall not require the Employers to set aside any funds, but the Employers may set aside such funds if they choose to do so.

ARTICLE IX

Funding of Obligation

Article VIII above to the contrary notwithstanding, the Employers may fund all or part of their obligations hereunder by transferring assets to a domestic trust if the provisions of the trust agreement creating the Trust require the use of the Trust's assets to satisfy claims of an Employer's general unsecured creditors in the event of such Employer's insolvency and provide that no Participant shall at any time have a prior claim to such assets. Any transfers of assets to a trust may be made by each Employer individually or by the Company on behalf of all Employers. The assets of the Trust shall not be deemed to be assets of this Plan.

ARTICLE X

Amendment or Termination of Plan

The Compensation Committee shall have the power and right from time to time to modify, amend, supplement, suspend or terminate the Plan as it applies to each Employer, provided that no such change in the Plan may deprive a Participant of the amounts allocated to his or her Account or be retroactive in effect to the prejudice of any Participant and the interest rate applicable to amounts credited to Participants' Accounts for periods subsequent to Termination of Service shall not be reduced below 6% per annum. Any such modification, amendment, supplement suspension or termination shall be in writing and signed by a member of the Compensation Committee.

ARTICLE XI

General Provisions

(A) No Participant shall have any preference over the general creditors of an Employer in the event of such Employer's insolvency.

(B) Nothing contained herein shall be construed to give any person the right to be retained in the employ of an Employer or to interfere with the right of an Employer to terminate the employment of any person at any time.

(C) If the Administrative Committee receives evidence satisfactory to it that any person entitled to receive a payment hereunder is, at the time the benefit is payable, physically, mentally or legally incompetent to receive such payment and to give a valid receipt therefor, and that an individual or institution is then maintaining or has custody of such person and that no guardian, committee or other representative of the estate of such person has been duly appointed, the Administrative Committee may direct that such payment thereof be paid to such individual or institution maintaining or having custody of such person, and the receipt of such individual or institution shall be valid and a complete discharge for the payment of such benefit.

(D) Payments to be made hereunder may, at the written request of the Participant, be made to a bank account designated by such Participant, provided that deposits to the credit of such Participant in any bank or trust company shall be deemed payment into his or her hands.

(E) Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

(F) THIS PLAN SHALL BE CONSTRUED AND ENFORCED UNDER THE LAWS OF THE STATE OF TEXAS EXCEPT TO THE EXTENT PREEMPTED BY FEDERAL LAW.

(G) It is intended that the provisions of this Plan satisfy the requirements of Section 409A and that the Plan be operated in a manner consistent with such requirements to the extent applicable. Therefore, the Administrative Committee may make adjustments to the Plan and may construe the provisions of the Plan in accordance with the requirements of Section 409A.

ARTICLE XII

Effective Date

This amendment and restatement of the Plan shall be effective from and after January 1, 2008 and shall continue in force during subsequent years unless amended or revoked by action of the Compensation Committee.

HALLIBURTON COMPANY

By: /s/ David J. Lesar

APPENDIX A

GRANDFATHERED PLAN

The Grandfathered Plan contains the provisions governing the deferrals of accounts earned and vested by Participants on or before December 31, 2004. This Appendix A preserves the material terms of the Grandfathered Plan as in effect on December 31, 2004, and is intended to satisfy the requirements of Section 409A as to grandfathered amounts. The provisions of this Appendix A shall apply to, and be effective only with respect to, the deferral of earned and vested amounts under the Grandfathered Plan before January 1, 2005, and the amounts earned on such deferrals credited at any time. The Plan provides for separate accounting of such amounts deferred, earned, and vested before January 1, 2005, and the interest credited thereon.

No amendment to the Plan shall be deemed to amend this Appendix A and the relevant provisions of the Plan in effect prior to such amendment unless otherwise specifically set forth therein. Pursuant to Section 1.409A-6(a)(4) of the Treasury Regulations, a modification is material "if a benefit or right existing as of October 3, 2004 is materially enhanced or a new material benefit or right is added."

The provisions of the Plan applicable to the Grandfathered Plan Accounts shall be administered in a manner consistent with the Grandfathered Plan and Appendix A. Wherever the Plan has added, changed, or otherwise altered any terms of the Grandfathered Plan that were in effect on December 31, 2004, in a manner that would constitute a material modification, as described above, such changes will be disregarded in the administration of the Grandfathered Plan Accounts herein.

APPLICABLE GRANDFATHERED PLAN TERMS

With respect to amounts deferred prior to January 1, 2005, and the interest on such amounts credited at any time, the following definitions and Articles in this Appendix A shall be substituted for the corresponding definitions and Articles of the Plan:

Termination of Service: Severance from employment with an Employer for any reason other than a transfer between Employers.

ARTICLE IV

Allocations Under the Plan, Participation in the Plan and Selection for Awards

(A) Other than the crediting of interest pursuant to Article IV, Paragraph (B) below, there shall be no further allocations to any Participant under the Grandfathered Plan.

(B) Interest shall be credited on amounts allocated to Participants' Grandfathered Plan Accounts at the rate of 5% per annum for periods prior to Termination of Service and at the rate of 10% per annum for periods subsequent to Termination of Service.

ARTICLE VI

Vesting

All amounts, including interest, credited to a Participant's Grandfathered Plan Account shall be fully vested and not subject to forfeiture for any reason, except as provided in Article V, regardless of the number of years of participation in the Plan by such Participant.

ARTICLE VII

Distribution of Awards

(A) Upon Termination of Service of a Participant the Administrative Committee (i) shall certify to the Trustee or the treasurer of the Employer, as applicable, the amount credited to the Participant's Account on the books of each Employer for which the Participant was employed at a time when he or she earned an award hereunder, (ii) shall determine whether the payment of the amount credited to the Participant's Account under the Plan is to be paid directly by the applicable Employer, from the Trust Fund, if any, or by a combination of such sources (except to the extent the provisions of the Trust Agreement if any, specify payment from the Trust Fund) and (iii) shall determine and certify to the Trustee or the treasurer of the Employer, as applicable, the method of payment of the amount credited to a Participant's Account, selected by the Administrative Committee from among the following alternatives:

(1) A single lump sum payment upon Termination of Service;

(2) A payment of one-half of the Participant's balance upon Termination of Service, with payment of the additional one-half to be made on or before the last day of a period of one year following Termination of Service; or

(3) Payment in monthly installments over a period not to exceed ten years with such payments to commence upon Termination of Service.

The above notwithstanding, if the total vested amount credited to the Participant's Grandfathered Plan Account upon Termination of Service is less than $50,000, such amount shall always be paid in a single lump sum payment upon Termination of Service.

(B) The Trustee or the treasurer of the Employer, as applicable, shall thereafter make payments of awards in the manner and at the times so designated, subject, however, to all of the other terms and conditions of this Plan and the Trust Agreement if any. This Plan shall be deemed to authorize the payment of all or any portion of a Participant's award from the Trust Fund to the extent such payment is required by the provisions of the Trust Agreement, if any.

(C) Interest on the second half of a payment under Paragraph (A)(2) above shall be paid with the final payment, while interest on payments under Paragraph (A)(3) above may be paid at each year end or may be paid as a part of a level monthly payment computed by the Administrative Committee through the use of such methodologies as the Administrative Committee shall select from time to time for such purpose.

(D) If a Participant shall die while in the service of an Employer, or after Termination of Service and prior to the time when all amounts payable to him or her under the Plan have been paid to such Participant, any remaining amounts payable to the Participant hereunder shall be payable to the estate of the Participant. The Administrative Committee shall cause the Trustee or the treasurer of the Employer, as applicable, to pay to the estate of the Participant all of the awards then standing to his or her credit in a lump sum or in such other form of payment consistent with the alternative methods of payment set forth above as the Administrative Committee shall determine after considering such facts and circumstances relating to the Participant and his or her estate as it deems pertinent.

(E) If the Plan is terminated pursuant to the provisions of Article X, the Compensation Committee may, at its election and in its sole discretion, cause the Trustee or the treasurer of the Employer, as applicable, to pay to all Participants all of the awards then standing to their credit in the form of lump sum payments.

EXHIBIT 10-5

HALLIBURTON COMPANY

BENEFIT RESTORATION PLAN

AS AMENDED AND RESTATED

EFFECTIVE JANUARY 1, 2008

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HALLIBURTON COMPANY

BENEFIT RESTORATION PLAN

WHEREAS, Halliburton Company (the "Company") adopted and maintains the Halliburton Company Benefit Restoration Plan, as most recently amended and restated effective January 1, 2004 (the "Plan"), for the benefit of its employees and the employees of its subsidiaries to aid such employees in making more adequate provision for their retirement; and

WHEREAS, the Company desires to continue to provide participants with an opportunity to participate in the Plan on or after January 1, 2005, consistent with the provisions of Section 409A of the Internal Revenue Code, as amended; and

WHEREAS, the Company desires to preserve the material terms of the Plan as in effect on December 31, 2004 (the "Grandfathered Plan") in order that the Grandfathered Plan qualify as a grandfathered plan for purposes of Section 409A of the Internal Revenue Code, as amended; and

WHEREAS, certain provisions applicable solely to the Grandfathered Plan are preserved in Appendix A, for purposes of determining the terms applicable to amounts under the Grandfathered Plan, which provisions shall be substituted for the corresponding provisions contained herein.

NOW THEREFORE, the Plan is hereby amended and restated to read as follows, effective as of January 1, 2008:

ARTICLE I

Purpose of the Plan

The purpose of the Halliburton Company Benefit Restoration Plan is to provide a vehicle to restore qualified plan benefits which are reduced as a result of limitations on contributions imposed under the Internal Revenue Code or due to participation in other company sponsored plans and to defer compensation that would otherwise be treated as excessive employee remuneration within the meaning of Section 162(m) of the Internal Revenue Code.

ARTICLE II

Definitions

Where the following words and phrases appear in the Plan, they shall have the respective meanings set forth below, unless their context clearly indicates to the contrary.

(A) **Account**: An individual account for each Participant on the books of such Participant's Employer to which is credited amounts allocated for the benefit of such Participant pursuant to the provisions of Article IV, Paragraphs (A) and (B), amounts transferred to the Plan from other deferred compensation plans, and interest credited pursuant to the provisions of Article IV, Paragraph (D).

(B) **Administrative Committee**: The administrative committee appointed by the Compensation Committee to administer the Plan.

(C) **Allocation Year**: The calendar year for which an allocation is made to a Participant's Account pursuant to Article IV.

(D) **Board**: The Board of Directors of the Company.

(E) **Code**: The Internal Revenue Code of 1986, as amended.

(F) **Compensation Committee**: The Compensation Committee of the Board.

(G) **Company**: Halliburton Company.

(H) **Employee**: Any employee of an Employer. The term does not include independent contractors or persons who are retained by an Employer as consultants only.

(I) **Employer**: The Company and any Subsidiary designated as an Employer in accordance with the provisions of Article III of the Plan.

(J) **ERISA**: The Employee Retirement Income Security Act of 1974, as amended.

(K) **Grandfathered Plan**: The Halliburton Company Benefit Restoration Plan as in effect on December 31, 2004, the material terms of which have not been materially modified (within the meaning of Section 409A) after October 3, 2004, and are preserved and continued in the Plan as reflected in Appendix A.

(L) **Grandfathered Plan Account**: An individual account for each Participant on the books of such Participant's Employer to which is credited amounts allocated prior to January 1, 2005 for the benefit of such Participant pursuant to the provisions of Article IV of Appendix A.

(M) **Participant**: An Employee whose compensation from the Employers for an Allocation Year is in excess of the limit set forth in Section 401 (a)(17) of the Code for such Allocation Year or who has made elective deferrals for such Allocation Year under the Halliburton Elective Deferral Plan. The foregoing notwithstanding, an Employee whose employment with an Employer is terminated prior to the last day of an Allocation Year for any reason other than death, disability or retirement in accordance with the terms of his or her Employer's retirement policy shall not be eligible to participate in the Plan for such Allocation Year and, accordingly, such Employee's Account shall not be credited with any allocation under Article IV, Paragraph (A) for such Allocation Year

(N) **Plan**: The Halliburton Company Benefit Restoration Plan, as amended from time to time.

(O) **Section 409A**: Section 409A of the Code and applicable Treasury authorities.

(P) **Subsidiary**: At any given time, a company (whether a corporation, partnership, limited liability company or other form of entity) in which the Company or any other of its Subsidiaries or both owns, directly or indirectly, an aggregate equity interest of 80% or more.

(Q) **Termination of Service**: "Separation from service", as defined in Treasury Regulation 1.409A-1(h), with an Employer for any reason other than a transfer between Employers.

(R) **Trust**: Any trust created pursuant to the provisions of Article IX.

(S) **Trust Agreement**: The agreement establishing the Trust.

(T) **Trustee**: The trustee of the Trust.

(U) **Trust Fund**: Assets under the Trust as may exist from time to time.

ARTICLE III

Administration of the Plan

(A) The Compensation Committee shall appoint an Administrative Committee to administer, construe and interpret the Plan. Such Administrative Committee, or such successor Administrative Committee as may be duly appointed by the Compensation Committee, shall serve at the pleasure of the Compensation Committee. Decisions of the Administrative Committee, with respect to any matter involving the Plan, shall be final and binding on the Company, its shareholders, each Employer and all officers and other executives of the Employers. For purposes of ERISA, the Administrative Committee shall be the Plan "administrator" and shall be the "named fiduciary" with respect to the general administration of the Plan.

(B) The Administrative Committee shall maintain complete and accurate records pertaining to the Plan, including but not limited to Participants' Accounts, amounts transferred to the Trust, reports from the Trustee and all other records which shall be necessary or desirable in the proper administration of the Plan. The Administrative Committee shall furnish the Trustee such information as is required to be furnished by the Administrative Committee or the Company pursuant to the Trust Agreement.

(C) The Company (the "Indemnifying Party") hereby agrees to indemnify and hold harmless the members of the Administrative Committee (the "Indemnified Parties") against any losses, claims, damages or liabilities to which any of the Indemnified Parties may become subject to the extent that such losses, claims, damages or liabilities or actions in respect thereof arise out of or are based upon any act or omission of the Indemnified Party in connection with the administration of this Plan (including any act or omission of such Indemnified Party constituting negligence, but excluding any act or omission of such Indemnified Party constituting gross negligence or willful misconduct), and will reimburse the Indemnified Party for any legal or other expenses reasonably incurred by him or her in connection with investigating or defending against any such loss, claim, damage, liability or action.

(D) Promptly after receipt by the Indemnified Party under the preceding paragraph of notice of the commencement of any action or proceeding with respect to any loss, claim, damage or liability against which the Indemnified Party believes he or she is indemnified under the preceding paragraph, the Indemnified Party shall, if a claim with respect thereto is to be made against the Indemnifying Party under such paragraph, notify the Indemnifying Party in writing of the commencement thereof; provided, however, that the omission so to notify the Indemnifying Party shall not relieve it from any liability which it may have to the Indemnified Party to the extent the Indemnifying Party is not prejudiced by such omission. If any such action or proceeding shall be brought against the Indemnified Party, and it shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party shall be entitled to participate therein, and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party, and, after notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party under the preceding paragraph for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof other than reasonable costs of investigation or reasonable expenses of actions taken at the written request of the Indemnifying Party. The Indemnifying Party shall not be liable for any compromise or settlement of any such action or proceeding effected without its consent, which consent will not be unreasonably withheld.

(E) The Administrative Committee may designate any Subsidiary as an Employer by written instrument delivered to the Secretary of the Company and the designated Employer. Such written instrument shall specify the effective date of such designated participation, may incorporate specific provisions relating to the operation of the Plan which apply to the designated Employer only and shall become, as to such designated Employer and its employees, a part of the Plan. Each designated Employer shall be conclusively presumed to have consented to its designation and to have agreed to be bound by the terms of the Plan and any and all amendments thereto upon its submission of information to the Administrative Committee required by the terms of or with respect to the Plan; provided, however, that the terms of the Plan may be modified so as to increase the obligations of an Employer only with the consent of such Employer, which consent shall be conclusively presumed to have been given by such Employer upon its submission of any information to the Administrative Committee required by the terms of or with respect to the Plan. Except as modified by the Administrative Committee in its written instrument, the provisions of this Plan shall be applicable with respect to each Employer separately, and amounts payable hereunder shall be paid by the Employer which employs the particular Participant, if not paid from the Trust Fund.

(F) No member of the Administrative Committee shall have any right to vote or decide upon any matter relating solely to himself or herself under the Plan or to vote in any case in which his or her individual right to claim any benefit under the Plan is particularly involved. In any case in which an Administrative Committee member is so disqualified to act and the remaining members cannot agree, the Compensation Committee shall appoint a temporary substitute member to exercise all the powers of the disqualified member concerning the matter in which he or she is disqualified.

ARTICLE IV

Allocations Under the Plan,
Participation in the Plan and Selection for Awards

(A) The Administrative Committee shall determine for each Allocation Year which Participants' allocations of Employer contributions (other than matching contributions) under qualified defined contribution plans sponsored by the Employers have been reduced for such Allocation Year by reason of the application of Section 401 (a)(17) or Section 415 of the Code, or any combination of such Sections, or by reason of elective deferrals under the Halliburton Elective Deferral Plan, and shall allocate to the credit of each such Participant under the Plan an amount equal to the amount of such reductions applicable to such Participant. In addition, the Administrative Committee shall allocate to the credit of each Participant under the Plan the amount of Employer matching contributions that would have been allocated to such Participant's account under Employer's qualified defined contribution plan with respect to (i) the amount of such Participant's compensation (as such term is defined in Employer's qualified defined contribution plan) deferred under the Halliburton Elective Deferral Plan for such Allocation Year and (ii) the amount of such compensation not so deferred that is in excess of the compensation limit under Section 401 (a)(17) of the Code for such Allocation Year.

(B) Pursuant to Treasury Regulation §1.409A-2(b)(7), the Compensation Committee will allocate to the credit of a Participant under the Plan all or any part of any remuneration payable by the Employer to such Participant which would otherwise be treated as excessive employee remuneration within the meaning of Section 162(m) of the Code for any Allocation Year, rather than paying such excessive remuneration to such Participant.

(C) Allocations to Participants under the Plan shall be made by crediting their respective Account on the books of their Employers as of the last day of the Allocation Year, except that an allocation under Paragraph (B) shall be credited to a Participant on the date the amount would have been paid to the Participant had it not been deferred pursuant to the provisions of Paragraph (B). Accounts of Participants shall also be credited with interest as of the last day of each Allocation Year, at the rate set forth in Paragraph (D) below, on the average monthly credit balance of the Account being calculated by using the balance of each Account on the first day of each month. Prior to Termination of Service, the annual interest shall accumulate as a part of the Account balance. After Termination of Service, the annual interest for such Allocation Year shall be paid as more particularly set forth hereinafter in Article VII.

(D) Interest shall be credited on amounts allocated to Participants' Account at the rate of 10% per annum.

ARTICLE V

Non-Assignability of Awards

No Participant shall have any right to commute, encumber, pledge, transfer or otherwise dispose of or alienate any present or future right or expectancy which he or she may have at any time to receive payments of any allocations made to such Participant, all such allocations being expressly hereby made non-assignable and non-transferable; provided, however, that nothing in the Article shall prevent transfer (A) by will, (B) by the applicable laws of descent and distribution or (C) pursuant to an order that satisfies the requirements for a "qualified domestic relations order" as such term is defined in section 206(d)(3)(B) of the ERISA and section 414(p)(1)(A) of the Code, including an order that requires distributions to an alternate payee prior to a Participant's "earliest retirement age" as such term is defined in section 206(d)(3)(E)(ii) of the ERISA and section 414(p)(4)(B) of the Code. Attempts to transfer or assign by a Participant (other than in accordance with the preceding sentence) shall, in the sole discretion of the Compensation Committee after consideration of such facts as it deems pertinent, be grounds for terminating any rights of such Participant to any awards allocated to but not previously paid over to such Participant.

ARTICLE VI

Vesting

All amounts credited to a Participant’s Account shall be fully vested and not subject to forfeiture for any reason except as provided in Article V.

ARTICLE VII

Distribution of Awards

(A) Upon Termination of Service of a Participant the Administrative Committee (i) shall certify to the Trustee or the treasurer of the Employer, as applicable, the amount credited to the Participant's Account on the books of each Employer for which the Participant was employed at a time when he or she earned an award hereunder, and (ii) shall determine whether the payment of the amount credited to the Participant's Account under the Plan is to be paid directly by the applicable Employer, from the Trust Fund, if any, or by a combination of such sources (except to the extent the provisions of the Trust Agreement if any, specify payment from the Trust Fund). Any amount payable under this Paragraph (A) shall be paid in a lump sum within sixty (60) days after Termination of Service. Notwithstanding the foregoing, in the case of a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, any payments payable as a result of the Employee's Termination of Service (other than death) shall not be payable before the earlier of (i) the date that is six months after the Employee's Termination of Service, (ii) the date of the Employee 's death, or (iii) the date that otherwise complies with the requirements of Section 409A. For purposes of determining the identity of "specified employees", the Administrative Committee may establish procedures as it deems appropriate in accordance with Section 409A.

(B) The Trustee or the treasurer of the Employer, as applicable, shall make payments of awards in the manner designated, subject to all of the other terms and conditions of this Plan and the Trust Agreement if any. This Plan shall be deemed to authorize the payment of all or any portion of a Participant's award from the Trust Fund, to the extent such payment is required by the provisions of the Trust Agreement, if any.

(C) Interest on any payment to be paid to a specified employee under Paragraph (B) above that is delayed because of Section 409A shall be paid with the final payment. In such case, the interest is accrued on an annual basis, and the specified employee will be entitled to the prorated portion of such annual interest, as calculated up until the actual date of payout pursuant to this Paragraph.

(D) If a Participant shall die while in the service of an Employer, or after Termination of Service and prior to the time when all amounts payable to him or her under the Plan have been paid to such Participant, any remaining amounts payable to the Participant hereunder shall be payable to the estate of the Participant. The Administrative Committee shall cause the Trustee or the treasurer of the Employer, as applicable, to pay to the estate of the Participant all of the benefits then standing to his or her credit in a lump sum.

(E) If the Plan is terminated pursuant to the provisions of Article X, the Compensation Committee may, at its election and in its sole discretion, cause the Trustee or the treasurer of the Employer, as applicable, to pay to all Participants all of the awards then standing to their credit in the form of lump sum payments, provided such distribution is in compliance with the requirements of Section 409A.

(F) Notwithstanding any provision hereof to the contrary, any amounts allocated to a Participant's Account pursuant to Article IV, Paragraph (B) shall be paid to the Participant (1) in the Participant's first taxable year in which the Company reasonably anticipates that its deduction will not be barred by reason of Section 162(m) of the Code or (2) during the period beginning with the date of the Participant's Termination of Service and ending on the later of the last day of the taxable year of the Company in which the Participant's Termination of Service occurred or the 15th day of the third month following the Participant's Termination of Service.

ARTICLE VIII

Nature of Plan

This Plan constitutes a mere promise by the Employers to make benefit payments in the future and Participants have the status of general unsecured creditors of the Employers. Further, the adoption of this Plan and any setting aside of amounts by the Employers with which to discharge their obligations hereunder shall not be deemed to create a trust; legal and equitable title to any funds so set aside shall remain in the Employers, and any recipient of benefits hereunder shall have no security or other interest in such funds. Any and all funds so set aside shall remain subject to the claims of the general creditors of the Employers, present and future. This provision shall not require the Employers to set aside any funds, but the Employers may set aside such funds if they choose to do so.

ARTICLE IX

Funding of Obligation

Article VIII above to the contrary notwithstanding, the Employers may fund all or part of their obligations hereunder by transferring assets to a domestic trust if the provisions of the trust agreement creating the Trust require the use of the Trust's assets to satisfy claims of an Employer's general unsecured creditors in the event of such Employer's insolvency and provide that no Participant shall at any time have a prior claim to such assets. Any transfers of assets to a trust may be made by each Employer individually or by the Company on behalf of all Employers. The assets of the Trust shall not be deemed to be assets of this Plan.

ARTICLE X

Amendment or Termination of Plan

The Compensation Committee shall have the power and right from time to time to modify, amend, supplement, suspend or terminate the Plan as it applies to each Employer, provided that no such change in the Plan may deprive a Participant of the amounts allocated to his or her Account or be retroactive in effect to the prejudice of any Participant and the interest rate applicable to amounts credited to Participants' Accounts for periods subsequent to Termination of Service shall not be reduced below 6% per annum. Any such modification, amendment, supplement suspension or termination shall be in writing and signed by a member of the Compensation Committee.

ARTICLE XI

General Provisions

(A) No Participant shall have any preference over the general creditors of an Employer in the event of such Employer's insolvency.

(B) Nothing contained herein shall be construed to give any person the right to be retained in the employ of an Employer or to interfere with the right of an Employer to terminate the employment of any person at any time.

(C) If the Administrative Committee receives evidence satisfactory to it that any person entitled to receive a payment hereunder is, at the time the benefit is payable, physically, mentally or legally incompetent to receive such payment and to give a valid receipt therefor, and that an individual or institution is then maintaining or has custody of such person and that no guardian, committee or other representative of the estate of such person has been duly appointed, the Administrative Committee may direct that such payment thereof be paid to such individual or institution maintaining or having custody of such person, and the receipt of such individual or institution shall be valid and a complete discharge for the payment of such benefit.

(D) Payments to be made hereunder may, at the written request of the Participant, be made to a bank account designated by such Participant, provided that deposits to the credit of such Participant in any bank or trust company shall be deemed payment into his or her hands.

(E) Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

(F) THIS PLAN SHALL BE CONSTRUED AND ENFORCED UNDER THE LAWS OF THE STATE OF TEXAS EXCEPT TO THE EXTENT PREEMPTED BY FEDERAL LAW.

(G) It is intended that the provisions of this Plan satisfy the requirements of Section 409A and that the Plan be operated in a manner consistent with such requirements to the extent applicable. Therefore, the Administrative Committee may make adjustments to the Plan and may construe the provisions of the Plan in accordance with the requirements of Section 409A.

ARTICLE XII

Effective Date

This amended and restated Plan shall be effective on January 1, 2008 and shall continue in force during subsequent years unless amended or revoked by action of the Compensation Committee.

HALLIBURTON COMPANY

By /s/ David J. Lesar

APPENDIX A

GRANDFATHERED PLAN

The Grandfathered Plan contains the provisions governing the deferrals of accounts earned and vested by Participants on or before December 31, 2004. This Appendix A preserves the material terms of the Grandfathered Plan as in effect on December 31, 2004, and is intended to satisfy the requirements of Section 409A as to grandfathered amounts. The provisions of this Appendix A shall apply to, and be effective only with respect to, the deferral of earned and vested amounts under the Grandfathered Plan before January 1, 2005, and the amounts earned on such deferrals credited at any time. The Plan provides for separate accounting of such amounts deferred, earned, and vested before January 1, 2005, and the interest credited thereon.

No amendment to the Plan shall be deemed to amend this Appendix A and the relevant provisions of the Plan in effect prior to such amendment unless otherwise specifically set forth therein. Pursuant to Section 1.409A-6(a)(4) of the Treasury Regulations, a modification is material "if a benefit or right existing as of October 3, 2004 is materially enhanced or a new material benefit or right is added."

The provisions of the Plan applicable to the Grandfathered Plan Accounts shall be administered in a manner consistent with the Grandfathered Plan and Appendix A. Wherever the Plan has added, changed, or otherwise altered any terms of the Grandfathered Plan that were in effect on December 31, 2004, in a manner that would constitute a material modification, as described above, such changes will be disregarded in the administration of the Grandfathered Plan Accounts herein.

APPLICABLE GRANDFATHERED PLAN TERMS

With respect to amounts deferred prior to January 1, 2005, and the interest on such amounts credited at any time, the following definitions and Articles in this Appendix A shall be substituted for the corresponding definitions and Articles of the Plan:

Termination of Service: Severance from employment with an Employer for any reason other than a transfer between Employers.

ARTICLE IV

Allocations Under the Plan, Participation in the Plan and Selection for Awards

(A) There shall be no further allocations to any Participant under the Grandfathered Plan.

(B) Interest shall be credited on amounts allocated to Participants' Grandfathered Plan Account at the rate of 10% per annum.

ARTICLE VII

Distribution of Awards

(A) Upon Termination of Service of a Participant the Administrative Committee (i) shall certify to the Trustee or the treasurer of the Employer, as applicable, the amount credited to the Participant's Account on the books of each Employer for which the Participant was employed at a time when he or she earned an award hereunder, (ii) shall determine whether the payment of the amount credited to the Participant's Account under the Plan is to be paid directly by the applicable Employer, from the Trust Fund, if any, or by a combination of such sources (except to the extent the provisions of the Trust Agreement if any, specify payment from the Trust Fund) and (iii) shall determine and certify to the Trustee or the treasurer of the Employer, as applicable, the method of payment of the amount credited to a Participant's Account, selected by the Administrative Committee from among the following alternatives:

(1) A single lump sum payment upon Termination of Service;

(2) A payment of one-half of the Participant's balance upon Termination of Service, with payment of the additional one-half to be made on or before the last day of a period of one year following Termination; or;

(3) Payment in monthly installments over a period not to exceed ten years with such payments to commence upon Termination of Service.

The above notwithstanding, if the total vested amount credited to the Participant's Grandfathered Plan Account upon Termination of Service is less than $50,000, such amount shall always be paid in a single lump sum payment upon Termination of Service.

(B) The Trustee or the treasurer of the Employer, as applicable, shall make payments of awards in the manner designated, subject to all of the other terms and conditions of this Plan and the Trust Agreement if any. This Plan shall be deemed to authorize the payment of all or any portion of a Participant’s award from the Trust Fund, to the extent such payment is required by the provisions of the Trust Agreement, if any.

(C) Interest on the second half of a payment under Paragraph (A)(2) above shall be paid with the final payment, while interest on payments under Paragraph (A)(3) above may be paid at each year end or may be paid as a part of a level monthly payment computed by the Administrative Committee through the use of such methodologies as the Administrative Committee shall select from time to time for such purpose.

(D) If a Participant shall die while in the service of an Employer, or after Termination of Service and prior to the time when all amounts payable to him or her under the Plan have been paid to such Participant, any remaining amounts payable to the Participant hereunder shall be payable to the estate of the Participant. The Administrative Committee shall cause the Trustee or the treasurer of the Employer, as applicable, to pay to the estate of the Participant all of the awards then standing to his or her credit in a lump sum.

(E) If the Plan is terminated pursuant to the provisions of Article X, the Compensation Committee may, at its election and in its sole discretion, cause the Trustee or the treasurer of the Employer, as applicable, to pay to all Participants all of the awards then standing to their credit in the form of lump sum payments.

EXHIBIT 10-6

HALLIBURTON ANNUAL PERFORMANCE PAY PLAN
AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2007

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HALLIBURTON
ANNUAL PERFORMANCE PAY PLAN

The Compensation Committee of Directors of Halliburton Company, having heretofore established the Halliburton Annual Performance Pay Plan (formerly known as the Annual Reward Plan), pursuant to the provisions of Article X of said Plan, hereby amends and restates said Plan to be effective in accordance with the provisions of Section 11.4 hereof.

ARTICLE I

PURPOSE

The purpose of the Halliburton Annual Performance Pay Plan (the "Plan") is to reward management and other key employees of the Company and its Affiliates for improving financial results which drive the creation of value for shareholders of the Company and thereby, serve to attract, motivate, reward and retain high caliber employees required for the success of the Company. The Plan provides a means to link total and individual cash compensation to Company performance, as measured by Cash Value Added ("CVA"), a demonstrated driver of shareholder value, and, where appropriate, additional performance measures which drive CVA.

ARTICLE II

DEFINITIONS

2.1 **Definitions**. Where the following words and phrases appear in the Plan, they shall have the respective meanings set forth below, unless their context clearly indicates to the contrary.

"Administrative Committee" shall mean administrative committee appointed by the Compensation Committee to administer certain aspects of the Plan.

"Affiliate" shall mean a Subsidiary of the Company or a division or designated group of the Company or a Subsidiary.

"Base Salary" shall mean the annualized pay rate of a Participant as in effect on January 1 of a Plan Year, including base pay a Participant could have received in cash in lieu of (i) contributions made on such Participant's behalf to a qualified Plan maintained by the Company or to any cafeteria plan under Section 125 of the Code maintained by the Company and (ii) deferrals of compensation made at the Participant's election pursuant to a plan or arrangement of the Company or an Affiliate, but excluding any Rewards under this Plan and any other bonuses, incentive pay or special awards.

"Beneficiary" shall mean the person, persons, trust or trusts entitled by Will or the laws of descent and distribution to receive the benefits specified under the Plan in the event of the Participant's death prior to full payment of a Reward.

"Board of Directors" shall mean the Board of Directors of the Company.

“Business Unit CVA” shall mean the respective CVA of designated business units, each calculated on an aggregate basis for their respective operations.

“Cause” shall mean (i) the conviction of the Participant of a felony under Federal law or the law of the state in which such action occurred, (ii) dishonesty in course of fulfilling the Participant’s employment duties or (iii) the disclosure by the Participant to any unauthorized person or competitor of any confidential information or confidential knowledge as to the business or affairs of the Company and its Affiliates.

“CEO” shall mean the Chief Executive Officer of the Company.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Committee” shall mean the Compensation Committee of Directors of the Company, appointed by the Board of Directors from among its members, no member of which shall be an employee of the Company or a Subsidiary.

“Common Stock” shall mean the common stock, par value $2.50 per share of Halliburton Company.

“Company” shall mean Halliburton Company and its successors.

“Company CVA” shall mean CVA calculated on a consolidated basis.

“Corporate Change” shall mean one of the following events: (i) the merger, consolidation or other reorganization of the Company in which the outstanding Common Stock is converted into or exchanged for a different class of securities of the Company, a class of securities of any other issuer (except a direct or indirect wholly owned Subsidiary), cash or property; (ii) the sale, lease or exchange of all or substantially all of the assets of the Company to another corporation or entity (except a direct or indirect wholly owned Subsidiary); (iii) the adoption by the stockholders of the Company of a plan of liquidation and dissolution; (iv) the acquisition (other than any acquisition pursuant to any other clause of this definition) by any person or entity, including, without limitation, a “group” as contemplated by Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, of beneficial ownership, as contemplated by such Section, of more than twenty percent (based on voting power) of the Company’s outstanding capital stock; or (v) as a result of or in connection with a contested election of directors, the persons who were directors of the Company before such election shall cease to constitute a majority of the Board.

“CVA” shall mean the difference between operating cash flow and a capital charge, calculated in accordance with the criteria and guidelines set forth in the Corporate Policy entitled “Cash Value Added (CVA),” as in effect at the time any such calculation is made.

"CVA Drivers" shall mean such additional performance measures (either objective or subjective) as may be approved by the CEO from time to time to reinforce key operating and strategic goals important to the Company and its business units. Particular CVA Drivers may vary from business unit to business unit and from Participant to Participant within a particular business unit as deemed appropriate according to the needs of the applicable business unit.

"Dispute Resolution Program" shall mean the Halliburton Dispute Resolution Plan.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Group CVA" shall mean the respective CVA of the Halliburton Energy Services Group and the Engineering and Construction Group, each calculated on an aggregate basis for their respective operations.

"Key Employees" shall mean regular, full-time employees of the Company or an Affiliate below the Officer level.

"Officer" shall mean a full officer of the Company or an Affiliate.

"Participant" shall mean any active employee of the Company or an Affiliate who participates in the Plan pursuant to the provisions of Article III hereof. An employee shall not be eligible to participate in the Plan while on a leave of absence.

"Participant Category" shall mean a grouping of Participants determined in accordance with the applicable provisions of Article III.

"Payment Date" shall mean, with respect to a particular Plan Year, the date payment is actually made following the end of the applicable Plan Year but no later than the last business day of February of the year next following the end of such Plan Year, or as soon as administratively practicable thereafter if it is administratively impracticable to make payment by that date and such impracticability was not reasonably foreseeable at the end of the applicable Plan Year.

"Performance Goals" shall mean, for a particular Plan Year, established levels of applicable Performance Measures.

"Performance Measures" shall mean the criteria used in determining Performance Goals for particular Participant Categories, which may include one or more of the following: Company CVA, Group CVA, Business Unit CVA and CVA Drivers.

"Plan" shall mean the Halliburton Annual Performance Pay Plan as amended and restated effective January 1, 2002, and as the same may thereafter be amended from time to time.

"Plan Year" shall mean the calendar year ending December 31, 1995 and each subsequent calendar year thereafter.

"Reward" shall mean the dollar amount of incentive compensation payable to a Participant under the Plan for a Plan Year determined in accordance with Section 5.3.

"Reward Opportunity" shall mean, with respect to each Participant Category, incentive reward payment amounts, expressed as a percentage of Base Salary, which corresponds to various levels of pre-established Performance Goals, determined pursuant to the Reward Schedule.

"Reward Schedule" shall mean the schedule which aligns the level of achievement of applicable Performance Goals with Reward Opportunities for a particular Plan Year, such that the level of achievement of the pre-established Performance Goals at the end of such Plan Year will determine the actual Reward.

"Senior Executive" shall have the meaning set forth in Corporate Policy 3-9002, Executive Compensation Administration, as such Policy may from time to time be amended.

"Subsidiary" shall mean any corporation 50 percent or more of whose voting power is owned, directly or indirectly, by the Company.

2.2 **Number**. Wherever appropriate herein, words used in the singular shall be considered to include the plural and words used in the plural shall be considered to include the singular.

2.3 **Headings**. The headings of Articles and Sections herein are included solely for convenience, and if there is any conflict between headings and the text of the Plan, the text shall control.

ARTICLE III

PARTICIPATION

3.1 **Participants**. Active employees who are Senior Executives as of the beginning of each Plan Year shall be Participants for such Plan Year. In addition, such other Officers and Key Employees as may be designated annually as Participants by the CEO prior to the last day of March each Plan Year shall be Participants for such Plan Year.

3.2 **Partial Plan Year Participation**. If, after the beginning of a Plan Year, an employee who was not previously a Participant for such Plan Year (i) is newly appointed or elected as a Senior Executive or (ii) returns to active employment as a Senior Executive following a leave of absence, such employee shall become a Participant effective with such appointment or election or return to active service, as the case may be, for the balance of the Plan Year, on a prorated basis, unless the Committee shall determine, in its sole discretion, that the participation shall be delayed until the beginning of the next Plan Year. If, after the beginning of the Plan Year, (i) a person is newly elected or appointed as an Officer (other than a Senior Executive) or is newly hired, promoted or transferred into a position in which he or she is a Key Employee, or (ii) an employee who was not previously a Participant for such Plan Year returns to active employment as an Officer (other than a Senior Executive) or a Key Employee following a leave of absence, the CEO, or his delegate, may designate such person as a Participant for the pro rata portion of such Plan Year beginning on the first day of the month following such designation.

If an employee who has previously been designated as a Participant for a particular Plan Year takes a leave of absence during such Plan Year, all of such Participant's rights to a Reward for such Plan Year shall be forfeited, unless the Committee (with respect to a Participant who is a Senior Executive) or the CEO (with respect to any other Participant) shall determine that such Participant's Reward for such Plan Year shall be prorated based upon that portion of the Plan Year during which he or she was an active Participant, in which case the prorated portion of the Reward shall be paid in accordance with the provisions of Section 6.1.

Each Participant shall be assigned to a Participant Category at the time he or she becomes a Participant for a particular Plan Year. If a Participant thereafter incurs a change in status due to promotion, demotion, reassignment or transfer, (i) the Committee, in the case of the CEO or other Senior Executive, or (ii) the CEO, or his delegate, in the case of any other Participant, may approve such adjustment in such Participant's Reward Opportunity as deemed appropriate under the circumstances (including termination of participation in the Plan for the remainder of the Plan Year), such adjustment to be made on a pro rata basis for the balance of the Plan Year effective with the first day of the month following such approval, unless some other effective date is specified. All such approvals shall be documented in writing and filed with the Plan records for the applicable Plan Year.

3.3 **No Right to Participate**. Except as provided in Sections 3.1 and 3.2, no Participant or other employee of the Company or an Affiliate shall, at any time, have a right to participate in the Plan for any Plan Year, notwithstanding having previously participated in the Plan.

3.4 **Plan Exclusive**. No employee shall simultaneously participate in this Plan and in any other short-term incentive plan of the Company or an Affiliate unless such employee's participation in such other plan is approved by the CEO, or his delegate.

3.5 **Consent to Dispute Resolution**. Participation in the Plan constitutes consent by the Participant to be bound by the terms and conditions of the Dispute Resolution Program which in substance requires that all disputes arising out of or in any way related to employment with the Company or its Affiliates, including any disputes concerning the Plan, be resolved exclusively through such program, which includes binding arbitration as the last step.

ARTICLE IV

ADMINISTRATION

Each Plan Year, the Committee shall establish the basis for payments under the Plan in relation to given Performance Goals, as more fully described in Article V hereof, and, following the end of each Plan Year, determine the actual Reward payable for each Participant Category. The Committee is authorized to construe and interpret the Plan, to prescribe, amend and rescind rules, regulations and procedures relating to its administration and to make all other determinations necessary or advisable for administration of the Plan. The CEO shall have such authority as is expressly provided in the Plan. In addition, as permitted by law, the Committee and the CEO may delegate such of their respective authority granted under the Plan as deemed appropriate; provided, however, that (i) the Committee may not delegate its authority with respect to matters relating to the CEO and other Senior Executives and (ii) the Committee and the CEO may not delegate their respective authority under Article V hereof. Decisions of the Committee and the CEO, or their respective delegates, in accordance with the authority granted hereby or delegated pursuant hereto shall be conclusive and binding. Subject only to compliance with the express provisions hereof, the Committee, the CEO and their respective delegates may act in their sole and absolute discretion with respect to matters within their authority under the Plan.

ARTICLE V

REWARD DETERMINATIONS

5.1 **Performance Measures**. CVA shall be the primary Performance Measure in determining Performance Goals for any Plan Year. In addition, appropriate CVA Drivers applicable to particular Participants may also be used as Performance Measures.

5.2 **Performance Requirements**. Prior to the last day of February of each Plan Year, (i) the Committee shall approve the Company CVA, applicable Group CVA and applicable Business Unit CVA Performance Goals and the CEO shall approve appropriate CVA Drivers applicable to certain Participants and (ii) the Committee shall establish a Reward Schedule which aligns the level of achievement of applicable Performance Goals with Reward Opportunities, such that the level of achievement of the pre-established Performance Goals at the end of the Plan Year will determine the actual Reward.

5.3 **Reward Determinations**. After the end of each Plan Year, (i) the Committee shall determine the extent to which the Performance Goals (other than CVA Drivers) have been achieved and (ii) the CEO shall determine the extent to which the applicable CVA Drivers have been achieved, and the amount of the Reward shall be computed for each Participant in accordance with the Reward Schedule.

5.4 **Reward Opportunities**. The established Reward Opportunities may vary in relation to the Participant Categories and within the Participant Categories. In the event a Participant changes Participant Categories during a Plan Year, the Participant's Reward Opportunities shall be adjusted in accordance with the applicable provisions of Section 3.2.

5.5 **Discretionary Adjustments**. Once established, Performance Goals will not be changed during the Plan Year. However, if the Committee, in its sole and absolute discretion, determines that there has been (i) a change in the business, operations, corporate or capital structure, (ii) a change in the manner in which business is conducted or (iii) any other material change or event which will impact one or more Performance Goals in a manner the Committee did not intend, then the Committee may, reasonably contemporaneously with such change or event, make such adjustments as it shall deem appropriate and equitable in the manner of computing the relevant Performance Measures applicable to such Performance Goal or Goals for the Plan Year; provided, however, that the CEO shall be authorized, subject to the review and oversight of the Committee, to make adjustments in the manner of computing one or more CVA Drivers if, when evaluated in accordance with the standards set forth in the preceding sentence, he shall deem such adjustments to be appropriate and equitable.

5.6 **Discretionary Bonuses**. Notwithstanding any other provision contained herein to the contrary, the Committee may, in its sole discretion, make such other or additional bonus payments to a Participant as it shall deem appropriate.

ARTICLE VI

DISTRIBUTION OF REWARDS

6.1 **Form and Timing of Payment**. Except as otherwise provided below, the amount of each Reward shall be paid in cash on the Payment Date. In the event of termination of a Participant's employment prior to the Payment Date for any reason other than death (in which case payment shall be made in accordance with the applicable provisions of Article VII), the amount of any Reward (or prorated portion thereof) payable pursuant to the provisions of Sections 7.1 or 7.2 shall be paid in cash on the Payment Date.

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6.2 **Excess Remuneration**.

(a) Notwithstanding the provisions of Section 6.1, to the extent that incentive compensation hereunder does not qualify as performance-based compensation pursuant to Section 162(m) of the Code, the Committee may, in its discretion, with respect to a Participant who is a "covered employee" for purposes of Section 162(m), determine that payment of that portion of a Reward which would otherwise cause such Participant's compensation to exceed the limitation on the amount of compensation deductible by the Company in any taxable year pursuant to such Section 162(m), be deferred, as permitted by Section 409A of the Code and applicable regulations thereunder, until (i) the Participant's first taxable year in which the Company reasonably anticipates that its deduction will not be barred by reason of Section 162(m) of the Code or (ii) the period beginning with the date of the Participant's separation from service and ending on the later of the last day of the taxable year of the Company in which the Participant separates from service or the 15th day of the third month following the Participant's separation from service. In such case, interest shall be credited on the portion of the Reward deferred for the period of the deferral as provided pursuant to Article IV of the Halliburton Company Benefit Restoration Plan, as amended, or other applicable plan.

(b) Notwithstanding any provision of this Plan to the contrary, if a Participant is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, and if any payment deferred under Section 6.2(a) is paid as a result of the Participant's separation from service with the Company (other than death), such amount shall not be payable before the earlier of (i) the date that is six months after the Participant's termination, (ii) the date of the Participant's death, or (iii) the date that otherwise complies with the requirements of Section 409A of the Code. For purposes of determining the identity of "specified employees", the Administrative Committee may establish procedures as it deems appropriate in accordance with Section 409A of the Code.

6.3 **Elective Deferral**. Nothing herein shall be deemed to preclude a Participant's election to defer receipt of a percentage of his or her Reward beyond the time such amount would have been payable hereunder pursuant to the Halliburton Elective Deferral Plan or other similar plan.

6.4 **Tax Withholding**. The Company or employing entity through which payment of a Reward is to be made shall have the right to deduct from any payment hereunder any amounts that Federal, state, local or foreign tax laws require with respect to such payments.

ARTICLE VII

TERMINATION OF EMPLOYMENT

7.1 **Termination of Service During Plan Year**. In the event a Participant's employment is terminated prior to the last business day of a Plan Year for any reason other than death, normal retirement at or after age 65 or disability (as determined by the CEO or his delegate), all of such Participant's rights to a Reward for such Plan Year shall be forfeited, unless the Committee (with respect to a Participant who was the CEO or other Senior Executive) or the CEO (with respect to any other Participant) shall determine that such Participant's Reward for such Plan Year shall be prorated based upon that portion of the Plan Year during which he or she was a Participant, in which case the prorated portion of the Reward shall be paid in accordance with the provisions of Section 6.1. In the case of death during the Plan Year, the prorated amount of such Participant's Reward shall be paid to the Participant's estate, or if there is no administration of the estate, to the heirs at law, on the Payment Date. In the case of disability or normal retirement at or after age 65, the prorated amount of a Participant's Reward shall be paid in accordance with the provisions of Section 6.1.

7.2 **Termination of Service After End of Plan Year But Prior to the Payment Date**. If a Participant's employment is terminated after the end of the applicable Plan Year, but prior to the Payment Date, for any reason other than termination for Cause, the amount of any Reward applicable to such Plan Year shall be paid to the Participant in accordance with the provisions of Section 6.1, except in the case of death, in which case the amount of the Reward then unpaid shall be paid to such Participant's estate, or if there is no administration of the estate, to the heirs at law, as soon as practicable.

If a Participant's employment is terminated for Cause, all of such Participant's rights to a Reward applicable to such Plan Year shall be forfeited.

ARTICLE VIII

RIGHTS OF PARTICIPANTS AND BENEFICIARIES

8.1 **Status as a Participant or Beneficiary**. Neither status as a Participant or Beneficiary shall be construed as a commitment that any Reward will be paid or payable under the Plan.

8.2 **Employment**. Nothing contained in the Plan or in any document related to the Plan or to any Reward shall confer upon any Participant any right to continue as an employee or in the employ of the Company or an Affiliate or constitute any contract or agreement of employment for a specific term or interfere in any way with the right of the Company or an Affiliate to reduce such person's compensation, to change the position held by such person or to terminate the employment of such person, with or without cause.

8.3 **Nontransferability**. No benefit payable under, or interest in, this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and any such attempted action shall be void and no such benefit or interest shall be, in any manner, liable for, or subject to, debts, contracts, liabilities or torts of any Participant or Beneficiary; provided, however, that, nothing in this Section 8.3 shall prevent transfer (i) by Will, (ii) by applicable laws of descent and distribution or (iii) pursuant to an order that satisfies the requirements for a "qualified domestic relations order" as such term is defined in section 206(d)(3)(B) of ERISA and section 414(p)(1)(A) of the Code, including an order that requires distributions to an alternate payee prior to a Participant's "earliest retirement age" as such term is defined in section 206(d)(3)(E)(ii) of ERISA and section 414(p)(4)(B) of the Code. Any attempt at transfer, assignment or other alienation prohibited by the preceding sentence shall be disregarded and all amounts payable hereunder shall be paid only in accordance with the provisions of the Plan.

8.4 **Nature of Plan**. No Participant, Beneficiary or other person shall have any right, title or interest in any fund or in any specific asset of the Company or any Affiliate by reason of any Reward hereunder. There shall be no funding of any benefits which may become payable hereunder. Nothing contained in the Plan (or in any document related thereto), nor the creation or adoption of the Plan, nor any action taken pursuant to the provisions of the Plan shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or an Affiliate and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment with respect to a Reward hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company or other employing entity, as applicable. All amounts payable under the Plan shall be paid from the general assets of the Company or employing entity, as applicable, and no special or separate fund or deposit shall be established and no segregation of assets shall be made to assure payment of such amounts. Nothing in the Plan shall be deemed to give any employee any right to participate in the Plan except in accordance herewith.

ARTICLE IX

CORPORATE CHANGE

In the event of a Corporate Change, (i) with respect to a Participant's Reward Opportunity for the Plan Year in which the Corporate Change occurred, such Participant shall be entitled to an immediate cash payment equal to the maximum amount of Reward he or she would have been entitled to receive for the Plan Year, prorated to the date of the Corporate Change; and (ii) with respect to a Corporate Change that occurs after the end of the Plan Year but prior to the Payment Date, a Participant shall be entitled to an immediate cash payment equal to the Reward earned for such Plan Year.

ARTICLE X

AMENDMENT AND TERMINATION

Notwithstanding anything herein to the contrary, the Committee may, at any time, terminate or, from time to time amend, modify or suspend the Plan; provided, however, that, without the prior consent of the Participants affected, no such action may adversely affect any rights or obligations with respect to any Rewards theretofore earned for a particular Plan Year, whether or not the amounts of such Rewards have been computed and whether or not such Rewards are then payable.

ARTICLE XI

MISCELLANEOUS

11.1 Governing Law. The Plan and all related documents shall be governed by, and construed in accordance with, the laws of the State of Texas, without giving effect to the principles of conflicts of law thereof, except to the extent preempted by federal law. The Federal Arbitration Act shall govern all matters with regard to arbitrability.

11.2 Severability. If any provision of the Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof; instead, each provision shall be fully severable and the Plan shall be construed and enforced as if said illegal or invalid provision had never been included herein.

11.3 Successor. All obligations of the Company under the Plan shall be binding upon and inure to the benefit of any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

11.4 Section 409A of the Code. It is intended that the provisions of this Plan satisfy the requirements of Section 409A of the Code and that the Plan be operated in a manner consistent with such requirements to the extent applicable. Therefore, the Committee may make adjustments to the Plan and may construe the provisions of the Plan in accordance with the requirements of Section 409A of the Code.

11.5 Effective Date. This amendment and restatement of the Plan shall be effective from and after January 1, 2007, and shall remain in effect until such time as it may be terminated or amended pursuant to Article X.

EXHIBIT 10-7

HALLIBURTON MANAGEMENT PERFORMANCE PAY PLAN
AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2007

INDEX

HALLIBURTON
MANAGEMENT PERFORMANCE PAY PLAN

The Company, having heretofore established the Halliburton Management Performance Pay Plan, pursuant to the provisions of Article X of said Plan, hereby amends and restates said Plan to be effective in accordance with the provisions of Section 11.4 hereof.

ARTICLE I

PURPOSE

The purpose of the Halliburton Management Performance Pay Plan (the "Plan") is to reward management and other key employees of the Company and its Affiliates for improving financial results which drive the creation of value for shareholders of the Company and thereby, serve to attract, motivate, reward and retain high caliber employees required for the success of the Company. The Plan provides a means to link total and individual cash compensation to Company performance, as measured by Cash Value Added ("CVA"), a demonstrated driver of shareholder value, and, where appropriate, additional performance measures which drive CVA.

ARTICLE II

DEFINITIONS

2.1 **Definitions**. Where the following words and phrases appear in the Plan, they shall have the respective meanings set forth below, unless their context clearly indicates to the contrary.

"Affiliate" shall mean a Subsidiary of the Company or a division or designated group of the Company or a Subsidiary.

"Base Salary" shall mean the annualized rate of pay of a Participant as in effect on January 1 of a Plan Year, including base pay a Participant could have received in cash in lieu of (i) contributions made on such Participant's behalf to a qualified Plan maintained by the Company or to any cafeteria plan under Section 125 of the Code maintained by the Company and (ii) deferrals of compensation made at the Participant's election pursuant to a plan or arrangement of the Company or an Affiliate, but excluding any Rewards under this Plan and any other bonuses, incentive pay or special awards.

"Beneficiary" shall mean the person, persons, trust or trusts entitled by Will or the laws of descent and distribution to receive the benefits specified under the Plan in the event of the Participant's death prior to full payment of a Reward.

"Board of Directors" shall mean the Board of Directors of the Company.

"Business Unit CVA" shall mean the respective CVA of designated business units, each calculated on an aggregate basis for their respective operations.

"Cause" shall mean (i) the conviction of the Participant of a felony under Federal law or the law of the state in which such action occurred, (ii) dishonesty in course of fulfilling the Participant's employment duties or (iii) the disclosure by the Participant to any unauthorized person or competitor of any confidential information or confidential knowledge as to the business or affairs of the Company and its Affiliates.

"CEO" shall mean the Chief Executive Officer of the Company.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Common Stock" shall mean the common stock, par value $2.50 per share, of Halliburton Company.

"Compensation Committee" shall mean the Compensation Committee of Directors of the Company, appointed by the Board of Directors from among its members, no member of which shall be an employee of the Company or a Subsidiary.

"Company" shall mean Halliburton Company and its successors.

"Company CVA" shall mean CVA calculated on a consolidated basis.

"Corporate Change" shall mean one of the following events: (i) the merger, consolidation or other reorganization of the Company in which the outstanding Common Stock is converted into or exchanged for a different class of securities of the Company, a class of securities of any other issuer (except a direct or indirect wholly owned Subsidiary), cash or property; (ii) the sale, lease or exchange of all or substantially all of the assets of the Company to another corporation or entity (except a direct or indirect wholly owned Subsidiary); (iii) the adoption by the stockholders of the Company of a plan of liquidation and dissolution; (iv) the acquisition (other than any acquisition pursuant to any other clause of this definition) by any person or entity, including, without limitation, a "group" as contemplated by Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, of beneficial ownership, as contemplated by such Section, of more than twenty percent (based on voting power) of the Company's outstanding capital stock; or (v) as a result of or in connection with a contested election of directors, the persons who were directors of the Company before such election shall cease to constitute a majority of the Board.

"CVA" shall mean the difference between operating cash flow and a capital charge, calculated in accordance with the criteria and guidelines set forth in the Corporate Policy entitled "Cash Value Added (CVA)," as in effect at the time any such calculation is made.

"CVA Drivers" shall mean such additional performance measures (either objective or subjective) as may be approved by the CEO from time to time to reinforce key operating and strategic goals important to the Company and its business units. Particular CVA Drivers may vary from business unit to business unit and from Participant to Participant within a particular business unit as deemed appropriate according to the needs of the applicable business unit.

“Dispute Resolution Program” shall mean the Halliburton Dispute Resolution Plan.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

“Group CVA” shall mean the respective CVA of the Halliburton Energy Services Group and the Engineering and Construction Group, each calculated on an aggregate basis for their respective operations.

“Key Employees” shall mean regular, full-time employees of the Company or an Affiliate below the Officer level.

“Officer” shall mean a full officer of the Company or an Affiliate.

“Participant” shall mean any active employee of the Company or an Affiliate who participates in the Plan pursuant to the provisions of Article III hereof. An employee shall not be eligible to participate in the Plan while on a leave of absence.

“Participant Category” shall mean a grouping of Participants determined in accordance with the applicable provisions of Article III.

“Payment Date” shall mean, with respect to a particular Plan Year, the date payment is actually made following the end of the applicable Plan Year, but no later than the last business day of February of the year next following the end of such Plan Year, or as soon as administratively practicable thereafter if it is administratively impracticable to make payment by that date and such impracticability was not reasonably foreseeable at the end of the applicable Plan Year.

“Performance Goals” shall mean, for a particular Plan Year, established levels of applicable Performance Measures.

“Performance Measures” shall mean the criteria used in determining Performance Goals for particular Participant Categories, which may include one or more of the following: Company CVA, Group CVA, Business Unit CVA and CVA Drivers.

“Plan” shall mean the Halliburton Management Performance Pay Plan as amended and restated effective January 1, 2007, and as the same may thereafter be amended from time to time.

“Plan Year” shall mean the calendar year ending each December 31.

“Reward” shall mean the dollar amount of incentive compensation payable to a Participant under the Plan for a Plan Year determined in accordance with Section 5.3.

"Reward Opportunity" shall mean, with respect to each Participant Category, incentive reward payment amounts, expressed as a percentage of Base Salary, which corresponds to various levels of pre-established Performance Goals, determined pursuant to the Reward Schedule.

"Reward Schedule" shall mean the schedule which aligns the level of achievement of applicable Performance Goals with Reward Opportunities for a particular Plan Year, such that the level of achievement of the pre-established Performance Goals at the end of such Plan Year will determine the actual Reward.

"Subsidiary" shall mean any corporation 50 percent or more of whose voting power is owned, directly or indirectly, by the Company.

2.2 **Number**. Wherever appropriate herein, words used in the singular shall be considered to include the plural and words used in the plural shall be considered to include the singular.

2.3 **Headings**. The headings of Articles and Sections herein are included solely for convenience, and if there is any conflict between headings and the text of the Plan, the text shall control.

ARTICLE III

PARTICIPATION

3.1 **Participants**. Active employees as designated annually as Participants by the CEO, or his delegate, prior to the last day of March each Plan Year shall be Participants for such Plan Year.

3.2 **Partial Plan Year Participation**. If, after the beginning of the Plan Year, (i) a person is newly hired, promoted or transferred into a position in which he or she is a Key Employee, or (ii) an employee who was not previously a Participant for such Plan Year returns to active employment following a leave of absence, the CEO, or his delegate, may designate in writing such person as a Participant for the pro rata portion of such Plan Year beginning on the first day of the month following such designation.

If an employee who has previously been designated as a Participant for a particular Plan Year takes a leave of absence during such Plan Year, all of such Participant's rights to a Reward for such Plan Year shall be forfeited, unless the CEO, or his delegate, shall determine that such Participant's Reward for such Plan Year shall be prorated based upon that portion of the Plan Year during which he or she was an active Participant, in which case the prorated portion of the Reward shall be paid in accordance with the provisions of Section 6.1.

Each Participant shall be assigned to a Participant Category at the time he or she becomes a Participant for a particular Plan Year. If a Participant thereafter incurs a change in status due to promotion, demotion, reassignment or transfer, the CEO, or his delegate, may approve such adjustment in such Participant's Reward Opportunity as deemed appropriate under the circumstances (including termination of participation in the Plan for the remainder of the Plan Year), such adjustment to be made on a pro rata basis for the balance of the Plan Year effective with the first day of the month following such approval, unless some other effective date is specified. All such adjustments shall be documented in writing and filed with the Plan records for the applicable Plan Year.

3.3 **No Right to Participate**. No Participant or other employee of the Company or an Affiliate shall, at any time, have a right to participate in the Plan for any Plan Year, notwithstanding having previously participated in the Plan.

3.4 **Plan Exclusive**. No employee shall simultaneously participate in this Plan and in any other short-term incentive plan of the Company or an Affiliate unless such employee's participation in such other plan is approved by the CEO, or his delegate.

3.5 **Consent to Dispute Resolution**. Participation in the Plan constitutes consent by the Participant to be bound by the terms and conditions of the Dispute Resolution Program which in substance requires that all disputes arising out of or in any way related to employment with the Company or its Affiliates, including any disputes concerning the Plan, be resolved exclusively through such program, which includes binding arbitration as its last step.

ARTICLE IV

ADMINISTRATION

Each Plan Year, the basis for payments under the Plan in relation to given Performance Goals shall be established, as more fully described in Article V hereof, and, following the end of each Plan Year, the actual Reward payable to each Participant shall be determined. The CEO is authorized to construe and interpret the Plan, to prescribe, amend and rescind rules, regulations and procedures relating to its administration and to make all other determinations necessary or advisable for administration of the Plan. The CEO shall have such other authority as is expressly provided in the Plan. In addition, as permitted by law, the Compensation Committee and the CEO may delegate such of their respective authority granted under the Plan as deemed appropriate; provided, however, that the Compensation Committee and the CEO may not delegate their respective authority under Article V hereof. Decisions of the Compensation Committee and the CEO, or their respective delegates, in accordance with the authority granted hereby or delegated pursuant hereto shall be conclusive and binding. Subject only to compliance with the express provisions hereof, the Compensation Committee, the CEO and their respective delegates may act in their sole and absolute discretion with respect to matters within their authority under the Plan.

ARTICLE V

REWARD DETERMINATIONS

5.1 **Performance Measures**. CVA shall be the primary Performance Measure in determining Performance Goals for any Plan Year. In addition, appropriate CVA Drivers applicable to particular Participants may also be used as Performance Measures.

5.2 **Performance Requirements**. Prior to the last day of February of each Plan Year, (i) the Compensation Committee shall determine the Company CVA, applicable Group CVA and applicable Business Unit CVA Performance Goals, and the CEO shall approve appropriate CVA Drivers applicable to certain Participants and (ii) the CEO shall establish a Reward Schedule which aligns the level of achievement of applicable Performance Goals with Reward Opportunities, such that the level of achievement of the pre-established Performance Goals at the end of the Plan Year will determine the actual Reward.

5.3 **Reward Determinations**. After the end of each Plan Year, (i) the Compensation Committee shall determine the extent to which the Performance Goals (other than CVA Drivers) have been achieved and (ii) the CEO shall determine the extent to which the applicable CVA Drivers have been achieved, and the amount of the Reward shall be computed for each Participant in accordance with the Reward Schedule.

5.4 **Reward Opportunities**. The established Reward Opportunities may vary in relation to the Participant Categories and within the Participant Categories. In the event a Participant changes Participant Categories during a Plan Year, the Participant's Reward Opportunities shall be adjusted in accordance with the applicable provisions of Section 3.2.

5.5 **Discretionary Adjustments**. Once established, Performance Goals will not be changed during the Plan Year. However, if the Compensation Committee, in its sole and absolute discretion, determines that there has been (i) a change in the business, operations, corporate or capital structure, (ii) a change in the manner in which business is conducted or (iii) any other material change or event which will impact one or more Performance Goals in a manner the Compensation Committee did not intend, then the Compensation Committee may, reasonably contemporaneously with such change or event, make such adjustments as it shall deem appropriate and equitable in the manner of computing the relevant Performance Measures applicable to such Performance Goal or Goals for the Plan Year; provided, however, that the CEO shall be authorized, subject to the review and oversight of the Compensation Committee, to make adjustments in the manner of computing one or more CVA Drivers if, when evaluated in accordance with the standards set forth in the preceding sentence, he shall deem such adjustments to be appropriate and equitable.

5.6 **Discretionary Bonuses**. Notwithstanding any other provision contained herein to the contrary, the CEO may, in its sole discretion, make such other or additional bonus payments to a Participant as it shall deem appropriate.

ARTICLE VI

DISTRIBUTION OF REWARDS

6.1 **Form and Timing of Payment**. Rewards shall be paid in a lump sum on the Payment Date. In the event of termination of a Participant's employment prior to the Payment Date for any reason other than death (in which case payment shall be made in accordance with the applicable provisions of Article VII), the amount of any Reward (or prorated portion thereof) payable pursuant to the provisions of Sections 7.1 or 7.2 shall be paid in cash on the Payment Date.

6.2 **Elective Deferral**. Nothing herein shall be deemed to preclude a Participant's election to defer receipt of a percentage of his or her Reward beyond the time such amount would have been payable hereunder pursuant to the Halliburton Elective Deferral Plan or other similar plan.

6.3 **Tax Withholding**. The Company or employing entity through which payment of a Reward is to be made shall have the right to deduct from any payment hereunder any amounts that Federal, state, local or foreign tax laws require with respect to such payments.

ARTICLE VII

TERMINATION OF EMPLOYMENT

7.1 **Termination of Service During Plan Year**. In the event a Participant's employment is terminated prior to the last business day of a Plan Year for any reason other than death, normal retirement at or after age 65 or disability (as determined by the CEO or his delegate), all of such Participant's rights to a Reward for such Plan Year shall be forfeited, unless the CEO, or his delegate, shall determine that such Participant's Reward for such Plan Year shall be prorated based upon that portion of the Plan Year during which he or she was a Participant, in which case the prorated portion of the Reward shall be paid in accordance with the provisions of Section 6.1. In the case of death during the Plan Year, the prorated amount of such Participant's Reward shall be paid to the Participant's estate, or if there is no administration of the estate, to the heirs at law, on the Payment Date. In the case of disability or normal retirement at or after age 65, the prorated amount of a Participant's Reward shall be paid in accordance with the provisions of Section 6.1.

7.2 **Termination of Service After End of Plan Year But Prior to the Payment Date**. If a Participant's employment is terminated after the end of the applicable Plan Year, but prior to the Payment Date, for any reason other than termination for Cause, the amount of any Reward applicable to such Plan Year shall be paid to the Participant in accordance with the provisions of Section 6.1, except in the case of death, in which case the amount of such Reward shall be paid to such Participant's estate, or if there is no administration of the estate, to the heirs at law, as soon as practicable.

If a Participant's employment is terminated for Cause, all of such Participant's rights to a Reward applicable to such Plan Year shall be forfeited.

ARTICLE VIII

RIGHTS OF PARTICIPANTS AND BENEFICIARIES

8.1 **Status as a Participant or Beneficiary**. Neither status as a Participant or Beneficiary shall be construed as a commitment that any Reward will be paid or payable under the Plan.

8.2 **Employment**. Nothing contained in the Plan or in any document related to the Plan or to any Reward shall confer upon any Participant any right to continue as an employee or in the employ of the Company or an Affiliate or constitute any contract or agreement of employment for a specific term or interfere in any way with the right of the Company or an Affiliate to reduce such person's compensation, to change the position held by such person or to terminate the employment of such person, with or without cause.

8.3 **Nontransferability**. No benefit payable under, or interest in, this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and any such attempted action shall be void and no such benefit or interest shall be, in any manner, liable for, or subject to, debts, contracts, liabilities or torts of any Participant or Beneficiary; provided, however, that, nothing in this Section 8.3 shall prevent transfer (i) by Will, (ii) by applicable laws of descent and distribution or (iii) pursuant to an order that satisfies the requirements for a "qualified domestic relations order" as such term is defined in section 206(d)(3)(B) of ERISA and section 414(p)(1)(A) of the Code, including an order that requires distributions to an alternate payee prior to a Participant's "earliest retirement age" as such term is defined in section 206(d)(3)(E)(ii) of ERISA and section 414(p)(4)(B) of the Code. Any attempt at transfer, assignment or other alienation prohibited by the preceding sentence shall be disregarded and all amounts payable hereunder shall be paid only in accordance with the provisions of the Plan.

8.4 **Nature of Plan**. No Participant, Beneficiary or other person shall have any right, title or interest in any fund or in any specific asset of the Company or any Affiliate by reason of any Reward hereunder. There shall be no funding of any benefits which may become payable hereunder. Nothing contained in the Plan (or in any document related thereto), nor the creation or adoption of the Plan, nor any action taken pursuant to the provisions of the Plan shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or an Affiliate and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment with respect to a Reward hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company or other employing entity, as applicable. All amounts payable under the Plan shall be paid from the general assets of the Company or employing entity, as applicable, and no special or separate fund or deposit shall be established and no segregation of assets shall be made to assure payment of such amounts. Nothing in the Plan shall be deemed to give any employee any right to participate in the Plan except in accordance herewith.

ARTICLE IX

CORPORATE CHANGE

In the event of a Corporate Change, (i) with respect to a Participant's Reward Opportunity for the Plan Year in which the Corporate Change occurred, such Participant shall be entitled to an immediate cash payment equal to the maximum amount of Reward he or she would have been entitled to receive for the Plan Year, prorated to the date of the Corporate Change; and (ii) with respect to a Reward earned for the previous Plan Year which has not been paid, such amount shall be paid in cash immediately.

ARTICLE X

AMENDMENT AND TERMINATION

Notwithstanding anything herein to the contrary, the Company may, at any time, terminate or, from time to time amend, modify or suspend the Plan; provided, however, that, without the prior consent of the Participants affected, no such action may adversely affect any rights or obligations with respect to any Rewards theretofore earned for a particular Plan Year, whether or not the amounts of such Rewards have been computed and whether or not such Rewards are then payable.

ARTICLE XI

MISCELLANEOUS

11.1 **Governing Law. The Plan and all related documents shall be governed by, and construed in accordance with, the laws of the State of Texas, without giving effect to the principles of conflicts of law thereof, except to the extent preempted by federal law.**

11.2 **Severability**. If any provision of the Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof; instead, each provision shall be fully severable and the Plan shall be construed and enforced as if said illegal or invalid provision had never been included herein.

11.3 **Successor**. All obligations of the Company under the Plan shall be binding upon and inure to the benefit of any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

11.4 **Section 409A of the Code**. It is intended that the provisions of this Plan satisfy the requirements of Section 409A of the Code and that the Plan be operated in a manner consistent with such requirements to the extent applicable. Therefore, the Compensation Committee may make adjustments to the Plan and may construe the provisions of the Plan in accordance with the requirements of Section 409A of the Code.

11.5 **Effective Date**. This amendment and restatement of the Plan shall be effective from and after January 1, 2007, and shall remain in effect until such time as it may be terminated or amended pursuant to Article X.

EXHIBIT 10-8

HALLIBURTON COMPANY

PENSION EQUALIZER PLAN

As Amended and Restated

Effective March 1, 2007

PREAMBLE

Halliburton Company, a Delaware corporation (the "Company"), established this Pension Equalizer Plan (the "Plan"), effective as of January 1, 2004, to provide payments for individual Pension Equalizer Benefits to eligible employees of the Company. The Company now desires to amend and restate the Plan as follows, effective as of March 1, 2007:

ARTICLE I
DEFINITIONS

Each of the following terms shall have the meaning set forth in this Article I for purposes of the Plan and any amendments thereto:

1.1 **Administrator:** The person or persons appointed by the Board to administer the Plan.

1.2 **Affiliate:** Any person or entity who or which controls, is controlled by or is under common control with the Company. For purposes of this definition, the terms "control" and "controlled by" as used with respect to the Company or any person or entity shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Company or such person or entity, whether through the ownership of an equity interest in the Company or such person or entity, by contract or otherwise.

1.3 **Board:** The Board of Directors of the Company.

1.4 **Code:** The Internal Revenue Code of 1986, as amended.

1.5 **Company:** Halliburton Company, including any of its Subsidiaries or Affiliates.

1.6 **Company Contributions:** Amounts contributed by the Company for the benefit of a Participant other than from a Participant's Eligible Compensation under any Company defined contribution deferred compensation plan.

1.7 **Eligible Compensation:** The total of the annual base pay, annual bonus amount under any performance-based incentive compensation plan, including any elective contributions made on a Participant's behalf by the Company that are not includable in income under Section 125, Section 402(e)(3) or Section 402(h) of the Code and any amounts not included in the gross income of a Participant under a salary reduction agreement by reason of the application of Section 132(f) of the Code, paid by the Company to or for the benefit of the Participant during a Plan Year.

1.8 **Employee:** An employee of the Company.

1.9 **Eligible Employee:** An Employee who, as of September 29, 1998, (a) was a participant in either the Dresser Industries, Inc. Retirement Savings Plan A or the Dresser Industries, Inc. Retirement Savings Plan B (each, a "Dresser Savings Plan") and was actively employed by Dresser Industries, Inc. or any affiliate of Dresser Industries, Inc. that was a participating employer in a Dresser Savings Plan, and (b) was entitled to a Pension Equalizer Contribution under such plan.

1.10 **Participant:** An Eligible Employee who has commenced, but not terminated, participation in the Plan as provided in Article II. Schedule A contains a list of Participants and their respective Pension Equalizer Percentages as of January 1, 2007.

1.11 **Pension Equalizer Benefit:** The amount calculated under Article III.

1.12 **Pension Equalizer Percentage:** The percentage set forth for each Participant on Schedule A.

1.13 **Plan:** The Halliburton Company Pension Equalizer Plan, as amended from time to time.

1.14 **Plan Year:** The twelve-consecutive month period commencing January 1 of each year.

1.15 **Schedule A:** The Schedule A attached to the Plan setting forth a list of Participants and the Pension Equalizer Percentage for each Participant as of January 1, 2007.

1.16 **Subsidiary:** At any given time, any other corporation of which an aggregate of 80% or more of the outstanding voting stock is owned of record or beneficially, directly or indirectly, by the Company or any other of its Subsidiaries.

1.17 **Termination Date:** The earlier of the date (a) a Participant attains age 65 or (b) a Participant's service to the Company ends by reason of retirement, resignation, disability, death or other event that has the effect of terminating the Participant's service to the Company; provided, however, that for purposes of this clause (b), a date shall not be a "Termination Date" until there has been a "Separation from Service" within the meaning of Section 409A(a)(2)(A)(i) of the Code and accompanying Treasury regulations.

ARTICLE II
PARTICIPATION

2.1 **Admission as a Participant**

Participation in the Plan is closed to new entrants. A complete list of Participants as of January 1, 2007, is included on Schedule A.

2.2 **Termination of Participation**

Participation under the Plan shall cease as of the Plan Year following the Plan Year during which a Participant's Termination Date occurs. For example, if a Participant has a Termination Date during the 2007 Plan Year, a Pension Equalizer Benefit would be paid in 2008 based on Eligible Compensation for that portion of the 2007 Plan Year prior to such Participant's Termination Date.

ARTICLE III
PENSION EQUALIZER BENEFITS

3.1 **Pension Equalizer Benefit**

Each Participant's Pension Equalizer Benefit for a Plan Year shall be calculated as follows:

(1) multiply the Participant's Eligible Compensation by the applicable Pension Equalizer Percentage as provided for that Participant on Schedule A;

(2) add 7% of the Participant's Eligible Compensation to the amount calculated in (1); and then

(3) subtract all Company Contributions for the Plan Year from the amount calculated in (2). This amount will equal the Participant's Pension Equalizer Benefit, but in no event will the benefit be less than zero.

3.2 **Pension Equalizer Benefit Payment Date**

A Participant's Pension Equalizer Benefit for a Plan Year shall be paid on March 1 (or the next succeeding business day if March 1 is not a business day) following the end of the Plan Year.

3.3 **Form of Pension Equalizer Benefit**

Each Participant's Pension Equalizer Benefit shall be paid by payroll check or direct deposit into the Participant's designated bank account in accordance with the Company's normal and customary procedures for making payroll payments to Employees.

3.4 **Gross-up for Taxes**

Each Participant's Pension Equalizer Benefit payment shall be grossed up for federal and state income taxes and federal payroll taxes so that the amount paid to the Participant is not diminished by such taxes.

ARTICLE IV
PENSION EQUALIZER BENEFIT FORFEITURES

A Participant's Pension Equalizer Benefit payments shall cease as of the Plan Year following the Plan Year during which the Participant has a Termination Date.

ARTICLE V
DEATH BENEFITS

If a Participant's Termination Date shall occur by reason of death or if the Participant dies after his or her Termination Date but prior to receipt of a Pension Equalizer Benefit payment for a Plan Year, such payment shall be distributed to the Participant's surviving spouse, if any, or to the executor or the administrator of the Participant's estate, if any, or to the Participant's heirs at law at the time and in the manner provided for in Article III of the Plan.

ARTICLE VI
ADMINISTRATION OF THE PLAN

6.1 **Administrator**

The Board shall appoint an Administrator to administer the Plan. Such Administrator or such successor Administrator as may be duly appointed by the Board shall serve at the pleasure of the Board. The Administrator shall maintain complete and adequate records pertaining to the Plan, including but not limited to Participants' Pension Equalizer Benefits, and all other records which shall be necessary or desirable in the proper administration of the Plan.

6.2 **Indemnity**

The Company (the "Indemnifying Party") hereby agrees to indemnify and hold harmless the Administrator (the "Indemnified Party") against any losses, claims, damages or liabilities to which the Indemnified Party may become subject to the extent that such losses, claims, damages or liabilities or actions in respect thereof arise out of or are based upon any act or omission of the Indemnified Party in connection with the administration of this Plan (other than any act or omission of such Indemnified Party constituting gross negligence or willful misconduct), and will reimburse the Indemnified Party for any legal or other expenses reasonably incurred by him or her in connection with investigating or defending against any such loss, claim, damage, liability or action. Promptly after receipt by the Indemnified Party of notice of the commencement of any action or proceeding with respect to any loss, claim, damage or liability against which the Indemnified Party believes he or she is indemnified hereunder, the Indemnified Party shall, if a claim with respect thereto is to be made against the Indemnifying Party hereunder, notify the Indemnifying Party in writing of the commencement thereof; provided, however, that the omission so to notify the Indemnifying Party shall not relieve it from any liability which it may have to the Indemnified Party to the extent the Indemnifying Party is not prejudiced by such omission. If any such action or proceeding shall be brought against the Indemnified Party, and it shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party shall be entitled to participate therein, and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party, and, after notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party hereunder for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof other than reasonable costs of investigation or reasonable expenses of actions taken at the written request of the Indemnifying Party. The Indemnifying Party shall not be liable for any compromise or settlement of any such action or proceeding effected without its consent, which consent will not be unreasonably withheld.

ARTICLE VII
NATURE OF PLAN

Plan benefits herein provided are to be paid out of the Company's general assets. The Plan constitutes a mere promise by the Company to make benefit payments in the future and Participants have the status of general unsecured creditors of the Company. The adoption of this Plan and any setting aside of amounts by the Company with which to discharge its obligations hereunder shall not be deemed to create a trust; legal and equitable title to any funds so set aside shall remain in the Company, and any recipient of benefits hereunder shall have no security or other interest in such funds. Any and all funds so set aside shall remain subject to the claims of the general creditors of the Company, present and future. This provision shall not require the Company to set aside any funds, but the Company may set aside such funds if it chooses to do so.

ARTICLE VIII
AMENDMENT AND TERMINATION

The Board may terminate or amend the Plan at any time and from time to time; provided, however, that no termination or amendment may deprive a Participant of his or her Pension Equalizer Benefit or be retroactive in effect to the prejudice of any Participant without the prior consent of the Participant affected.

ARTICLE IX
GENERAL PROVISIONS

9.1 **No Preference over Creditors**

No Participant shall have any preference over the general creditors of the Company in the event of the Company's insolvency.

9.2 **Incompetence of Participant**

If the Administrator receives satisfactory evidence that any Participant entitled to receive a payment hereunder is, at the time the benefit is payable, physically, mentally or legally incompetent to receive such payment and to give a valid receipt therefor, and that an individual or institution is then maintaining or has custody of such Participant and that no guardian, committee or other representative of the estate of such Participant has been duly appointed, the Administrator may direct that such payment be paid to such individual or institution maintaining or having custody of such Participant, and the receipt of such individual or institution shall be valid and a complete discharge for the payment of such benefit.

9.3 **Direct Deposit of Payments**

Payments to be made hereunder may, at the written request of the Participant, be made to a bank account designated by such Participant, provided that deposits to the credit of such Participant in any bank or trust company shall be deemed payment into his or her hands.

9.4 **Construction of Plan**

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

9.5 **Benefits Not Assignable**

Benefits provided under the Plan may not be assigned or alienated, either voluntarily or involuntarily.

9.6 **Choice of Law**

THE LAWS OF THE STATE OF TEXAS SHALL CONTROL THE INTERPRETATION AND PERFORMANCE OF THE TERMS OF THE PLAN. THE PLAN IS NOT INTENDED TO QUALIFY UNDER SECTION 401(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR TO COMPLY WITH THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED.

9.7 **Specified Employee; Six Month Payment Delay**

Notwithstanding any provision of the Plan to the contrary, in the case of a "Specified Employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, any payment following a Termination Date (other than by reason of death or disability) shall be delayed until the later of (i) the Participant's final Pension Equalizer Benefit payment date or (ii) a date which is six months after the Participant has incurred a "Separation from Service" within the meaning of Section 409A(a)(2)(A)(i) of the Code and accompanying Treasury regulations. For purposes of the Plan, a Participant shall be a Specified Employee for the twelve-month period beginning on April 1 of a Plan Year if the Participant is a "Key Employee" as defined in Section 416(i) of the Code (without regard to Section 416(i)(5) of the Code) as of December 31 of the preceding Plan Year.

EXECUTED this 1st day of October, 2007.

HALLIBURTON COMPANY

By: /s/ David J. Lesar

David J. Lesar
Chairman of the Board, President
and Chief Executive Officer

SCHEDULE A

PLAN PARTICIPANTS AND

PENSION EQUALIZER PERCENTAGES

AS OF JANUARY 1, 2007

Last Name	First Name	PEP[1]
Aday	Thomas	2.10%
Allen	Steven	0.70%
Anderson	Freddie	3.30%
Barrett	Glen	1.30%
Beebe	Ronald	1.60%
Bordelon	John	1.70%
Boyce	James	4.80%
Britt	Gary	2.70%
Broussard	Paul	2.80%
Buckner	Robert	1.20%
Burris	Michael	1.70%
Campos	Harry	1.00%
Cawood	Benny	8.70%
Cobb	Dayton	2.30%
Cooney	Thomas	0.80%
Cornelison	Albert	1.80%
Crowell	Michael	1.70%
Dahlem	James	1.40%
Duckworth	David	2.30%
Ellis	Gary	4.10%
Evans	Willard	1.70%
Fishback	Harry	3.50%
Flippo	Carroll	3.70%
Freeman	David	0.20%
Garrett	Gary	2.90%
Hare	John	0.20%
Head	Elizabeth	3.80%
Hennessee	Keith	1.00%
Henry	John	3.80%
Huskey	Michael	3.40%
Mcgaha	Clarence	1.40%
McGuire	Lawrence	5.60%
McHam	William	0.80%
Milam	Carlos	5.70%
Morales	Michael	2.90%
Newsome	Lester	2.80%
Peiffer	James	9.30%
Philipp	Ann	1.80%

Last Name	First Name	PEP[1]
Poole	Patrick	1.10%
Richardson	William	1.50%
Roberts	Jesse	0.20%
Rohde	Bruce	1.20%
Saxman	William	1.50%
Schlehuber	Benny	6.10%
Schuman	Robert	1.30%
Smith	David	2.50%
Sonnier	John	2.10%
Sonnier	Winfred	1.40%
Spriggs	Dennis	5.40%
Stanaway	Daryl	1.90%
Stephan	Werner	6.40%
Talley	Clifford	0.50%
Thacker	Michael	0.40%
Tooke	Robert	2.80%
Waits	Gene	6.40%
Weaver	Gary	0.10%
Wells	Carl	0.10%
Wiss	David	0.40%
Zenner	Richard	7.80%
Zyglewyz	Steve	2.80%

1 Pension Equalizer Percentage

EXHIBIT 10-9

HALLIBURTON COMPANY

DIRECTORS' DEFERRED COMPENSATION PLAN

AS AMENDED AND RESTATED

EFFECTIVE AS OF JANUARY 1, 2007

TABLE OF CONTENTS

HALLIBURTON COMPANY

DIRECTORS' DEFERRED COMPENSATION PLAN

AS AMENDED AND RESTATED

EFFECTIVE AS OF JANUARY 1, 2007

The Board of Directors of Halliburton Company having heretofore established the Directors' Deferred Compensation Plan, pursuant to the provisions of Article VII of said Plan, hereby amends and supplements said Plan to be effective in accordance with the provisions of ARTICLE XI hereof.

ARTICLE I
PURPOSE OF PLAN

The purpose of the Plan is to assist the Directors of the Company in planning for their retirement.

ARTICLE II
DEFINITIONS

Where the following words and phrases appear herein, they shall have the respective meanings set forth in this ARTICLE II, unless the context clearly indicates to the contrary.

Section 2.01 "Accounts" shall mean a Participant's Interest Bearing Account and/or Stock Equivalents Account.

Section 2.02 "Administrator" shall mean any administrator appointed by the Committee pursuant to Section 3.01 herein or, in the absence of any such appointment, the Committee.

Section 2.03 "Board of Directors" shall mean the Board of Directors of the Company.

Section 2.04 "Committee" shall mean the committee of those individuals (each of whom shall be a Director) appointed by the Board of Directors pursuant to Article III hereof.

Section 2.05 "Company" shall mean Halliburton Company.

Section 2.06 "Compensation" shall mean a Participant's cash compensation for services as a Director. Equity compensation provided to a Director for service on the Board of Directors is not included within the definition of "Compensation" for purposes of this Plan.

Section 2.07 "Deferral Termination Date" shall mean the date a Participant has a "separation from service" from the Company within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Section 2.08 "Deferred Compensation" shall mean Compensation deferred pursuant to the provisions of this Plan.

Section 2.09 "Director" shall mean a member of the Board of Directors of the Company.

Section 2.10 "Earned" or any variant thereof, when used herein with respect to Compensation or Deferred Compensation or interest accrued pursuant to Section 5.02, shall refer to the end of a calendar quarter and, when used with respect to a dividend or distribution on the Company's common stock referenced in Section 6.02, shall refer to the date of payment of such dividend or distribution by the Company.

Section 2.11 "Interest Bearing Account" shall mean the Participant's Interest Bearing Account established pursuant to Section 4.03 herein.

Section 2.12 "Market Price" of the common stock of the Company on any date shall mean the closing sales price per share for the common stock (or, if no closing sales price is reported, the average of the bid and ask prices per share on such date) on the New York Stock Exchange or, if the common stock is not then listed on such Exchange, such other national or regional securities exchange upon which the common stock is so listed, as reported in the composite transactions for the principal United States securities exchange on which the common stock is then listed or, if the common stock is not then listed on any such exchange, as reported by The NASDAQ Stock Market, Inc.

Section 2.13 "Participant" shall mean any Director of the Company who has elected to have all or a part of his Compensation deferred pursuant to the Plan.

Section 2.14 "Plan" shall mean the Halliburton Company Directors' Deferred Compensation Plan, as amended and restated effective as of January 1, 2007, and as the same may thereafter be amended from time to time.

Section 2.15 "Plan Earnings" shall mean amounts of interest to which reference is made in Section 5.01 herein and of dividends and distributions to which reference is made in Section 6.02 herein.

Section 2.16 "Stock Equivalent" shall mean a measure of value equal to one share of the Company's common stock.

Section 2.17 "Stock Equivalents Account" shall mean the Participant's Stock Equivalents Account established pursuant to Section 4.03 herein.

ARTICLE III
ADMINISTRATION OF THE PLAN

Section 3.01 Committee. The Board of Directors shall appoint a Committee to administer, construe and interpret the Plan. Such Committee, or such successor Committee as may be duly appointed by the Board of Directors, shall serve at the pleasure of the Board of Directors. Decisions of the Committee with respect to any matter involving the Plan shall be final and binding on the Company and all Participants. The Committee may designate an Administrator to aid the Committee in its administration of the Plan. Such Administrator shall maintain complete and adequate records pertaining to the Plan, including but not limited to Participants' Interest Bearing Accounts and Stock Equivalent Accounts, and shall serve at the pleasure of the Committee.

Section 3.02 Indemnity.

(a) Indemnification. The Company (the "Indemnifying Party") hereby agrees to indemnify and hold harmless the members of the Committee and any Administrator designated by the Committee (the "Indemnified Parties") against any losses, claims, damages or liabilities to which any of the Indemnified Parties may become subject to the extent that such losses, claims, damages or liabilities or actions in respect thereof arise out of or are based upon any act or omission of such Indemnified Party in connection with the administration of this Plan (including any act or omission constituting negligence on the part of such Indemnified Party, but excluding any act or omission constituting gross negligence or willful misconduct on the part of such Indemnified Party), and will reimburse the Indemnified Party for any legal or other expenses reasonably incurred by him or her in connection with investigating or defending against any such loss, claim, damage, liability or action.

(b) Actions. Promptly after receipt by the Indemnified Party under Section 3.02(a) herein of notice of the commencement of any action or proceeding with respect to any loss, claim, damage or liability against which the Indemnified Party believes he or she is indemnified under Section 3.02(a), the Indemnified Party shall, if a claim with respect thereto is to be made against the Indemnifying Party under such Section, notify the Indemnifying Party in writing of the commencement thereof; provided, however, that the omission so to notify the Indemnifying Party shall not relieve it from any liability which it may have to the Indemnified Party to the extent the Indemnifying Party is not prejudiced by such omission. If any such action or proceeding shall be brought against the Indemnified Party and it shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party shall be entitled to participate therein, and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party, and, after notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party under Section 3.02(a) for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof other than reasonable costs of investigation or reasonable expenses of actions taken at the written request of the Indemnifying Party. The Indemnifying Party shall not be liable for any compromise or settlement of any such action or proceeding effected without its consent, which consent will not be unreasonably withheld.

ARTICLE IV
DEFERRED COMPENSATION

Section 4.01 Initial Deferral Elections by Participants. Any Director of the Company may at any time elect to participate in the Plan and to have all, or such percentage as he may specify, of the Compensation otherwise payable to him as a Director deferred and paid to him pursuant to the terms of Section 5.02 or Section 6.05, as applicable. Such deferral election shall be made by notice in writing in a manner and form acceptable to the Administrator and shall be applicable only with respect to Compensation for services performed after the end of the calendar year in which such deferral election is made and prior to the earlier of the effective date of a further deferral election pursuant to Section 4.02 herein or such Participant's Deferral Termination Date. At the time of making such initial deferral election hereunder, a Director shall specify the portion, if any, of such Deferred Compensation which will be (i) held subject to the interest payment provisions of ARTICLE V hereof or (ii) translated into Stock Equivalents in accordance with ARTICLE VI hereof.

Section 4.02 Subsequent Deferral Elections by Participants. Subsequent to the initial deferral election by a Participant provided for in Section 4.01, a Participant may at any time make a subsequent deferral election in like manner to increase or decrease the percentage of his Compensation to be deferred pursuant to the Plan and to elect the portion of such Deferred Compensation and any Plan Earnings to be (i) held subject to the interest payment provisions of ARTICLE V hereof or (ii) translated into Stock Equivalents in accordance with ARTICLE VI hereof. Any such subsequent deferral election shall be effective as of the first day of the calendar year following the calendar year in which such subsequent deferral election is made. Notwithstanding anything to the contrary herein, no such subsequent deferral election shall effect a transfer of any amount credited, as of the first day of such calendar year, to either the Interest Bearing Account or the Stock Equivalents Account from such account to the other account.

Section 4.03 Establishment of Interest Bearing Accounts and Stock Equivalents Accounts. There shall be established for each Participant an account to be designated as such Participant's Interest Bearing Account and, where appropriate, an account to be designated as such Participant's Stock Equivalents Account.

Section 4.04 Allocations to Accounts. Any Deferred Compensation earned by a Participant during a calendar quarter shall be credited to the Interest Bearing Account and/or Stock Equivalents Account of such Participant, as applicable, on the date any such amount is otherwise payable, and any Plan Earnings shall be credited in accordance with the provisions of Section 5.01 and 6.02, as applicable.

Section 4.05 Distribution Elections. A Participant may elect, subject to the provisions of this Section and Sections 5.02 and 6.05, the form of distribution with respect to the Compensation, and Plan Earnings attributable thereto, deferred by the Participant and allocated to the Participant's Interest Bearing Account and Stock Equivalents Account, as applicable. The distribution election is not required to be the same for each Account. A Participant's distribution election under this Section shall be made in writing in a form authorized by the Administrator and shall be made at the time the Participant makes an initial deferral election under Section 4.01 or a subsequent deferral election under Section 4.02. Any individual who was a Participant at any time during calendar year 2007 must make a distribution election before December 31, 2007, with such election becoming irrevocable as of January 1, 2008. A Participant may elect distribution in the form of a lump sum, five equal annual installments or ten equal annual installments. Absent any such distribution election by a Participant, the Participant's Interest Bearing Account and Stock Equivalents Account will be distributed in the form of a lump sum distribution.

ARTICLE V
INTEREST

Section 5.01 Interest. A Participant's Interest Bearing Account shall be credited as of the end of each calendar quarter with an amount equivalent to interest for the number of days in such quarter (based on a calendar year of 365 days) at Citibank, N.A.'s prime rate for major corporate borrowers in effect on the first day of such calendar quarter applied to the balance of such account at the beginning of such calendar quarter. (No amount credited to a Participant's Interest Bearing Account subsequent to the beginning of a calendar quarter shall bear interest during that calendar quarter.) Notwithstanding any provision to the contrary, if a Participant has both an Interest Bearing Account and a Stock Equivalents Account and as of January 1, 1999 the Participant ceased making additional deferrals into the Interest Bearing Account, the interest subsequently earned with respect to the Interest Bearing Account shall be credited to the Participant's Stock Equivalents Account as of the end of each calendar quarter.

Section 5.02 Distribution of Interest Bearing Accounts. When a Participant's Deferral Termination Date occurs, the balance standing in such Participant's Interest Bearing Account at the end of the calendar quarter in which such date occurs (after crediting interest thereto in accordance with Section 5.01 herein) shall be distributed to such Participant in the form provided under Section 4.05 hereof.

Until payment is made, interest shall continue to accrue in the manner provided in Section 5.01. All Plan Earnings accrued to the date of payment of any lump-sum or annual installment shall be paid in conjunction with such payment. The lump-sum payment or the initial annual installment shall be distributed on the last business day of January next following the close of the calendar year in which the Participant's Deferral Termination Date occurs. The remaining installments, if any, shall be distributed at annual intervals thereafter.

If a Participant's Deferral Termination Date occurs by reason of his death or if he dies after his Deferral Termination Date, but prior to receipt of all distributions provided for in this Section, all cash distributable hereunder shall be distributed in a lump sum to such Participant's estate or personal representative as soon as administratively feasible following such Participant's death.

ARTICLE VI
STOCK EQUIVALENTS

Section 6.01 Stock Equivalents Accounts. The number of Stock Equivalents, or fractions thereof, to be credited to a Participant's Stock Equivalents Account in accordance with Section 4.04 shall be determined by dividing the amount of Deferred Compensation and Plan Earnings to be allocated to such account pursuant to the Participant's specifications given in accordance with Article IV by the Market Price of the Company's common stock on the trading day next preceding the last business day of the calendar quarter specified in Section 4.04. The number of Stock Equivalents, so determined, shall be credited to the Stock Equivalents Account established for the Participant.

Section 6.02 Cash and Property Dividend Credits. Additional credits shall be made to a Participant's Stock Equivalents Account throughout the period of such Participant's participation in the Plan, and thereafter until all distributions to which the Participant is entitled under Section 6.05 or ARTICLE VIII shall have been made, in amounts equal to the Plan Earnings consisting of the cash or fair market value of any dividends or distributions declared and made with respect to the Company's common stock payable in cash, securities issued by the Company (other than the Company's common stock but including any such securities convertible into the Company's common stock) or other property which the Participant would have received from time to time had he been the owner on the record dates for the payment of such dividends of the number of shares of the Company's common stock equal to the number of Stock Equivalents in his Stock Equivalents Account on such dates. Each such credit shall be effected as of the payment date for such dividend or distribution.

Section 6.03 Stock Dividend Credits. Additional credits shall be made to a Participant's Stock Equivalents Account throughout the period of his participation in the Plan, and thereafter until all distributions to which the Participant is entitled under Section 6.05 or ARTICLE VIII shall have been made, of a number of Stock Equivalents equal to the number of shares (including fractional shares) of the Company's common stock to which the Participant would have been entitled from time to time as common stock dividends had such Participant been the owner on the record dates for the payments of such stock dividends of the number of shares of the Company's common stock equal to the number of Stock Equivalents credited to his Stock Equivalents Account on such dates. Such additional credits shall be effected as of the end of the calendar quarter in which payment of such stock dividend is made.

Section 6.04 Recapitalization. If, as a result of a split or combination of the Company's outstanding common stock or other recapitalization or reorganization, the number of shares of the Company's outstanding common stock is increased or decreased or all or a portion of the Company's outstanding common stock is exchanged for or converted into other securities issued by the Company (including without limitation securities convertible into the Company's common stock) or other property, the number of Stock Equivalents credited to a Participant's Stock Equivalents Account shall, to the extent reasonably practicable, be equitably adjusted to give effect to such recapitalization or reorganization (taking into account the fair market value of any securities or other property for which the Company's common stock was exchanged or into which it was converted) as if the Participant had owned of record on the effective date of such recapitalization or reorganization a number of shares of the Company's common stock equal to the number of Stock Equivalents credited to his Stock Equivalents Account immediately prior thereto. To the extent that any such adjustment is not reasonably practicable, the Board of Directors shall give consideration to amending the Plan pursuant to ARTICLE IX in order to give effect to the purpose of the Plan and, if no such amendments can be effected or are considered desirable, to terminating the Plan pursuant to ARTICLE VIII.

Section 6.05 Distributions from Stock Equivalent Account After Participant's Deferral Termination Date. When a Participant's Deferral Termination Date occurs, the Company shall become obligated to make the distributions prescribed in paragraphs (a) and (b) below. At the time of any distribution, each Stock Equivalent to be distributed shall be converted into one share of the Company's common stock and such share shall be distributed to the Participant. Any fraction of a Stock Equivalent to be distributed shall be converted into an amount in cash equal to the Market Price of one share of the Company's common stock on the trading day next preceding the date of distribution multiplied by such fraction and such cash shall be distributed to the Participant.

(a) Distribution shall be made in the form provided under Section 4.05 hereof. Until payment is made, Plan Earnings shall continue to be credited in the manner provided in Section 6.02. All Plan Earnings accrued to the date of any lump-sum distribution or annual installment shall be paid in conjunction with such payment. The lump-sum or the initial annual installment shall be distributed on the last business day of January next following the close of the calendar year in which the Participant's Deferral Termination Date occurs. The remaining installments, if any, shall be distributed at annual intervals thereafter.

(b) If a Participant's Deferral Termination Date shall occur by reason of his death or if he shall die after his Deferral Termination Date but prior to receipt of all distributions provided for in this Section, all Stock Equivalents, or the undistributed balance thereof, shall be distributed to such Participant's estate or personal representative as soon as administratively feasible following such Participant's death.

ARTICLE VII
NATURE OF PLAN

The adoption of this Plan and any setting aside of amounts by the Company with which to discharge its obligations hereunder shall not be deemed to create a trust. Legal and equitable title to any funds so set aside shall remain in the Company, and any recipient of benefits hereunder shall have no security or other interest in such funds. Any and all funds so set aside shall remain subject to the claims of the general creditors of the Company, present and future. This provision shall not require the Company to set aside any funds, but the Company may set aside such funds if it chooses to do so.

ARTICLE VIII
TERMINATION OF THE PLAN

The Board of Directors may terminate the Plan at any time. Upon termination of the Plan, distributions in respect of credits to Participants' Accounts as of the date of termination shall be made in the manner and at the time prescribed in Section 5.02 or 6.05, as applicable.

ARTICLE IX
AMENDMENT OF THE PLAN

The Board of Directors may, without the consent of Participants or their beneficiaries, amend the Plan at any time and from time to time; provided, however, that no amendment may deprive a Participant of the amounts allocated to his or her Accounts or be retroactive in effect to the prejudice of any Participant.

ARTICLE X
GENERAL PROVISIONS

Section 10.01 No Preference. No Participant shall have any preference over the general creditors of the Company in the event of the Company's insolvency.

Section 10.02 Authorized Payments.

(a) If the Committee receives evidence satisfactory to it that any person entitled to receive a periodic payment hereunder is, at the time the benefit is payable, physically, mentally or legally incompetent to receive such payment and to give a valid receipt therefore, and that an individual or institution is then maintaining or has custody of such person and that no guardian, committee or other representative of the estate of such person has been duly appointed, the Committee may direct that such periodic payment or portion thereof be paid to such individual or institution maintaining or having custody of such person, and the receipt of such individual or institution shall be valid and a complete discharge for the payment of such benefit.

(b) Payments to be made hereunder may, at the written request of the Participant, be made to a bank account designated by such Participant, provided that deposits to the credit of such Participant in any bank or trust company shall be deemed payment into his hands.

(c) Notwithstanding any other provisions of the Plan, if any amounts payable under the Plan are found in a "determination" (within the meaning of Section 1313(a) of the Internal Revenue Code of 1986) to have been includible in gross income of a Participant prior to payment of such amounts hereunder, such amounts shall be paid to such Participant as soon as practicable after the Committee is advised of such determination. For purposes of this paragraph, the Committee shall be entitled to rely on an affidavit by a Participant and a copy of the determination to the effect that a determination described in the preceding sentence has occurred.

Section 10.03 Gender Words. Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

Section 10.04 Assignment of Benefits. Benefits provided under the Plan may not be assigned or alienated, either voluntarily or involuntarily, other than by will or the applicable laws of descent and distribution.

Section 10.05 Conflicts of Laws. THE LAWS OF THE STATE OF TEXAS SHALL CONTROL THE INTERPRETATION AND PERFORMANCE OF THE TERMS OF THE PLAN. THE PLAN IS NOT INTENDED TO QUALIFY UNDER SECTION 401(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR TO COMPLY WITH THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED.

ARTICLE XI
EFFECTIVE DATE

This amendment and restatement of the Plan shall be effective as of January 1, 2007, and shall continue in force during subsequent years unless amended or revoked by action of the Board of Directors.

HALLIBURTON COMPANY

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

EXHIBIT 10-10

RETIREMENT PLAN

FOR THE DIRECTORS OF

HALLIBURTON COMPANY

As Amended and Restated

Effective July 1, 2007

PREAMBLE

Effective January 1, 1990, Halliburton Company, a Delaware corporation (the "Company"), established the Retirement Plan for the Directors of Halliburton Company (the "Plan"), to help attract and continue to retain highly qualified Directors for the Company and to provide Directors with retirement income in recognition of services performed for the Company. The Plan has been amended, including an amendment and restatement effective May 16, 2000, which closed the Plan to Directors first elected to the Board on or after that date. The Company now desires to restate the Plan to include all prior amendments and restatements. Therefore, the Plan is hereby restated to read as follows, effective as of July 1, 2007:

DEFINITIONS

Each of the following terms shall have the meaning set forth in this Article I for purposes of the Plan and any amendments thereto:

Accrued Retirement Benefit: **The total amount of future Retirement Benefit which has been earned by a Participant under the Plan at any point in time.**

Administrator: **The person or persons appointed by the Board to administer the Plan.**

Affiliate: **Any person or entity who or which controls, is controlled by or is under common control with the Company. For purposes of this definition, the terms "control" and "controlled by" as used with respect to the Company or any person or entity shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Company or such person or entity, whether through the ownership of an equity interest in the Company or such person or entity, by contract or otherwise.**

Benefit Commencement Date: **The date, determined under Article III, as of which a Participant begins to receive payment of benefits under the Plan.**

Board: **The Board of Directors of the Company.**

Company: **Halliburton Company.**

Competitor: **A company, corporation, enterprise, firm, limited partnership, partnership, person, sole proprietorship or any other business entity determined by the Board in its sole discretion to be competitive with the business of the Company, its Subsidiaries or its Affiliates.**

Directors: **An individual, elected to the Board by the stockholders of the Company or by the Board under applicable corporate law, who is serving or has served on the Board on or after January 1, 1990.**

Eligible Director: **Each Director of the Company, except (1) current and former employees of the Company, its Subsidiaries or its Affiliates and (2) Directors newly elected to the Board on or after May 16, 2000.**

Last Annual Retainer: **The amount specified on the attached** Retirement Plan Schedule**, which represents the last annual retainer for each Eligible Director, excluding all other amounts paid for service on the Board, a committee or any equity awards.**

Participant: **An Eligible Director who has commenced, but not terminated, participation in the Plan as provided in Article II.**

Plan: **Retirement Plan for the Directors of Halliburton Company.**

Subsidiary: **At any given time, any other corporation of which an aggregate of 80% or more of the outstanding voting stock is owned of record or beneficially, directly or indirectly, by the Company or any other of its Subsidiaries.**

Retirement Benefit: **The annual retirement benefit equal to the Last Annual Retainer specified on the attached** Retirement Plan Schedule**, subject to the provisions of Article IV.**

Retirement Benefit Payment Period: **The period specified on the attached** Retirement Plan Schedule **over which a Retirement Benefit is to be paid under the Plan.**

Termination Date: **The date on which occurs the end of a Director's service to the Company as a Director by reason of his or her retirement, declination to stand for re-election, resignation, disability, removal, death or other event that has the effect of terminating his or her service to the Company; provided that a date shall not be a "Termination Date" until there has been a "Separation from Service", as defined under Internal Revenue Code Section 409A and accompanying regulations.**

Trust: **Any trust created pursuant to the provisions of Article VIII.**

Trust Agreement: **The agreement establishing the Trust.**

Trustee: **The person or persons or entity named from time to time as trustee in the Trust Agreement and his, their or its successors.**

Trust Fund: **The assets held under the Trust as they may exist from time to time.**

PARTICIPATION

Admission as a Participant

No Director newly elected to the Board on or after May 16, 2000 shall become a Participant.

Termination of Participation

A Participant shall cease to be such upon the earlier of his or her death or the completion of his or her Retirement Benefit Payment Period.

RETIREMENT BENEFITS

Retirement Benefit

Following his or her Termination Date, subject to the provisions of Article IV, a Participant shall be entitled to receive a Retirement Benefit commencing on his or her Benefit Commencement Date payable in each year of the Retirement Benefit Payment Period.

Retirement Benefit Payment Period

Each Participant's Retirement Benefit Payment Period is the period specified on the attached **Retirement Plan Schedule**.

Form of Payment and Benefit Commencement Date

The Benefit Commencement Date shall be the first day of the calendar quarter coincident with or next succeeding the later of the Participant's Termination Date or attainment of 65 years of age, provided, however, if the Participant's Termination Date occurs as a result of the death of the Participant, the Benefit Commencement Date shall be the first day of the calendar quarter coincident with or next succeeding the date of the Participant's death.

Annual payments shall be made to a Participant beginning on his or her Benefit Commencement Date.

RETIREMENT BENEFIT FORFEITURES

Any portion of the Accrued Retirement Benefit of a Participant not previously paid shall be forfeited upon a determination by the Board, in its sole discretion, that a Participant has, without the consent of the Board:

joined the board of directors of, managed, operated, participated in a material way in, entered employment with, performed consulting (or any other) services for, or otherwise been connected in any material manner with a Competitor;

directly or indirectly acquired an equity interest of five percent or greater in a competitor; or

disclosed any material trade secrets or other material confidential information, including customer lists, relating to the Company or to the business of the Company to others, including a Competitor.

DEATH BENEFITS

Upon the death of a Participant, whether before or after such Participant's Benefit Commencement Date, all unpaid benefits shall be paid to such Participant's surviving spouse in accordance with the provisions of Article III hereof. Should a Participant die leaving no surviving spouse or upon the subsequent death of a surviving spouse, any unpaid Retirement Benefit shall be forfeited and the Company shall have no obligation to pay any sums to the Participant's or the Participant's spouses' heirs at law or beneficiaries or under a will or to the estate of the Participant or the Participant's spouse.

ADMINISTRATION OF THE PLAN

Administrator

The Board of Directors shall appoint an Administrator to administer the Plan. Such Administrator or such successor Administrator as may be duly appointed by the Board of Directors shall serve at the pleasure of the Board. The Administrator shall maintain complete and adequate records pertaining to the Plan, including but not limited to Participants' Accrued Retirement Benefits, amounts transferred to the Trust, reports from the Trustee and all other records which shall be necessary or desirable in the proper administration of the Plan.

Indemnity

The Company (the "Indemnifying Party") hereby agrees to indemnify and hold harmless the Administrator (the "Indemnified Party") against any losses, claims, damages or liabilities to which the Indemnified Party may become subject to the extent that such losses, claims, damages or liabilities or actions in respect thereof arise out of or are based upon any act or omission of the Indemnified Party in connection with the administration of this Plan (other than any act or omission of such Indemnified Party constituting gross negligence or willful misconduct), and will reimburse the Indemnified Party for any legal or other expenses reasonably incurred by him or her in connection with investigating or defending against any such loss, claim, damage, liability or action. Promptly after receipt by the Indemnified Party of notice of the commencement of any action or proceeding with respect to any loss, claim, damage or liability against which the Indemnified Party believes he or she is indemnified hereunder, the Indemnified Party shall, if a claim with respect thereto is to be made against the Indemnifying Party hereunder, notify the Indemnifying Party in writing of the commencement thereof; provided, however, that the omission so to notify the Indemnifying Party shall not relieve it from any liability which it may have to the Indemnified Party to the extent the Indemnifying Party is not prejudiced by such omission. If any such action or proceeding shall be brought against the Indemnified Party, and it shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party shall be entitled to participate therein, and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party, and, after notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party hereunder for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof other than reasonable costs of investigation or reasonable expenses of actions taken at the written request of the Indemnifying Party. The Indemnifying Party shall not be liable for any compromise or settlement of any such action or proceeding effected without its consent, which consent will not be unreasonably withheld.

NATURE OF PLAN

The adoption of this Plan and any setting aside of amounts by the Company with which to discharge its obligations hereunder shall not be deemed to create a trust; legal and equitable title to any funds so set aside shall remain in the Company, and any recipient of benefits hereunder shall have no security or other interest in such funds. Any and all funds so set aside shall remain subject to the claims of the general creditors of the Company, present and future. This provision shall not require the Company to set aside any funds, but the Company may set aside such funds if it chooses to do so.

FUNDING OF OBLIGATION

Funding

Article VII above to the contrary notwithstanding, the Company may fund all or part of its obligation hereunder by transferring assets to a Trust if the provisions of the Trust Agreement creating the Trust require the use of the Trust's assets to satisfy claims of the Company's general unsecured creditors in the event of the Company's insolvency and provide that no Participant shall at any time have a prior claim to such assets. The assets of the Trust shall not be deemed to be assets of this Plan.

Source of Payment

If a Trust is created hereunder the Administrator shall determine whether any payment to be made to a Participant under the provisions of the Plan is to be made directly by the Company, from the Trust Fund or by a combination of such sources except to the extent the provisions of the Trust Agreement specify payment from the Trust Fund. The Plan shall be deemed to authorize any payment of a Participant's Accrued Retirement Benefit from the Trust Fund to the extent such payment is required by the provisions of the Trust Agreement.

TERMINATION OF THE PLAN

The Board of Directors may terminate the Plan at any time. Upon termination of the Plan, payment of Participants' Accrued Retirement Benefits as of the date of termination shall be made in the manner and at the time prescribed in Articles III, IV and V hereof, but Participants shall accrue no additional Retirement Benefits hereunder.

AMENDMENT OF THE PLAN

The Board of Directors may, without the consent of Participants or their beneficiaries, amend the Plan at any time and from time to time, provided, however, that no amendment may deprive a Participant of his or her Accrued Retirement Benefit or be retroactive in effect to the prejudice of any Participant.

GENERAL PROVISIONS

No Preference over Creditors

No Participant shall have any preference over the general creditors of the Company in the event of the Company's insolvency.

Incompetency of Payee

If the Administrator receives evidence satisfactory to him or her that any person entitled to receive a payment hereunder is, at the time the benefit is payable, physically, mentally or legally incompetent to receive such payment and to give a valid receipt therefor, and that an individual or institution is then maintaining or has custody of such person and that no guardian, committee or other representative of the estate of such person has been duly appointed, the Administrator may direct that such payment be paid to such individual or institution maintaining or having custody of such person, and the receipt of such individual or institution shall be valid and a complete discharge for the payment of such benefit.

Direct Deposit of Payments

Payments to be made hereunder may, at the written request of the Participant, be made to a bank account designated by such Participant, provided that deposits to the credit of such Participant in any bank or trust company shall be deemed payment into his hands.

Construction of Plan

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

Benefits Not Assignable

Benefits provided under the Plan may not be assigned or alienated, either voluntarily or involuntarily, other than by will or by the applicable laws of descent and distribution.

Controlling Law

THE LAWS OF THE STATE OF TEXAS SHALL CONTROL THE INTERPRETATION AND PERFORMANCE OF THE TERMS OF THE PLAN. THE PLAN IS NOT INTENDED TO QUALIFY UNDER SECTION 401(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR TO COMPLY WITH THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED.

EXECUTED this 1st day of October, 2007.

HALLIBURTON COMPANY

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

RETIREMENT PLAN SCHEDULE

RETIREMENT PLAN FOR THE
DIRECTORS OF HALLIBURTON COMPANY

Name	First Payment Date	Projected Last Payment Date	Last Annual Retainer Amount	Years of Service (Retirement Benefit Payment Period)
Anne L. Armstrong	7/1/2000	7/1/2022	$30,000	23
The Rt. Hon. Lord Clitheroe	7/1/2002	7/1/2016	$30,000	15
Edwin L. Cox	7/1/1994	7/1/2008	$30,000	15
Robert L. Crandall *	7/1/2008 *	7/1/2030	$50,000	23
Charles J. DiBona	7/1/2005	7/1/2012	$40,000	8
Lawrence S. Eagleburger	7/1/2003	7/1/2007	$30,000	5
Nancy Hart Glanville	10/1/1992	11/1/2007	$30,000	15
W. R. Howell +	7/1/2008 +	7/1/2024	$50,000	17
Delano E. Lewis	1/2/2004	1/2/2008	$30,000	4
Dr. Guy T. McBride, Jr.	7/1/1990	7/1/2007	$30,000	18
C. J. Silas	7/1/2005	7/1/2016	$40,000	12
Roger T. Staubach	4/1/2007	4/1/2013	$30,000	7
Gertrude W. Williamson	7/1/1997	7/1/2012	$30,000	16

* Mr. Crandall is still a member of the Board of Directors. His anticipated retirement date is 05/2008. At that time he will have 23 years of service. Based on the annual retainer at 04/30/07, his retainer/annual benefit payment would be $50,000.

+ Mr. Howell is still a member of the Board of Directors. His anticipated retirement date is 05/2008. At that time he will have 17 years of service. Based on the annual retainer at 04/30/07, his retainer/annual benefit payment would be $50,000.

EXHIBIT 10-11

FIRST AMENDMENT TO THE

RETIREMENT PLAN FOR THE DIRECTORS

OF HALLIBURTON COMPANY

(As Amended and Restated July 1, 2007)

Halliburton Company (the "Company") established and maintains the Retirement Plan for the Directors of Halliburton Company, as amended and restated July 1, 2007 (the "Plan"). Pursuant to Article X of the Plan, the Board of Directors of the Company reserves the right to amend the Plan. The Company hereby amends the Plan, effective as of September 1, 2007, as follows:

1. Article V of the Plan is hereby amended in its entirety to read as follows:

"Upon the death of a Participant, whether before or after such Participant's Benefit Commencement Date, all unpaid benefits shall be paid to such Participant's surviving spouse in accordance with the provisions of Article III hereof. Should a Participant die leaving no spouse who survives the Participant for any length of time, or upon the subsequent death of a surviving spouse, any unpaid Retirement Benefit shall be paid, within 60 days of the death of the Participant or surviving spouse, as applicable (each referred to as a "decedent"), to the decedent's estate. Payment shall be made in the form of a lump sum equal to the present value of the remaining unpaid annual installments of the Retirement Benefit using the interest rate assumption set forth on *Exhibit A* hereto."

2. The Plan is hereby amended by adding to the end thereof "*Exhibit A*" in the form as attached hereto.

IN WITNESS WHEREOF, the Company has caused these presents to be executed by its duly authorized officer, in a number of copies, all of which shall constitute but one and the same instrument that may be sufficiently evidenced by any such executed copy hereof, this 1st day of October, 2007, but effective as of September 1, 2007.

HALLIBURTON COMPANY

By: /s/ David J. Lesar

Name: David J. Lesar

Title: Chairman, President and
Chief Executive Officer

RETIREMENT PLAN FOR THE DIRECTORS
OF HALLIBURTON COMPANY

(As Amended and Restated July 1, 2007)

EXHIBIT A

Present Value

This *Exhibit A* forms part of the Retirement Plan for the Directors of Halliburton Company, as amended and restated effective September 1, 2007 (the "Plan"). The provisions of this *Exhibit A* govern the interest rate assumption for purposes of determining present value in Article V of the Plan, as follows:

The interest rate assumption shall be the average "applicable interest rate" as defined in Section 417(e)(3)(A)(ii)(II) of the Internal Revenue Code of 1986, as amended, for the month preceding the decedent's death, as published by the Internal Revenue Service, or if no such rate is published, the rate determined using substantially similar methodology.

Exhibit 31.1

Section 302 Certification

I, David J. Lesar, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2007 of Halliburton Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2007

/s/ David J. Lesar
David J. Lesar
Chief Executive Officer
Halliburton Company

Exhibit 31.2

Section 302 Certification

I, C. Christopher Gaut, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2007 of Halliburton Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2007

/s/ C. Christopher Gaut
C. Christopher Gaut
Chief Financial Officer
Halliburton Company

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is provided pursuant to § 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. § 1350, and accompanies the Quarterly Report on Form 10-Q for the period ended September 30, 2007 of Halliburton Company (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report").

I, David J. Lesar, Chief Executive Officer of the Company, certify that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David J. Lesar
David J. Lesar
Chief Executive Officer

Date: October 26, 2007

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is provided pursuant to § 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. § 1350, and accompanies the Quarterly Report on Form 10-Q for the period ended September 30, 2007 of Halliburton Company (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report").

I, C. Christopher Gaut, Chief Financial Officer of the Company, certify that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ C. Christopher Gaut
C. Christopher Gaut
Chief Financial Officer

Date: October 26, 2007