

HALLIBURTON CO
Form DEF 14A
April 01, 2005

**UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION**
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SCHEDULE 14A

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**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant **X**
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Check the appropriate box:

- O** Preliminary Proxy Statement
- O** **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- X** Definitive Proxy Statement
- O** Definitive Additional Materials
- O** Soliciting Material Pursuant to Rule §240.14a-12

Halliburton Company

(Name of Registrant as Specified In Its Charter)

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1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

March 22, 2005

To Our Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders of Halliburton Company. The meeting will be held on Wednesday, May 18, 2005, at 9:00 a.m., local time, at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010. The Notice of Annual Meeting, proxy statement and proxy card from the Board of Directors are enclosed. The materials provide further information concerning the Annual Meeting.

At the meeting, stockholders are being asked to:

elect a Board of Directors of nine Directors to serve for the coming year;

ratify the selection of KPMG LLP as independent accountants to examine the financial statements and books and records of Halliburton for 2005; and

consider two stockholder proposals.

Please refer to the proxy statement for detailed information on each of these proposals.

It is very important that your shares are represented and voted at the meeting. Your shares may be voted electronically on the Internet, by telephone or by returning the enclosed proxy card. If you attend the meeting, you may vote in person even if you have previously voted. We would appreciate you informing us on the proxy card if you expect to attend the meeting so that we can provide adequate seating.

The continuing interest of our stockholders in the business of Halliburton is appreciated, and we hope you will be able to attend the Annual Meeting.

Sincerely,

DAVID J. LESAR
*Chairman of the Board, President
and Chief Executive Officer*

Notice of Annual Meeting of Stockholders to be Held May 18, 2005

The Annual Meeting of Stockholders of Halliburton Company, a Delaware corporation, will be held on Wednesday, May 18, 2005, at 9:00 a.m., local time, at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010. At the meeting, the stockholders will be asked to consider and act upon the matters discussed in the attached proxy statement as follows:

1. To elect nine Directors to serve for the ensuing year and until their successors shall be elected and shall qualify.
2. To consider and act upon a proposal to ratify the appointment of KPMG LLP as independent accountants to examine the financial statements and books and records of Halliburton for the year 2005.
3. To consider and act upon two stockholder proposals, if properly presented at the meeting.
4. To transact any other business that properly comes before the meeting or any adjournment or adjournments of the meeting.

These items are fully described in the following pages, which are made a part of this Notice. The Board of Directors has set Monday, March 21, 2005, at the close of business, as the record date for the determination of stockholders entitled to notice of and to vote at the meeting and at any adjournment of the meeting.

We request that you vote your shares as promptly as possible. You may vote your shares in a number of ways if you have shares registered in your own name:

electronically via the Internet at <http://www.proxyvoting.com/hal>,

by telephone if you are in the U.S. and Canada, by calling 1-866-540-5760 (toll-free), or

by marking your votes, dating, signing the proxy card or voting instruction form enclosed and returning it in the postage-paid envelope provided.

If you hold Halliburton shares with a broker or bank, you may also be eligible to vote via the Internet or by telephone if your broker or bank participates in the proxy voting program provided by ADP Investor Communication Services.

IF YOU PLAN TO ATTEND:

Attendance at the meeting is limited to stockholders and one guest each. Admission will be on a first-come, first-served basis. Registration will begin at 8:00 a.m., and the meeting will begin at 9:00 a.m. Each stockholder holding stock in brokerage accounts will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Please note that you may be asked to present valid picture identification, such as a driver's license or passport.

By order of the Board of Directors,

MARGARET E. CARRIERE
Vice President and Secretary

March 22, 2005

You are urged to vote your shares as promptly as possible by (1) following the enclosed voting instructions to vote via the Internet or by telephone, or (2) marking your votes, dating, signing and returning the enclosed proxy card or voting instruction form.

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PROXY STATEMENT

GENERAL INFORMATION

The accompanying proxy is solicited by the Board of Directors of Halliburton Company (Halliburton , the Company , we or us). By executing and returning the enclosed proxy or by following the enclosed voting instructions, you authorize the persons named in the proxy to represent you and vote your shares on the matters described in the Notice of Annual Meeting.

Subject to space availability, all stockholders as of the record date, or their duly appointed proxies, may attend the Meeting and each may be accompanied by one guest. Admission to the Meeting will be on a first-come, first-served basis. Registration will begin at 8:00 a.m., and the Meeting will begin at 9:00 a.m. Please note that you may be asked to present valid picture identification, such as a driver's license or passport when you check in at the registration desk.

If you hold your shares in street name (that is, through a broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date.

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Meeting.

If you attend the Meeting, you may vote in person. If you are not present, your shares can be voted only if you have followed the instructions for voting via the Internet or by telephone or returned a properly executed proxy; and in these cases, your shares will be voted as you specify. If no specification is made, the shares will be voted in accordance with the recommendations of the Board of Directors. You may revoke the authorization given in your proxy at any time before the shares are voted at the Meeting.

The record date for determination of the stockholders entitled to vote at the Annual Meeting is the close of business on March 21, 2005. Halliburton's common stock, par value \$2.50, is the only class of capital stock that is outstanding. As of March 21, 2005, there were 505,288,798 shares of common stock outstanding. Each of the outstanding shares of common stock is entitled to one vote on each matter submitted to the stockholders for a vote at the Meeting. A complete list of stockholders entitled to vote will be kept at our offices at the address specified below for ten days prior to, and will be available at, the Annual Meeting.

Votes cast by proxy or in person at the Annual Meeting will be counted by the persons appointed by us to act as election inspectors for the Meeting. Except for the election of Directors, the affirmative vote of the majority of shares present in person or represented by proxy at the Meeting and entitled to vote on the subject matter will be the act of the stockholders. Shares for which a holder has elected to abstain on a matter will count for purposes of determining the presence of a quorum and will have the effect of a vote against the matter.

In the election of Directors, the candidates for election receiving the highest number of affirmative votes of the shares entitled to be voted, whether or not a majority of the shares present, up to the number of Directors to be elected by those shares, will be elected. Shares present but not voting on the election of Directors will be disregarded, except for quorum purposes, and will have no legal effect.

The election inspectors will treat shares held in street name which cannot be voted by a broker on specific matters in the absence of instructions from the beneficial owner of the shares, known as broker non-vote shares, as shares that are present and entitled to vote for purposes of determining the presence of a quorum. In determining the outcome of any matter for which the broker does not have discretionary authority to vote, however, those shares will not have any effect on that matter. Those shares may be entitled to vote on other matters.

In accordance with our confidential voting policy, no vote of any stockholder will be disclosed to Halliburton's officers, Directors or employees, except:

- as necessary to meet legal requirements and to assert claims for and defend claims against Halliburton;
- when disclosure is voluntarily made or requested by the stockholder;
- when the stockholder writes comments on the proxy card; or
- in the event of a proxy solicitation not approved and recommended by the Board of Directors.

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The proxy solicitor, the election inspectors and the tabulators of all proxies, ballots and voting tabulations that identify stockholders are independent and are not employees of Halliburton.

This proxy statement, the form of proxy and voting instructions are being sent to stockholders on or about April 1, 2005. Our Annual Report to Stockholders, including financial statements, for the fiscal year ended December 31, 2004 accompanies this proxy statement. The Annual Report is not to be considered as a part of the proxy solicitation material or as having been incorporated by reference.

Our principal executive office is located at 5 Houston Center, 1401 McKinney, Suite 2400, Houston, Texas 77010.

ELECTION OF DIRECTORS (Item 1)

Mr. Charles J. DiBona, who has served as a Director since 1997, and Mr. C. J. Silas, who has served as a Director since 1993, are both retiring from the Board of Directors immediately prior to the Annual Meeting of Stockholders on May 18, 2005. They will not be candidates for reelection for the ensuing year. Mr. Aylwin B. Lewis, who has served as a Director since 2001, is resigning from the Board of Directors immediately prior to the Annual Meeting of Stockholders on May 18, 2005. Effective at 9:00 a.m., May 18, 2005, the number of the Directors which will constitute the Board will be decreased from eleven to nine. S. Malcolm Gillis is proposed for the first time for election to the Board of Directors.

Nine Directors are to be elected to serve for the ensuing year and until their successors are elected and qualify. Eight of the nominees listed below are presently Directors of Halliburton. The common stock represented by the proxies will be voted for the election as Directors of the nine nominees unless we receive contrary instructions. If any of the nominees are unwilling or unable to serve, favorable and uninstructed proxies will be voted for a substitute nominee designated by the Board of Directors. If a suitable substitute is not available, the Board of Directors will reduce the number of Directors to be elected. Each nominee has indicated approval of his or her nomination and his or her willingness to serve if elected.

Information about Nominees for Director

ROBERT L. CRANDALL, 69, Chairman Emeritus, AMR Corporation/American Airlines, Inc. (engaged primarily in the air transportation business); President, American Airlines, Inc. 1980 1995; Chairman, President and Chief Executive Officer, AMR Corporation/American Airlines 1985 1995; and Chairman and Chief Executive Officer, AMR Corporation/American Airlines 1985 1998; joined Halliburton Company Board in 1986; Chairman of the Audit Committee and member of the Compensation and the Management Oversight Committees; Director of Air Cell, Inc., Anixter International, Celestica Inc., i2 Technologies, Inc., and serves on the Federal Aviation Administration Management Advisory Committee.

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KENNETH T. DERR, 68, Retired Chairman of the Board, Chevron Corporation (an international oil company); Chairman and Chief Executive Officer, Chevron Corporation, 1989 1999; joined Halliburton Company Board in 2001; Chairman of the Compensation Committee and member of the Audit, the Nominating and Corporate Governance and the Management Oversight Committees; Director of AT&T Corp., Citigroup Inc. and Calpine Corporation.

S. MALCOLM GILLIS, 64, University Professor, Rice University, since 2004; President, Rice University, 1993 2004; Ervin Kenneth Zingler Professor of Economics, Rice University, 1996 2004; Professor of Economics, Rice University, 1993 2004; Director of Service Corporation International, Introgen Therapeutics, Inc. and AECOM Technology, Los Angeles.

W. R. HOWELL, 69, Chairman Emeritus, J.C. Penney Company, Inc. (a major retailer); Chairman of the Board, J.C. Penney Company, Inc., 1983 1996; Chief Executive Officer, J.C. Penney Company, Inc., 1983 1995; joined Halliburton Company Board in 1991; Lead Director, Chairman of the Management Oversight Committee and member of the Audit and the Compensation Committees; Director of American Electric Power Company, Exxon-Mobil Corporation, Pfizer Inc. and the Williams Company. He is also a Director of Deutsche Bank Trust Corporation and Deutsche Bank Trust Company Americas, non-public wholly owned subsidiaries of Deutsche Bank AG.

RAY L. HUNT, 61, Chief Executive Officer, Hunt Oil Company (oil and gas exploration and development) and Chairman of the Board, Chief Executive Officer and President, Hunt Consolidated, Inc. for more than five years; Chairman of the Board, Hunt Oil Company, 1986 2004, joined Halliburton Company Board in 1998; Chairman of the Nominating and Corporate Governance Committee and member of the Management Oversight Committee; Director of Electronic Data Systems Corporation, PepsiCo, Inc., King Ranch Company and Verde Group, L.L.C.; also Chairman of the Board of Directors of the Federal Reserve Bank of Dallas.

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DAVID J. LESAR, 51, Chairman of the Board, President and Chief Executive Officer of the Company, since 2000; President of the Company, 1997-2000; Executive Vice President and Chief Financial Officer, 1995-1997; joined Halliburton Company Board in 2000; Director of Lyondell Chemical Company and Mirant Corporation.

J. LANDIS MARTIN, 59, Chairman and Chief Executive Officer, Titanium Metals Corporation (an integrated producer of titanium metals), since 1995; President, Titanium Metals Corporation, since 2000; President and Chief Executive Officer, NL Industries, Inc. (a manufacturer and marketer of titanium dioxide pigments), 1987-2003; Chairman of the Board and Chief Executive Officer, Baroid Corporation (and its predecessor), acquired by Dresser Industries, Inc. in 1994, 1990-1994; joined Halliburton Company Board in 1998; member of the Audit, the Health, Safety and Environment and the Management Oversight Committees; Director of Apartment Investment and Management Corporation and Crown Castle International Corporation.

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JAY A. PRECOURT, 67, Chairman of the Board and Chief Executive Officer, Scissor Tail Energy, LLC (a gatherer, transporter and processor of natural gas and natural gas liquids), since 2000; Chairman of the Board, Hermes Consolidated, Inc. (a gatherer, transporter and refiner of crude oil and refined products), since 1999; Vice Chairman and Chief Executive Officer, Tejas Gas Corporation, 1986-1999; President, Tejas Gas Corporation, 1996-1998; joined Halliburton Company Board in 1998; member of the Compensation, the Health, Safety and Environment and the Management Oversight Committees; Director of The Timken Company and Apache Corp.

DEBRA L. REED, 48, President and Chief Operating Officer, Southern California Gas Company and San Diego Gas & Electric Company (regulated utility companies), since 2004; President and Chief Financial Officer, Southern California Gas Company and San Diego Gas & Electric Company, 2002-2004; President of San Diego Gas & Electric Company, 2000-2001; President, Energy Distribution Services, Southern California Gas Company, 1998-2001; Senior Vice President, Southern California Gas Company, 1995-1998; joined Halliburton Company Board in 2001; member of the Health, Safety and Environment, the Nominating and Corporate Governance and the Management Oversight Committees.

Stock Ownership of Certain Beneficial Owners and Management

The following table sets forth information about persons or groups, based on information contained in Schedules 13G filed with the Securities and Exchange Commission reflecting beneficial ownership, who own or have the right to acquire more than five percent of our common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class ⁽⁵⁾
Capital Research and Management Company 333 South Hope Street, Los Angeles, CA 90071	25,075,000 ⁽¹⁾	5.7%
FMR Corp. 82 Devonshire Street, Boston, Massachusetts 02109	45,043,094 ⁽²⁾	10.1%
DII Industries, LLC Asbestos PI Trust 2716 Lee St., Suite 500, Greenville, TX 75401	59,500,000 ⁽³⁾	11.8%
Morgan Stanley 1585 Broadway, New York, New York 10036	24,505,978 ⁽⁴⁾	5.5%

- (1) Capital Research and Management Company (CRM) is an investment adviser and is deemed to be the beneficial owner of 25,075,000 shares. CRM has sole dispositive power over 25,075,000 shares.
- (2) The number of shares reported includes 41,535,374 shares beneficially owned by Fidelity Management & Research Company, 2,590,325 shares owned by Fidelity Management Trust Company, 4,525 shares beneficially owned by Strategic Advisers, Inc. and 912,870 shares beneficially owned by Fidelity International Limited. FMR Corp. has sole dispositive power over 45,043,094 shares. FMR Corp. has sole power to vote or to direct the voting of 3,423,396 shares of common stock.
- (3) DII Industries, LLC Asbestos PI Trust is deemed to be the beneficial owner of and has sole dispositive power over 59,500,000 shares.
- (4) Morgan Stanley is the indirect beneficial owner of 24,505,978 shares held by its business units. Morgan Stanley has sole voting power and sole dispositive power over 23,984,502 shares and shared voting power and shared dispositive power over 42,308 shares.
- (5) The percentage ownership reflected relates to the date of the report filed: as of December 31, 2004 in the case of Capital Research and Management Company and Morgan Stanley, as of January 20, 2005 in the case of DII Industries, LLC Asbestos PI Trust, and as of February 28, 2005 in the case of FMR Corp.

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The following table sets forth, as of March 1, 2005, the amount of our common stock owned beneficially by each Director, each of the executive officers named in the Summary Compensation Table on page 18 and all Directors and executive officers as a group.

Name of Beneficial Owner or Number of Persons in Group	Amount and Nature of Beneficial Ownership		Percent of Class
	Sole Voting and Investment Power ⁽¹⁾	Shared Voting or Investment Power ⁽²⁾	
Albert O. Cornelison, Jr.	125,567		*
Robert L. Crandall	10,800		*
Kenneth T. Derr	14,400		*
Charles J. DiBona	7,800		*
C. Christopher Gaut	156,515		*
John W. Gibson, Jr.	155,885		*
W. R. Howell	9,700		*
Ray L. Hunt	86,647	69,712 ⁽³⁾	*
Andrew R. Lane	132,889		*
David J. Lesar	1,788,725	20,000 ⁽³⁾	*
Aylwin B. Lewis	11,400		*
J. Landis Martin	36,001		*
Mark A. McCollum	21,167		*
Jay A. Precourt	27,640		*
Debra L. Reed	11,400	250 ⁽³⁾	*
C. J. Silas	9,800		*
Shares owned by all current Directors and executive officers as a group (19 persons)	2,820,764		*

* Less than 1% of shares outstanding.

- (1) Included in the table are shares of common stock that may be purchased pursuant to outstanding stock options within 60 days of March 1, 2005 for the following: Mr. Cornelison 41,987; Mr. Crandall 3,000; Mr. Derr 7,000; Mr. DiBona 3,000; Mr. Gaut 77,647; Mr. Howell 3,000; Mr. Hunt 11,500; Mr. Lane 32,556; Mr. Lesar 994,240; Mr. Lewis 7,000; Mr. Martin 11,500; Mr. McCollum 6,667; Mr. Precourt 11,500; Ms. Reed 7,000; Mr. Silas 3,000 and three unnamed executive officers 156,999. Until the options are exercised, these individuals will neither have voting nor investment power over the underlying shares of common stock but only have the right to acquire beneficial ownership of the shares through exercise of their respective options.
- (2) The Halliburton Stock Fund is an investment fund established under the Halliburton Company Employee Benefit Master Trust to hold Halliburton common stock for some of Halliburton's profit sharing, retirement and savings plans. The Fund held 6,815,537 shares of common stock at March 1, 2005. Two executive officers not named in the above table have beneficial interests in the Fund. Shares held in the Fund are not allocated to any individual's account. The shares of common stock which might be deemed to be beneficially owned as of March 1, 2005 by the unnamed executive officers total 1,290. The Trustee, State Street Bank and Trust Company, votes shares held in the Halliburton Stock Fund in accordance with voting instructions from the participants. Under the terms of the plans, a participant has the right to determine whether up to 15% of his account balance in a plan is invested in the Halliburton Stock Fund. The Trustee, however, determines when sales or purchases are to be made.
- (3) Mr. Hunt holds 69,712 shares as the trustee of trusts established for the benefit of his children. Mr. Lesar holds 20,000 shares in a family partnership. Ms. Reed has shared voting and investment power over 250 shares held in her husband's Individual Retirement Account.

CORPORATE GOVERNANCE

In 1997, our Board of Directors adopted a formal statement of its responsibilities and corporate governance guidelines to ensure effective governance in all areas of its responsibilities. Since 1997, our corporate governance guidelines have been reviewed periodically and revised as appropriate to reflect the dynamic and evolving processes relating to corporate governance, including the operation of the Board. Our Board's corporate governance guidelines, as revised in February 2005, can be found on the Corporate Governance page of our website www.halliburton.com and in Appendix A to this proxy statement.

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Our Board also wants our stockholders to understand how the Board conducts its affairs in all areas of its responsibility. The full text of our Audit; Compensation; Health, Safety and Environment; Management Oversight; and Nominating and Corporate Governance Committees charters are available on our website.

We have posted on our website our Code of Business Conduct, which applies to all of our employees and Directors and serves as a code of ethics for our principal executive officer, principal financial officer, principal accounting officer or controller, and other persons performing similar functions. If you do not have access to our website you can request a hard copy of the Code of Business Conduct, our corporate governance guidelines and the charters of the Board's committees by contacting the Vice President and Secretary at the address set forth on page 2 of this proxy statement. Any waivers to our code of ethics with respect to our executive officers can only be made by our Audit Committee.

THE BOARD OF DIRECTORS AND STANDING COMMITTEES OF DIRECTORS

The Board of Directors has standing Audit; Compensation; Health, Safety and Environment; Management Oversight; and Nominating and Corporate Governance Committees. Each of the standing committees, including the Audit; Compensation; and Nominating and Corporate Governance Committees, is comprised in the business judgment of the Board entirely of independent, non-employee Directors. The Board has made the determination that all of the non-employee Directors are independent because they each meet the independence standards set forth in our corporate governance guidelines. The Board of Directors has determined that Mr. Crandall's service on the audit committees of more than three public companies does not impair his ability to serve on Halliburton's Audit Committee. During the last fiscal year, the Board of Directors met on 7 occasions, the Audit Committee met on 8 occasions, the Compensation Committee met on 5 occasions, the Health, Safety and Environment Committee met on 2 occasions, the Management Oversight Committee met on 5 occasions and the Nominating and Corporate Governance Committee met on 2 occasions. The non-employee Directors of the Board and the Management Oversight Committee each met in executive session, with no Company personnel present, on 5 occasions. Mr. W.R. Howell is our Lead Director, and in that capacity, he chairs the executive sessions of the Management Oversight Committee. Except for Mr. Lewis, who was absent from several meetings due to his new role and time commitment as President and CEO of Kmart Holding Corporation, no other member of the Board attended fewer than 75 percent of the total number of meetings of the Board and the committees on which he or she served during the last fiscal year. Our corporate governance guidelines provide that all Directors should attend our Annual Meeting, and all of our Directors attended the 2004 Meeting.

To foster better communication with our stockholders, we established a process for stockholders to communicate with the Audit Committee and the Board of Directors. The process has been approved by both the Audit Committee and the Board, and meets the requirements of the New York Stock Exchange, or NYSE, and the Securities and Exchange Commission, or SEC. The methods of communication with the Board include mail, a dedicated telephone number and an e-mail address. Information regarding these methods of communication is on our website, www.halliburton.com, under Corporate Governance.

Halliburton's Director of Business Conduct, a Company employee, reviews all stockholder communications directed to the Audit Committee and the Board of Directors. The Chairman of the Audit

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Committee is promptly notified of any significant communication involving accounting, internal accounting controls, or auditing matters. The Chairman of the Management Oversight Committee is promptly notified of any other significant stockholder communications and communications addressed to a named Director are promptly sent to the Director. A report summarizing all communications is sent to each Director quarterly and copies of communications are available for review by any Director.

Members of the Committees of the Board of Directors

	Audit Committee	Compensation Committee	Health, Safety and Environment	Management Oversight Committee	Nominating and Corporate Governance Committee
Robert L. Crandall	X*	X		X	
Kenneth T. Derr	X	X*		X	X
Charles J. DiBona			X*	X	X
W. R. Howell	X	X		X*	
Ray L. Hunt				X	X*

	Audit Committee	Compensation Committee	Health, Safety and Environment	Management Oversight Committee	Nominating and Corporate Governance Committee
Aylwin B. Lewis		X	X	X	
J. Landis Martin	X		X	X	
Jay A. Precourt		X	X	X	
Debra L. Reed			X	X	X
C. J. Silas	X	X		X	

* Chairman

Audit Committee

The Audit Committee's role is one of oversight, while Halliburton's management is responsible for preparing financial statements. The independent accounting firm appointed to audit our financial statements (the principal independent accountants) is responsible for auditing those financial statements. The Audit Committee is not providing any expert or special assurance as to Halliburton's financial statements or any professional certification as to the principal independent accountants' work. The following functions are the key responsibilities of the Audit Committee in carrying out its oversight:

- recommending the appointment of the principal independent accountants to the Board of Directors, and together with the Board of Directors being responsible for the appointment, compensation, retention and oversight of the work of the principal independent accountants;
- reviewing the scope of the principal independent accountants' examination and the scope of activities of the internal audit department;
- reviewing Halliburton's financial policies and accounting systems and controls;
- reviewing audited financial statements and interim financial statements;
- preparing a report for inclusion in Halliburton's proxy statement regarding the Audit Committee's review of audited financial statements for the last fiscal year which includes a statement on whether it recommends that the Board include those financial statements in the Annual Report on Form 10-K;
- approving the services to be performed by the principal independent accountants; and
- reviewing and assessing the adequacy of the Audit Committee's Charter annually and recommending revisions to the Board.

The Audit Committee also reviews Halliburton's compliance with its Code of Business Conduct which was formally adopted by the Board in 1992. The Audit Committee meets separately with the principal independent accountants, internal auditors and management to discuss matters of concern, and to receive recommendations or suggestions for change and to exchange relevant views and information.

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Compensation Committee

The primary function of the Compensation Committee is to ensure that the Company's compensation program is effective in attracting, retaining and motivating key employees, that it reinforces business strategies and objectives for enhanced stockholder value and that the program is administered in a fair and equitable manner consistent with established policies and guidelines.

The Compensation Committee's responsibilities include, but are not limited to:

- determining and approving the Chief Executive Officer's (CEO) compensation level based on the evaluation of the CEO's performance by the Management Oversight Committee in light of the goals and objectives set by these Committees;
- producing a compensation committee report on executive compensation as required by the SEC to be included in Halliburton's annual proxy statement;
- taking part in an annual performance evaluation of the Compensation Committee;

developing and approving an overall executive compensation philosophy, strategy and framework consistent with corporate objectives and stockholder interests;

reviewing and approving all actions relating to compensation, promotion and employment-related arrangements for specified officers of Halliburton, its subsidiaries and affiliates;

establishing performance criteria and reward schedules under Halliburton's annual incentive pay plans and Performance Unit Program and certifying the performance level achieved and reward payments at the end of each plan year or three-year cycle;

approving any other incentive or bonus plans applicable to specified officers of Halliburton, its subsidiaries and affiliates;

administering awards under Halliburton's 1993 Stock and Incentive Plan and its Supplemental Executive Retirement Plan;

selecting an appropriate comparator group against which Halliburton's total executive compensation program is measured;

reviewing and approving or recommending to the Board, as appropriate, major changes to, and taking administrative actions associated with, any other forms of non-salary compensation under its purview;

reviewing and approving the stock allocation budget among all employee groups within Halliburton;

monitoring and reviewing periodically overall compensation program design and practice to ensure continued competitiveness, appropriateness and alignment with established philosophies, strategies and guidelines;

reviewing and approving appointments to the Administrative Committee which oversees the day-to-day administration of certain non-qualified executive compensation plans; and

retaining persons having special competence (including consultants and other third-party service providers) as necessary to assist the Committee in fulfilling its responsibilities and maintaining the sole authority to retain and terminate these persons, including the authority to approve fees and other retention terms.

Health, Safety and Environment Committee

The Health, Safety and Environment Committee's responsibilities include, but are not limited to:

reviewing and assessing Halliburton's health, safety and environmental policies and practices and proposing modifications or additions as needed;

overseeing the communication and implementation of these policies throughout Halliburton;

reviewing annually the health, safety and environmental performance of Halliburton's operating units and their compliance with applicable policies and legal requirements; and

identifying, analyzing and advising the Board on health, safety and environmental trends and related emerging issues.

Management Oversight Committee

The Management Oversight Committee's responsibilities include, but are not limited to:

evaluating the performance of the Chief Executive Officer;

reviewing succession plans for senior management of Halliburton and its major operating units;

evaluating management development programs and activities; and

reviewing other internal matters of broad corporate significance.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee's responsibilities include, but are not limited to:

reviewing periodically the corporate governance guidelines adopted by the Board of Directors and recommending revisions to the guidelines as appropriate;

developing and recommending to the Board for its approval an annual self-evaluation process of the Board and its committees. The Committee shall oversee the annual self-evaluations;

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reviewing and periodically updating the criteria for Board membership and evaluating the qualifications of each Director candidate against the criteria;

assessing the appropriate mix of skills and characteristics required of Board members;

identifying and screening candidates for Board membership;

establishing procedures for stockholders to recommend individuals for consideration by the Committee as possible candidates for election to the Board;

reviewing annually each Director's continuation on the Board and recommending to the Board a slate of Director nominees for election at the Annual Meeting of Stockholders;

recommending candidates to fill vacancies on the Board;

reviewing periodically the status of each Director to assure compliance with the Board's policy that at least two-thirds of Directors meet the definition of independent Director;

reviewing the Board's committee structure, and recommending to the Board for its approval Directors to serve as members and as Chairs of each committee;

reviewing annually any stockholder proposals submitted for inclusion in Halliburton's proxy statement and recommending to the Board any Halliburton statements in response;

reviewing periodically Halliburton's Director compensation practices, conducting studies and recommending changes, if any, to the Board; and

reporting regularly on Committee activities and findings to the Board.

Stockholder Nominations of Directors. Nominations by stockholders may be made at an Annual Meeting of Stockholders in the manner provided in our By-laws. The By-laws provide that a stockholder entitled to vote for the election of Directors may make nominations of persons for election to the Board at a meeting of stockholders by complying with required notice procedures. Nominations shall be made pursuant to written notice to the Vice President and Secretary at the address set forth on page 2 of this proxy statement, and must be received at our principal executive offices not less than ninety (90) days prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders. The notice shall set forth:

as to each person the stockholder proposes to nominate for election or reelection as a Director:

the name, age, business address and residence address of the person;

the principal occupation or employment of the person;

the class and number of shares of Halliburton common stock that are beneficially owned by the person; and

all other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended; and