

HALLIBURTON CO
Form 424B3
September 09, 2008

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Filed pursuant to Rule 424(b)(3)
Registration No. 333-149368**

SUBJECT TO COMPLETION, DATED SEPTEMBER 9, 2008

**PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated February 22, 2008)**

\$

Halliburton Company

% Senior Notes due

The notes will mature on September , .

We will pay interest on the notes on March and September of each year, beginning on March , 2009.

We may redeem some or all of the notes at any time at the redemption prices described in this prospectus supplement under the caption Description of the Notes Optional Redemption.

The notes will be our senior unsecured obligations and will rank equally with all our other existing and future senior unsecured indebtedness. The notes will not be guaranteed by any of our subsidiaries. The notes will be issued only in registered book-entry form, in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Investing in the notes involves risks. See Risk Factors on page S-4 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus issued by us. This prospectus supplement may be used only for the purpose for which it has been prepared. No one is authorized to give information other than that contained in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference or referred to in this prospectus supplement or the accompanying prospectus which are made available to the public and in any related free writing prospectus issued by us. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus or any document incorporated by reference is accurate as of any date other than the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date. Neither this prospectus supplement nor the accompanying prospectus constitutes an offer, or an invitation on our behalf or on behalf of the underwriters, to subscribe for and purchase, any of the securities and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

TABLE OF CONTENTS

Prospectus Supplement

About This Prospectus Supplement	ii
Incorporation By Reference	ii
Forward-Looking Information	iii
Summary	S-1
Risk Factors	S-4
Ratio of Earnings to Fixed Charges	S-6
Use of Proceeds	S-7
Capitalization	S-8
Description of Notes	S-9
Certain U.S. Federal Tax Considerations for Non-U.S. Holders	S-16
Underwriting	S-19
Legal Matters	S-23
Experts	S-23

Prospectus

About This Prospectus	1
Halliburton Company	2
Where You Can Find More Information	3
Forward-Looking Information	4
Use of Proceeds	5
Description of the Debt Securities	6
Plan of Distribution	14

Legal Matters
Experts

15
15

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering and the notes and matters relating to us. The second part, the accompanying prospectus dated February 25, 2008, gives more general information, some of which does not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with the documents identified under the heading "Incorporation by Reference" below.

If the description of this offering and the notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

INCORPORATION BY REFERENCE

The Securities and Exchange Commission (the "SEC") allows us to incorporate by reference the information Halliburton has filed with the SEC, which means that we can disclose important information to you by referring you to those documents. The information we incorporate by reference is an important part of this prospectus supplement, and later information that Halliburton files with the SEC will automatically update and supersede the information in this prospectus supplement. We incorporate by reference the documents listed below and any future filings Halliburton makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), until the termination of this offering. The documents we incorporate by reference are:

Halliburton's Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the SEC on February 22, 2008;

Halliburton's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008 and June 30, 2008, as filed with the SEC on April 25, 2008 and July 25, 2008, respectively;

Halliburton's Proxy Statement on Schedule 14A, as filed with the SEC on April 7, 2008; and

Halliburton's Current Reports on Form 8-K as filed with the SEC on March 5, 2008, July 31, 2008 (2 reports), August 18, 2008, September 8, 2008 and September 9, 2008.

You may request a copy of these filings, other than an exhibit to these filings unless we have specifically incorporated that exhibit by reference into any such filing, at no cost, by writing or telephoning us at the following address:

Halliburton Company
Investor Relations
5 Houston Center
1401 McKinney, Suite 2400
Houston, Texas 77010
Telephone: (713) 759-2600

FORWARD-LOOKING INFORMATION

This prospectus supplement, including the information we incorporate by reference, includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Exchange Act. Forward-looking information is based on projections and estimates, not historical information. You can identify our forward looking statements by the use of words like may, may not, believes, do not believe, expects, do not expect, anticipates, do not anticipate, and other similar expressions that convey the uncertainty of future events or outcomes.

When considering these forward looking statements, you should keep in mind the risk factors and other cautionary statements contained in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference.

Forward-looking information involves risk and uncertainties and reflects our best judgment based on current information. Our forward-looking statements are not guarantees of future performance, and we caution you not to rely unduly on them. We have based many of these forward-looking statements on expectations and assumptions about future events that may prove to be inaccurate. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. In addition, other potential risks and factors may affect the accuracy of our forward-looking information.

SUMMARY

This summary highlights selected information from this prospectus supplement and the accompanying prospectus, but does not contain all information that may be important to you. This prospectus supplement and the accompanying prospectus include descriptions of specific terms of the notes and this offering, information about our business and financial data. We encourage you to read this prospectus supplement and the accompanying prospectus, together with the documents incorporated by reference, in their entirety before making an investment decision.

About Halliburton Company

Halliburton Company is one of the world's largest oilfield services companies. We provide a comprehensive range of discrete and integrated products and services for the exploration, development and production of oil and gas to major, national and independent oil and gas companies throughout the world. We operate under two divisions, which form the basis for our two operating segments: the Completion and Production segment and the Drilling and Evaluation segment.

In this prospectus supplement, we refer to Halliburton Company, its wholly owned and majority owned subsidiaries and its ownership interests in equity affiliates as Halliburton, we, or us, unless we specifically state otherwise or the context indicates otherwise.

We are a Delaware corporation. The address of our principal executive offices and our telephone number at that location is:

Halliburton Company
5 Houston Center
1401 McKinney, Suite 2400
Houston, Texas 77010
(713) 759-2600

Our internet web site address is www.halliburton.com. Information contained on or accessible from our web site or any other web site is not incorporated into this prospectus supplement and does not constitute a part of this prospectus supplement.

Recent Developments

At June 30, 2008, we had \$1.2 billion principal amount outstanding of our 31/8% convertible senior notes due July 2023 (the convertible notes). The convertible notes became redeemable at our option beginning July 15, 2008 for a redemption price equal to the par amount of the convertible notes together with accrued and unpaid interest through the redemption date. On July 30, 2008, we gave notice of redemption of the convertible notes effective August 29, 2008.

In lieu of redemption and through the close of business on the business day immediately prior to the redemption date, holders of convertible notes could convert each \$1,000 principal amount of convertible notes into 53.4069 shares of our common stock. Upon conversion, we are required to satisfy the principal amount of our convertible notes in cash, but the premium to be paid to converting holders can be paid, at our election, in cash, shares of our common stock or a combination of cash and shares of our common stock.

Edgar Filing: HALLIBURTON CO - Form 424B3

Substantially all holders timely elected to convert, and by the end of the third quarter of 2008, we will have settled the \$1.2 billion principal amount of convertible notes in cash. We estimate a conversion premium of approximately \$1.7 billion will be paid through a combination of approximately \$700 million of cash and approximately \$1.0 billion of our common stock. The settlement of the principal amount is expected to be funded with the proceeds from the issuance of the notes, and the settlement of the conversion premium is expected to be funded with cash on hand and Halliburton shares held in treasury.

During the third quarter of 2008, we will record an after-tax loss of approximately \$700 million related to the amount of premium settled in cash.

S-1

The Offering

Issuer	Halliburton Company
Notes Offered	\$ aggregate principal amount of senior notes due .
Maturity Date	The notes will mature on September , unless earlier redeemed by us.
Interest and Interest Payment Dates	% per annum, payable semi-annually in arrears on March and September of each year, beginning on March , 2009.
Optional Redemption	We may redeem some or all of the notes at any time at the redemption prices described under Description of Notes Optional Redemption.
Covenants	We issued the notes under an indenture that contains covenants for your benefit. These covenants restrict our ability to (i) incur indebtedness secured by mortgages and other liens under specified circumstances without equally and ratably securing the notes, (ii) enter into sale and leaseback transactions or (iii) consolidate or merge with or into or sell, convey, transfer, lease or otherwise dispose of all or substantially all of our assets to any person.
Ranking	The notes are our general, senior unsecured indebtedness and rank equally with all of our existing and future senior unsecured indebtedness. The notes will effectively rank junior to any future secured indebtedness, to the extent of the value of the collateral securing such indebtedness, unless and to the extent the notes are entitled to be equally and ratably secured. As of June 30, 2008, as adjusted to give effect to the issuance of the notes and our application of the net proceeds from the issuance as described in Use of Proceeds, we would have had an aggregate of \$ of consolidated long-term debt. In addition, the notes are structurally subordinated to the existing and future indebtedness and other liabilities of our subsidiaries. As of June 30, 2008, our subsidiaries had approximately \$94 million of indebtedness, excluding intercompany loans, and other liabilities of our subsidiaries (other than intercompany liabilities), including trade payables, accrued compensation, advanced billings and income taxes payable were approximately \$3.5 billion.
No Subsidiary Guarantees	The notes are not guaranteed by any of our subsidiaries. As a result, the notes will be structurally subordinated to the liabilities of our subsidiaries, including trade payables.
Form and Denomination	The notes are represented by global notes in fully registered form, without coupons, deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (DTC). Beneficial interests in a global note are shown on, and transfers of the global notes will be effected only through, records maintained by DTC and its participants, including Euroclear Bank S.A./N.V. (Euroclear) and Clearstream

Banking, société anonyme (Clearstream, Luxembourg). See Description of Notes Book-Entry System.

S-2

Use of Proceeds	We intend to use the net proceeds of this offering to refinance the principal amount of the convertible notes. We intend to use any remaining net proceeds for general corporate purposes. For more information, see Use of Proceeds.
Governing Law	The indenture and the notes are governed by, and construed in accordance with, the laws of the State of New York.
Trustee	The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank)

S-3

RISK FACTORS

You should consider carefully the risk factors described below and incorporated by reference into this prospectus supplement, including the risk factors identified in Part I, Item 1(a) Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2007, which appears under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations Risk Factors, and in Part II, Item 1(a) Risk Factors of our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008 and June 30, 2008, which appear under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations Risk Factors, before making an investment in the notes. Due to these risk factors, our business, financial condition or results of operations could be materially and adversely affected. In that case, the trading price of the notes could decline, and you could lose all or part of your investment.

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

Risks Relating to the Notes

Our financial condition is dependent on the earnings of our subsidiaries.

We are a holding company and our assets consist primarily of direct and indirect ownership interests in, and our business is conducted substantially through, our subsidiaries. We rely primarily on dividends or other distributions from our subsidiaries to meet our obligations for payment of principal and interest on our outstanding debt obligations and corporate expenses. Consequently, our ability to repay our debt, including the notes, depends on the earnings of our subsidiaries, as well as our ability to receive funds from our subsidiaries through dividends or other payments or distributions. The ability of our subsidiaries to pay dividends, repay intercompany debt or make other advances to us is subject to restrictions imposed by applicable laws (including bankruptcy laws), tax considerations and the terms of agreements governing our subsidiaries. Our foreign subsidiaries in particular may be subject to currency controls, repatriation restrictions, withholding obligations on payments to us, and other limits. If we do not receive such funds from our subsidiaries, we may be unable to pay interest or principal on the notes when due.

The notes will be effectively junior to all secured indebtedness unless they are entitled to be equally and ratably secured.

The notes are our unsecured obligations and rank equally with all our other unsecured indebtedness. However, the notes will be effectively subordinated to any secured debt we may incur in the future to the extent of the value of the assets securing such debt. The indenture governing the notes permits us to incur an amount of Secured Debt (as defined in the indenture) up to 5% of our consolidated net tangible assets before the notes will be entitled to equal and ratable security and the notes are effectively junior to any secured indebtedness until the notes are entitled to be equally and ratably secured. In addition, certain of our notes, including our 8.75% notes due 2021, our medium-term notes, our 7.6% debentures due 2096 and our 5 1/2% senior notes due 2010 will, and certain new issuances may, be entitled to be secured on the same basis as the notes.

In the event that we are declared bankrupt, become insolvent or are liquidated or reorganized, any debt that ranks ahead of the notes will be entitled to be paid in full from our assets before any payment may be made with respect to the notes. Holders of the notes will participate ratably with all holders of our unsecured indebtedness that is deemed to

be of the same ranking as the notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor, in our remaining assets. In any of the foregoing events, we may not have sufficient assets to pay amounts due on the notes. As a result, holders of the notes may receive less, ratably, than holders of secured indebtedness, if any.

S-4

Because we are a holding company, the notes are structurally subordinated to all of the indebtedness of our subsidiaries.

The notes are a general unsecured obligation of Halliburton Company. We are a legal entity separate and distinct from our subsidiaries, and holders of the notes will be able to look only to us for payments on the notes. In addition, because we are a holding company, our right to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise, and the ability of holders of the notes to benefit indirectly from that kind of distribution, is subject to the prior claims of creditors of that subsidiary, except to the extent that we are recognized as a creditor of that subsidiary. All obligations of our subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to us. At June 30, 2008, the aggregate indebtedness of our subsidiaries (excluding intercompany loans) was approximately \$94 million, and other liabilities of our subsidiaries (other than intercompany liabilities), including trade payables, accrued compensation, advanced billings, income taxes payable and other liabilities, were approximately \$3.5 billion. We also have joint ventures and subsidiaries in which we own less than 100% of the equity so that, in addition to the structurally senior claims of creditors of those entities, the equity interests of our joint venture partners or other shareholders in any dividend or other distribution made by these entities would need to be satisfied on a proportionate basis with us. These joint ventures and less than wholly owned subsidiaries may also be subject to restrictions on their ability to distribute cash to us in their financing or other agreements and, as a result, we may not be able to access their cash flow to service our debt obligations, including in respect of the notes. Accordingly, the notes are structurally subordinated to all existing and future liabilities of our subsidiaries and all liabilities of any of our future subsidiaries.

We may incur additional indebtedness ranking equal to the notes.

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

There is no established trading market for the notes and there may never be one.

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

Redemption may adversely affect your return on the notes.

The notes are redeemable at our option, and therefore we may choose to redeem the notes at times when prevailing interest rates are relatively low. As a result, you may not be able to reinvest the proceeds you receive from the redemption in a comparable security at an effective interest rate as high as the interest rate on your notes being redeemed.

RATIO OF EARNINGS TO FIXED CHARGES

Halliburton's ratio of earnings to fixed charges for each of the periods indicated is as follows:

	Six Months Ended June 30, 2008	2007	Year Ended December 31,			2003
			2006	2005	2004	
Ratio of earnings to fixed charges(1)	17.5x	17.6x	15.1x	9.0x	4.7x	4.8x

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

USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of the notes in this offering will be approximately \$, after deducting underwriting discounts and our expenses of the offering. We intend to use the net proceeds of this offering to refinance the principal amount of the convertible notes. We intend to use any remaining net proceeds for general corporate purposes.

S-7

CAPITALIZATION

The following table sets forth our unaudited consolidated cash and cash equivalents and our capitalization as of June 30, 2008 on (i) a historical basis and (ii) a pro forma basis giving effect to the conversion of the convertible notes as if the conversion had occurred on June 30, 2008 and as adjusted to give effect to the issuance of the notes and our application of the net proceeds from the issuance as described in Use of Proceeds. In addition to the section captioned Use of Proceeds, you should read the data set forth in the table below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference into this prospectus supplement from our Annual Report on Form 10-K for the year ended December 31, 2007, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008 and June 30, 2008 and our financial statements and the accompanying notes incorporated by reference into this prospectus supplement.

	As of June 30, 2008	
	Historical	Pro Forma
	as Adjusted	
	(In millions of dollars and	
	shares except per share	
	data)	
Cash and cash equivalents	\$ 1,880	\$
Total Debt:		
\$1.2 billion, 5-year revolving credit facility	1,199	
31/8% senior convertible notes due July 2023	749	749
5.5% senior notes due October 2010	293	293
7.6% debentures due August 2096	184	184
8.75% debentures due February 2021		
% senior notes due September	299	299
Medium-term notes due 2008 through 2027	71	71
Other		
Total Long-Term Debt	2,795	
Less current portion	230	206
Total Long-Term Debt, less current portion	2,565	
Shareholders' Equity:		
Common shares, par value \$2.50 per share authorized 2,000 shares, issued 1,066 shares	2,666	2,666
Paid-in capital in excess of par value	1,801	991
Accumulated other comprehensive loss	(101)	(101)
Retained earnings	9,127	8,427
Treasury stock, at cost	(5,908)	(5,098)
Total shareholders' equity	\$ 7,585	\$ 6,885

Total Capitalization

\$ 10,150 \$

S-8

DESCRIPTION OF NOTES

The notes will be issued under an indenture dated as of October 17, 2003 between The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank), as trustee (the "Trustee"), and us, as it will be further supplemented by the fourth supplemental indenture establishing the terms of the notes between Halliburton and the Trustee (collectively, the "indenture"). The terms of the notes include those stated in the indenture and those made part by reference to the Trust Indenture Act of 1939, as amended.

The following description of the notes offered by this prospectus supplement is intended to supplement and, to the extent inconsistent, to replace the more general terms and provisions of the debt securities described in the accompanying prospectus under "Description of the Debt Securities," to which we refer you. The following description of the notes is only a summary. You should read the indenture and the notes for more details regarding our obligations and your rights with respect to the notes. You may request copies of those documents in substantially the form in which they have been or will be executed by writing or telephoning us at the address and telephone number shown under the caption "Where You Can Find More Information" in the accompanying prospectus.

The definitions of capitalized terms used in this section without definition are set forth in the accompanying prospectus under the section "Description of the Debt Securities" Definitions. In this description, the words "Halliburton," "we" or "us" mean only Halliburton Company and not any of its subsidiaries.

General

The notes will initially be limited to an aggregate principal amount of \$. The notes will mature on September , . The notes will be issued only in registered book-entry form, in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Interest on the notes will accrue at % per annum and will be payable semiannually on March and September of each year, beginning on March , 2009, to the persons in whose names the notes are registered at the close of business on March and September preceding the respective interest payment dates. Interest on the notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The indenture will not contain any financial covenants. In addition, we will not be restricted under the indenture from paying dividends or issuing or repurchasing our securities. The indenture will not restrict our ability to incur additional indebtedness in the future. We may, without notice to or consent of the holders or beneficial owners of the notes, issue additional notes having the same ranking, interest rate, maturity and other terms as the notes offered hereby. Any such additional notes may be part of the same series of notes under the indenture as the notes offered hereby. You will not be afforded protection in the event of a highly leveraged transaction or a change of control of us under the indenture.

Ranking

The notes will be our senior unsecured obligations and will rank equally with all our other existing and future unsecured indebtedness.

We derive substantially all of our operating income from, and hold substantially all of our assets through, our subsidiaries. However, the notes will not be guaranteed by any of our subsidiaries. As a result, the notes will be structurally subordinated to the liabilities of our subsidiaries, including trade payables. In addition, except as

otherwise provided herein, the notes will be effectively subordinated to all of our secured indebtedness, to the extent of the value of our assets securing such indebtedness.

As of June 30, 2008, as adjusted to give effect to the issuance of the notes and our application of the net proceeds from the issuance as described in Use of Proceeds :

we would have had an aggregate of \$ of senior unsecured indebtedness;

we would have had no secured indebtedness and no subordinated indebtedness outstanding;

S-9

our subsidiaries would have had approximately \$94 million of indebtedness, excluding intercompany loans;

our subsidiaries would have had approximately \$3.5 billion of other liabilities (other than intercompany liabilities), including trade payables, accrued compensation, advanced billings and income taxes payable; and

our subsidiaries would have had no secured indebtedness and no subordinated indebtedness outstanding.

The notes are our exclusive obligation. Our cash flow and our ability to service our indebtedness, including the notes, is dependent upon the earnings of our subsidiaries. In addition, we are dependent on the distribution of earnings, loans or other payments by our subsidiaries to us. Our subsidiaries are separate and distinct legal entities. Our subsidiaries will not guarantee the notes or have any obligation to pay any amounts due on the notes or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon our subsidiaries' earnings and business considerations. Our right to receive any assets of any subsidiary upon its liquidation or reorganization, and, therefore, our right to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we were a creditor of any of our subsidiaries, our right as a creditor would be subordinated to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us. See Risk Factors Risks Relating to the Notes.

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

Optional Redemption

No sinking fund is provided for the notes, which means that the indenture will not require us to redeem or retire the notes periodically. However, the notes will be redeemable at our option, in whole or in part, at any time and from time to time, in principal amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof for an amount equal to the greater of:

100% of the principal amount of the notes; and

as determined by an Independent Investment Banker (as defined below), the sum of the present values of the Remaining Scheduled Payments (as defined below) on the notes being redeemed, discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus basis points for the notes.

In each case, we will pay accrued and unpaid interest to the date of redemption.

Treasury Rate means the rate per year equal to:

the yield, under the heading that represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (as defined below); *provided* that if no

maturity is within three months before or after the maturity date for the notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from those yields on a straight line basis rounding to the nearest month; or

S-10

if that release, or any successor release, is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (as defined below) for that redemption date.

The Treasury Rate will be calculated on the third business day preceding the redemption date.

Comparable Treasury Issue means the United States Treasury security selected by an Independent Investment Banker that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes.

Comparable Treasury Price is:

the average of the bid and asked prices for the Comparable Treasury Issue (expressed as a percentage of its principal amount) on the third business day preceding the redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated Composite 3:30 p.m. Quotations for U.S. Government Securities, or

if such release (or any successor release) is not published or does not contain such prices on such business day:

the average of the Reference Treasury Dealer Quotations (as defined below) for that redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations, or

if the Trustee obtains fewer than three Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received.

Independent Investment Banker means one of the Reference Treasury Dealers (as defined below) that we appoint.

Reference Treasury Dealer means each of Citigroup Global Markets Inc. (and its successors), HSBC Securities (USA) Inc. (and its successors), Greenwich Capital Markets, Inc. (and its successors) and one other nationally recognized investment banking firm that is a primary U.S. Government securities dealer specified from time to time by us. If, however, any of them shall cease to be a primary U.S. Government securities dealer in New York City, we will substitute another nationally recognized investment banking firm that is such a dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer as of 3:30 p.m., New York time, on the third business day preceding the redemption date.

Remaining Scheduled Payments means the remaining scheduled payments of the principal of and interest on each note to be redeemed that would be due after the related redemption date but for such redemption. If the redemption date is not an interest payment date with respect to the note being redeemed, the amount of the next succeeding scheduled interest payment on the note will be reduced by the amount of interest accrued thereon to that redemption date.

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

If we are redeeming less than all the notes, not more than 60 days prior to the redemption date, the Trustee will select the particular notes to be redeemed pro rata, by lot or by another method the Trustee deems fair and appropriate. Unless there is a default in payment of the redemption amount, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption. We will pay 100% of the principal amount of the notes not called for redemption at the maturity of those notes.

S-11

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

Certain Covenants

Certain covenants in the indenture limit our ability and the ability of our subsidiaries to:

create or permit to exist mortgages and other liens;

enter into sale and leaseback transactions; or

consolidate or merge with or into or sell, convey, transfer, lease or otherwise dispose of all or substantially all of our assets to any person.

For a description of these covenants, see [Description of the Debt Securities Covenants](#) in the accompanying prospectus.

Events of Default

See [Description of the Debt Securities Events of Default](#) in the accompanying prospectus for a description of the events that constitute events of default under the notes.

Defeasance

Under certain circumstances, we will be deemed to have discharged the entire indebtedness on all of the outstanding notes by defeasance. See [Description of the Debt Securities Defeasance](#) in the accompanying prospectus for a description of the terms of any defeasance.

Modifications

See [Description of the Debt Securities Modifications](#) in the accompanying prospectus for a description of the amendment provision under the indenture.

Governing Law

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

Book-Entry System

We will issue the notes in the form of one or more global notes in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

Investors may hold interests in notes in global form through DTC's participants or persons that hold interests through participants, including Clearstream, Luxembourg or Euroclear. Clearstream, Luxembourg and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and Euroclear's names on the books of their respective depositaries, which in turn will hold such interests in customers

securities accounts in the depositaries names on the books of DTC.

DTC. DTC has advised us and the underwriters as follows: