

## **HALLIBURTON COMPANY AUDIT COMMITTEE CHARTER**

### **General**

The Audit Committee of the Board of Directors of Halliburton Company shall consist of at least three directors, all of whom shall be independent. Members of the Committee shall be considered independent if they (i) satisfy the independence requirements of the New York Stock Exchange, (ii) do not, other than in the capacity as a member of the Board of Directors or as a member of a committee of the Board, accept any consulting, advisory or other compensatory fee from the Company and (iii) are not an affiliated person of the Company other than as a result of being a member of the Board of Directors. As determined by the Board of Directors, the Members of the Committee will be financially literate with at least one having accounting or related financial management expertise and being an “audit committee financial expert” as defined by the Securities and Exchange Commission. Company management, internal auditors and the independent accounting firm appointed to audit the financial statements of the Company (the “Principal Independent Accountants”) may attend each meeting or portions thereof as required by the Committee. The Committee will have nine regularly scheduled meetings each year and will meet at such other times as it deems necessary to fulfill its responsibilities.

### **Role**

The Audit Committee’s role is to:

1. assist the Board’s oversight of:
  - the integrity of the Company’s financial statements;
  - the Company’s compliance with legal and regulatory requirements;
  - the Principal Independent Accountants’ qualifications and independence;
  - the performance of the Company’s internal audit function and the Principal Independent Accountants; and
  - the adequacy of the Company’s financial disclosure and internal controls;
2. appoint, compensate, retain and oversee the work of the Principal Independent Accountants and appoint, compensate, retain and oversee the audit services work of other independent accountants, and to resolve any disagreements between management and the Principal Independent Accountants regarding financial reporting; and
3. prepare the report that the SEC rules require be included in the Company’s annual proxy statement.

### **Responsibilities**

The Audit Committee’s role is one of oversight whereas the Company’s management is responsible for preparing the Company’s financial statements and the Principal Independent Accountants are responsible for auditing those financial statements. The Audit Committee is not providing any expert or special assurance as to the Company’s financial statements or any professional certification as to the Principal Independent Accountants’ work. The following functions shall be the key responsibilities of the Audit Committee in carrying out its oversight function.

1. Provide an open avenue of communications between the internal auditors, the Principal Independent Accountants, management and the Board of Directors, including periodic private sessions with the internal auditors, the Principal Independent Accountants, the Chief Financial Officer and the General Counsel. The private sessions with the Principal Independent Accountants shall address, among other things, any audit problems or difficulties encountered in the course of the audit and Company management’s response, any restrictions on the scope of the Principal Independent Accountants’ activities or on access to requested information, and any significant disagreements with management.

2. Receive and review reports from Company management relating to legal and regulatory matters that may have a material impact on the Company's financial statements and Company compliance policies.
3. Receive and review reports from internal auditors relating to major findings and recommendations from internal audits on internal controls conducted Company-wide. Consult with and review reports from internal auditors relating to on-going monitoring programs including the Company's Code of Business Conduct and compliance with policies of the Company.
4. Meet to review and discuss the Company's annual audited financial statements, quarterly financial statements and the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" with Company management and the Principal Independent Accountants, reviewing, among other things:
  - major issues regarding accounting principles followed by the Company and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any audit steps adopted in light of material control deficiencies;
  - analyses prepared by management and/or the Principal Independent Accountants setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and
  - the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements.
5. Review with Company management, the internal auditors and the Principal Independent Accountants, the Company's annual assessment of the effectiveness of its internal control over financial reporting and the Principal Independent Accountants' attestation and report about the Company's assessment and the effectiveness of the Company's internal control over financial reporting.
6. Discuss with Company management the types of information to be disclosed and presentations made in the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
7. Discuss with Company management the Company's policies with respect to risk assessment and risk management.
8. Review the internal audit program in terms of scope of audits conducted or scheduled to be conducted and review with the internal auditors and the Principal Independent Accountants the coordination of their respective audit activities.
9. Review the scope and plan for the Company's testing and assessment of internal control over financial reporting with management, the internal auditors and the Principal Independent Accountants.
10. The Committee and the Board shall be ultimately responsible for the appointment, compensation, retention and oversight of the work of the Principal Independent Accountants, which will report directly to the Committee and the Committee will resolve any disagreements between management and the Principal Independent Accountants regarding financial reporting. The Committee's responsibility includes the responsibility to approve in advance, except as otherwise permitted by applicable law, all services performed by the Principal Independent Accountants for the Company. The Committee will also appoint, compensate, retain and oversee the audit services work of other independent accountants.

The Principal Independent Accountants are ultimately accountable to the Board and the Committee on all matters pertaining to the services provided by the Principal Independent Accountants to the Company.

11. The Committee will recommend annually the appointment of the Principal Independent Accountants to the Board for its approval, based upon an annual performance evaluation of the Principal Independent Accountants. This evaluation will include obtaining and reviewing a written report by the Principal Independent Accountants that addresses:

- the Principal Independent Accountants' quality-control procedures;
- any material issues raised by the most recent internal quality-control review, or peer review, of the Principal Independent Accountants, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the Principal Independent Accountants, and any steps taken to deal with any such issues; and
- the Principal Independent Accountants' independence with respect to the Company, which will delineate all relationships between the Principal Independent Accountants and the Company.

In evaluating the report, the Committee will discuss with the Principal Independent Accountants whether any disclosed relationship or service could impact the Principal Independent Accountants' objectivity and independence. The Committee will recommend to the Board that the Board take appropriate action in response to the Principal Independent Accountants' report to ensure the independence of the Principal Independent Accountants.

12. Receive a report from the Principal Independent Accountants prior to the filing of the annual audited financial statements of:
  - all critical accounting policies and practices to be used;
  - all alternative treatments within generally acceptable accounting principles for policies and practices related to material items that have been discussed with Company management, including ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the Principal Independent Accountant; and
  - other material written communications between the Principal Independent Accountants and Company management, such as any management letter or schedule of unadjusted differences.
13. Prepare a Report, for inclusion in the Company's proxy statement, disclosing that the Committee reviewed and discussed the audited financial statements with management and discussed certain other matters with the Principal Independent Accountants. Based upon these discussions, state in the Report whether the Committee recommended to the Board that the audited financial statements be included in the Annual Report.
14. As appropriate, retain and obtain the advice and assistance of outside legal, accounting and other advisors, in addition to obtaining advice from the Company's internal counsel or regular outside counsel. The Company will provide funding as determined by the Committee to compensate legal, accounting and other advisors retained by the Committee.
15. Establish such procedures as necessary to timely implement the provisions of the Sarbanes-Oxley Act of 2002 applicable to audit committees, including, but not limited to, procedures for:
  - the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
16. Set hiring policies for employees or former employees of the Principal Independent Accountants.
17. Participate in an annual performance evaluation of the Committee and discuss the results with the Board of Directors.
18. Review and reassess the adequacy of the Audit Committee's charter annually. If any revisions therein are deemed necessary or appropriate, submit the same to the Board for its consideration and approval.
19. Report regularly to the Board of Directors on the Committee's proceedings.

**Quorum**

For the transaction of business at any meeting of the Audit Committee, a majority of the members shall constitute a quorum.

Approved as revised: Board of Directors of Halliburton Company  
February 15, 2005

Supersedes previous version dated:  
March 15, 2004