HALLIBURTON CO
Form 424B3
July 29, 2013
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**Filed Pursuant to Rule 424(b)(3)**
**Registration No. 333-177811**

**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.**

**SUBJECT TO COMPLETION, DATED JULY 29, 2013**

**PROSPECTUS SUPPLEMENT**

**(To Prospectus dated November 8, 2011)**

**$**

# Halliburton Company

## % Senior Notes due

The notes will mature on , .

The notes will bear interest at the rate of % per year. We will pay interest on the notes on and of each year, beginning on , 2014.

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 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 beginning 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.**

| | Public Offering Price(1) | Underwriting discounts | Proceeds to Halliburton (Before Expenses)(1) |
|---|---|---|---|
| Per Note | % | % | % |
| Total | $ | $ | $ |

(1) Plus accrued interest from , 2013 if settlement occurs after that date.

We do not intend to apply for listing of the notes on any securities exchange. Currently, there is no public market for the notes.

The underwriters expect to deliver the notes, in registered book-entry form only, through the facilities of The Depository Trust Company and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg on or about , 2013.

*Joint Book-Running Managers*

**Citigroup** **Deutsche Bank Securities** **HSBC** **RBS**

, 2013

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**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 the relevant 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 or 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.**

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### Prospectus Supplement



### Prospectus

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## 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 November 8, 2011, 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 of Certain Information 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 OF CERTAIN INFORMATION 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 amendments to these documents) that Halliburton has previously filed with the SEC 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.

Annual Report on Form 10-K for the year ended December 31, 2012;

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013; and

Current Reports on Form 8-K filed with the SEC on January 2, 2013, February 1, 2013, February 22, 2013, February 28, 2013, March 22, 2013, April 23, 2013, May 1, 2013, May 21, 2013 and July 19, 2013.

Each person, including any beneficial owner, to whom a copy of this prospectus supplement has been delivered, may obtain copies of the documents we incorporate by reference by contacting us at the address indicated below or by contacting the SEC as described in the accompanying prospectus under Where You Can Find More Information. We will provide without charge upon written or oral request, a copy of any and all of the documents that have been or may be incorporated by reference, except that exhibits to such documents will not be provided unless they are specifically incorporated by reference into such documents. Requests for copies of these documents should be directed to:

Halliburton Company

Investor Relations

3000 North Sam Houston Parkway East

Houston, Texas 77032

Telephone: (281) 871-2688

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## 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, plans, estimates, intends, expects, do not expect, anticipates, do not anticipate, should, 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 known or unknown risks and factors may affect the accuracy of our forward-looking information. Our forward-looking statements speak only as of the date of this prospectus supplement or as of the date they are made, and, except as otherwise required by applicable securities laws, we undertake no obligation to update our forward-looking statements.

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## 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, the accompanying prospectus and the documents incorporated by reference 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.*

*In this prospectus supplement, we refer to Halliburton Company, together with 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.*

### About Halliburton Company

Halliburton Company is one of the world s largest diversified energy services companies. We are a leading provider of services and products to the energy industry related to the exploration, development and production of oil and natural gas. We serve major, national and independent oil and natural gas companies throughout the world and operate under two divisions, which form the basis for the two operating segments we report, the Completion and Production segment and the Drilling and Evaluation segment.

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

Halliburton Company

3000 North Sam Houston Parkway East

Houston, Texas 77032

(281) 871-2699

Our internet web site address is www.halliburton.com. Except for the documents expressly referenced above under Incorporation of Certain Information by Reference that are also posted on our web site, 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.

### Tender Offer

Concurrently with this offering of notes, we are conducting a modified dutch auction cash tender offer (the Tender Offer ) to repurchase up to $3.3 billion of shares of our common stock. The Tender Offer is scheduled to expire at 11:59 p.m., New York City time, on August 22, 2013, subject to our right to extend the Tender Offer. The Tender Offer is being made pursuant to the offer to purchase issued in connection with the Tender Offer, and this prospectus is not an offer to purchase with respect to any of the shares of our common stock. We intend to finance the Tender Offer with the net proceeds from this offering, together with cash on hand to the extent necessary. The closing of the Tender Offer is conditioned on, among other things, the entrance by us into one or more debt financing arrangements that collectively result in our receipt of net proceeds that are sufficient to fund a substantial portion of the aggregate purchase price of the shares we intend to purchase in the Tender Offer. We expect that, if this offering of notes is consummated, it will satisfy the financing condition in the Tender Offer. We are permitted, among other things, to amend or terminate the Tender Offer, and there is no assurance that the Tender Offer will be consummated in accordance with its term, or at all. This offering is not conditioned upon the successful consummation of the Tender Offer. We have filed a Tender Offer Statement on Schedule TO with the SEC that includes additional information relating to the Tender Offer.

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**The Offering**

| | |
|---|---|
| Issuer | Halliburton Company |
| Notes Offered | $ aggregate principal amount of % senior notes due . |
| Maturity Date | The notes will mature on , unless earlier redeemed by us. |
| Interest and Interest Payment Dates | % per annum, payable semi-annually in arrears on and of each year, beginning on , 2014. |
| 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 will issue the notes under an indenture that contains covenants for your benefit. These covenants restrict (i) our and certain of our subsidiaries ability to incur indebtedness secured by mortgages and other liens or by a pledge, lien or other security interest on shares of stock or indebtedness of such subsidiaries under specified circumstances without equally and ratably securing the notes, (ii) our and certain of our subsidiaries ability to enter into sale and leaseback transactions and (iii) our ability to 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. |
| 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 as discussed below under Ranking. |
| 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, 2013, we had an aggregate of approximately $4.8 billion of consolidated long-term debt, none of which was secured. In addition, the notes are structurally subordinated to the existing and future indebtedness and other liabilities of our subsidiaries. Excluding intercompany liabilities, as of June 30, 2013, our subsidiaries had approximately $115 million of indebtedness and approximately $4.7 billion of other liabilities, which primarily includes trade payables and accrued compensation. |
| Form and Denomination | The notes will be 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 will be shown on, and transfers of the global notes will be effected only through, records maintained by |

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| | |
|---|---|
| | 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. |
| Use of Proceeds | We intend to use the net proceeds of this offering, together with cash on hand to the extent necessary, to fund our repurchase of shares of our common stock pursuant to the Tender Offer and pay related fees and expenses. To the extent that the aggregate purchase price of the shares we purchase in the Tender Offer and related fees and expenses are less than the net proceeds of this offering, we intend to use the remaining net proceeds for general corporate purposes, including additional repurchases of our common stock. |
| | Pending the application of the net proceeds to finance the Tender Offer or for general corporate purposes, as applicable, we may temporarily invest the net proceeds in cash equivalents or short-term investments. This offering is not conditioned upon the successful consummation of the Tender Offer. See Use of Proceeds. |
| Governing Law | The indenture and the notes will be 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). |

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## 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, 2012 and in Part II, Item 1(a) Risk Factors of our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013, in addition to the other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus 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.*

### 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 Secured Debt (as defined under Description of the Debt Securities Definitions in the accompanying prospectus) if such Secured Debt together with any of our other Secured Debt and the aggregate value of certain sale and leaseback transactions does not exceed 5% of our Consolidated Net Tangible Assets (as defined under Description of the Debt Securities Definitions in the accompanying prospectus) and also permits to exist certain other permitted liens, mortgages and encumbrances before the notes will be entitled to equal and ratable security. In addition, our outstanding senior notes 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.

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

The notes are our general unsecured obligations and are not guaranteed by any of our subsidiaries. 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, reorganization or similar event, 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, reorganization or similar event, to us. Excluding intercompany liabilities, as of June 30, 2013, our subsidiaries had approximately $115 million of indebtedness and approximately $4.7 billion of other liabilities, which primarily includes trade payables and accrued compensation. 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.***

The indenture governing the notes will not restrict our ability to incur additional indebtedness. 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 any payments 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 prices 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 any time at our option, and therefore we may choose to redeem some or all of the notes, including 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.

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## 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, together with cash on hand to the extent necessary, to fund our repurchase of shares of our common stock pursuant to the Tender Offer and pay related fees and expenses. To the extent that the aggregate purchase price of the shares we purchase in the Tender Offer and related fees and expenses are less than the net proceeds of this offering, we intend to use the remaining net proceeds for general corporate purposes, including additional repurchases of our common stock. Pending the application of the net proceeds to finance the Tender Offer or for general corporate purposes, as applicable, we may temporarily invest the net proceeds in cash equivalents or short-term investments. This offering is not conditioned upon the successful consummation of the Tender Offer. See Summary Tender Offer.

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## CAPITALIZATION

The following table sets forth our consolidated cash and equivalents and our capitalization as of June 30, 2013 on (i) a historical basis and (ii) an as adjusted basis to give effect to the issuance of the notes and our application of the net proceeds from this offering, together with cash on hand, to fund our repurchase of shares of our common stock pursuant to the Tender Offer (assuming $3.3 billion of shares of our common stock are tendered and purchased at a purchase price equal to the average of the maximum and minimum allowed bid price) and pay related fees and expenses 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, 2012, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013 and our financial statements and the accompanying notes incorporated by reference into this prospectus supplement.

| | As of June 30, 2013 | |
|---|---|---|
| | Historical | As Adjusted |
| | (in millions of dollars and shares) | |
| Cash and equivalents(1) | $ 1,412 | $ |
| Long-Term Debt: | | |
| 6.15% senior notes due September 2019 | 997 | 997 |
| 7.45% senior notes due September 2039 | 995 | 995 |
| 6.7% senior notes due September 2038 | 800 | 800 |
| 3.25% senior notes due November 2021 | 498 | 498 |
| 4.5% senior notes due November 2041 | 498 | 498 |
| 5.9% senior notes due September 2018 | 400 | 400 |
| 7.6% senior debentures due August 2096 | 293 | 293 |
| 8.75% senior debentures due February 2021 | 184 | 184 |
| % senior notes offered hereby | | |
| $3 billion revolving credit facility, maturing in April 2018 | | |
| Other | 155 | 155 |
| Total Long-Term Debt | 4,820 | |
| Less current portion | | |
| Total Long-Term Debt, less current portion | 4,820 | |
| Shareholders Equity: | | |
| Common shares, par value $2.50 per share authorized 2,000 shares, issued 1,072 shares | 2,681 | 2,681 |
| Paid-in capital in excess of par value | 367 | 367 |
| Accumulated other comprehensive loss | (302) | (302) |
| Retained earnings | 17,577 | 17,577 |
| Treasury stock, at cost 160 shares(2) | (4,986) | (8,293) |
| Company shareholders equity | 15,337 | 12,030 |
| Noncontrolling interest in consolidated subsidiaries | 28 | 28 |
| Total shareholders equity | 15,365 | 12,058 |
| Total Capitalization | $ 20,185 | $ |

(1) As of June 30, 2013, we also held investments in fixed income securities of approximately $277 million.

(2) Assuming the Tender Offer is fully subscribed, if the per share purchase price is determined to be $42.50 (which is the minimum price per share under the Tender Offer), the total number of treasury shares would be 238 million, and if the per share purchase price is determined to be $48.50 (which is the maximum price per share under the Tender Offer), the total number of treasury shares would be 228 million.

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## 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 seventh 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 a part of the indenture 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 Incorporation of Certain Information by Reference 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 an of its subsidiaries or other affiliates.

### General

The notes will initially be limited to an aggregate principal amount of $ . The notes will mature on , . 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 semi-annually on and of each year, beginning on , 2014, to the persons in whose names the notes are registered at the close of business on and 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, making investments or issuing or repurchasing our securities. The indenture will not restrict our ability to incur additional indebtedness in the future, other than certain secured indebtedness as described in Description of the Debt Securities Covenants Restrictions on Secured Debt in the accompanying prospectus. 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, accrued compensation, advance billings, and income taxes payable. In addition, except as otherwise provided, under Description of the Debt Securities Covenants Restrictions on Secured Debt in the accompanying prospectus, the notes will be effectively subordinated to all of our secured indebtedness, to the extent of the value of our assets securing such indebtedness.

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As of June 30, 2013:

- we had an aggregate of approximately $4.8 billion of senior unsecured indebtedness;
- we had no secured indebtedness and no subordinated indebtedness outstanding;
- our subsidiaries had approximately $115 million of indebtedness, excluding intercompany loans;
- our subsidiaries had approximately $4.7 billion of other liabilities (excluding intercompany liabilities), including primarily trade payables and accrued compensation; and
- our subsidiaries 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 and 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 before , (the date that is months before the maturity date), 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 being redeemed; 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.

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

In addition, at any time and from time to time on or after , (the date that is months before the maturity date), the notes will be redeemable at our option, in whole or in part, in principal amounts of $2,000 or any integral multiple of $1,000 in excess thereof, at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest to the date of redemption.

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*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

- 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* means (i) 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 (ii) if we obtain 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), Deutsche Bank Securities Inc. (and its successors), HSBC Securities (USA) Inc. (and its successors), RBS Securities 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 us, 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 us 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.

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If we are redeeming less than all the notes, not more than 60 days prior to the redemption date, the particular notes to be redeemed will be selected by lot in accordance with applicable DTC procedures, or if held in physical form, pro rata. 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.

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

**Certain Covenants**

Certain covenants in the indenture limit:

- our and certain of our subsidiaries ability to incur indebtedness secured by mortgages and other liens or by a pledge, lien or other security interest on shares of stock or indebtedness of such subsidiaries under specified circumstances without equally and ratably securing the notes;

- our and certain of our subsidiaries ability to enter into sale and leaseback transactions; and