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HALLIBURTON CO  
Form 11-K  
July 01, 2002

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Form 11-K

/X/ Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934.  
For the fiscal year ended December 31, 2001

Or

/ / Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934.  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 1-3492

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Halliburton Savings Plan  
4100 Clinton Drive  
Building 3, Room 1018  
Houston, TX 77020

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Halliburton Company, Inc.  
3600 Lincoln Plaza  
500 N. Akard  
Dallas, Texas 75201

REQUIRED INFORMATION

The following financial statements are prepared in accordance with the financial reporting requirements of ERISA and exhibits are filed for the Halliburton Savings Plan:

FINANCIAL STATEMENTS AND SCHEDULE

Independent Auditors' Report - KPMG LLP

Independent Auditors' Report - Arthur Andersen LLP

Statements of Net Assets Available for Plan Benefits as of December 31, 2001 and 2000

Statement of Changes in Net Assets Available for Plan Benefits for the Year Ended December 31, 2001

Notes to Financial Statements

Supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2001

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EXHIBITS

Independent Auditors' Consent - KPMG LLP (Exhibit 23.1)

Notice Regarding Consent of Arthur Andersen LLP (Exhibit 23.2)

SIGNATURES

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the Benefits Committee of the Halliburton Savings Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 28, 2002

By /s/ Michele Mastrean

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Michele Mastrean, Chairperson of the  
Halliburton Company Benefits Committee

HALLIBURTON SAVINGS PLAN

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Independent Auditors' Reports

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INDEPENDENT AUDITORS' REPORT

The Benefits Committee of the  
Halliburton Savings Plan:

We have audited the accompanying statement of net assets available for plan benefits of the Halliburton Savings Plan (the Plan) as of December 31, 2001 and the related statement of changes in net assets available for plan benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and supplemental schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial

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statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2001 and the changes in its net assets available for plan benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

Houston, Texas  
June 26, 2002

[This is a copy of the audit report previously issued by Arthur Andersen LLP in connection with the Plan's filing on Form 11-K for the year ended December 31, 2000. This audit report has not been reissued by Arthur Andersen LLP in connection with this filing on Form 11-K. See Exhibit 23.2 for further discussion.]

Report of Independent Public Accountants

To the Benefits Committee of the  
Halliburton Savings Plan:

We have audited the accompanying statements of net assets available for plan benefits of the Halliburton Savings Plan (the "Plan") as of December 31, 2000 and 1999, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2000. These financial statements and the supplemental schedule referred to below are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and supplemental schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2000 and 1999, and the changes in its net assets available for plan benefits for the year ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Dallas, Texas,  
June 5, 2001

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HALLIBURTON SAVINGS PLAN

Statements of Net Assets Available for Plan Benefits

December 31, 2001 and 2000

	2001	2000
	-----	-----
Assets:		
Plan participants' contributions receivable	\$ 2,889	\$ 2,889
Participation in Master Trust, at fair value	2,125,059	2,125,059
Participant loans	63,652	63,652
	-----	-----
Net assets available for plan benefits	\$ 2,191,600	\$ 2,191,600
	=====	=====

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HALLIBURTON SAVINGS PLAN

Statement of Changes in Net Assets Available for Plan Benefits

Year ended December 31, 2001

Additions:		
Contributions:		
Company	\$	207,354

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Plan participants	927,738
Investment activity:	
Allocation of Master Trust net investment activity	(1,451,923)
Interest on loans to participants	58,378
	-----
Total additions	(258,453)
	-----
Deductions:	
Benefits paid to participants	(2,336,560)
Divestiture (see note 5)	(20,298,752)
Transfers	(20,888)
Administrative expenses	(179,317)
	-----
Total deductions	(22,835,517)
	-----
Net decrease in net assets available for plan benefits	(23,093,970)
	-----
Net assets available for plan benefits, beginning of year	25,285,570
	-----
Net assets available for plan benefits, end of year	\$ 2,191,600
	=====

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HALLIBURTON SAVINGS PLAN

Notes to Financial Statements

December 31, 2001 and 2000

(1) DESCRIPTION OF THE PLAN

The Halliburton Savings Plan (the Plan) is a defined contribution plan for certain qualified employees of Halliburton Company and certain subsidiaries (the Company). The Plan was established in accordance with Sections 401(a) and 401(k) of the Internal Revenue Code (IRC) and is subject to the provisions of the Employee Retirement Income Security Act of 1974. The following description of the Plan provides only general information. Participants should refer to the plan document or summary plan description for a more complete description of the Plan's provisions.

(a) ELIGIBILITY

Certain employees of the Company are eligible for participation in the Plan upon completion of three months of service.

(b) CONTRIBUTIONS

Participants may elect to contribute to the tax deferred savings and/or after tax features of the Plan through periodic payroll deductions. These contributions are limited to an aggregate of 15% of the participant's eligible earnings of up to \$170,000; the total amount of participant tax deferred savings contributions is limited to \$10,500 for 2001 and 2000. Any contributions in excess of the \$10,500 limit are automatically made to the participant's after-tax account. The Company makes matching contributions to certain groups of participants based on separate formulas set forth in the plan document.

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(c) CASH ACCOUNTS

The Plan maintains cash accounts to facilitate the payment of benefits and receipt of contributions to the Plan.

(d) INVESTMENT ELECTIONS

Contributions and participant account balances may be directed to one of eleven funds or a combination of funds. The assets of the funds are held in the Halliburton Company Employee Benefit Master Trust (the Master Trust, see note 3). One of the investment funds invests primarily in Halliburton Stock Fund (the HSF). Participants' contributions to the HSF are limited to 15% of their total contributions. The Plan allows participants to make daily transfers of their account balances among the funds. The amount of the transfer may be all or any portion of the participant's account balance, subject to certain limitations on transfers to the HSF.

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### HALLIBURTON SAVINGS PLAN

#### Notes to Financial Statements

December 31, 2001 and 2000

(e) PARTICIPANT LOANS

A participant may borrow from their vested account balance a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. A participant may have up to two loans outstanding at any time. Loans bear interest at the current prime rate, plus 1% as published in the Wall Street Journal. Loans must be repaid within five years (ten years for primary residence loans) through payroll deductions. Loans are collateralized by the participant's account balance.

(f) VESTING

Participants' contributions to their accounts and the earnings thereon are fully vested when made or earned. Participants become fully vested in matching contributions and the earnings thereon upon the completion of five years of service. Participants who terminate before becoming vested forfeit the nonvested portion of their account balance unless they are rehired within five years of termination. Such forfeitures are used to reduce future Company matching contributions. As of December 31, 2001, total forfeitures were approximately \$12,000; forfeitures were used to reduce Company contributions during 2001.

(g) DISTRIBUTIONS

Each participant, or their designated beneficiary, may elect to receive a distribution upon retirement, termination, disability, or death. Certain participant balances related to prior plan mergers may be withdrawn at any time. Direct rollovers to an IRA or other qualified plans are permitted. All distributions are made in lump-sum amounts or in periodic installments, at the participant's election. Distributions from the HSF may be in the

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form of shares of stock or cash. Each participant may elect to receive an in-service withdrawal of their after-tax contributions.

(h) ADMINISTRATION

At December 31, 2001 and 2000, State Street Bank and Trust Company (State Street) is the Plan's trustee, and Hewitt Associates LLC is the recordkeeper.

(i) INVESTMENT EARNINGS

Investment earnings on participants' accounts are allocated proportionately based on their relative account balance in each investment fund. Such earnings are taxable to participants at the time of distribution from the Plan.

(j) PLAN TERMINATION

The Board of Directors of the Company may amend, modify, or terminate the Plan at any time. No such termination is contemplated, but if it should occur, the accounts of all participants would be immediately fully vested and paid in accordance with the terms of the Plan.

(2) SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The accompanying financial statements are prepared using the accrual basis of accounting.

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### HALLIBURTON SAVINGS PLAN

#### Notes to Financial Statements

December 31, 2001 and 2000

(b) INVESTMENT VALUATION AND INCOME RECOGNITION

The assets of the Plan are combined with the assets of certain other benefit plans of affiliated companies in the Master Trust. The assets of the Master Trust are segregated into thirteen funds in which the plans may participate. The Plan participates in eleven of these funds. The combination of the plans' assets is only for investment purposes, and each plan continues to be operated under its current plan document. All investments of the Master Trust are held by State Street.

The funds within the Master Trust hold bank, insurance, and investment contracts providing a fully benefit-responsive feature. These investments are stated at contract value, which approximates fair value. Where the Master Trust owns the underlying securities of asset-backed investment contracts, the contracts are stated at fair market value of the underlying securities plus an adjustment for the difference between fair market value of the underlying securities and contract value. Contract value represents the principal balance of the investment plus accrued interest at the stated contract rate, less payments received and contract charges

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by the insurance company or bank.

Cash equivalents, derivative financial instruments, stock securities, bonds and notes, and all other debt securities are presented at their quoted market value. Realized and unrealized changes in market values are recognized in the period in which the changes occur.

Real estate related investments consist of real estate mortgages and investments in Real Estate Investment Trusts. Real estate mortgages are stated at cost plus accrued interest less payments received which approximates fair value.

All investment transactions are accounted for on the trade-date basis in accordance with accounting principles generally accepted in the United States.

### (c) ALLOCATION OF MASTER TRUST NET INVESTMENT ACTIVITY

The allocation of Master Trust net investment activity represents the Plan's share of the net investment income or loss on investments held by the Master Trust determined by the Plan's allocable share of the net assets of the Master Trust. Net investment income or loss is the realized net gain (loss) from investments sold, change in the unrealized net gain (loss) on investments, dividend income, and interest income of the Master Trust.

### (d) ADMINISTRATIVE EXPENSES

Administrative expenses which are related to compliance and operational activities as defined by the Department of Labor may be charged against the Plan assets at the discretion of the Plan administrator and in accordance with the terms of the Plan.

### (e) PAYMENT OF BENEFITS

Benefits are recorded when paid.

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## HALLIBURTON SAVINGS PLAN

### Notes to Financial Statements

December 31, 2001 and 2000

### (f) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

### (3) MASTER TRUST

The following are the statements of net assets as of December 31, 2001

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and 2000 and the statement of changes in net assets of the Master Trust for the year ended December 31, 2001 (dollar amounts in thousands):

STATEMENTS OF NET ASSETS	2001	2000
	-----	-----
Cash and equivalents	\$ 298,416	\$ 359,
Receivables	28,249	40,
Asset-backed investment contracts	(29,495)	(5,
U.S, corporate and government bonds and notes	1,890,763	2,154,
Non-U.S. bonds and notes	293,638	255,
Non-U.S. stock	377,376	525,
Halliburton Company stock	100,757	153,
Insurance investment contracts	23,698	17,
Pooled equity index funds	22,720	7,
Other U.S. stock	1,046,738	1,231,
Pooled bond funds	4,579	50,
Real estate related investments	4,748	5,
Investments in mutual funds	511,038	735,
Payables	(315,725)	(557,
	-----	-----
Net assets of the Master Trust	\$ 4,257,500	\$ 4,973,
	=====	=====
Plan dollar value interest	\$ 2,125	\$ 23,
Plan percent interest	0.1%	

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HALLIBURTON SAVINGS PLAN

Notes to Financial Statements

December 31, 2001 and 2000

STATEMENT OF CHANGES IN NET ASSETS	YEAR ENDED DECEMBER 31, 200
	-----
Participating plans' net assets, beginning of year	\$ 4,973,9
Net realized loss	(41,4
Net change in unrealized gain (loss)	(320,9
Net investment income	158,3
Receipts from participating plans	2,330,2
Withdrawals by participating plans	(2,842,5
	-----
Participating plans' net assets, end of year	\$ 4,257,5
	=====

NET APPRECIATION (DEPRECIATION) BY TYPE

YEAR ENDED

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(in thousands)

DECEMBER 31, 200

Cash and equivalents	\$	1,5
U.S, corporate and government bonds and notes		19,5
Non-U.S. bonds and notes		(5,0
Non-U.S. stock		(83,6
Halliburton Company stock		(108,2
Real estate related investments		1
Pooled equity index funds		2
Other U.S. stock		(121,8
Investments in mutual funds		(53,2
Other investments		(11,9
		-----
Total depreciation	\$	(362,4
		=====

The Master Trust makes use of several investment strategies involving limited use of derivative investments. The Master Trust's management, as a matter of policy and with risk management as their primary objective, monitors risk indicators such as duration and counter-party credit risk, both for the derivatives themselves and for the investment portfolios holding the derivatives. Investment managers are allowed to use derivatives for such strategies as portfolio structuring, return enhancement, and hedging against deterioration of investment holdings from market and interest rate changes. Derivatives are also used as a hedge against foreign currency fluctuations. The Master Trust's management does not allow investment managers for the Master Trust to use leveraging for any investment purchase. Derivative investments are stated at estimated fair market values as determined by quoted market prices. Gains and losses on such investments are included in the statement of changes in net assets of the Master Trust.

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HALLIBURTON SAVINGS PLAN

Notes to Financial Statements

December 31, 2001 and 2000

(4) INVESTMENTS

Individual investments in excess of 5% of net assets for plan benefits are as follows:

	2001	2000
	-----	-----
Participation in Master Trust, at fair value:		
S&P 500 Index Fund	\$ 235,446	\$ 1,916,908
Fixed Investment Fund	327,640	3,470,404
Balanced Fund	232,531	3,666,836
Halliburton Company Stock Fund	300,037	1,160,124
Large Cap Value Equity	802,694	1,860,693
Large Cap Value Growth	63,459	10,564,992

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(5) DIVESTITURE

In April 2000, the Company's Board of Directors approved plans to sell the businesses within the Dresser Equipment Group (DEG) which specialized in the manufacturing and marketing of equipment used primarily in the energy, petrochemical, power, and transportation industries. The Company sold DEG effective April 10, 2001, retaining a 5% interest. The sale of DEG resulted in the transfer of associated net plan assets from the Plan during 2001 totaling approximately \$20.3 million.

(6) TAX STATUS

The Plan is subject to ERISA and certain provisions of the Internal Revenue Code (IRC) and is intended to qualify under Section 401(a) of the IRC. The Internal Revenue Service has determined and informed the Company by a letter dated November 2, 2001 that the Plan and related trust are designed in accordance with the applicable sections of the Internal Revenue Code.

(7) RELATED-PARTY TRANSACTIONS

State Street is the trustee defined by the Plan. The assets of the Plan are held by the Master Trust, of which State Street is also the trustee. Additionally, the Master Trust invests in the Halliburton Company Stock Fund; therefore, State Street, the Master Trust, the Company, and the participants of the Plan qualify as parties in interest.

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HALLIBURTON SAVINGS PLAN

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2001

EIN: 75-2677995

Plan #: 145

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT
*	Halliburton Company Employee Benefit Master Trust	Investment in net assets of Halliburton Company Employee Benefit Master Trust
*	Participant loans	Loans issued at interest rates between 6.00% and 10.5%

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