UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2019

OR

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number 001-03492

HALLIBURTON COMPANY

(a Delaware corporation)
75-2677995

3000 North Sam Houston Parkway East
Houston, Texas 77032
(Address of Principal Executive Offices)

Telephone Number – Area Code (281) 871-2699

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common shares, par value $2.50 per share	HAL	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Emerging Growth Company	☐
Smaller Reporting Company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Yes ☐ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of July 19, 2019, there were 875,932,261 shares of Halliburton Company common stock, $2.50 par value per share, outstanding.

HALLIBURTON COMPANY

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

HALLIBURTON COMPANY
Condensed Consolidated Statements of Operations
(Unaudited)

Millions of dollars and shares except per share data	Three Months Ended June 30 2019	Three Months Ended June 30 2018	Six Months Ended June 30 2019	Six Months Ended June 30 2018
Revenue:				
Services	$ 4,559	$ 4,808	$ 8,911	$ 9,196
Product sales	1,371	1,339	2,756	2,691
Total revenue	5,930	6,147	11,667	11,887
Operating costs and expenses:				
Cost of services	4,204	4,221	8,360	8,228
Cost of sales	1,120	1,072	2,216	2,128
Impairments and other charges	247	—	308	265
General and administrative	56	65	115	123
Total operating costs and expenses	5,627	5,358	10,999	10,744
Operating income	303	789	668	1,143
Interest expense, net of interest income of $4, $13, $12 and $23	(144)	(137)	(287)	(277)
Other, net	(8)	(19)	(38)	(44)
Income before income taxes	151	633	343	822
Income tax provision	(74)	(125)	(114)	(267)
Net income	$ 77	$ 508	$ 229	$ 555
Net (income) loss attributable to noncontrolling interest	(2)	3	(2)	2
Net income attributable to company	$ 75	$ 511	$ 227	$ 557
Basic net income per share	$ 0.09	$ 0.58	$ 0.26	$ 0.64
Diluted net income per share	$ 0.09	$ 0.58	$ 0.26	$ 0.63
Basic weighted average common shares outstanding	874	877	874	876
Diluted weighted average common shares outstanding	875	880	874	879

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
Millions of dollars	2019	2018	2019	2018
Net income	$ 77	$ 508	$ 229	$ 555
Other comprehensive income (loss), net of income taxes	1	1	2	(1)
Comprehensive income	$ 78	$ 509	$ 231	$ 554
Comprehensive (income) loss attributable to noncontrolling interest	(2)	3	(2)	2
Comprehensive income attributable to company shareholders	$ 76	$ 512	$ 229	$ 556

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Balance Sheets
(Unaudited)

Millions of dollars and shares except per share data	June 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash and equivalents	$ 1,176	$ 2,008
Receivables (net of allowances for bad debts of $757 and $738)	5,700	5,234
Inventories	3,347	3,028
Other current assets	997	881
Total current assets	11,220	11,151
Property, plant and equipment (net of accumulated depreciation of $13,592 and $13,153)	8,778	8,873
Goodwill	2,825	2,825
Deferred income taxes	1,408	1,384
Operating lease right-of-use assets	978	—
Other assets	1,671	1,749
Total assets	$ 26,880	$ 25,982
Liabilities and Shareholders’ Equity		
Current liabilities:		
Accounts payable	$ 3,017	$ 3,018
Accrued employee compensation and benefits	650	714
Current portion of operating lease liabilities	215	—
Other current liabilities	1,073	1,070
Total current liabilities	4,955	4,802
Long-term debt	10,307	10,312
Operating lease liabilities	761	—
Employee compensation and benefits	469	483
Other liabilities	864	841
Total liabilities	17,356	16,438
Shareholders’ equity:		
Common shares, par value $2.50 per share (authorized 2,000 shares, issued 1,068 and 1,069 shares)	2,670	2,671
Paid-in capital in excess of par value	58	211
Accumulated other comprehensive loss	(352)	(355)
Retained earnings	13,652	13,739
Treasury stock, at cost (194 and 198 shares)	(6,520)	(6,744)
Company shareholders’ equity	9,508	9,522
Noncontrolling interest in consolidated subsidiaries	16	22
Total shareholders’ equity	9,524	9,544
Total liabilities and shareholders’ equity	$ 26,880	$ 25,982

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Statements of Cash Flows
(Unaudited)

Millions of dollars	Six Months Ended June 30 2019	Six Months Ended June 30 2018
Cash flows from operating activities:		
Net income	$ 229	$ 555
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation, depletion and amortization	836	784
Impairments and other charges	308	265
Changes in assets and liabilities:		
Receivables	(394)	(352)
Inventories	(347)	(306)
Accounts payable	(14)	495
Other operating activities	(211)	87
Total cash flows provided by (used in) operating activities	407	1,528
Cash flows from investing activities:		
Capital expenditures	(845)	(1,066)
Proceeds from sales of property, plant and equipment	87	121
Payments to acquire businesses	(21)	(148)
Other investing activities	(32)	(344)
Total cash flows provided by (used in) investing activities	(811)	(1,437)
Cash flows from financing activities:		
Dividends to shareholders	(314)	(316)
Stock repurchase program	(100)	—
Other financing activities	6	(14)
Total cash flows provided by (used in) financing activities	(408)	(330)
Effect of exchange rate changes on cash	(20)	(40)
Decrease in cash and equivalents	(832)	(279)
Cash and equivalents at beginning of period	2,008	2,337
Cash and equivalents at end of period	$ 1,176	$ 2,058
Supplemental disclosure of cash flow information:		
Cash payments during the period for:		
Interest	$ 266	$ 286
Income taxes	$ 208	$ 135

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements were prepared using generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Regulation S-X. Accordingly, these financial statements do not include all information or notes required by generally accepted accounting principles for annual financial statements and should be read together with our 2018 Annual Report on Form 10-K.

Our accounting policies are in accordance with United States generally accepted accounting principles. The preparation of financial statements in conformity with these accounting principles requires us to make estimates and assumptions that affect:

- the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements; and
- the reported amounts of revenue and expenses during the reporting period.

Ultimate results could differ from our estimates.

In our opinion, the condensed consolidated financial statements included herein contain all adjustments necessary to present fairly our financial position as of June 30, 2019 and the results of our operations for the three and six months ended June 30, 2019 and 2018, and our cash flows for the six months ended June 30, 2019 and 2018. Such adjustments are of a normal recurring nature.

In addition, certain reclassifications of prior period balances have been made to conform to the current period presentation. In conjunction with our adoption of the new lease accounting standard, capital leases, which are now referred to as finance leases, have been reclassified on our balance sheet as of December 31, 2018. This consisted of $88 million reclassified from property, plant and equipment to other assets and $109 million reclassified from long-term debt to other liabilities. See Note 5 and Note 11 for further information on the new lease standard.

The results of our operations for the three and six months ended June 30, 2019 may not be indicative of results for the full year.

Note 2. Impairments and Other Charges

During the three and six months ended June 30, 2019, we recognized certain impairments and other charges as we continue to adjust our cost structure and footprint to the current operating environment. The following table presents various pre-tax charges we recorded during the three and six months ended June 30, 2019, in addition to the six months ended June 30, 2018, which are reflected within "impairments and other charges" on our condensed consolidated statements of operations. There were no impairments and other charges recorded during the three months ended June 30, 2018.

	Three Months Ended	Six Months Ended	
Millions of dollars	June 30, 2019	June 30, 2019	June 30, 2018
Long-lived asset impairments	$ 108	$ 150	$ —
Severance costs	58	77	—
Inventory write-downs	33	33	—
Venezuela investment write-down	—	—	265
Other	48	48	—
Total impairments and other charges	$ 247	$ 308	$ 265

Note 3. Business Segment and Geographic Information

We 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. Intersegment revenue was immaterial. Our equity in earnings and losses of unconsolidated affiliates that are accounted for using the equity method of accounting are included within cost of services and cost of sales on our statements of operations, which is part of operating income of the applicable segment.

The following table presents information on our business segments.

	Three Months Ended June 30		Six Months Ended June 30	
Millions of dollars	2019	2018	2019	2018
Revenue:				
Completion and Production	$ 3,805	$ 4,164	$ 7,467	$ 7,971
Drilling and Evaluation	2,125	1,983	4,200	3,916
Total revenue	$ 5,930	$ 6,147	$ 11,667	$ 11,887
Operating income:				
Completion and Production	$ 470	$ 669	$ 838	$ 1,169
Drilling and Evaluation	145	191	268	379
Total operations	615	860	1,106	1,548
Corporate and other (a)	(65)	(71)	(130)	(140)
Impairments and other charges (b)	(247)	—	(308)	(265)
Total operating income	$ 303	$ 789	$ 668	$ 1,143
Interest expense, net of interest income	(144)	(137)	(287)	(277)
Other, net	(8)	(19)	(38)	(44)
Income before income taxes	$ 151	$ 633	$ 343	$ 822

(a) Corporate and other includes certain expenses not attributable to a particular business segment, such as costs related to support functions and corporate executives.

(b) For the three months ended June 30, 2019, amount includes $77 million attributable to Completion and Production, $142 million attributable to Drilling and Evaluation, and $28 million attributable to Corporate and other. For the six months ended June 30, 2019, amount includes $127 million attributable to Completion and Production, $153 million attributable to Drilling and Evaluation, and $28 million attributable to Corporate and other. During the six months ended June 30, 2018, we recognized a pre-tax charge of $265 million related to a write-down of all of our remaining investment in Venezuela. See Note 2 for further discussion on these impairments and other charges. There were no such impairments and other charges recorded during the three months ended June 30, 2018.

Receivables

As of both June 30, 2019 and December 31, 2018, 43% of our net trade receivables were from customers in the United States. Other than the United States, no other country or single customer accounted for more than 10% of our trade receivables at these dates. We routinely monitor the financial stability of our customers and employ an extensive process to evaluate the collectability of outstanding receivables. This process, which involves a high degree of judgment utilizing significant assumptions, includes analysis of our customers’ historical time to pay, financial condition and various financial metrics, debt structure, credit agency ratings, and production profile, as well as political and economic factors in countries of operations and other customer-specific factors.

Note 4. Revenue

Revenue is recognized based on the transfer of control or our customers' ability to benefit from our services and products in an amount that reflects the consideration we expect to receive in exchange for those services and products. The vast majority of our service and product contracts are short-term in nature. In recognizing revenue for our services and products, we determine the transaction price of purchase orders or contracts with our customers, which may consist of fixed and variable consideration. We also assess our customers' ability and intention to pay, which is based on a variety of factors, including our customers' historical payment experience and financial condition. Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 20 to 60 days. Other judgments involved in recognizing revenue include an assessment of progress towards completion of performance obligations for certain long-term contracts, which involve estimating total costs to determine our progress towards contract completion and calculating the corresponding amount of revenue to recognize.

Disaggregation of revenue

We disaggregate revenue from contracts with customers into types of services or products, consistent with our two reportable segments, in addition to geographical area. Based on the location of services provided and products sold, 54% and 59% of our consolidated revenue was from the United States for the six months ended June 30, 2019 and 2018, respectively. No other country accounted for more than 10% of our revenue. The following table presents information on our disaggregated revenue.

Millions of dollars	Three Months Ended June 30		Six Months Ended June 30	
Revenue by segment:	2019	2018	2019	2018
Completion and Production	$ 3,805	$ 4,164	$ 7,467	$ 7,971
Drilling and Evaluation	2,125	1,983	4,200	3,916
Total revenue	$ 5,930	$ 6,147	$ 11,667	$ 11,887
Revenue by geographic region:				
North America	$ 3,327	$ 3,834	$ 6,602	$ 7,351
Latin America	571	479	1,158	936
Europe/Africa/CIS	823	726	1,571	1,442
Middle East/Asia	1,209	1,108	2,336	2,158
Total revenue	$ 5,930	$ 6,147	$ 11,667	$ 11,887

Contract balances

We perform our obligations under contracts with our customers by transferring services and products in exchange for consideration. The timing of our performance often differs from the timing of our customer's payment, which results in the recognition of receivables and deferred revenue. Deferred revenue represents advance consideration received from customers for contracts where revenue is recognized on future performance of service. Deferred revenue, as well as revenue recognized during the period relating to amounts included as deferred revenue at the beginning of the period, was not material to our condensed consolidated financial statements.

Transaction price allocated to remaining performance obligations

Remaining performance obligations represent firm contracts for which work has not been performed and future revenue recognition is expected. We have elected the practical expedient permitting the exclusion of disclosing remaining performance obligations for contracts that have an original expected duration of one year or less. We have some long-term contracts related to software and integrated project management services such as lump sum turnkey contracts. For software contracts, revenue is generally recognized over time throughout the license period when the software is considered to be a right to access our intellectual property. For lump sum turnkey projects, we recognize revenue over time using an input method, which requires us to exercise judgment. Revenue allocated to remaining performance obligations for these long-term contracts is not material.

Note 5. Leases

We adopted a comprehensive new lease accounting standard effective January 1, 2019. The details of the significant changes to our accounting policies resulting from the adoption of the new standard are set out below. We adopted the standard using the optional modified retrospective transition method; accordingly, the comparative information as of December 31, 2018 and for the three and six months ending June 30, 2018 has not been adjusted and continues to be reported under the previous lease standard. Under the new lease standard, assets and liabilities that arise from all leases are required to be recognized on the balance sheet for lessees. Previously, only capital leases, which are now referred to as finance leases, were recorded on the balance sheet. The adoption of this standard resulted in the recognition of approximately $1.1 billion of operating lease right-of-use assets and operating lease liabilities on our condensed consolidated balance sheet as of January 1, 2019. The adoption of this standard did not materially impact our condensed consolidated results of operations for the three and six months ended June 30, 2019. See Note 11 for additional information about the new accounting standard.

Beginning January 1, 2019, for all leases with a term in excess of 12 months, we recognized a lease liability equal to the present value of the lease payments and a right-of-use asset representing our right to use the underlying asset for the lease term. For operating leases, lease expense for lease payments is recognized on a straight-line basis over the lease term, while finance leases include both an operating expense and an interest expense component. For all leases with a term of 12 months or less, we elected the practical expedient to not recognize lease assets and liabilities. We recognize lease expense for these short-term leases on a straight-line basis over the lease term.

We are a lessee for numerous operating leases, primarily related to real estate, transportation and equipment. The vast majority of our operating leases have remaining lease terms of 10 years or less, some of which include options to extend the leases, and some of which include options to terminate the leases. We generally do not include renewal or termination options in our assessment of the leases unless extension or termination for certain assets is deemed to be reasonably certain. The accounting for some of our leases may require significant judgment, which includes determining whether a contract contains a lease, determining the incremental borrowing rates to utilize in our net present value calculation of lease payments for lease agreements which do not provide an implicit rate, and assessing the likelihood of renewal or termination options. We also have some lease agreements with lease and non-lease components, which are generally accounted for as a single lease component. For certain equipment leases, such as offshore vessels and drilling rigs, we account for the lease and non-lease components separately.

The following tables illustrate the financial impact of our leases as of and for the three and six months ended June 30, 2019, along with other supplemental information about our existing leases:

Millions of dollars	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Components of lease expense:		
Finance lease cost:		
Amortization of right-of-use assets	$ 5	$ 10
Interest on lease liabilities	13	28
Operating lease cost	90	186
Short-term lease cost	9	15
Sublease income	(2)	(3)
Total lease cost	$ 115	$ 236

Millions of dollars	As of June 30, 2019
Components of balance sheet:	
Operating leases:	
Operating lease right-of-use assets (non-current)	$ 978
Current portion of operating lease liabilities	215
Operating lease liabilities (non-current)	761
Finance leases:	
Other assets (non-current)	$ 141
Other current liabilities	17
Other liabilities (non-current)	136

Millions of dollars except years and percentages	Six Months Ended June 30, 2019
Other supplemental information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 161
Operating cash flows from finance leases	28
Financing cash flows from finance leases	15
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases (a)	$ 1,138
Finance leases	65
Weighted-average remaining lease term:	
Operating leases	9.6 years
Finance leases	6.0 years
Weighted-average discount rate for operating leases	4.6%

(a) Primarily consists of operating lease right-of-use assets exchanged for lease obligations upon implementation of the new lease accounting standard on January 1, 2019.

The following table summarizes the maturity of our operating and finance leases as of June 30, 2019:

Millions of dollars	Operating Leases	Finance Leases
2019	$ 151	$ 34
2020	206	65
2021	161	65
2022	125	65
2023	101	65
Thereafter	524	144
Total lease payments	1,268	438
Less imputed interest	(293)	(284)
Total	$ 975	$ 154

As of December 31, 2018, future total rentals on our noncancellable operating leases were $975 million in the aggregate, which consisted of the following: $275 million in 2019; $146 million in 2020; $122 million in 2021; $100 million in 2022; $78 million in 2023; and $254 million thereafter.

Note 6. Inventories

Inventories are stated at the lower of cost and net realizable value. In the United States, we manufacture certain finished products and parts inventories for drill bits, completion products, bulk materials and other tools that are recorded using the last-in, first-out method, which totaled $189 million as of June 30, 2019 and $186 million as of December 31, 2018. If the average cost method had been used, total inventories would have been $21 million higher than reported as of June 30, 2019 and $24 million higher as of December 31, 2018. The cost of the remaining inventory was recorded using the average cost method. We had $3.3 billion of inventory as of June 30, 2019, an 11% increase from December 31, 2018, primarily associated with a build-up of our artificial lift and directional drilling inventory. Inventories consisted of the following:

Millions of dollars	June 30, 2019	December 31, 2018
Finished products and parts	$ 2,102	$ 1,947
Raw materials and supplies	1,089	934
Work in process	156	147
Total	$ 3,347	$ 3,028

All amounts in the table above are reported net of obsolescence reserves of $194 million as of June 30, 2019 and $219 million as of December 31, 2018.

Note 7. Shareholders' Equity

The following tables summarize our shareholders' equity activity for the three and six months ended June 30, 2019 and June 30, 2018, respectively:

Millions of dollars	Common Shares	Paid-in Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Consolidated Subsidiaries	Total
Balance at December 31, 2018	$ 2,671	$ 211	$ (6,744)	$ 13,739	$ (355)	$ 22	$ 9,544
Comprehensive income (loss):							
Net income	—	—	—	152	—	—	152
Other comprehensive income	—	—	—	—	1	—	1
Cash dividends ($0.18 per share)	—	—	—	(157)	—	—	(157)
Stock plans	—	13	74	—	—	—	87
Other	—	—	—	—	—	(2)	(2)
Balance at March 31, 2019	$ 2,671	$ 224	$ (6,670)	$ 13,734	$ (354)	$ 20	$ 9,625
Comprehensive income (loss):							
Net income	—	—	—	75	—	2	77
Other comprehensive income	—	—	—	—	1	—	1
Cash dividends ($0.18 per share)	—	—	—	(157)	—	—	(157)
Stock repurchase program	—	—	(100)	—	—	—	(100)
Stock plans	(1)	(166)	250	—	—	—	83
Other	—	—	—	—	1	(6)	(5)
Balance at June 30, 2019	$ 2,670	$ 58	$ (6,520)	$ 13,652	$ (352)	$ 16	$ 9,524

Millions of dollars	Common Shares	Paid-in Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Consolidated Subsidiaries	Total
Balance at December 31, 2017	$ 2,673	$ 207	$ (6,757)	$ 12,668	$ (469)	$ 27	$ 8,349
Comprehensive income (loss):							
Net Income	—	—	—	46	—	1	47
Other comprehensive income	—	—	—	—	(2)	—	(2)
Cash dividends ($0.18 per share)	—	—	—	(158)	—	—	(158)
Stock plans	(1)	15	113	—	—	—	127
Other	—	—	—	30	—	(2)	28
Balance at March 31, 2018	$ 2,672	$ 222	$ (6,644)	$ 12,586	$ (471)	$ 26	$ 8,391
Comprehensive income (loss):							
Net Income	—	—	—	511	—	(3)	508
Other comprehensive income	—	—	—	—	1	—	1
Cash dividends ($0.18 per share)	—	—	—	(158)	—	—	(158)
Stock plans	—	(97)	201	—	—	—	104
Other	—	—	—	—	—	(3)	(3)
Balance at June 30, 2018	$ 2,672	$ 125	$ (6,443)	$ 12,939	$ (470)	$ 20	$ 8,843

Our Board of Directors has authorized a program to repurchase our common stock from time to time. During the quarter ended June 30, 2019, under that program we repurchased approximately 4.5 million shares of our common stock for a total cost of $100 million. Approximately $5.2 billion remained authorized for repurchases as of June 30, 2019. From the inception of this program in February 2006 through June 30, 2019, we repurchased approximately 217 million shares of our common stock for a total cost of approximately $8.9 billion.

Accumulated other comprehensive loss consisted of the following:

Millions of dollars	June 30, 2019	December 31, 2018
Defined benefit and other postretirement liability adjustments	$ (203)	$ (203)
Cumulative translation adjustments	(82)	(82)
Other	(67)	(70)
Total accumulated other comprehensive loss	$ (352)	$ (355)

Note 8. Commitments and Contingencies

Environmental

We are subject to numerous environmental, legal and regulatory requirements related to our operations worldwide. In the United States, these laws and regulations include, among others:

- the Comprehensive Environmental Response, Compensation, and Liability Act;
- the Resource Conservation and Recovery Act;
- the Clean Air Act;
- the Federal Water Pollution Control Act;
- the Toxic Substances Control Act; and
- the Oil Pollution Act.

In addition to the federal laws and regulations, states and other countries where we do business often have numerous environmental, legal, and regulatory requirements by which we must abide. We evaluate and address the environmental impact of our operations by assessing and remediating contaminated properties in order to avoid future liabilities and comply with environmental, legal and regulatory requirements. Our Health, Safety and Environment group has several programs in place to maintain environmental leadership and to help prevent the occurrence of environmental contamination. On occasion, we are involved in environmental litigation and claims, including the remediation of properties we own or have operated, as well as efforts to meet or correct compliance-related matters. We do not expect costs related to those claims and remediation requirements to have a material adverse effect on our liquidity, consolidated results of operations, or consolidated financial position. Our accrued liabilities for environmental matters were $64 million as of June 30, 2019 and $42 million as of December 31, 2018. Because our estimated liability is typically within a range and our accrued liability may be the amount on the low end of that range, our actual liability could eventually be well in excess of the amount accrued. Our total liability related to environmental matters covers numerous properties.

Additionally, we have subsidiaries that have been named as potentially responsible parties along with other third parties for six federal and state Superfund sites for which we have established reserves. As of June 30, 2019, those six sites accounted for approximately $14 million of our $64 million total environmental reserve. Despite attempts to resolve these Superfund matters, the relevant regulatory agency may at any time bring suit against us for amounts in excess of the amount accrued. With respect to some Superfund sites, we have been named a potentially responsible party by a regulatory agency; however, in each of those cases, we do not believe we have any material liability. We also could be subject to third-party claims with respect to environmental matters for which we have been named as a potentially responsible party.

Guarantee arrangements

In the normal course of business, we have agreements with financial institutions under which approximately $2.1 billion of letters of credit, bank guarantees or surety bonds were outstanding as of June 30, 2019. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization. None of these off balance sheet arrangements either has, or is likely to have, a material effect on our condensed consolidated financial statements.

Note 9. Income per Share

Basic income per share is based on the weighted average number of common shares outstanding during the period. Diluted income per share includes additional common shares that would have been outstanding if potential common shares with a dilutive effect had been issued. Antidilutive shares represent potential common shares which are excluded from the computation of diluted income per share as their impact would be antidilutive.

A reconciliation of the number of shares used for the basic and diluted income per share computations is as follows:

	Three Months Ended June 30		Six Months Ended June 30	
Millions of shares	2019	2018	2019	2018
Basic weighted average common shares outstanding	874	877	874	876
Dilutive effect of awards granted under our stock incentive plans	1	3	—	3
Diluted weighted average common shares outstanding	875	880	874	879
Antidilutive shares:				
Options with exercise price greater than the average market price	23	6	20	6
Total antidilutive shares	23	6	20	6

Note 10. Fair Value of Financial Instruments

The carrying amount of cash and equivalents, receivables and accounts payable, as reflected in the condensed consolidated balance sheets, approximates fair value due to the short maturities of these instruments.

The carrying amount and fair value of our total debt, including short-term borrowings and current maturities of long-term debt, is as follows:

	June 30, 2019				December 31, 2018			
Millions of dollars	Level 1	Level 2	Total fair value	Carrying value	Level 1	Level 2	Total fair value	Carrying value
Total debt	$ 8,219	$ 3,389	$ 11,608	$ 10,329	$ 6,726	$ 4,041	$ 10,767	$ 10,348

Our debt categorized within level 1 on the fair value hierarchy is calculated using quoted prices in active markets for identical liabilities with transactions occurring on the last two days of period-end. Our debt categorized within level 2 on the fair value hierarchy is calculated using significant observable inputs for similar liabilities where estimated values are determined from observable data points on our other bonds and on other similarly rated corporate debt or from observable data points of transactions occurring prior to two days from period-end and adjusting for changes in market conditions. Differences between the periods presented in our level 1 and level 2 classification of our long-term debt relate to the timing of when third party market transactions on our debt are executed. We have no debt categorized within level 3 on the fair value hierarchy.

Note 11. New Accounting Pronouncements

Leases

Effective January 1, 2019, we adopted an accounting standard update issued by the Financial Accounting Standards Board (FASB) related to accounting for leases, which requires lessees to record assets and liabilities that arise for all leases on their balance sheet and expanded financial statement disclosures for both lessees and lessors. Previously, only capital leases were recorded on the balance sheet. This update requires lessees to recognize a lease liability equal to the present value of its lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term for all leases longer than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and liabilities and instead recognize lease expense for such leases generally on a straight-line basis over the lease term. Leases with a term of longer than 12 months will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

We adopted this standard using the optional modified retrospective transition method. As such, the comparative financial information has not been restated and continues to be reported under the lease standard in effect during those periods. We also elected other practical expedients provided by the new standard, including the package of practical expedients, the short-term lease recognition practical expedient in which leases with a term of 12 months or less are not recognized on the balance sheet, and the practical expedient to not separate lease and non-lease components for the majority of our leases. The adoption of this standard resulted in the recognition of approximately $1.1 billion of operating lease right-of-use assets and operating lease liabilities on our balance sheet as of January 1, 2019. Additionally, capital leases have been reclassified on our condensed consolidated balance sheet as of December 31, 2018 to conform to current period presentation. This consisted of $88 million reclassified from property, plant and equipment to other assets and $109 million reclassified from long-term debt to other liabilities. The adoption of this standard did not materially impact our condensed consolidated statements of operations for the three and six months ended June 30, 2019. See Note 5 for our expanded lease disclosures required by the new standard.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

EXECUTIVE OVERVIEW

Organization

We are one of the world's largest providers of products and services to the energy industry. We help our customers maximize value throughout the lifecycle of the reservoir - from locating hydrocarbons and managing geological data, to drilling and formation evaluation, well construction and completion, and optimizing production throughout the life of the asset. Activity levels within our operations are significantly impacted by spending on upstream exploration, development and production programs by major, national and independent oil and natural gas companies. We report our results under two segments, the Completion and Production segment and the Drilling and Evaluation segment:

- our Completion and Production segment delivers cementing, stimulation, intervention, pressure control, specialty chemicals, artificial lift, and completion products and services. The segment consists of Production Enhancement, Cementing, Completion Tools, Production Solutions, Pipeline and Process Services, Multi-Chem and Artificial Lift.
- our Drilling and Evaluation segment provides field and reservoir modeling, drilling, evaluation and precise wellbore placement solutions that enable customers to model, measure, drill and optimize their well construction activities. The segment consists of Baroid, Sperry Drilling, Wireline and Perforating, Drill Bits and Services, Landmark Software and Services, Testing and Subsea, and Consulting and Project Management.

The business operations of our segments are organized around four primary geographic regions: North America, Latin America, Europe/Africa/CIS and Middle East/Asia. We have manufacturing operations in various locations, the most significant of which are located in the United States, Canada, Malaysia, Singapore and the United Kingdom. With approximately 60,000 employees, we operate in more than 80 countries around the world, and our corporate headquarters are in Houston, Texas.

Financial results

We demonstrated solid execution in the second quarter of 2019 against the backdrop of a volatile commodity pricing environment. We generated total company revenue of $5.9 billion during the second quarter of 2019, a 4% decrease as compared to the second quarter of 2018. Total company operating income was $303 million during the second quarter of 2019, which included $247 million of impairments and other charges, compared to operating income of $789 million in the second quarter of 2018. Our Completion and Production segment revenue decreased 9% from the second quarter of 2018, primarily driven by lower activity and pricing for stimulation services in North America, while our Drilling and Evaluation segment revenue increased 7% from the second quarter of 2018, with activity improvements across all international geographic regions. We continue to build on the growth momentum internationally and are successfully managing the market dynamics in North America.

Our North America revenue decreased 13% in the second quarter of 2019, as compared to the second quarter of 2018, primarily driven by lower activity and pricing for stimulation services in U.S. land, partially offset by higher artificial lift and well construction activity. However, compared to the first quarter of 2019, our revenue increased 2% as we experienced a modest improvement in hydraulic fracturing activity combined with stable pricing. During the second quarter of 2019, we also more efficiently utilized our equipment and have taken steps to reduce operating costs, which yielded higher operating margins in our Completion and Production segment.

Revenue in our international markets increased 13% in the second quarter of 2019, as compared to the second quarter of 2018, resulting primarily from higher completion tool sales across all international regions, increased well construction services in Europe/Africa/CIS, and activity improvements for the majority of our product service lines in Mexico. We continue to see a broad-based recovery across numerous international geographies, primarily driven by land and shallow water operations.

Business outlook

Our industry is going through a transformation brought on by the shale revolution and the recent down-cycle. The industry has removed substantial costs from the system and introduced significant efficiencies. Many of our customers in North America have shifted their strategy from production growth to operating within cash flow and generating returns. These customers are focused on maximizing production per every dollar of capital spending, and technology that can improve well productivity will be key to their success. We believe we are well positioned to assist our customers achieve this through our value proposition of collaborating with them to engineer solutions that deliver the lowest cost per barrel.

In North America, while we experienced a modest improvement in hydraulic fracturing activity from the first quarter to the second quarter of 2019, we expect activity reductions in the second half of the year. Our customers remain focused on staying within their capital spending budgets and some customers are expected to slow down and scale back their completion programs for the rest of the year. We anticipate this slow down to be more pronounced in gas basins due to persisting lower gas prices. In light of expected softness in activity, we have been taking certain measures to continue to drive growth in our North America business and have been taking steps to reduce operating costs in this market. For example, we recently restructured our North American organization, removing several layers of management, which has changed our cost profile and increased our market responsiveness. We will continue to evaluate cost reduction opportunities across the company, and we intend to manage and adjust the size of our North America operations for the market environment.

Internationally, momentum continues to build and we expect activity improvement to continue in 2020. Pricing is trending upward as equipment supply and demand balance tightens in various geographies, and we have the footprint and the expanded technology portfolio to capitalize on this international growth. Our business in the North Sea has been busy, and we have significantly increased our market penetration in this area. We see similar dynamics in the Asia Pacific markets, with Malaysia, Australia and India all showing strong activity growth, and increased activity should lead to better pricing dynamics. We also anticipate growth in the broader offshore market. In June 2019, the year-over-year change in the monthly offshore rig count was up for the twelfth consecutive month and appears to be gaining momentum. Over the last decade, we have taken strategic actions that have increased the number and type of markets in which we can compete. These actions include substantial investments to grow our international footprint, where we increased our product service line presence in various geographies, expanded our manufacturing capacity in Singapore, and opened technology centers in Saudi Arabia, India and Brazil. In addition, we made strategic investments and closed technology gaps in the product service lines that are critical to our success in international markets. All of these efforts provide us with a strong base to capitalize on the international recovery.

During the first half of 2019, we had $845 million of capital expenditures, a decrease of 21% from the first half of 2018, as we adjusted to market conditions. These capital expenditures were predominantly in our Sperry Drilling, Production Enhancement, Wireline and Perforating, Artificial Lift, and Production Solutions product service lines. We expect our full year 2019 capital expenditures will be $1.6 billion, a 20% decrease from 2018, with the majority of the reduction coming from North America. The capital that we spend this year in the U.S. is mostly directed towards increasing efficiency, reducing emissions and investing in new technologies.

We intend to continue to strengthen our product service lines through a combination of organic growth, investment and selective acquisitions. We plan to continue executing the following strategies through the end of 2019:

- directing capital and resources that differentiate our service and product offerings into strategic markets around the world;
- collaborating and engineering solutions to maximize asset value for our customers;
- leveraging our broad technology offerings to provide value to our customers and enable them to more efficiently drill and complete their wells;
- investing in technology that will help our customers reduce reservoir uncertainty, increase operational efficiency and improve well productivity;
- improving working capital and managing our balance sheet to maximize our financial flexibility;
- seeking additional ways to be one of the most cost-efficient service providers in the industry by maintaining capital discipline and leveraging our scale and breadth of operations; and
- striving to achieve superior returns and cash flow generation for our shareholders.

Our operating performance and business outlook are described in more detail in “Business Environment and Results of Operations.”

Financial markets, liquidity, and capital resources

We believe we have invested our cash balances conservatively and secured sufficient financing to help mitigate any near-term negative impact on our operations from adverse market conditions. As of June 30, 2019, we had $1.2 billion of cash and equivalents and $3.5 billion of available committed bank credit under our revolving credit facility. We believe this provides us with sufficient liquidity to address the challenges and opportunities of the current market. For additional information on market conditions, see “Liquidity and Capital Resources” and “Business Environment and Results of Operations.”

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2019, we had $1.2 billion of cash and equivalents, compared to $2.0 billion of cash and equivalents at December 31, 2018.

Significant sources and uses of cash during the first six months of 2019

Sources of cash

- Cash flows from operating activities were $407 million. This included a negative impact from the primary components of our working capital (receivables, inventories and accounts payable) of a net $755 million, primarily associated with what we expect are short-term changes related to customer payment delays and a build-up of inventory related to our strategic technology deployments.

Uses of cash

- Capital expenditures were $845 million and were predominantly made in our Sperry Drilling, Production Enhancement, Wireline and Perforating, Artificial Lift, and Production Solutions product service lines.
- We paid $314 million in dividends to our shareholders.
- We repurchased approximately 4.5 million shares of our common stock under our share repurchase program at a total cost of $100 million.

Future sources and uses of cash

We manufacture most of our own equipment, which allows us flexibility to increase or decrease our capital expenditures based on market conditions. Capital spending for the full year 2019 is currently expected to be approximately $1.6 billion, a decrease of 20% from 2018, as we remain committed to maintaining capital discipline.

Currently, our quarterly dividend rate is $0.18 per common share, or approximately $157 million. Subject to Board of Directors approval, our intention is to continue paying dividends at our current rate during 2019. Our Board of Directors has authorized a program to repurchase our common stock from time to time. Approximately $5.2 billion remained authorized for repurchases as of June 30, 2019 and may be used for open market and other share purchases.

Other factors affecting liquidity

Financial position in current market. As of June 30, 2019, we had $1.2 billion of cash and equivalents and $3.5 billion of available committed bank credit under our revolving credit facility. Furthermore, we have no financial covenants or material adverse change provisions in our bank agreements, and our debt maturities extend over a long period of time. We believe our cash on hand, cash flows generated from operations and our available credit facility will provide sufficient liquidity to address the challenges and opportunities of the current market and our global cash needs, including capital expenditures, working capital investments, dividends, if any, and contingent liabilities.

Guarantee agreements. In the normal course of business, we have agreements with financial institutions under which approximately $2.1 billion of letters of credit, bank guarantees or surety bonds were outstanding as of June 30, 2019. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization.

Credit ratings. Our credit ratings with Standard & Poor’s (S&P) remain A- for our long-term debt and A-2 for our short-term debt, though S&P changed the outlook for our debt from stable to negative during the second quarter of 2019. Our credit ratings with Moody’s Investors Service (Moody's) remain Baa1 for our long-term debt and P-2 for our short-term debt, with a stable outlook.

Customer receivables. In line with industry practice, we bill our customers for our services in arrears and are, therefore, subject to our customers delaying or failing to pay our invoices. In weak economic environments, we may experience increased delays and failures to pay our invoices due to, among other reasons, a reduction in our customers’ cash flow from operations and their access to the credit markets as well as unsettled political conditions. If our customers delay paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, consolidated results of operations and consolidated financial condition.

BUSINESS ENVIRONMENT AND RESULTS OF OPERATIONS

We operate in more than 80 countries throughout the world to provide a comprehensive range of services and products to the energy industry. A significant amount of our consolidated revenue is derived from the sale of services and products to major, national, and independent oil and natural gas companies worldwide. The industry we serve is highly competitive with many substantial competitors in each segment of our business. During the first six months of 2019, based upon the location of the services provided and products sold, 54% of our consolidated revenue was from the United States, compared to 59% of consolidated revenue from the United States in the first six months of 2018. No other country accounted for more than 10% of our revenue.

Operations in some countries may be adversely affected by unsettled political conditions, acts of terrorism, civil unrest, force majeure, war or other armed conflict, sanctions, expropriation or other governmental actions, inflation, changes in foreign currency exchange rates, foreign currency exchange restrictions and highly inflationary currencies, as well as other geopolitical factors. We believe the geographic diversification of our business activities reduces the risk that an interruption of operations in any one country, other than the United States, would be materially adverse to our consolidated results of operations.

Activity within our business segments is significantly impacted by spending on upstream exploration, development and production programs by our customers. Also impacting our activity is the status of the global economy, which impacts oil and natural gas consumption.

Some of the more significant determinants of current and future spending levels of our customers are oil and natural gas prices and our customers' expectations about future prices, global oil supply and demand, completions intensity, the world economy, the availability of credit, government regulation and global stability, which together drive worldwide drilling and completions activity. Additionally, many of our customers in North America have shifted their strategy from production growth to operating within cash flow and generating returns. Lower oil and natural gas prices usually translate into lower exploration and production budgets and lower rig count, while the opposite is usually true for higher oil and natural gas prices. Our financial performance is therefore significantly affected by oil and natural gas prices and worldwide rig activity, which are summarized in the tables below.

The following table shows the average oil and natural gas prices for West Texas Intermediate (WTI), United Kingdom Brent crude oil, and Henry Hub natural gas:

	Three Months Ended June 30		Year Ended December 31
	2019	2018	2018
Oil price - WTI (1)	$ 59.77	$ 68.03	$ 64.94
Oil price - Brent (1)	68.92	74.50	71.08
Natural gas price - Henry Hub (2)	2.56	2.86	3.17

(1) Oil price measured in dollars per barrel

(2) Natural gas price measured in dollars per million British thermal units (Btu), or MMBtu

The historical average rig counts based on the weekly Baker Hughes Incorporated rig count information were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
U.S. Land	967	1,021	994	986
U.S. Offshore	22	18	22	17
Canada	82	108	132	188
North America	1,071	1,147	1,148	1,191
International	1,109	968	1,069	969
Worldwide total	2,180	2,115	2,217	2,160

Crude oil prices have been extremely volatile over the past five years. WTI oil spot prices declined significantly beginning in 2014 from a peak price of $108 per barrel in June 2014 to a low of $26 per barrel in February 2016, a level which had not been experienced since 2003. Since the low point experienced in early 2016, oil prices increased substantially, with WTI oil spot prices reaching a high of $77 per barrel in June 2018. In late 2018, oil prices again declined with WTI oil spot prices reaching a low of $44 per barrel in December, but have since risen to a high of $66 per barrel in April 2019 while averaging $60 per barrel during the second quarter of 2019.

In the United States Energy Information Administration (EIA) July 2019 "Short Term Energy Outlook," the EIA projects Brent prices to average $67 per barrel in the second half of 2019 and remain at that level in 2020, while WTI prices are projected to average $62 per barrel in the second half of 2019 and $63 per barrel in 2020. Crude oil production in the United States is now projected to average 12.4 million barrels per day in 2019, a 13% increase from 2018. Additionally, the EIA projects that U.S. production will increase 7% in 2020 to an average of 13.3 million barrels per day. The International Energy Agency's (IEA) July 2019 "Oil Market Report" forecasts the 2019 global demand to average approximately 100.3 million barrels per day, which is down from their April 2019 projection of 100.6 million barrels per day reflecting expectations of weakening demand, but up 1.2% from 2018 demand, driven by an increase in the Asia Pacific region, while all other regions remain approximately the same.

The Henry Hub natural gas spot price averaged $2.56 per MMBtu in the second quarter of 2019, a decrease of $0.30 per MMBtu, or 10%, from the second quarter of 2018. The EIA July 2019 “Short Term Energy Outlook” projects Henry Hub natural gas prices to average $2.50 per MMBtu in the second half of 2019 and $2.77 per MMBtu in 2020.

North America operations

During the second quarter of 2019, the average United States land rig count decreased 5%, as compared to the second quarter of 2018. However, we experienced a modest improvement in hydraulic fracturing activity combined with stable pricing from the first quarter to the second quarter of 2019. We expect activity reductions in the second half of 2019 as customers remain focused on staying within their capital spending budgets with some customers expected to slow down and scale back their completion programs for the rest of the year. We anticipate this slow down to be more pronounced in gas basins due to persisting lower gas prices. Overall, we expect customer spending for the full year 2019 to decrease in North America as compared to 2018.

International operations

The average international rig count for the second quarter of 2019 was up 15% compared to the second quarter of 2018. We continue to see a broad-based recovery across numerous international geographies, primarily driven by land and shallow water operations. Momentum continues to build internationally and we expect activity improvement to continue in 2020. Pricing is trending upward as equipment supply and demand balance tightens in various geographies. We believe we are well-positioned for continued growth as a result of the significant investments we made to grow our global footprint in the last cycle.

Venezuela. As we have previously disclosed, the general license issued by the Office of Foreign Assets Control (OFAC) of the U.S. Department of Treasury, which allows us to continue operating in Venezuela despite OFAC sanctions imposed against the Venezuelan energy industry, will expire on July 27, 2019. Consequently, unless OFAC extends the term of the general license, we will cease operations in Venezuela on that date in order to comply with the sanctions. In that event, it is unlikely that we will be able to remove our assets that remain in Venezuela and those assets may be expropriated. Since we have previously written down all of our investment in Venezuela and have maintained limited operations in this country during the general license period, we do not expect the expiration of the license to have a material adverse effect on our business, consolidated results of operations and consolidated financial condition.

RESULTS OF OPERATIONS IN 2019 COMPARED TO 2018

Three Months Ended June 30, 2019 Compared with Three Months Ended June 30, 2018

Revenue: *Millions of dollars*	Three Months Ended June 30 2019	2018	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 3,805	$ 4,164	$ (359)	(9)%
Drilling and Evaluation	2,125	1,983	142	7
Total revenue	$ 5,930	$ 6,147	$ (217)	(4)%
By geographic region:				
North America	$ 3,327	$ 3,834	$ (507)	(13)%
Latin America	571	479	92	19
Europe/Africa/CIS	823	726	97	13
Middle East/Asia	1,209	1,108	101	9
Total revenue	$ 5,930	$ 6,147	$ (217)	(4)%

Operating income (loss): *Millions of dollars*	Three Months Ended June 30 2019	2018	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 470	$ 669	$ (199)	(30)%
Drilling and Evaluation	145	191	(46)	(24)
Total	615	860	(245)	(28)
Corporate and other	(65)	(71)	6	8
Impairments and other charges	(247)	—	(247)	—
Total operating income	$ 303	$ 789	$ (486)	(62)%

Consolidated revenue was $5.9 billion in the second quarter of 2019, a decrease of $217 million, or 4%, as compared to the second quarter of 2018. Consolidated operating income was $303 million during the second quarter of 2019, a 62% decrease from operating income of $789 million in the second quarter of 2018. This decline was primarily driven by lower activity and pricing for stimulation services in U.S. land, partially offset by increased well construction activity globally, higher completion tool sales in Middle East/Asia, and increased artificial lift activity in U.S. land. Operating results were also impacted by $247 million of impairments and other charges during the second quarter of 2019. See Note 2 to the condensed consolidated financial statements for further discussion on these charges. Revenue from North America was 56% of consolidated revenue in the second quarter of 2019, compared to 62% of consolidated revenue in the second quarter of 2018.

OPERATING SEGMENTS

Completion and Production

Completion and Production revenue in the second quarter of 2019 was $3.8 billion, a decrease of $359 million, or 9%, from the second quarter of 2018. Operating income in the second quarter of 2019 was $470 million, a decrease of $199 million, or 30%, from the second quarter of 2018. These decreases were primarily driven by lower activity and pricing for stimulation services in U.S. land, partially offset by higher completion tool sales and cementing activity globally and increased artificial lift activity in U.S. land.

Drilling and Evaluation

Drilling and Evaluation revenue in the second quarter of 2019 was $2.1 billion, an increase of $142 million, or 7%, from the second quarter of 2018, primarily related to higher wireline activity globally. We also experienced activity improvements across all international geographic regions. Operating income in the second quarter of 2019 was $145 million, a decrease of $46 million, or 24%, compared to the second quarter of 2018, resulting primarily from reduced profitability for drilling-related services and project management services globally as a result of mobilization costs and lower pricing.

GEOGRAPHIC REGIONS

North America

North America revenue in the second quarter of 2019 was $3.3 billion, a 13% decrease compared to the second quarter of 2018. These results were primarily driven by lower activity and pricing for stimulation services in U.S. land, partially offset by higher artificial lift and well construction activity.

Latin America

Latin America revenue in the second quarter of 2019 was $571 million, a 19% increase compared to the second quarter of 2018, resulting primarily from higher activity for the majority of our product service lines in Mexico, increased completion tool sales in Brazil, and increased well construction services in Argentina. These results were partially offset by reduced cementing and fluids activity in Brazil.

Europe/Africa/CIS

Europe/Africa/CIS revenue in the second quarter of 2019 was $823 million, a 13% increase compared to the second quarter of 2018, primarily driven by increased well construction services across the region and higher activity across multiple product service lines in the North Sea.

Middle East/Asia

Middle East/Asia revenue in the second quarter of 2019 was $1.2 billion, a 9% increase compared to the second quarter of 2018, largely resulting from increased completion tool sales across the region, higher stimulation activity in the Middle East, and increased wireline and drilling activity in Asia Pacific. Partially offsetting these increases were lower drilling-related services and project management activity in the Middle East.

OTHER OPERATING ITEMS

Impairments and other charges were $247 million in the second quarter of 2019, primarily related to asset impairments and severance costs. See Note 2 to the condensed consolidated financial statements for further discussion on the second quarter charges. There were no such charges in the second quarter of 2018.

NONOPERATING ITEMS

Effective tax rate. During the three months ended June 30, 2019, we recorded a total income tax provision of $74 million on pre-tax income of $151 million, resulting in an effective tax rate of 48.5%. Our effective tax rate during the second quarter of 2019 was significantly impacted by the $247 million in pre-tax impairments and other charges recorded during the period as we did not recognize a corresponding financial statement tax benefit for the majority of these charges. During the three months ended June 30, 2018, we recorded a total income tax provision of $125 million on pre-tax income of $633 million, resulting in an effective tax rate of 19.8%. Our effective tax rates for both periods were also impacted by the geographic mix of earnings during the respective periods.

Six Months Ended June 30, 2019 Compared with Six Months Ended June 30, 2018

Revenue:	Six Months Ended June 30		Favorable	Percentage
Millions of dollars	2019	2018	(Unfavorable)	Change
Completion and Production	$ 7,467	$ 7,971	$ (504)	(6)%
Drilling and Evaluation	4,200	3,916	284	7
Total revenue	$ 11,667	$ 11,887	$ (220)	(2)%
By geographic region:				
North America	$ 6,602	$ 7,351	$ (749)	(10)%
Latin America	1,158	936	222	24
Europe/Africa/CIS	1,571	1,442	129	9
Middle East/Asia	2,336	2,158	178	8
Total revenue	$ 11,667	$ 11,887	$ (220)	(2)%

Operating income (loss):	Six Months Ended June 30		Favorable	Percentage
Millions of dollars	2019	2018	(Unfavorable)	Change
Completion and Production	$ 838	$ 1,169	$ (331)	(28)%
Drilling and Evaluation	268	379	(111)	(29)
Total	1,106	1,548	(442)	(29)
Corporate and other	(130)	(140)	10	7
Impairments and other charges	(308)	(265)	(43)	(16)
Total operating income	$ 668	$ 1,143	$ (475)	(42)%

Consolidated revenue was $11.7 billion in the first six months of 2019, a decrease of $220 million, or 2%, as compared to the first six months of 2018. Consolidated operating income was $668 million in the first six months of 2019, a 42% decrease from operating income of $1.1 billion during the first six months of 2018. This decline was primarily driven by lower activity and pricing for stimulation services in U.S. land, partially offset by increased well construction activity globally, increased artificial lift activity in U.S. land, and higher completion tool sales internationally. Operating results in the first six months of 2019 were also impacted by $308 million of impairments and other charges, while operating results in the six months of 2018 included $265 million of impairments and other charges related to Venezuela. See Note 2 to the condensed consolidated financial statements for further discussion on these charges. Revenue from North America was 57% of consolidated revenue in the first six months of 2019, compared to 62% of consolidated revenue in the first six months of 2018.

OPERATING SEGMENTS

Completion and Production

Completion and Production revenue in the first six months of 2019 was $7.5 billion, a decrease of $504 million, or 6%, compared to the first six months of 2018. Operating income in the first six months of 2019 was $838 million, a decrease of $331 million, or 28%, compared to the first six months of 2018. These results were primarily driven by lower activity and pricing for stimulation services in U.S. land, partially offset by higher completion tool sales and cementing activity globally, increased artificial lift activity in U.S. land, and increased stimulation activity in Latin America.

Drilling and Evaluation

Drilling and Evaluation revenue in the first six months of 2019 was $4.2 billion, an increase of $284 million, or 7%, compared to the first six months of 2018, primarily related to higher wireline activity globally and increased project management activity in India and Latin America. We also experienced activity improvements across all geographic regions. Operating income in the first six months of 2019 was $268 million, a decrease of $111 million, or 29%, compared to the first six months of 2018, resulting primarily from reduced profitability for drilling-related services globally and project management services in the Middle East as a result of mobilization costs and lower pricing.

GEOGRAPHIC REGIONS

North America

North America revenue in the first six months of 2019 was $6.6 billion, a 10% decrease compared to the first six months of 2018. These results were driven by lower activity and pricing for stimulation services in U.S. land, partially offset by higher artificial lift and well construction activity.

Latin America

Latin America revenue in the first six months of 2019 was $1.2 billion, a 24% increase compared to the first six months of 2018, resulting primarily from higher activity for the majority of our product service lines in Mexico and Argentina, increased completion tool sales in Brazil, and higher project management activity in Ecuador. These results were partially offset by reduced cementing and fluids activity in Brazil.

Europe/Africa/CIS

Europe/Africa/CIS revenue in the first six months of 2019 was $1.6 billion, a 9% increase from the first six months of 2018, primarily due to increased well construction services across the region and higher activity across multiple product service lines in the North Sea and Israel.

Middle East/Asia

Middle East/Asia revenue in the first six months of 2019 was $2.3 billion, an 8% increase from the first six months of 2018, primarily resulting from increased completion tool sales and cementing activity throughout the region, higher stimulation activity in the Middle East, improved wireline activity in Asia Pacific, and increased project management activity in India. These results were partially offset by reduced project management and fluids activity in the Middle East.

OTHER OPERATING ITEMS

Impairments and other charges were $308 million in the six months ended June 30, 2019, primarily related to asset impairments and severance costs. This compares to $265 million of charges in the six months ended June 30, 2018, representing a write-down of all of our remaining investment in Venezuela. See Note 2 to the condensed consolidated financial statements for further discussion on these charges.

NONOPERATING ITEMS

Effective tax rate. During the six months ended June 30, 2019, we recorded a total income tax provision of $114 million on pre-tax income of $343 million, resulting in an effective tax rate of 33.0%. During the six months ended June 30, 2018, we recorded a total income tax provision of $267 million on pre-tax income of $822 million, resulting in an effective tax rate of 32.5%. Our effective tax rate for these periods were significantly impacted by the impairments and other charges recorded during the respective periods as we did not recognize a corresponding financial statement tax benefit for the majority of these charges. Additionally, our effective tax rate for both periods were impacted by a geographic mix of earnings during the respective periods.

ENVIRONMENTAL MATTERS

We are subject to numerous environmental, legal and regulatory requirements related to our operations worldwide. For information related to environmental matters, see Note 8 to the condensed consolidated financial statements.

FORWARD-LOOKING INFORMATION

The Private Securities Litigation Reform Act of 1995 provides safe harbor provisions for forward-looking information. Forward-looking information is based on projections and estimates, not historical information. Some statements in this Form 10-Q are forward-looking and use words like “may,” “may not,” “believe,” “do not believe,” “plan,” “estimate,” “intend,” “expect,” “do not expect,” “anticipate,” “do not anticipate,” “should,” “likely” and other expressions. We may also provide oral or written forward-looking information in other materials we release to the public. Forward-looking information involves risk and uncertainties and reflects our best judgment based on current information. Our results of operations can be affected by inaccurate assumptions we make or by known or unknown risks and uncertainties. In addition, other factors may affect the accuracy of our forward-looking information. As a result, no forward-looking information can be guaranteed. Actual events and the results of our operations may vary materially.

We do not assume any responsibility to publicly update any of our forward-looking statements regardless of whether factors change as a result of new information, future events or for any other reason. You should review any additional disclosures we make in our press releases and Forms 10-K, 10-Q and 8-K filed with or furnished to the SEC. We also suggest that you listen to our quarterly earnings release conference calls with financial analysts.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk, see Part II, Item 7(a), “Quantitative and Qualitative Disclosures About Market Risk,” in our 2018 Annual Report on Form 10-K. Our exposure to market risk has not changed materially since December 31, 2018.

Item 4. Controls and Procedures

In accordance with the Securities Exchange Act of 1934 Rules 13a-15 and 15d-15, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2019 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting that occurred during the quarter ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Information related to Item 1. Legal Proceedings is included in Note 8 to the condensed consolidated financial statements.

Item 1(a). Risk Factors

The statements in this section describe the known material risks to our business and should be considered carefully. As of June 30, 2019, there have been no material changes in risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Following is a summary of our repurchases of our common stock during the three months ended June 30, 2019.

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased Under the Program (b)
April 1 - 30	9,974	$29.70	—	$5,300,007,172
May 1 - 31	116,411	$25.62	—	$5,300,007,172
June 1 - 30	5,010,451	$21.97	4,544,500	$5,200,008,050
Total	5,136,836	$22.07	4,544,500	

(a) Of the 5,136,836 shares purchased during the three-month period ended June 30, 2019, 592,336 were acquired from employees in connection with the settlement of income tax and related benefit withholding obligations arising from vesting in restricted stock grants. These shares were not part of a publicly announced program to purchase common stock.

(b) Our Board of Directors has authorized a program to repurchase our common stock from time to time. During the second quarter of 2019, we repurchased 4,544,500 shares of our common stock pursuant to our share repurchase program for a total cost of $100 million at an average price of approximately $22.00 per share. Approximately $5.2 billion remained authorized for repurchases as of June 30, 2019. From the inception of this program in February 2006 through June 30, 2019, we repurchased approximately 217 million shares of our common stock for a total cost of approximately $8.9 billion.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Our barite and bentonite mining operations, in support of our fluid services business, are subject to regulation by the federal Mine Safety and Health Administration under the Federal Mine Safety and Health Act of 1977. Information concerning mine safety violations or other regulatory matters required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95 to this quarterly report.

Item 5. Other Information

None.

Item 6. Exhibits

†	10.1	Halliburton Company Stock and Incentive Plan, as amended and restated effective May 15, 2019 (incorporated by reference to Appendix A of Halliburton's proxy statement filed April 2, 2019, File No. 001-03492).
†	10.2	Form of Nonstatutory Stock Option Agreement (U.S.) (incorporated by reference as Exhibit 99.2 of Halliburton’s Form S-8 filed May 17, 2019, Registration No. 333-231571).
†	10.3	Form of Nonstatutory Stock Option Agreement (International) (incorporated by reference as Exhibit 99.3 of Halliburton’s Form S-8 filed May 17, 2019, Registration No. 333-231571).
†	10.4	Form of Restricted Stock Agreement (incorporated by reference as Exhibit 99.4 of Halliburton’s Form S-8 filed May 17, 2019, Registration No. 333-231571).
†	10.5	Form of Restricted Stock Unit Agreement (International) (incorporated by reference as Exhibit 99.5 of Halliburton’s Form S-8 filed May 17, 2019, Registration No. 333-231571).
†	10.6	Form of Restricted Stock Unit Agreement (U.S. Expat) (incorporated by reference as Exhibit 99.6 of Halliburton’s Form S-8 filed May 17, 2019, Registration No. 333-231571).
*†	10.7	Halliburton Annual Performance Pay Plan, as amended and restated effective January 1, 2019.
*†	10.8	Halliburton Company Performance Unit Program, as amended and restated effective January 1, 2019.
*	31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*	31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**	32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**	32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*	95	Mine Safety Disclosures
*	101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
*	101.SCH	XBRL Taxonomy Extension Schema Document
*	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*	101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

*	Filed with this Form 10-Q.
**	Furnished with this Form 10-Q.
†	Management contracts or compensatory plans or arrangements.

SIGNATURES

As required by the Securities Exchange Act of 1934, the registrant has authorized this report to be signed on behalf of the registrant by the undersigned authorized individuals.

HALLIBURTON COMPANY

/s/ Lance Loeffler	/s/ Charles E. Geer, Jr.
Lance Loeffler	Charles E. Geer, Jr.
Executive Vice President and	Vice President and
Chief Financial Officer	Corporate Controller

Date: July 26, 2019

HALLIBURTON ANNUAL PERFORMANCE PAY PLAN

AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2019

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HALLIBURTON

ANNUAL PERFORMANCE PAY PLAN

The Compensation Committee of Directors of Halliburton Company, having heretofore established the Halliburton Annual Performance Pay Plan (formerly known as the Annual Reward Plan), pursuant to the provisions of Article X of said Plan, hereby amends and restates said Plan to be effective in accordance with the provisions of Section 11.5 hereof.

Article I

PURPOSE

The purpose of the Halliburton Annual Performance Pay Plan (the "Plan") is to reward management and other key employees of the Company and its Affiliates for improving financial results which drive the creation of value for shareholders of the Company and thereby, serve to attract, motivate, reward and retain high caliber employees required for the success of the Company. The Plan provides a means to link total and individual cash compensation to Company performance, as measured by Cash Value Added ("CVA"), a demonstrated driver of shareholder value, and, where appropriate, additional performance measures which drive CVA.

Article II

DEFINITIONS

2.1 **<u>Definitions</u>**. Where the following words and phrases appear in the Plan, they shall have the respective meanings set forth below, unless their context clearly indicates to the contrary.

"Administrative Committee" shall mean administrative committee appointed by the Compensation Committee to administer certain aspects of the Plan.

"Affiliate" shall mean a Subsidiary of the Company or a division or designated group of the Company or a Subsidiary.

"Base Salary" shall mean the base salary of a Participant in effect on January 1 of a Plan Year.

"Beneficiary" shall mean the person, persons, trust or trusts entitled by Will or the laws of descent and distribution to receive the benefits specified under the Plan in the event of the Participant's death prior to full payment of a Reward.

"Board of Directors" shall mean the Board of Directors of the Company.

"Cause" shall have the meaning set forth in the Participant's Employment Agreement, or, if there is no Employment Agreement or the Employment Agreement does not define "Cause," "Cause" shall mean (i) conduct involving fraud or misuse of the funds or other property of the Company, (ii) gross negligence or willful misconduct in the performance of duties, (iii) indictment of a felony, or a misdemeanor involving moral turpitude or (iv) material violation of Company policy, including the Company's Code of Business Conduct.

"CEO" shall mean the Chief Executive Officer of the Company.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean the Compensation Committee of Directors of the Company, appointed by the Board of Directors from among its members, no member of which shall be an employee of the Company or a Subsidiary.

"Common Stock" shall mean the common stock, par value $2.50 per share of Halliburton Company.

"Company" shall mean Halliburton Company and its successors.

"Company CVA" shall mean CVA calculated on a consolidated basis.

"Corporate Change" shall have the meaning ascribed thereto under the Stock and Incentive Plan.

"CVA" shall mean net operating profit after tax less a capital charge, calculated in accordance with the criteria and guidelines set forth in the Corporate Policy entitled "Cash Value Added (CVA)," as in effect at the time any such calculation is made.

"CVA Drivers" shall mean such additional performance measures (either objective or subjective) as may be approved by the CEO from time to time to reinforce key operating and strategic goals important to the Company and its business units. Particular CVA Drivers may vary from business unit to business unit and from Participant to Participant within a particular business unit as deemed appropriate according to the needs of the applicable business unit.

"Dispute Resolution Program" shall mean the Halliburton Dispute Resolution Plan.

"Employment Agreement" shall mean a written and active executive agreement between the Company, Halliburton Energy Services, Inc. or Halliburton Worldwide Resources, LLC and a Participant who is an Officer, and addressing the terms and conditions of the Participant's employment, and shall include such agreements pertaining to at-will employment.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Good Reason" shall have the meaning set forth in the Participant's Employment Agreement. If a Participant does not have an Employment Agreement or a Participant's Employment Agreement does not define "Good Reason" or a similar voluntary constructive termination right, such Participant shall not have a right to terminate for Good Reason under this Plan.

"Key Employees" shall mean regular, full-time employees of the Company or an Affiliate below the Officer level.

"Officer" shall mean employees who are classified by the Company in an executive level job code.

"Participant" shall mean any active employee of the Company or an Affiliate who participates in the Plan pursuant to the provisions of Article III hereof. An employee shall not be eligible to participate in the Plan while on a leave of absence.

"Participant Category" shall mean a grouping of Participants determined in accordance with the applicable provisions of Article III.

"Payment Date" shall mean, with respect to a particular Plan Year, March 15, or such earlier date as determined by the Committee, of the year next following the end of such Plan Year.

"Performance Goals" shall mean, for a particular Plan Year, established levels of applicable Performance Measures.

"Performance Measures" shall mean the criteria used in determining Performance Goals for particular Participant Categories, which may include one or more of the following: Company CVA and CVA Drivers.

"Plan" shall mean the Halliburton Annual Performance Pay Plan as amended and restated herein as of February 13, 2019, but effective as provided in Section 11.5 hereof, and as the same may thereafter be amended from time to time.

"Plan Year" shall mean the twelve-month calendar year ending December 31.

"Protected Period" means the period beginning on the date of the public announcement of a transaction that, if consummated, would result in a Corporate Change and ending on the date that is the earlier of (i) the announcement of the termination of the proposed transaction or (ii) two years after the consummation of such transaction.

"Qualifying Termination" shall mean a Participant's termination of service during a Protected Period due to involuntary termination without Cause, voluntary termination for Good Reason, death or disability.

"Reward" shall mean the dollar amount of incentive compensation payable to a Participant under the Plan for a Plan Year determined in accordance with Section 5.3.

"Reward Opportunity" shall mean, with respect to each Participant Category, incentive reward payment amounts, expressed as a percentage of Base Salary, which corresponds to various levels of pre-established Performance Goals, determined pursuant to the Reward Schedule.

"Reward Schedule" shall mean the schedule which aligns the level of achievement of applicable Performance Goals with Reward Opportunities for a particular Plan Year, such that the level of achievement of the pre-established Performance Goals at the end of such Plan Year will determine the actual Reward.

"Senior Executive" shall mean those employees of the Company subject to Section 16 of the Securities Exchange Act of 1934, as amended.

"Stock and Incentive Plan" shall mean the Company's Stock and Incentive Plan, as amended from time to time.

"Subsidiary" means a company (whether a corporation, partnership, joint venture or other form of entity) in which the Company or a corporation in which the Company owns a majority of the shares of capital stock, directly or indirectly, owns a greater than 20% equity interest.

2.2 **Number**. Wherever appropriate herein, words used in the singular shall be considered to include the plural and words used in the plural shall be considered to include the singular.

2.3 **Headings**. The headings of Articles and Sections herein are included solely for convenience, and if there is any conflict between headings and the text of the Plan, the text shall control.

Article III

PARTICIPATION

3.1 **Participants**. Active employees who are Senior Executives as of the beginning of each Plan Year shall be Participants for such Plan Year. In addition, such other Officers and Key Employees as may be designated annually as Participants by the CEO prior to the last day of March each Plan Year shall be Participants for such Plan Year.

3.2 **Partial Plan Year Participation**. If, after the beginning of a Plan Year, an employee who was not previously a Participant for such Plan Year (i) is newly appointed or elected as a Senior Executive or (ii) returns to active employment as a Senior Executive following a leave of absence, such employee shall become a Participant effective with such appointment or election or return to active service, as the case may be, for the balance of the Plan Year, on a prorated basis, with approval of the Committee, provided no participation pursuant to this provision shall be approved after September 30th of the Plan Year. If, after the beginning of the Plan Year, (i) a person is newly elected or appointed as an Officer (other than a Senior Executive) or is newly hired, promoted or transferred into a position in which he or she is a Key Employee, or (ii) an employee who was not previously a Participant for such Plan Year returns to active employment as an Officer (other than a Senior Executive) or a Key Employee following a leave of absence, the CEO, or his or her delegate, may designate such person as a Participant for the pro rata portion of such Plan Year beginning on the first day of the month following such designation, provided no participation pursuant to this provision shall be approved after September 30th of the Plan Year.

If an employee who has previously been designated as a Participant for a particular Plan Year takes a leave of absence during such Plan Year, all of such Participant's rights to a Reward for such Plan Year shall be forfeited, unless the Committee (with respect to a Participant who is a Senior Executive) or the CEO (with respect to any other Participant) shall determine that such Participant's Reward for such Plan Year shall be prorated based upon that portion of the Plan Year during which he or she was an active Participant, in which case the prorated portion of the Reward shall be paid in accordance with the provisions of Section 6.1.

Each Participant shall be assigned to a Participant Category at the time he or she becomes a Participant for a particular Plan Year. If a Participant thereafter incurs a change in status due to promotion, demotion, reassignment or transfer, (i) the Committee, in the case of the CEO or other Senior Executive, or (ii) the CEO, or his or her delegate, in the case of any other Participant, may approve such adjustment in such Participant's Reward Opportunity as deemed appropriate under the circumstances (including termination of participation in the Plan for the remainder of the Plan Year), such adjustment to be made on a pro rata basis for the balance of the Plan Year effective with the first day of the month following such approval, unless some other effective date is specified. All such approvals shall be documented in writing and filed with the Plan records for the applicable Plan Year.

3.3 **No Right to Participate**. Except as provided in Sections 3.1 and 3.2, no Participant or other employee of the Company or an Affiliate shall, at any time, have a right to participate in the Plan for any Plan Year, notwithstanding having previously participated in the Plan.

3.4 **Plan Exclusive**. No employee shall simultaneously participate in this Plan and in any other short-term incentive plan of the Company or an Affiliate unless such employee's participation in such other plan is approved by the CEO, or his or her delegate.

3.5 **Consent to Dispute Resolution**. Participation in the Plan constitutes consent by the Participant to be bound by the terms and conditions of the Dispute Resolution Program which in substance requires that all disputes arising out of or in any way related to employment with the Company or its Affiliates, including any disputes concerning the Plan, be resolved exclusively through such program, which includes binding arbitration as the last step.

Article IV

ADMINISTRATION

Each Plan Year, the Committee shall establish the basis for payments under the Plan in relation to given Performance Goals, as more fully described in Article V hereof, and, following the end of each Plan Year, determine the actual Reward payable for each Participant Category. The Committee is authorized to construe and interpret the Plan, to prescribe, amend and rescind rules, regulations and procedures relating to its administration and to make all other determinations necessary or advisable for administration of the Plan. The CEO shall have such authority as is expressly provided in the Plan. In addition, as permitted by law, the Committee and the CEO may delegate such of their respective authority granted under the Plan as deemed appropriate; provided, however, that (i) the Committee may not delegate its authority with respect to matters relating to the CEO and other Senior Executives and (ii) the Committee and the CEO may not delegate their respective authority under Article V hereof. Decisions of the Committee and the CEO, or their respective delegates, in accordance with the authority granted hereby or delegated pursuant hereto shall be conclusive and binding. Subject only to compliance with the express provisions hereof, the Committee, the CEO and their respective delegates may act in their sole and absolute discretion with respect to matters within their authority under the Plan.

Article V

REWARD DETERMINATIONS

5.1 **Performance Measures**. CVA shall be the primary Performance Measure in determining Performance Goals for any Plan Year. In addition, appropriate CVA Drivers applicable to particular Participants may also be used as Performance Measures.

5.2 **Performance Requirements**. Prior to the last day of February of each Plan Year, (i) the Committee shall approve the Performance Goals and the CEO shall approve appropriate CVA Drivers applicable to certain Participants and (ii) the Committee shall establish a Reward Schedule which aligns the level of achievement of applicable Performance Goals with Reward Opportunities, such that the level of achievement of the pre-established Performance Goals at the end of the Plan Year will determine the actual Reward.

5.3 **Reward Determinations**. After the end of each Plan Year, (i) the Committee shall determine the extent to which the Performance Goals (other than CVA Drivers) have been achieved and (ii) the CEO shall determine the extent to which the applicable CVA Drivers have been achieved, and the amount of the Reward shall be computed for each Participant in accordance with the Reward Schedule.

5.4 **Reward Opportunities**. The established Reward Opportunities may vary in relation to the Participant Categories and within the Participant Categories. In the event a Participant changes Participant Categories during a Plan Year, the Participant's Reward Opportunities shall be adjusted in accordance with the applicable provisions of Section 3.2.

5.5 **Discretionary Adjustments**. Once established, Performance Goals will not be changed during the Plan Year. However, if the Committee, in its sole and absolute discretion, determines that there has been (i) a change in the business, operations, corporate or capital structure, (ii) a change in the manner in which business is conducted or (iii) any other material change or event which will impact one or more Performance Goals in a manner the Committee did not intend, then the Committee may, reasonably contemporaneously with such change or event, make such adjustments as it shall deem appropriate and equitable in the manner of computing the relevant Performance Measures applicable to such Performance Goal or Goals for the Plan Year; provided, however, that the CEO shall be authorized, subject to the review and oversight of the Committee, to make adjustments in the manner of computing one or more CVA Drivers if, when evaluated in accordance with the standards set forth in the preceding sentence, he or she shall deem such adjustments to be appropriate and equitable.

5.6 **Discretionary Bonuses**. Notwithstanding any other provision contained herein to the contrary, the Committee may, in its sole discretion, make such other or additional bonus payments to a Participant as it shall deem appropriate.

Article VI

DISTRIBUTION OF REWARDS

6.1 **Form and Timing of Payment**. Except as otherwise provided below, the amount of each Reward shall be paid in cash on the Payment Date. In the event of termination of a Participant's employment prior to the Payment Date for any reason other than death (in which case payment shall be made in accordance with the applicable provisions of Article VII), the amount of any Reward (or prorated portion thereof) payable pursuant to the provisions of Sections 7.1 or 7.2 shall be paid in cash on the Payment Date.

6.2 **Elective Deferral**. Nothing herein shall be deemed to preclude a Participant's election to defer receipt of a percentage of his or her Reward beyond the time such amount would have been payable hereunder pursuant to the Halliburton Elective Deferral Plan or other similar plan.

6.3 **Tax Withholding**. The Company or employing entity through which payment of a Reward is to be made shall have the right to deduct from any payment hereunder any amounts that Federal, state, local or foreign tax laws require with respect to such payments.

Article VII

TERMINATION OF EMPLOYMENT

7.1 **Termination of Service During Plan Year**. In the event a Participant's employment is terminated prior to the last business day of a Plan Year for any reason other than death, approved retirement (normal or early) or disability (as determined by the CEO or his or her delegate), all of such Participant's rights to a Reward for such Plan Year shall be forfeited, unless the Committee (with respect to a Participant who was the CEO or other Senior Executive) or the CEO (with respect to any other Participant) shall determine that such Participant's Reward for such Plan Year shall be prorated based upon that portion of the Plan Year during which he or she was a Participant, in which case the prorated portion of the Reward shall be paid in accordance with the provisions of Section 6.1. In the case of death during the Plan Year, the prorated amount of such Participant's Reward, if any, shall be paid to the Participant's estate, or if there is no administration of the estate, to the heirs at law, on the Payment Date, or as soon thereafter as practicable. In the case of a Participant's disability or approved retirement (normal or early), the prorated amount of a Participant's Reward shall be paid in accordance with the provisions of Section 6.1. The amount payable pursuant to this Section 7.1 shall be prorated through the end of the month of termination of employment.

7.2 **Termination of Service After End of Plan Year But Prior to the Payment Date**. If a Participant's employment is terminated after the end of the applicable Plan Year, but prior to the Payment Date, for any reason other than termination for Cause, the amount of any Reward applicable to such Plan Year shall be paid to the Participant in accordance with the provisions of Section 6.1, except in the case of death, in which case the amount of the Reward then unpaid shall be paid to such Participant's estate, or if there is no administration of the estate, to the heirs at law, as soon as practicable.

If a Participant's employment is terminated for Cause, all of such Participant's rights to a Reward applicable to such Plan Year shall be forfeited.

Article VIII

RIGHTS OF PARTICIPANTS AND BENEFICIARIES

8.1 **<u>Status as a Participant or Beneficiary</u>**. Neither status as a Participant or Beneficiary shall be construed as a commitment that any Reward will be paid or payable under the Plan.

8.2 **<u>Employment</u>**. Nothing contained in the Plan or in any document related to the Plan or to any Reward shall confer upon any Participant any right to continue as an employee or in the employ of the Company or an Affiliate or constitute any contract or agreement of employment for a specific term or interfere in any way with the right of the Company or an Affiliate to reduce such person’s compensation, to change the position held by such person or to terminate the employment of such person, with or without cause.

8.3 **<u>Nontransferability</u>**. No benefit payable under, or interest in, this Plan may be sold, assigned, pledged, exchanged, hypothecated, encumbered, disposed of, or otherwise transferred, except by will or the laws of descent and distribution or pursuant to a “qualified domestic relations order” as defined by the Code or Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended, or similar order. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of a benefit payable under, or interest in, this Plan or of such rights contrary to the provisions of the Plan, the benefit payable under, or interest in, this Plan and such rights shall immediately become null and void.

8.4 **<u>Nature of Plan</u>**. No Participant, Beneficiary or other person shall have any right, title or interest in any fund or in any specific asset of the Company or any Affiliate by reason of any Reward hereunder. There shall be no funding of any benefits which may become payable hereunder. Nothing contained in the Plan (or in any document related thereto), nor the creation or adoption of the Plan, nor any action taken pursuant to the provisions of the Plan shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or an Affiliate and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment with respect to a Reward hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company or other employing entity, as applicable. All amounts payable under the Plan shall be paid from the general assets of the Company or employing entity, as applicable, and no special or separate fund or deposit shall be established and no segregation of assets shall be made to assure payment of such amounts. Nothing in the Plan shall be deemed to give any employee any right to participate in the Plan except in accordance herewith.

Article IX

CORPORATE CHANGE

With respect to a Corporate Change that occurs after the end of a Plan Year but prior to the Payment Date, a Participant shall be entitled to an immediate cash payment equal to the Reward earned for such Plan Year. Notwithstanding any provisions of the Plan to the contrary, in the event of a Participant's Qualifying Termination, as of the date of the Participant's termination of service all performance measures upon which an outstanding Reward Opportunity is contingent shall be deemed achieved and the Participant shall receive a payment equal to the target amount of the Reward Opportunity he or she would have been entitled to receive, without proration. Notwithstanding the foregoing, settlement of Rewards will be delayed until the scheduled payment date to the extent required to comply with Section 409A of the Code. The term "Qualifying Termination" will apply with respect to any Reward Opportunity for a Plan Year beginning on or after January 1, 2019.

Article X

AMENDMENT AND TERMINATION

Notwithstanding anything herein to the contrary, the Committee may, at any time, terminate or, from time to time amend, modify or suspend the Plan; provided, however, that, without the prior consent of the Participants affected, no such action may adversely affect any rights or obligations with respect to any Rewards theretofore earned for a particular Plan Year, whether or not the amounts of such Rewards have been computed and whether or not such Rewards are then payable.

Article XI

MISCELLANEOUS

11.1 **Governing Law**. The Plan and all related documents shall be governed by, and construed in accordance with, the laws of the State of Texas, without giving effect to the principles of conflicts of law thereof, except to the extent preempted by federal law. The Federal Arbitration Act shall govern all matters with regard to arbitrability.

11.2 **Severability**. If any provision of the Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof; instead, each provision shall be fully severable and the Plan shall be construed and enforced as if said illegal or invalid provision had never been included herein.

11.3 **Successor**. All obligations of the Company under the Plan shall be binding upon and inure to the benefit of any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

11.4 **Section 409A of the Code**. It is intended that the provisions of this Plan satisfy the requirements of Section 409A of the Code and that the Plan be operated in a manner consistent with such requirements to the extent applicable. Therefore, the Committee may make adjustments to the Plan and may construe the provisions of the Plan in accordance with the requirements of Section 409A of the Code. Notwithstanding any provision of this Plan to the contrary, if a Participant is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, and if any payment under the Plan is deferred compensation that is paid as a result of the Participant's separation from service with the Company (other than death), such amount shall be payable on the first to occur of (i) the date that is six months after the Participant's termination, (ii) the date of the Participant's death, or (iii) such earlier date that otherwise complies with the requirements of Section 409A of the Code.

11.5 **Effective Date**. This amendment and restatement of the Plan was approved by the Board on February 13, 2019. If the stockholders of the Company approve the Amended and Restated Stock and Incentive Plan at the 2019 Annual Meeting, the Plan as amended and restated herein shall become effective as of January 1, 2019 and shall remain in effect until such time as it may be terminated or amended pursuant to Article X. If the stockholders of the Company fail to approve the Amended and Restated Stock and Incentive Plan at the 2019 Annual Meeting, the Plan as amended and restated herein shall not become effective, and the Plan in its form prior to this amendment and restatement shall continue in effect.

HALLIBURTON COMPANY
PERFORMANCE UNIT PROGRAM
TERMS AND CONDITIONS

(As Amended and Restated Effective January 1, 2019)

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Article I

PURPOSE

The purpose of this document is to set forth the general terms and conditions applicable to the Performance Unit Program (the "Program") established by the Halliburton Company (the "Company") Compensation Committee of Directors pursuant to, and in implementation of, Article XI of the Company's Stock and Incentive Plan, as amended (the "Stock and Incentive Plan"). The Program is intended to carry out the purposes of the Stock and Incentive Plan and provide a means to reinforce objectives for sustained long-term performance and value creation by awarding selected key executives of the Company with payments in cash and/or Company stock based on the level of achievement of pre-established performance goals during individual performance cycles. The Program is also intended to support strategic planning processes, balance short and long-term decision making and help provide competitive total compensation opportunities. If stockholders of the Company approve the Amended and Restated Stock and Incentive Plan at the 2019 Annual Meeting, the Program as amended and restated herein shall become effective on January 1, 2019. If the stockholders of the Company fail to approve the Amended and Restated Stock and Incentive Plan at the 2019 Annual Meeting, the Program as amended and restated herein shall not become effective, and the Program in its form prior to this amendment and restatement shall continue in effect.

Article II

DEFINITIONS

2.1 Definitions. Where the following words and phrases appear in the Program, they shall have the respective meanings set forth below, unless their context clearly indicates to the contrary. Other initially capitalized terms used herein but not defined shall have the meanings ascribed to them in the Stock and Incentive Plan.

"Affiliate" shall mean a Subsidiary of the Company or a division or designated group of the Company or a Subsidiary.

"Average Salary " shall mean the average base pay rate of all Participants in a particular Participant Category as of January 1 of the first year of any Performance Cycle, including base pay a Participant could have received in cash in lieu of (i) contributions made on such Participant's behalf to a qualified plan maintained by the Company, to any cafeteria plan under Section 125 of the Code maintained by the Company or to a qualified transportation fringe benefit program under Section 132 of the Code and (ii) deferrals of compensation made at the Participant's election pursuant to a plan or arrangement of the Company or an Affiliate, but excluding any Awards under this Program and any other bonuses, incentive pay or special awards.

"Award" shall mean the incentive compensation amount payable either in cash, Common Stock or a combination thereof to a Participant under the Program for the Performance Cycle determined in accordance with Article V.

"Award Schedule" shall mean the schedule that aligns the level of achievement of applicable Performance Goals with Incentive Opportunities for a particular Performance Cycle, such that the level of achievement of the pre-established Performance Goals at the end of such Performance Cycle will determine the actual Award.

"Beneficiary" shall mean the person, persons, trust or trusts entitled by will or the laws of descent and distribution to receive the benefits specified under the Program in the event of the Participant's death prior to full payment of an Award.

"Cause" shall have the meaning set forth in the Participant's Employment Agreement, or, if there is no Employment Agreement or the Employment Agreement does not define "Cause," "Cause" shall mean (i) conduct involving fraud or misuse of the funds or other property of the Company; (ii) gross negligence or willful misconduct in the performance of duties; (iii) indictment of a felony, or a misdemeanor involving moral turpitude; or (iv) material violation of Company policy, including the Company's Code of Business Conduct.

"CEO" shall mean the Chief Executive Officer of the Company.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean the Compensation Committee of Directors, appointed by the Board from among its members to administer the Stock and Incentive Plan.

"Company" shall mean Halliburton Company and its successors.

"Dispute Resolution Program" shall mean the Halliburton Dispute Resolution Plan.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Employment Agreement" shall mean a written and active executive agreement between the Company, Halliburton Energy Services, Inc, or Halliburton Worldwide Resources, LLC and a Participant who is an officer, addressing the terms and conditions of the Participant's employment, and shall include such agreements pertaining to at-will employment.

"Incentive Opportunity" shall mean, with respect to a particular Participant Category, incentive award payment amounts, expressed as a percentage of Average Salary, which corresponds to various levels of pre-established Performance Goals, determined pursuant to the Award Schedule.

"Key Executive" shall mean a full-time, active employee who is an executive, including an officer, of the Company or an Affiliate (whether or not he or she is also a director thereof), who is compensated for such employment by a regular salary and who, in the opinion of the Committee, is a key member of management of the Company and its Affiliates in a position to contribute materially to the Company's continued growth and development and to its future financial success.

"Participant" shall mean a Key Executive who participates in the Program pursuant to the provisions of Article III hereof. A Key Executive shall not be eligible to participate in the Program while on a leave of absence unless approved by the Committee, for Key Executives under its purview, or by the CEO for other Key Executives.

"Participant Category" shall mean a grouping of Participants determined in accordance with the applicable provisions of Article III hereof.

"Payment Date" shall mean, with respect to a particular Performance Cycle, March 15, or such earlier date as determined by the Committee, of the year next following the end of such Performance Cycle.

"Performance Cycle" shall mean each period of three consecutive calendar years. Performance Cycles shall begin on January 1 of each calendar year, unless the Program is earlier terminated or suspended. Performance Cycles shall overlap.

"Performance Goals" shall mean, for a particular Performance Cycle, levels of achievement of applicable Performance Measures, as established by the Committee at the start of each Performance Cycle, used to gauge Company performance. Performance Goals may be based on Company, Subsidiary, business unit or business group performance, on comparative performance with other companies or on a combination thereof.

"Performance Measures" shall mean the objective criteria selected by the Committee which are used in determining Performance Goals. Performance Measures may include financial measures such as average return on capital employed, average annual return on investment, earnings per share, cash value added or such other performance criteria as may by permitted under the Stock and Incentive Plan. The Committee may select one Performance Measure or multiple Performance Measures for a particular Performance Cycle.

"Program" shall mean the Performance Unit Program under the Stock and Incentive Plan. The duration of the Program shall be coterminous with the Stock and Incentive Plan in accordance with the provisions of the Stock and Incentive Plan.

"Stock and Incentive Plan" shall mean the Halliburton Company Stock and Incentive Plan, as amended.

2.2 Number. Wherever appropriate herein, words used in the singular shall be considered to include the plural and words used in the plural shall be considered to include the singular.

2.3 Headings. The headings of Articles and Sections herein are included solely for convenience, and if there is any conflict between headings and the text of the Program, the text shall control.

Article III

PARTICIPATION

3.1 Participants. Participants for any Performance Cycle shall be (i) with respect to Key Executives who are subject to Section 16 of the Exchange Act, those active Key Executives approved by the Committee and (ii) with respect to all other Key Executives not covered by the foregoing item (i), those active Key Executives who are nominated by the CEO and approved by the Committee.

3.2 Partial Performance Cycle Participation. If, after the beginning of a Performance Cycle, (i) a person is newly hired, promoted or transferred into a position in which he or she is a Key Executive, or (ii) an employee who was not previously a Participant for such Performance Cycle returns to active employment as a Key Executive following a leave of absence, the Committee, or its delegate, may designate in writing such person as a Participant for the pro rata portion of such Performance Cycle beginning on the first day of the month following such designation.

If a Key Executive who has previously been designated as a Participant for a particular Performance Cycle takes a leave of absence during such Performance Cycle, all of such Participant's rights to an Award for such Performance Cycle shall be forfeited unless and to the extent otherwise determined by the Committee, for Key Executives under its purview, or by the CEO for other Key Executives.

Each Participant shall be assigned to a Participant Category at the time he or she becomes a Participant for a particular Performance Cycle. If a Participant thereafter incurs an adverse change in status during such Performance Cycle due to demotion, reassignment or transfer, the Committee may approve such adjustment in the Participant's Incentive Opportunity as it deems appropriate under the circumstances (including, without limitation, reassigning such Participant to another Participant Category or terminating his or her participation in the Program for the remainder of the Performance Cycle), any such adjustment to be made on a pro rata basis for the balance of the Performance Cycle.

3.3 No Right to Participate. No Participant or other employee of the Company or an Affiliate shall, at any time, have a right to participate in the Program for any Performance Cycle, notwithstanding having previously participated in the Program.

3.4 Consent to Dispute Resolution. Participation in the Program constitutes consent by the Participant to be bound by the terms and conditions of the Dispute Resolution Program which in substance requires that all disputes arising out of or in any way related to employment with the Company or its Affiliates, including any disputes concerning the Program, be resolved exclusively through such program, which includes binding arbitration as the last step.

Article IV

ADMINISTRATION

The Committee shall establish the basis for payments under the Program in relation to given Performance Goals, as more fully described in Article V hereof, and, following the end of each Performance Cycle, determine the actual Award payable to each Participant. The Committee shall have the power and authority granted it under the Stock and Incentive Plan, including, without limitation, the authority to construe and interpret the Program, to prescribe, amend and rescind rules, regulations and procedures relating to its administration, to accelerate vesting of an Award and to make all other determinations necessary or advisable for administration of the Program. To the extent permitted by the Stock and Incentive Plan, the Committee may delegate some of its authority to the CEO. Decisions of the Committee, or its delegates, in accordance with the authority granted hereby or delegated pursuant hereto shall be conclusive and binding. Subject only to compliance with the express provisions hereof, the Committee or its delegates may act in their sole and absolute discretion with respect to matters within their authority under the Program.

Article V

AWARD DETERMINATIONS

5.1 Performance Measures. The Committee shall select the Performance Measure or Measures to be used in determining the Performance Goals for such Performance Cycle. Different Performance Measures may be selected for particular Participant Categories or for particular Participants within the Participant Categories. The Performance Measures may, but need not, differ from one Performance Cycle to another.

5.2 Performance Requirements. The Committee shall approve the Performance Goal respecting each selected Performance Measure, and shall establish an Award Schedule which aligns the level of achievement of applicable Performance Goals with Incentive Opportunities, such that the level of achievement of the pre-established Performance Goals at the end of the Performance Cycle will determine the actual Award. Performance Goals may be measured in absolute and/or relative terms and may be weighted differently.

5.3 Award Determinations. After the end of each Performance Cycle, the Committee shall determine the extent to which the Performance Goals have been achieved and the amount of the Award shall be computed for each Participant in accordance with the Award Schedule.

5.4 Incentive Opportunities. The established Incentive Opportunities will vary in relation to the Participant Categories. A Participant's assigned Participant Category for a particular Performance Cycle will not be changed during such Performance Cycle except as set forth in the last paragraph of Section 3.2.

5.5 Discretionary Adjustments. Except as provided below, established Performance Goals will not be changed during the Performance Cycle. However, if the Committee, in its sole and absolute discretion, determines that there has been (i) a material change in the Company's business, operations, corporate or capital structure, (ii) a material change in the manner in which business is conducted or (iii) any other material change or event (including merger, consolidation or other reorganization of any of the comparator companies used to determine achievement of relative Performance Goals) which will impact one or more Performance Goals in a manner the Committee did not intend, then the Committee may, reasonably contemporaneously with such change or event, make such adjustments to the relevant Performance Goal or Goals as it shall deem appropriate and equitable.

Article VI

DISTRIBUTION OF AWARDS

6.1 Form and Timing of Payment. Except as otherwise provided below, the amount of each Award shall be paid in cash, Common Stock (based upon Fair Market Value), or a combination thereof, on the Payment Date, or as soon thereafter as practicable. In the event of termination of a Participant's employment prior to the Payment Date for any reason other than death (in which case payment shall be made in accordance with the applicable provisions of Article VII), the amount of any Award (or prorated portion thereof) payable pursuant to the provisions of Sections 7.1 or 7.2 shall be paid in cash on the Payment Date, or as soon thereafter as practicable.

6.2 Elective Deferral. Nothing herein shall be deemed to preclude a Participant's election to defer receipt of a percentage of his or her Award beyond the time such amount would have been payable hereunder pursuant to the Halliburton Elective Deferral Plan or other similar plan.

6.3 Tax Withholding. The Company or employing entity through which payment of an Award is to be made shall have the right to withhold from any cash or Common Stock remuneration hereunder payable to any Participant any tax required to be withheld by reason of such resulting compensation income.

Article VII

TERMINATION OF EMPLOYMENT

7.1 Termination of Service During Performance Cycle. In the event a Participant's employment is terminated prior to the last business day of a Performance Cycle for any reason other than death, approved retirement (normal or early) or disability (as determined by the CEO or his delegate), all of such Participant's rights to an Award for such Performance Cycle shall be forfeited. In the case of a Participant's death during a Performance Cycle, the prorated amount of such Participant's Award, if any, applicable to such Performance Cycle shall be paid in cash to the Participant's estate, or if there is no administration of the estate, to the heirs at law, on the Payment Date, or as soon thereafter as practicable. In the case of a Participant's disability or approved retirement (normal or early), the prorated amount of such Participant's Award, if any, applicable to such Performance Cycle shall be paid in accordance with the provisions of Section 6.1.

7.2 Termination of Service after End of Performance Cycle But Prior to the Payment Date. If a Participant's employment is terminated after the end of the applicable Performance Cycle, but prior to the Payment Date, for any reason other than termination for Cause, the amount of any Award applicable to such Performance Cycle shall be paid to the Participant in accordance with the provisions of Section 6.1, except in the case of death, in which case the amount of the Award shall be paid in cash to such Participant's estate, or if there is no administration of the estate, to the heirs at law, as soon as practicable.

If a Participant's employment is terminated for Cause, all of such Participant's rights to an Award applicable to such Performance Cycle shall be forfeited.

Article VIII

RIGHTS OF PARTICIPANTS AND BENEFICIARIES

8.1 Status as a Participant or Beneficiary. Neither status as a Participant or Beneficiary shall be construed as a commitment that any Award will be paid or payable under the Program.

8.2 Employment. Nothing contained in the Program or in any document related to the Program or to any Award shall confer upon any Participant any right to continue as an employee or in the employ of the Company or an Affiliate or constitute any contract or agreement of employment for a specific term or interfere in any way with the right of the Company or an Affiliate to reduce such person's compensation, to change the position held by such person or to terminate the employment of such person, with or without cause.

8.3 Nontransferability. No benefit payable under, or interest in, this Program shall be sold, assigned, pledged, exchanged, hypothecated, disposed of, or otherwise transferred, except by will or the laws of descent and distribution or pursuant to a "qualified domestic relations order" as defined by the Code or Title I of ERISA or similar order. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of a benefit payable under, or interest in, this Program, such benefit payable under, or interest in, this Program shall immediately become null and void.

8.4 Nature of Program. No Participant, Beneficiary or other person shall have any right, title or interest in any fund or in any specific asset of the Company or any Affiliate by reason of any Award hereunder. There shall be no funding of any benefits which may become payable hereunder. Nothing contained in the Program (or in any document related thereto), nor the creation or adoption of the Program, nor any action taken pursuant to the provisions of the Program shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or an Affiliate and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment with respect to an Award hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company or other employing entity, as applicable. All amounts payable under the Program shall be paid from the general assets of the Company or employing entity, as applicable, and no special or separate fund or deposit shall be established and no segregation of assets shall be made to assure payment of such amounts. Nothing in the Program shall be deemed to give any employee any right to participate in the Program except in accordance herewith.

Article IX

CORPORATE CHANGE

With respect to a Corporate Change that occurs after the end of the Performance Cycle but prior to the Payment Date, a Participant shall be entitled to an immediate cash payment equal to the Award earned for such Performance Cycle. Notwithstanding any provisions of the Program to the contrary, in the event of a Participant's Qualifying Termination, as of the date of the Participant's termination of service all performance measures upon which an outstanding Performance Award is contingent shall be deemed achieved and the Participant shall receive a payment equal to the target amount of the Award (as established for a Participant when the Award Schedule is approved) he or she would have been entitled to receive, without proration. Notwithstanding the foregoing, settlement of Awards will be delayed until the scheduled payment date to the extent required to comply with Section 409A of the Code. The term "Qualifying Termination" will apply with respect to any Award for a Performance Cycle beginning on or after January 1, 2019.

Article X

AMENDMENT AND TERMINATION

Notwithstanding anything herein to the contrary, the Committee may, at any time, terminate, modify or suspend the Program; provided, however, that, without the prior consent of the Participants affected, no such action may adversely affect any rights or obligations with respect to any Awards theretofore earned but unpaid for a completed Performance Cycle, whether or not the amounts of such Awards have been computed and whether or not such Awards are then payable.

Article XI

MISCELLANEOUS

11.1 Governing Law. The Program shall be construed in accordance with the laws of the State of Texas, without giving effect to the principles of conflicts of law thereof, except to the extent that it implicates matters which are the subject of the General Corporation Law of the State of Delaware, which matters shall be governed by the latter law.

11.2 Successor. All obligations and rights of the Company under the Program shall be binding upon and inure to the benefit of any successor to the Company.

11.3 Status of Stock. The Company shall not be obligated to issue any shares of Common Stock pursuant to any Award at any time, when the offering of the shares of Common Stock covered by such Award has not been registered under the U.S. Securities Act of 1933, as amended (the "Act") or such other country, U.S. federal or state laws, rules or regulations as the Company deems applicable and, in the opinion of legal counsel for the Company, there is no exemption from the registration. The Company intends to use reasonable efforts to ensure that no such delay will occur. In the event exemption from registration under the Act is available upon vesting of an Award, the Participant, if requested by the Company to do so, will execute and deliver to the Company in writing an agreement containing such provisions as the Company may require to assure compliance with applicable securities laws.

By accepting an Award, the Participant agrees that the shares of Common Stock which the Participant may acquire upon vesting of an Award will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable U.S. federal, state or non-U.S. securities laws. Furthermore, the Participant also agrees (i) that the Company may refuse to register the transfer of the shares of Common Stock acquired under an Award on the stock transfer records of the Company if such proposed transfer would in the opinion of counsel to the Company constitute a violation of any applicable securities law, and (ii) that the Company may give related instructions to its transfer agent, if any, to stop registration of the transfer of the shares of Common Stock acquired under the Program.

Exhibit 31.1

Section 302 Certification

I, Jeffrey A. Miller, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2019 of Halliburton Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 26, 2019

/s/ Jeffrey A. Miller
Jeffrey A. Miller
President and Chief Executive Officer
Halliburton Company

Exhibit 31.2

Section 302 Certification

I, Lance Loeffler, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2019 of Halliburton Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2019

/s/ Lance Loeffler
Lance Loeffler
Executive Vice President and Chief Financial Officer
Halliburton Company

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

This certification is provided pursuant to § 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. § 1350, and accompanies the Quarterly Report on Form 10-Q for the period ended June 30, 2019 of Halliburton Company (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report").

I, Jeffrey A. Miller, President and Chief Executive Officer of the Company, certify that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey A. Miller
Jeffrey A. Miller
President and Chief Executive Officer

Date: July 26, 2019

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is provided pursuant to § 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. § 1350, and accompanies the Quarterly Report on Form 10-Q for the period ended June 30, 2019 of Halliburton Company (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report").

I, Lance Loeffler, Executive Vice President and Chief Financial Officer of the Company, certify that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Lance Loeffler
Lance Loeffler
Executive Vice President and Chief Financial Officer

Date: July 26, 2019

Exhibit 95

Mine Safety Disclosures

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, each operator of a mine is required to include certain mine safety results in its periodic reports filed with the SEC. The operation of our mines is subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (Mine Act). Below, we present the following items regarding certain mining safety and health matters for the quarter ended June 30, 2019:

- total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard under section 104 of the Mine Act for which we have received a citation from MSHA;
- total number of orders issued under section 104(b) of the Mine Act, which covers violations that had previously been cited under section 104(a) that, upon follow-up inspection by MSHA, are found not to have been totally abated within the prescribed time period, which results in the issuance of an order requiring the mine operator to immediately withdraw all persons (except certain authorized persons) from the mine;
- total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under Section 104(d) of the Mine Act;
- total number of flagrant violations (i.e., reckless or repeated failure to make reasonable efforts to eliminate a known violation of a mandatory health or safety standard that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury) under section 110(b)(2) of the Mine Act;
- total number of imminent danger orders (i.e., the existence of any condition or practice in a mine which could reasonably be expected to cause death or serious physical harm before such condition or practice can be abated) issued under section 107(a) of the Mine Act;
- total dollar value of proposed assessments from MSHA under the Mine Act;
- total number of mining-related fatalities; and
- total number of pending legal actions before the Federal Mine Safety and Health Review Commission involving such mine.

HALLIBURTON COMPANY

Mine Safety Disclosures

Quarter Ended June 30, 2019

(Unaudited)

(Whole dollars)

Operation/ MSHA Identification Number(1)	Section 104 Citations	Section 104(b) Orders	104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Proposed MSHA Assessments(2)	Fatalities	Pending Legal Actions
BPM Colony Mill/4800070	3	—	—	—	—	$ —	—	—
BPM Colony Mine/4800889	—	—	—	—	—	—	—	—
BPM Lovell Mill/4801405	1	—	—	—	—	—	—	—
BPM Lovell Mine/4801016	—	—	—	—	—	—	—	—
Corpus Christi Grinding Plant/4104010	—	—	—	—	—	—	—	—
Dunphy Mill/2600412	—	—	—	—	—	—	—	—
Lake Charles Plant/1601032	—	—	—	—	—	—	—	—
Larose Grinding Plant/1601504	—	—	—	—	—	—	—	—
Rossi Jig Plant/2602239	—	—	—	—	—	—	—	—
Total	4	—	—	—	—	$ —	—	—

(1) The definition of a mine under section 3 of the Mine Act includes the mine, as well as other items used in, or to be used in, or resulting from, the work of extracting minerals, such as land, structures, facilities, equipment, machines, tools and preparation facilities. Unless otherwise indicated, any of these other items associated with a single mine have been aggregated in the totals for that mine.

(2) Amounts included are the total dollar value of proposed or outstanding assessments received from MSHA on or before July 10, 2019 regardless of whether the assessment has been challenged or appealed, for citations and orders occurring during the quarter ended June 30, 2019.

In addition, as required by the reporting requirements regarding mine safety included in §1503(a)(2) of the Dodd-Frank Act, the following is a list for the quarter ended June 30, 2019, of each mine of which we or a subsidiary of ours is an operator, that has received written notice from MSHA of:

(a) a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of mine health or safety hazards under
§104(e) of the Mine Act:
None; or
(b) the potential to have such a pattern:
None.

Citations and orders can be contested and appealed, and as part of that process, are sometimes reduced in severity and amount, and are sometimes dismissed. The number of citations, orders and proposed assessments vary by inspector and also vary depending on the size and type of the operation.