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

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the quarterly period ended March 31, 2017

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

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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	[X]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	(Do not check if a smaller reporting company)	
Smaller reporting company	[ ]	Emerging growth 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 [X]

As of April 21, 2017, there were 867,868,425 shares of Halliburton Company common stock, $2.50 par value per share, outstanding.

HALLIBURTON COMPANY

Index

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

HALLIBURTON COMPANY
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31	
Millions of dollars and shares except per share data	2017	2016
Revenue:		
Services	$ 3,151	$ 2,985
Product sales	1,128	1,213
Total revenue	4,279	4,198
Operating costs and expenses:		
Cost of services	3,103	2,956
Cost of sales	918	969
General and administrative	55	48
Impairments and other charges	—	2,766
Merger-related costs	—	538
Total operating costs and expenses	4,076	7,277
Operating income (loss)	203	(3,079)
Interest expense, net of interest income of $23 and $10	(242)	(165)
Other, net	(18)	(47)
Loss from continuing operations before income taxes	(57)	(3,291)
Income tax benefit	25	875
Loss from continuing operations	(32)	(2,416)
Loss from discontinued operations, net	—	(2)
Net loss	$ (32)	$ (2,418)
Net loss attributable to noncontrolling interest	—	6
Net loss attributable to company	$ (32)	$ (2,412)
Amounts attributable to company shareholders:		
Loss from continuing operations	$ (32)	$ (2,410)
Loss from discontinued operations, net	—	(2)
Net loss attributable to company	$ (32)	$ (2,412)
Basic and diluted net loss per share attributable to company	$ (0.04)	$ (2.81)
Basic and diluted weighted average common shares outstanding	867	858
Cash dividends per share	$ 0.18	$ 0.18

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended March 31	
Millions of dollars	2017	2016
Net loss	$ (32)	$ (2,418)
Other comprehensive income (loss), net of income taxes	2	(1)
Comprehensive loss	$ (30)	$ (2,419)
Comprehensive loss attributable to noncontrolling interest	—	6
Comprehensive loss attributable to company shareholders	$ (30)	$ (2,413)

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Balance Sheets
(Unaudited)

Millions of dollars and shares except per share data	March 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and equivalents	$ 2,107	$ 4,009
Receivables (net of allowances for bad debts of $156 and $175)	4,008	3,922
Inventories	2,295	2,275
Prepaid income taxes	555	585
Other current assets	863	886
Total current assets	9,828	11,677
Property, plant and equipment (net of accumulated depreciation of $11,446 and $11,198)	8,415	8,532
Goodwill	2,419	2,414
Deferred income taxes	2,141	1,960
Other assets	2,082	2,417
Total assets	$ 24,885	$ 27,000
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 2,006	$ 1,764
Accrued employee compensation and benefits	544	544
Current maturities of long-term debt	97	163
Other current liabilities	1,195	1,552
Total current liabilities	3,842	4,023
Long-term debt	10,812	12,214
Employee compensation and benefits	539	574
Other liabilities	703	741
Total liabilities	15,896	17,552
Shareholders' equity:		
Common shares, par value $2.50 per share (authorized 2,000 shares, issued 1,069 and 1,070 shares)	2,674	2,674
Paid-in capital in excess of par value	222	201
Accumulated other comprehensive loss	(452)	(454)
Retained earnings	13,569	14,141
Treasury stock, at cost (202 and 204 shares)	(7,062)	(7,153)
Company shareholders' equity	8,951	9,409
Noncontrolling interest in consolidated subsidiaries	38	39
Total shareholders' equity	8,989	9,448
Total liabilities and shareholders' equity	$ 24,885	$ 27,000

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Statements of Cash Flows
(Unaudited)

Millions of dollars	Three Months Ended March 31 2017	2016
Cash flows from operating activities:		
Net loss	$ (32)	$ (2,418)
Adjustments to reconcile net loss to cash flows from operating activities:		
Depreciation, depletion and amortization	383	346
Payment related to the Macondo well incident	(335)	—
Deferred income tax benefit, continuing operations	(132)	(857)
Impairments and other charges	—	2,766
Changes in assets and liabilities:		
Accounts payable	228	(170)
Receivables	(178)	228
Inventories	(18)	34
Other	89	(100)
Total cash flows provided by (used in) operating activities	5	(171)
Cash flows from investing activities:		
Capital expenditures	(265)	(234)
Proceeds from sales of property, plant and equipment	41	50
Other investing activities	(13)	(24)
Total cash flows used in investing activities	(237)	(208)
Cash flows from financing activities:		
Payments on long-term borrowings	(1,566)	—
Dividends to shareholders	(156)	(154)
Other financing activities	63	77
Total cash flows used in financing activities	(1,659)	(77)
Effect of exchange rate changes on cash	(11)	(28)
Decrease in cash and equivalents	(1,902)	(484)
Cash and equivalents at beginning of period	4,009	10,077
Cash and equivalents at end of period	$ 2,107	$ 9,593
Supplemental disclosure of cash flow information:		
Cash payments during the period for:		
Interest	$ 173	$ 164
Income taxes	$ 77	$ 121

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 United States generally accepted accounting principles (U.S. GAAP) 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 U.S. GAAP for annual financial statements and should be read together with our 2016 Annual Report on Form 10-K.

Our accounting policies are in accordance with U.S. GAAP. 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 March 31, 2017, the results of our operations for the three months ended March 31, 2017 and 2016, and our cash flows for the three months ended March 31, 2017 and 2016. 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. The results of our operations for the three months ended March 31, 2017 may not be indicative of results for the full year.

Note 2. 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 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 March 31	
Millions of dollars	2017	2016
Revenue:		
Completion and Production	$ 2,604	$ 2,324
Drilling and Evaluation	1,675	1,874
Total revenue	$ 4,279	$ 4,198
Operating income (loss):		
Completion and Production	$ 147	$ 30
Drilling and Evaluation	122	241
Total operations	269	271
Corporate and other (a)	(66)	(584)
Impairments and other charges	—	(2,766)
Total operating income (loss)	$ 203	$ (3,079)
Interest expense, net of interest income (b)	(242)	(165)
Other, net	(18)	(47)
Loss from continuing operations before income taxes	$ (57)	$ (3,291)

(a) Includes certain expenses not attributable to a particular business segment such as costs related to support functions and corporate executives, as well as merger-related costs incurred during the three months ended March 31, 2016.

(b) Includes $104 million of costs related to the early extinguishment of $1.4 billion of senior notes in the three months ended March 31, 2017.

Receivables

As of March 31, 2017, 37% of our gross trade receivables were from customers in the United States and 15% were from customers in Venezuela. As of December 31, 2016, 28% of our gross trade receivables were from customers in the United States and 15% were from customers in Venezuela. Other than the United States and Venezuela, no other country or single customer accounted for more than 10% of our gross trade receivables at these dates.

Venezuela. We have continued to experience delays in collecting payments on our receivables from our primary customer in Venezuela. These receivables are not disputed, and we have not historically had material write-offs relating to this customer. Additionally, we routinely monitor the financial stability of our customers.

Our total outstanding net trade receivables in Venezuela were $636 million as of March 31, 2017, compared to $610 million as of December 31, 2016, which represents 15% of total company trade receivables for both periods. The majority of our Venezuela receivables are United States dollar-denominated receivables. Of the $636 million of receivables in Venezuela as of March 31, 2017, $441 million have been classified as long-term and included within “Other assets” on our condensed consolidated balance sheets.

In addition, we currently hold an interest-bearing promissory note with our primary customer in Venezuela with a par value of $200 million, and we have been receiving quarterly interest payments on this note in accordance with the dates outlined in the agreement. See Note 8 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Business Environment and Results of Operations” for additional information about the promissory note.

Note 3. 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 $135 million as of March 31, 2017 and $133 million as of December 31, 2016. If the average cost method had been used, total inventories would have been $18 million higher than reported as of March 31, 2017 and $16 million higher as of December 31, 2016. The cost of the remaining inventory was recorded using the average cost method. Inventories consisted of the following:

Millions of dollars	March 31, 2017	December 31, 2016
Finished products and parts	$ 1,448	$ 1,388
Raw materials and supplies	713	778
Work in process	134	109
Total	$ 2,295	$ 2,275

All amounts in the table above are reported net of obsolescence reserves of $265 million as of March 31, 2017 and $263 million as of December 31, 2016.

Note 4. Debt

In March 2017, we used cash on hand to redeem an aggregate principal amount of $1.4 billion of senior notes, which consisted of $400 million of 5.90% senior notes due September 2018 and $1.0 billion of 6.15% senior notes due September 2019. In conjunction with this redemption, we terminated a series of interest rate swaps associated with these senior notes. As a result, we recorded $104 million in costs related to the early extinguishment of debt, which included the redemption premium and a write-off of the remaining original debt issuance costs and debt discount, partially offset by a gain from the termination of the related interest rate swap agreements. These debt extinguishment costs are included in interest expense on our condensed consolidated statement of operations for the three months ended March 31, 2017.

Note 5. Shareholders' Equity

The following tables summarize our shareholders' equity activity:

Millions of dollars	Total shareholders' equity	Company shareholders' equity	Noncontrolling interest in consolidated subsidiaries
Balance at December 31, 2016	$ 9,448	$ 9,409	$ 39
Retained earnings adjustment for new accounting standard (a)	(384)	(384)	—
Payments of dividends to shareholders	(156)	(156)	—
Stock plans	120	120	—
Other	(9)	(8)	(1)
Comprehensive loss	(30)	(30)	—
Balance at March 31, 2017	$ 8,989	$ 8,951	$ 38

(a) Represents a cumulative-effect adjustment to retained earnings upon our adoption of a new accounting standards update on the income tax consequences of intra-entity transfers of assets other than inventory which was effective January 1, 2017. See Note 9 for further information.

Millions of dollars	Total shareholders' equity	Company shareholders' equity	Noncontrolling interest in consolidated subsidiaries
Balance at December 31, 2015	$ 15,495	$ 15,462	$ 33
Payments of dividends to shareholders	(154)	(154)	—
Stock plans	126	126	—
Other	12	(6)	18
Comprehensive loss	(2,419)	(2,413)	(6)
Balance at March 31, 2016	$ 13,060	$ 13,015	$ 45

Our Board of Directors has authorized a program to repurchase our common stock from time to time. Approximately $5.7 billion remains authorized for repurchases as of March 31, 2017. From the inception of this program in February 2006 through March 31, 2017, we repurchased approximately 201 million shares of our common stock for a total cost of approximately $8.4 billion. There were no repurchases made under the program during the three months ended March 31, 2017.

Accumulated other comprehensive loss consisted of the following:

Millions of dollars	March 31, 2017	December 31, 2016
Defined benefit and other postretirement liability adjustments	$ (314)	$ (313)
Cumulative translation adjustments	(80)	(80)
Other	(58)	(61)
Total accumulated other comprehensive loss	$ (452)	$ (454)

Note 6. Commitments and Contingencies

Macondo well incident

The semisubmersible drilling rig, Deepwater Horizon, sank on April 22, 2010 after an explosion and fire onboard the rig that began on April 20, 2010. The Deepwater Horizon was owned by an affiliate of Transocean Ltd. and had been drilling the Macondo exploration well in the Gulf of Mexico for the lease operator, BP Exploration & Production, Inc. (BP). We performed a variety of services on that well for BP. Numerous lawsuits relating to the Macondo well incident and alleging damages arising from the blowout were filed against various parties, including BP, Transocean and us, in federal and state courts throughout the United States, most of which were consolidated in a Multi District Litigation proceeding (MDL) in the United States Eastern District of Louisiana. The defendants in the MDL proceeding filed a variety of cross claims against each other.

The trial for the first phase of the MDL proceeding occurred in February 2013 through April 2013 and covered issues arising out of the conduct and degree of culpability of various parties. In September 2014, the MDL court ruled (Phase One Ruling) that, among other things, (1) in relation to the Macondo well incident, BP’s conduct was reckless, Transocean’s conduct was negligent, and our conduct was negligent, (2) fault for the Macondo well incident was apportioned 67% to BP, 30% to Transocean and 3% to us, and (3) the indemnity and release clauses in our contract with BP are valid and enforceable against BP. The MDL court did not find that our conduct was grossly negligent, thereby eliminating our exposure in the MDL for punitive damages.

In September 2014, prior to the Phase One Ruling, we reached an agreement, subject to court approval, to settle a substantial portion of the plaintiffs’ claims asserted against us relating to the Macondo well incident (our MDL Settlement) for an aggregate of $1.1 billion. Certain conditions had to be satisfied before our MDL Settlement became effective. These conditions included, among others, the issuance of a final order of the MDL court approving our MDL Settlement and the resolution of any appeals therefrom. The Court has issued that final approval of our MDL Settlement and the period for appeal has expired. On May 20, 2015, we and BP entered into an agreement to resolve all remaining claims against each other, and pursuant to which BP will defend and indemnify us in future trials for compensatory damages. We have also entered into an agreement with Transocean to dismiss all claims made against each other. During the first quarter of 2017, we made our third and final installment payment of $335 million, and in April 2017, we made our third and final legal fees payment of $33 million. All of our payments with respect to our MDL Settlement have now been made. We believe that there is no additional material financial exposure to us in relation to the Macondo well incident.

Securities and related litigation

In June 2002, a class action lawsuit was commenced against us in federal court alleging violations of the federal securities laws in connection with our change in accounting for revenue on long-term construction projects and related disclosures. In the weeks that followed, approximately twenty similar class actions were filed against us. Several of those lawsuits also named as defendants several of our present or former officers and directors. The class action cases were later consolidated, and the amended consolidated class action complaint, styled *Richard Moore, et al. v. Halliburton Company, et al.*, was filed and served upon us in April 2003. As a result of a substitution of lead plaintiffs, the case was styled *Archdiocese of Milwaukee Supporting Fund (AMSF) v. Halliburton Company, et al*. AMSF has changed its name to Erica P. John Fund, Inc. (the Fund).

In June 2003, the lead plaintiffs filed a motion for leave to file a second amended consolidated complaint, which was granted by the court. In addition to restating the original accounting and disclosure claims, the second amended consolidated complaint included claims arising out of our 1998 acquisition of Dresser Industries, Inc. and our disclosures and reserves relating to our asbestos liability exposure.

In April 2005, the court appointed new co-lead counsel and named the Fund the new lead plaintiff, directing that it file a third consolidated amended complaint and that we file our motion to dismiss. The court held oral arguments on that motion in August 2005. In March 2006, the court entered an order in which it granted the motion to dismiss with respect to claims arising prior to June 1999 and granted the motion with respect to certain other claims while permitting the Fund to re-plead some of those claims to correct deficiencies in its earlier complaint. In April 2006, the Fund filed its fourth amended consolidated complaint. We filed a motion to dismiss those portions of the complaint that had been re-pled and in March 2007 the court ordered that the case proceed against our CEO and us.

In September 2007, the Fund filed a motion for class certification. The district court issued an order in November 2008 denying the motion for class certification. The Fifth Circuit Court of Appeals affirmed the district court’s order denying class certification. In June 2011, the United States Supreme Court reversed the Fifth Circuit ruling and the case was returned to the lower courts for further consideration.

In January 2012, the district court issued an order certifying the class. In April 2013, the Fifth Circuit affirmed the district court's order. In June 2014, the Supreme Court reversed the Fifth Circuit and held that we were entitled to rebut that presumption of class member reliance by presenting evidence that there was no impact on our stock price from the alleged misrepresentations. The Supreme Court vacated the Fifth Circuit’s decision and remanded for further proceedings consistent with the Supreme Court decision.

In July 2015, the district court denied certification for the plaintiff class with respect to five of the six dates upon which the plaintiff claimed that disclosures correcting previously misleading statements had been made that resulted in an impact to the stock price. However, the district court certified the class with respect to a disclosure made on December 7, 2001 regarding an adverse jury verdict in an asbestos case that plaintiffs alleged was corrective. We appealed the ruling to the Fifth

Circuit. The Fifth Circuit heard oral argument on the appeal in August 2016 and its consideration of the appeal is suspended pending finalization of the settlement discussed below.

In December 2016, we reached an agreement in principle to settle this lawsuit, without any admission of liability and subject to approval by the district court. We will fund approximately $54 million of the $100 million settlement fund, and our insurer will fund the balance. As of March 31, 2017, we have accrued a liability of $100 million with an offsetting $46 million insurance receivable on our condensed consolidated balance sheets. Plaintiff's counsel fees and costs will be awarded from the settlement fund. On March 31, 2017, the district court granted its order preliminarily approving the settlement. The settlement remains subject to final approval of the district court following notice to class members.

The settlement resolves all pending cases other than *Magruder v. Halliburton Co., et. al.* (the Magruder case). The allegations arise out of the same general events described above, but for a later class period, December 8, 2001 to May 28, 2002. There has been limited activity in the Magruder case. In March 2009, our motion to dismiss was granted, with leave to re-plead; in March 2012, plaintiffs filed an amended complaint and in May 2012, we filed another motion to dismiss, which remains pending. We cannot predict the outcome or consequences of this case, which we intend to vigorously defend.

Investigations

We have conducted internal investigations of certain areas of our operations in Angola and Iraq, focusing on compliance with certain company policies, including our Code of Business Conduct (COBC), and the Foreign Corrupt Practices Act (FCPA) and other applicable laws. We have engaged outside counsel and independent forensic accountants to assist us with these investigations.

In December 2010, we received an anonymous e-mail alleging that certain current and former personnel violated our COBC and the FCPA, principally through the use of an Angolan vendor to satisfy local content requirements. The e-mail also alleged conflicts of interest, self-dealing, and the failure to act on alleged violations of our COBC and the FCPA. We contacted the Department of Justice (DOJ) to advise them that we were initiating an internal investigation.

During the second quarter of 2012, in connection with a meeting with the DOJ and the SEC regarding the above investigation, we advised the DOJ and the SEC that we were initiating unrelated, internal investigations into payments made to a third-party agent relating to certain customs matters in Angola and to third-party agents relating to certain customs and visa matters in Iraq.

Since the initiation of the investigations described above, we have participated in meetings with the DOJ and the SEC to brief them on the status of the investigations and produced documents to them both voluntarily and as a result of SEC subpoenas to us and certain of our current and former officers and employees.

Our counsel has engaged in discussions with the SEC staff concerning a potential resolution of the investigations. Any potential resolution will be subject not only to an agreement with the SEC staff on specific terms and specific language in the settlement documentation, but also to approval of the Commissioners of the SEC and agreement with the DOJ. Accordingly, there can be no assurance that the discussions with the SEC will result in a final resolution of the investigations or, if a resolution is achieved, the timing of such resolution. In the event a resolution is not agreed to and approved, we cannot predict the ultimate outcome of the investigations or the consequences thereof.

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 $49 million as of March 31, 2017 and $50 million as of December 31, 2016. 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 eight federal and state Superfund sites for which we have established reserves. As of March 31, 2017, those eight sites accounted for approximately $4 million of our $49 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 $2.0 billion of letters of credit, bank guarantees or surety bonds were outstanding as of March 31, 2017. 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 consolidated financial statements.

Note 7. Income per Share

Basic income or loss 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 or loss 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 March 31	
Millions of shares	2017	2016
Basic weighted average common shares outstanding	867	858
Dilutive effect of awards granted under our stock incentive plans	—	—
Diluted weighted average common shares outstanding	867	858
Antidilutive shares:		
Options with exercise price greater than the average market price	4	17
Options which are antidilutive due to net loss position	3	1
Total antidilutive shares	7	18

Note 8. Fair Value of Financial Instruments

At March 31, 2017, we held $92 million of investments in fixed income securities with maturities ranging from less than one year to May 2019, of which $54 million are classified as “Other current assets” and $38 million are classified as “Other assets” on our condensed consolidated balance sheets. At December 31, 2016, we also held $92 million of investments in fixed income securities. These securities consist primarily of corporate bonds and other debt instruments, are accounted for as available-for-sale and are recorded at fair value on quoted prices for identical assets in less active markets, which are categorized within level 2 on the fair value hierarchy.

At March 31, 2017 and December 31, 2016, we held an interest-bearing promissory note with our primary customer in Venezuela with a par value of $200 million. The carrying amount of this promissory note was $83 million as of March 31, 2017, which consists of a current portion of $47 million and non-current portion of $36 million, and are classified as “Receivables” and “Other assets,” respectively, on our condensed consolidated balance sheets. The carrying amount as of December 31, 2016 was $70 million. The carrying amounts for both periods approximate fair value. Initial fair value of the promissory note was based on pricing data points for similar assets in an illiquid market and is categorized within level 3 on the fair value hierarchy. We are using an effective interest method to accrete the carrying amount to its par value as it matures. This accretion income is being recorded through “Interest expense, net of interest income” on our condensed consolidated statements of operations.

We maintain an interest rate management strategy that is intended to mitigate the exposure to changes in interest rates in the aggregate for our debt portfolio. We use interest rate swaps to effectively convert a portion of our fixed rate debt to floating LIBOR-based rates. Our interest rate swaps, which expire when the underlying debt matures, are designated as fair value hedges of the underlying debt and are determined to be highly effective. These derivative instruments are marked to market with gains and losses recognized currently in interest expense to offset the respective gains and losses recognized on changes in the fair value of the hedged debt. During the first quarter of 2017, we terminated a series of our interest rate swaps with a notional amount of $1.4 billion in conjunction with our early redemption of senior notes. We included the gain from the swap termination in our calculation of early debt extinguishment costs. See Note 4 for further information. As of March 31, 2017, we had one remaining interest rate swap relating to one of our debt instruments with a total notional amount of $100 million. The fair value of our interest rate swaps are included in “Other assets” in our condensed consolidated balance sheets and were immaterial as of March 31, 2017 and December 31, 2016. The fair value of our interest rate swaps are categorized within level 2 on the fair value hierarchy and were determined using an income approach model with inputs, such as the notional amount, LIBOR rate spread and settlement terms that are observable in the market or can be derived from or corroborated by observable data.

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 long-term debt, including current maturities, is as follows:

	March 31, 2017				December 31, 2016			
Millions of dollars	Level 1	Level 2	Total fair value	Carrying value	Level 1	Level 2	Total fair value	Carrying value
Long-term debt	$ 753	$ 11,209	$ 11,962	$ 10,909	$ 753	$ 12,812	$ 13,565	$ 12,377

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. Our total fair value and carrying value of debt decreased in the first quarter of 2017 due to the early extinguishment of $1.4 billion of senior notes. We have no debt categorized within level 3 on the fair value hierarchy based on unobservable inputs.

Note 9. New Accounting Pronouncements

Standards adopted in 2017

Stock-Based Compensation

On January 1, 2017, we adopted an accounting standards update issued by the Financial Accounting Standards Board (FASB) which simplifies several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and the classification on the statement of cash flows. In addition, the update allows an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. The element of the update that will have the most impact on our financial statements will be income tax consequences. Excess tax benefits and tax deficiencies on stock-based compensation awards are now included in our tax provision within our condensed consolidated statement of operations as discrete items in the reporting period in which they occur, rather than previous accounting of recording in additional paid-in capital on our condensed consolidated balance sheets. We have also elected to continue our current policy of estimating forfeitures of stock-based compensation awards at the time of grant and revising in subsequent periods to reflect actual forfeitures. We applied the update prospectively beginning January 1, 2017, and the adoption did not have a material impact on our condensed consolidated financial statements.

Intra-Entity Transfers of Assets

On January 1, 2017, we adopted an accounting standards update issued by the FASB to improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. The update requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs, rather than the previous requirement to defer recognition of current and deferred income taxes for an intra-entity asset transfer until the asset had been sold to an outside party. Two common examples of assets included in the scope of this update are intellectual property and property, plant and equipment. The update was applied on a modified retrospective basis resulting in a cumulative-effect adjustment of $384 million recorded directly to retained earnings as of January 1, 2017.

Inventory

On January 1, 2017, we adopted an accounting standards update issued by the FASB which simplifies the measurement of inventory. The update now requires inventory measured using the first in, first out or average cost methods to be subsequently measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable cost of completion, disposal and transportation. The update eliminated the requirement to subsequently measure inventory at the lower of cost or market, which could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. The adoption of this update did not impact our condensed consolidated financial statements.

Standards not yet adopted

Revenue Recognition

In May 2014, the FASB and the International Accounting Standards Board (IASB) issued a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance under U.S. GAAP and International Financial Reporting Standards (IFRS). The issuance of this guidance completes the joint effort by the FASB and the IASB to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and IFRS. This new revenue recognition standard will be effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period.

The core principle of the new guidance is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The standard creates a five step model that requires companies to exercise judgment when considering the terms of a contract and all relevant facts and circumstances. The standard allows for several transition methods: (a) a full retrospective adoption in which the standard is applied to all of the periods presented, or (b) a modified retrospective adoption in which the standard is applied only to the most current period presented in the financial statements, including additional disclosures of the standard's application impact to individual financial statement line items.

We are currently determining the impacts of the new standard on our contract portfolio. Our approach includes performing a detailed review of key contracts representative of our different businesses and comparing historical accounting policies and practices to the new standard. Because the standard will impact our business processes, systems and controls, we are also developing a comprehensive change management project plan to guide the implementation. Our services are primarily short-term in nature, and our assessment at this stage is that we do not expect the new revenue recognition standard will have a material impact on our financial statements upon adoption. We are still evaluating software contracts within our Landmark Software and Services product service line and long-term contracts requiring integrated project management services within our Consulting and Project Management product service line for potential impact from the new accounting guidance. We currently intend on adopting the new standard utilizing the modified retrospective method that will result in a cumulative effect adjustment as of January 1, 2018.

Leases

In February 2016, the FASB issued an accounting standards update related to accounting for leases, which requires the assets and liabilities that arise from leases to be recognized on the balance sheet. Currently only capital leases are recorded on the balance sheet. This update will require the lessee to recognize a lease liability equal to the present value of the 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 recognize the lease expense for such leases generally on a straight-line basis over the lease term. This update will be effective for fiscal periods beginning after December 15, 2018, including interim periods within that reporting period. Early adoption is permitted. We are currently evaluating the impact that this update will have on our condensed consolidated financial statements.

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

EXECUTIVE OVERVIEW

Organization

We are a leading provider of services and products to the energy industry. We serve the upstream oil and natural gas industry 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 through the life of the field. 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 50,000 employees, we operate in approximately 70 countries around the world, and our corporate headquarters are in Houston, Texas and Dubai, United Arab Emirates.

Financial results

Market conditions continued to impact our business during the first quarter of 2017 marked by the rapid increase in North American land rig count, while continued cyclical headwinds and seasonal pressures affected the international markets. The North America market continues to improve, with the United States land rig count for the first quarter of 2017 having increased 27% from the fourth quarter of 2016, which resulted in sequential revenue growth of 24% in the North America region. However, the international markets have been slower to recover and continue to face pricing pressure and activity declines, while customers defer new projects and focus on lowering costs. We believe the cost challenges are part of the evolution of the cycle and believe that we are positioned to provide long-term profitable opportunities with our margin-focused strategy.

We generated total company revenue of $4.3 billion during the first quarter of 2017, a 2% increase from the $4.2 billion of revenue generated in the first quarter of 2016. This slight increase resulted from rising pressure pumping services and drilling activity in the United States land market offset by lower pricing and activity across the international markets. We reported operating income of $203 million in the first quarter of 2017, compared to operating loss of $3.1 billion in the first quarter of 2016, which included $2.8 billion of company-wide impairments and other charges and $538 million of merger-related costs. Our operating results are now benefiting from the structural global cost savings initiatives implemented during the market downturn.

We made the decision to bring back cold-stacked equipment more rapidly than originally planned because of customer demand, thus forgoing short-term margin increases to maintain our market share. However, we are not pursuing market share at the cost of pricing. We believe that maximizing our profitability in the long term starts with stabilizing our market share. Given the significant level of customer demand we are experiencing, we are able to add equipment and improve our margins by putting this equipment to work at leading edge pricing. As a result of this reactivation of equipment, we hired approximately 2,000 employees in the United States in the first quarter, incurring additional personnel and training costs. We believe we are well-positioned to see an acceleration of our margins towards the end of 2017 because of our strategy to preserve the market share we gained during the downturn.

Business outlook

While the past two years were challenging as we navigated through this historic industry downturn, we believe our results have begun to reflect our successful execution in a difficult environment and that our strategy has positioned us for the challenges and opportunities ahead. Commodity prices and the North America rig count have improved substantially from first half 2016 lows, and we believe we are well positioned to benefit from the impending market recovery given our improved market share, delivery platform and cost containment strategies.

In North America, stabilizing commodity prices and growing rig counts have resulted in a rapidly recovering market, particularly in United States unconventionals. Our customers remain focused on lowering cost and producing more barrels of oil equivalent. We are continuing to collaborate and engineer solutions to maximize asset value for our customers and will continue to take advantage of the recent rig count growth by focusing on increasing equipment utilization, managing costs and expanding our surface efficiency model. Additionally, we gained significant North America market share through the downturn by demonstrating to our customers the benefits of our efficiency and technology, coming out of the downturn with our highest North America market share in history. We have been utilizing this increased market share to drive margin improvement. The historically high level of market share we built in the downturn gives us the ability to focus our work with the most efficient customers and, as such, we continued to execute our strategy of high grading the profitability of our portfolio with customers that value our services. We will continue to reactivate our equipment at leading edge pricing and maintain our focus on execution and service quality.

While the North America market has begun to recover, the international downswing continues to persist. The international markets have been more resilient than North America through most of the downturn, particularly in the Eastern Hemisphere, but pricing and activity levels remain under pressure. Low commodity prices have stressed customer budgets and have impacted economics across deepwater and mature field markets, which led to decreased activity and pricing in the first quarter of 2017, coupled with seasonal and cyclical headwinds, leading to revenue declines and stressed margins in all of our international regions. While we are working with our customers to improve project economics through technology and improved operating efficiency, we continue to anticipate headwinds, and we do not expect to see an inflection point for revenue and margin improvements in the international markets until the latter part of 2017. Due to the longer investment cycles and contractual nature of the international markets, we expect revenue and margins to continue to be under pressure throughout 2017 until the markets fully stabilize. While we believe the first quarter of 2017 represents the bottom in the Eastern Hemisphere rig count, the full year average rig count for 2017 will likely be only marginally higher than the full year average rig count for 2016. In Latin America, we experienced sequential improvement in revenue from activity in Brazil and Mexico. This region is slowly showing signs of improvement but there are significant headwinds that must be overcome for a full recovery. Venezuela continues to experience significant political and economic turmoil.

We have maintained capital discipline and adjusted to market conditions during the market downturn over the past two years. During the first quarter of 2017, we had $265 million of capital expenditures, an increase of 13% from the first quarter of 2016. We plan to continue adjusting capital spending during 2017 to align with market conditions. We will continue executing our deployment strategy of converting our hydraulic fracturing fleet to Q10 pumps to support our surface efficiency model and reactivating our cold-stacked pressure pumping equipment to respond to customer demand as long as the economics make sense. While near-term production increases could moderate the pace of activity increases in the second half of the year, we believe there is sufficient demand for the equipment we are bringing into the market. As we look at the second half of the year, we are assessing our options for continued redeployment beyond our current plans but have made no decisions.

As a result of the actions we have taken over the past few years, we believe we are well positioned for the potential market recovery and will scale up our delivery platform by addressing our product service lines one step at a time through a combination of organic growth, investment and selective acquisitions. We are continuing to execute the following strategies in 2017:

- directing capital and resources into strategic growth markets, including unconventional plays and mature fields;
- leveraging our broad technology offerings to provide value to our customers and enabling them to more efficiently drill and complete their wells;
- exploring additional opportunities for acquisitions that will enhance or augment our current portfolio of services and products, including those with unique technologies or distribution networks in areas where we do not already have significant operations;
- investing in technology that will help our customers reduce reservoir uncertainty and increase operational efficiency;
- improving working capital and managing our balance sheet to maximize our financial flexibility;
- continuing to seek 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
- collaborating and engineering solutions to maximize asset value for our customers.

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. In the first quarter of 2017, we redeemed an aggregate principal amount of $1.4 billion of senior notes, which consisted of $400 million due in 2018 and $1.0 billion due in 2019. We also made the final installment payment of $335 million related to the settlement reached for the Macondo well incident, closing the quarter at $2.1 billion of cash and equivalents. This represents a $1.9 billion reduction in our cash position from December 31, 2016. We also have $3.0 billion available under our revolving credit facility which, with our cash balance, we believe 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 March 31, 2017, we had $2.1 billion of cash and equivalents, compared to $4.0 billion at December 31, 2016. Additionally, we held $92 million of investments in fixed income securities at March 31, 2017 and December 31, 2016. These securities are reflected in "Other current assets" and "Other assets" in our condensed consolidated balance sheets. Approximately $1.7 billion of our total cash position as of March 31, 2017 was held by our foreign subsidiaries, a substantial portion of which is available to be repatriated into the United States to fund our U.S. operations or for general corporate purposes, with a portion subject to certain country-specific restrictions. We have provided for U.S. federal income taxes on cumulative undistributed foreign earnings where we have determined that such earnings are not indefinitely reinvested.

Significant sources and uses of cash

Sources of cash:
- Cash flows from operating activities were $5 million during the first three months of 2017.
- We improved working capital (receivables, inventories and accounts payable) by a net $32 million during the first three months of 2017, driven by efficient working capital management.

Uses of cash:
- We early redeemed $1.4 billion of senior notes during the first three months of 2017, which resulted in a payment of approximately $1.5 billion, inclusive of the redemption premium.
- We made the final installment settlement payment related to the Macondo well incident in the amount of $335 million during the first three months of 2017.
- Capital expenditures were $265 million in the first three months of 2017, and were predominantly made in our Production Enhancement, Production Solutions, Sperry Drilling, Baroid, and Wireline and Perforating product service lines.
- We paid $156 million in dividends to our shareholders during the first three months of 2017.

Future sources and uses of cash

We manufacture our own equipment, which allows us flexibility to increase or decrease our capital expenditures based on market conditions. The capital expenditures plan for 2017 is primarily directed towards our Production Enhancement, Sperry Drilling, Production Solutions, Wireline and Perforating, and Baroid product service lines. This includes reactivating some of our cold-stacked pressure pumping equipment and continuing to convert our hydraulic fracturing fleet to Q10 pumps to support our surface efficiency strategy. While near term production increases could moderate the pace of activity increases in the second half of the year, we believe there is sufficient demand for the equipment we are bringing into the market.

Currently, our quarterly dividend rate is $0.18 per common share, or approximately $156 million. Subject to the approval of our Board of Directors, our intention is to continue paying dividends at our current rate.

Our Board of Directors has authorized a program to repurchase our common stock from time to time. Approximately $5.7 billion remains authorized for repurchases as of March 31, 2017 and may be used for open market and other share purchases. There were no repurchases made under the program during the three months ended March 31, 2017.

We expect to receive a United States tax refund in the amount of approximately $534 million during the second half of 2017, primarily related to the carryback of our net operating losses recognized in 2016.

Other factors affecting liquidity

Financial position in current market. As of March 31, 2017, we had $2.1 billion of cash and equivalents, $92 million in fixed income investments, and $3.0 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 manage our global cash needs for the remainder of 2017, including capital expenditures, scheduled debt maturities, 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 $2.0 billion of letters of credit, bank guarantees or surety bonds were outstanding as of March 31, 2017. 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 BBB+ for our long-term debt and A-2 for our short-term debt, with a stable outlook. 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 negative 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. See "Business Environment and Results of Operations – International operations – Venezuela" for further discussion related to receivables from our primary customer in Venezuela.

BUSINESS ENVIRONMENT AND RESULTS OF OPERATIONS

We operate in approximately 70 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 three months of 2017, based upon the location of the services provided and products sold, 49% of our consolidated revenue was from the United States, compared to 41% of consolidated revenue from the United States in the first three months of 2016. No other country accounted for more than 10% of our revenue during these periods.

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 loss 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, global oil supply, the world economy, the availability of credit, government regulation and global stability, which together drive worldwide drilling activity. Lower oil and natural gas prices usually translate into lower exploration and production budgets. Our financial performance is significantly affected by well count in North America, as well as 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 March 31		Year Ended December 31
	2017	2016	2016
Oil price - WTI (1)	$ 51.77	$ 33.18	$ 43.14
Oil price - Brent (1)	53.68	33.70	43.55
Natural gas price - Henry Hub (2)	3.01	2.00	2.52

(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:

Land vs. Offshore	Three Months Ended March 31 2017	Three Months Ended March 31 2016	Year Ended December 31 2016
United States:			
Land	722	524	486
Offshore (incl. Gulf of Mexico)	20	27	23
Total	742	551	509
Canada:			
Land	294	170	128
Offshore	1	3	2
Total	295	173	130
International (excluding Canada):			
Land	738	790	734
Offshore	201	226	221
Total	939	1,016	955
Worldwide total	1,976	1,740	1,594
Land total	1,754	1,484	1,348
Offshore total	222	256	246

Oil vs. Natural Gas	Three Months Ended March 31 2017	Three Months Ended March 31 2016	Year Ended December 31 2016
United States (incl. Gulf of Mexico):			
Oil	594	441	409
Natural gas	148	110	100
Total	742	551	509
Canada:			
Oil	162	82	63
Natural gas	133	91	67
Total	295	173	130
International (excluding Canada):			
Oil	718	770	726
Natural gas	221	246	229
Total	939	1,016	955
Worldwide total	1,976	1,740	1,594
Oil total	1,474	1,293	1,198
Natural gas total	502	447	396

Drilling Type	Three Months Ended March 31 2017	Three Months Ended March 31 2016	Year Ended December 31 2016
United States (incl. Gulf of Mexico):			
Horizontal	610	435	400
Vertical	69	63	60
Directional	63	53	49
Total	742	551	509

Crude oil prices have been extremely volatile during the past few 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. Brent crude oil spot prices declined from a high of $115 per barrel in June 2014 to $26 per barrel in January 2016. Commodity prices have increased from the low point experienced in early 2016 to highs of $54 per barrel and $55 per barrel in December 2016 for WTI and Brent, respectively.

WTI and Brent crude oil spot prices had a monthly average in March 2017 of $49 per barrel and $52 per barrel, respectively. As crude oil production rose in the United States in early March, crude oil prices declined as crude oil inventories increased to a multi-decade high. The price declined even though the Organization of the Petroleum Exporting Countries (OPEC) and some non-OPEC producers voluntarily cut crude oil production in the first quarter of 2017. However, the United States Energy Information Administration (EIA) does predict the market to maintain balance in 2017, forecasting the average Brent crude oil spot price at $54 per barrel in their April 2017 "Short Term Energy Outlook," while WTI prices are projected to average about $2 less per barrel. Crude oil production in the United States is now projected to average 9.2 million barrels per day in 2017, a 3% increase from 2016. The International Energy Agency's (IEA) April 2017 "Oil Market Report" forecasts the 2017 global demand to average approximately 97.9 million barrels per day, which is up 1% from 2016, driven by an increase in the Asia Pacific region, while all other regions remain approximately the same.

The average Henry Hub natural gas price in the United States was $2.88 per MMBtu in March 2017, a decrease of $0.71 per MMBtu, or 20%, from December 2016, driven by unseasonably warm temperatures during January and February. However, natural gas prices have risen approximately 66% since March 2016 due to increased demand for natural gas to fuel electricity generation in addition to lower inventory levels, which was caused by production declines and higher exports. The EIA April 2017 “Short Term Energy Outlook” expects exports to increase more than production, which would move inventories closer to the five-year average, resulting in rising natural gas prices to a projected EIA average of $3.10 per MMBtu in 2017.

North America operations

While the United States land average rig count for the first quarter has dropped 62% since its peak in November 2014, the rig count has begun to rebound in line with the commodity price environment. The United States land rig count continued its rapid increase in the first quarter of 2017, with a 27% improvement over the fourth quarter of 2016 and 38% improvement over the first quarter of 2016. North America oil-directed rig count increased 233 rigs, or 45%, in the first quarter of 2017 as compared to the first quarter of 2016, while the natural gas-directed rig count in North America increased 80 rigs, or 40%, during the same period. As a result of the recent uptick in activity and the structural changes to our delivery platform we made during this down cycle, we returned to operating profitability in North America in the fourth quarter of 2016 and first quarter of 2017 after recording operating losses in the first three quarters of 2016.

In the Gulf of Mexico, the average offshore rig count for the first quarter of 2017 was down 26% compared to the first quarter of 2016. Low commodity prices have stressed budgets and have impacted economics across the deepwater market, which has led to decreased activity and pricing throughout 2016. These headwinds still persist today. We believe there will continue to be challenges in 2017 on deepwater project economics. Additionally, activity in the Gulf of Mexico is dependent on, among the factors described above, governmental approvals for permits, our customers' actions, and the entry and exit of deepwater rigs in the market.

International operations

The average international rig count for the first quarter of 2017 decreased by 8% compared to the first quarter of 2016. Depressed crude oil prices have caused many of our customers to reduce their budgets and defer several new projects; however, we have continued to work with our customers to improve project economics through technology and improved operating efficiency. In Latin America, the rig count hit a 15-year low across the region during 2016, and Venezuela continues to experience significant political and economic turmoil. Latin America is slowly showing signs of improvement, but there are significant headwinds that must be overcome to obtain a full recovery. For the Eastern Hemisphere, while we believe the first quarter represents the bottom of the rig count, the full year average rig count for 2017 will likely be only marginally higher than the full year average rig count for 2016. Further, due to the longer term contractual nature of international markets and the level of continuing price pressure, we expect discounts will offset activity gains over the near term.

Venezuela. The Venezuelan government currently has a dual-rate foreign exchange system: (i) the DIPRO, which represents a protected rate of 10.0 Bolívares per United States dollar made available for vital imports such as food, medicine and raw materials for production; and (ii) the DICOM, which is intended to be a free floating system that will fluctuate according to market supply and demand. The DICOM had a market rate of 708 Bolívares per United States dollar at March 31, 2017. We are utilizing the DICOM to remeasure our net monetary assets denominated in Bolívares. The continued devaluation of the Bolívar under the DICOM did not materially affect our financial statements for the three months ended March 31, 2017.

As of March 31, 2017, our total net investment in Venezuela was approximately $834 million, with only $6 million of net monetary liabilities denominated in Bolívares, and we had an additional $39 million of surety bond guarantees outstanding relating to our Venezuelan operations.

We have continued to experience delays in collecting payments on our receivables from our primary customer in Venezuela. These receivables are not disputed, and we have not historically had material write-offs relating to this customer. Additionally, we routinely monitor the financial stability of our customers.

Our total outstanding net trade receivables in Venezuela were $636 million as of March 31, 2017, compared to $610 million as of December 31, 2016, which represents 15% of total company trade receivables for both periods. The majority of our Venezuela receivables are United States dollar-denominated receivables. Of the $636 million of receivables in Venezuela as of March 31, 2017, $441 million have been classified as long-term and included within “Other assets” on our condensed consolidated balance sheets.

In addition, we currently hold an interest-bearing promissory note with our primary customer in Venezuela with a par value of $200 million. This instrument provides a more defined schedule around the timing of payments, while generating a return while we await payment. We are using an effective interest method to accrete the carrying amount to its par value as it matures. We have been receiving quarterly interest payments on this note in accordance with the dates outlined in the agreement, and the carrying amount of the note was $83 million as of March 31, 2017.

For additional information, see Part I, Item 1(a), “Risk Factors” in our 2016 Annual Report on Form 10-K.

Three Months Ended March 31, 2017 Compared with Three Months Ended March 31, 2016

REVENUE: *Millions of dollars*	Three Months Ended March 31 2017	2016	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 2,604	$ 2,324	$ 280	12 %
Drilling and Evaluation	1,675	1,874	(199)	(11)
Total revenue	$ 4,279	$ 4,198	$ 81	2 %
By geographic region:				
North America	$ 2,231	$ 1,794	$ 437	24 %
Latin America	463	541	(78)	(14)
Europe/Africa/CIS	604	778	(174)	(22)
Middle East/Asia	981	1,085	(104)	(10)
Total revenue	$ 4,279	$ 4,198	$ 81	2 %

OPERATING INCOME: *Millions of dollars*	Three Months Ended March 31 2017	2016	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 147	$ 30	$ 117	390 %
Drilling and Evaluation	122	241	(119)	(49)
Total	269	271	(2)	(1)%
Corporate and other	(66)	(584)	518	89
Impairments and other charges	—	(2,766)	2,766	—
Total operating income (loss)	$ 203	$ (3,079)	$ 3,282	—

Consolidated revenue was $4.3 billion in the first three months of 2017, an increase of $81 million, or 2%, as compared to the first three months of 2016, primarily due to increased North America stimulation activity, partially offset by reduced drilling activity on a global basis. Revenue from North America was 52% of consolidated revenue in the first three months of 2017, compared to 43% of consolidated revenue in the first three months of 2016, which reflects the rapid increase in activity our North America operations are experiencing as it relates to the recovery of the energy market.

Consolidated operating income was $203 million in the first three months of 2017 driven by significant increases in pressure pumping activity in North America and consulting and project management in Latin America. This compares to an operating loss of $3.1 billion during the first three months of 2016, in part due to the negative impact of $2.8 billion of impairments and other charges and $538 million of merger-related costs.

OPERATING SEGMENTS

Completion and Production

Completion and Production revenue in the first three months of 2017 was $2.6 billion, an increase of $280 million, or 12%, from the first three months of 2016. Operating income in the first three months of 2017 was $147 million, compared to $30 million in the first three months of 2016. These increases were primarily due to improved pressure pumping pricing and utilization in the United States land market. International revenue declined as a result of reduced completion tool sales across all regions.

Drilling and Evaluation

Drilling and Evaluation revenue in the first three months of 2017 was $1.7 billion, a decrease of $199 million, or 11%, from the first three months of 2016. Operating income in the first three months of 2017 was $122 million, a decrease of $119 million, or 49%, compared to the first three months of 2016. These reductions were experienced globally across the majority of our product service lines, particularly reduced drilling services, logging services, software sales and offshore activity in the international regions, partially offset by an increase in project management in Latin America.

GEOGRAPHIC REGIONS

North America

North America revenue in the first three months of 2017 was $2.2 billion, a 24% increase compared to the first three months of 2016, relative to a 43% increase in average North America rig count. These results were driven by improved customer demand in our United States land sector with increased pricing and utilization, primarily related to pressure pumping services.

Latin America

Latin America revenue in the first three months of 2017 was $463 million, a 14% reduction compared to the first three months of 2016, primarily due to decreased activity in production solutions and drilling activity in Mexico, Argentina and Venezuela, and reduced stimulation activity in Argentina.

Europe/Africa/CIS

Europe/Africa/CIS revenue in the first three months of 2017 was $604 million, a 22% decrease from the first three months of 2016, primarily from reduced drilling and logging activity in Angola and a decline in well completion services in Angola, Algeria and the North Sea as a result of continued cyclical headwinds for both activity and pricing across the area.

Middle East/Asia

Middle East/Asia revenue in the first three months of 2017 was $981 million, a 10% decrease from the first three months of 2016, due to decreased drilling activity and pressure pumping services across the region, and reduced logging services in Asia Pacific.

OTHER OPERATING ITEMS

Corporate and other expenses were $66 million in the first three months of 2017 compared to $584 million in the first three months of 2016. During the first three months of 2016, we incurred $538 million of merger-related costs, of which $464 million related to the reversal of assets held for sale accounting.

NONOPERATING ITEMS

Interest expense, net was $242 million in the first three months of 2017, as compared to $165 million in the first three months of 2016. This increase was primarily due to $104 million in costs related to the early extinguishment of $1.4 billion of senior notes. See Note 4 to the condensed consolidated financial statements for further information.

Effective tax rate. Our effective tax rate on continuing operations for the quarter ended March 31, 2017 and March 31, 2016 was 44.2% and 26.6%, respectively. The effective tax rates in both periods were impacted by the geographic mix of earnings for the respective period. The effective tax rate for March 31, 2016 was also impacted by the establishment of a valuation allowance on certain deferred tax assets equaling $112 million as well as the tax effects of impairments and other charges recorded during the period.

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 6 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 2016 Annual Report on Form 10-K. Our exposure to market risk has not changed materially since December 31, 2016.

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 Interim 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 Interim Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2017 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 Interim 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 March 31, 2017 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 6 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 March 31, 2017, there have been no material changes from the risk factors previously disclosed in Part I, Item 1(a), of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

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 March 31, 2017.

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)
January 1 - 31	122,557	$54.94	—	$5,700,004,373
February 1 - 28	19,146	$54.41	—	$5,700,004,373
March 1 - 31	9,250	$49.34	—	$5,700,004,373
Total	150,953	$54.53	—	

(a) All of the 150,953 shares purchased during the three-month period ended March 31, 2017 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. Approximately $5.7 billion remains authorized for repurchases as of March 31, 2017. From the inception of this program in February 2006 through March 31, 2017, we repurchased approximately 201 million shares of our common stock for a total cost of approximately $8.4 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	Executive Agreement (Anne Lyn Beaty).
*	12.1	Statement Regarding the Computation of Ratio of Earnings to Fixed Charges.
*	31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*	31.2	Certification of Interim 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 Interim Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*	95	Mine Safety Disclosures
*	101.INS	XBRL Instance 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/ Robb L. Voyles	/s/ Charles E. Geer, Jr.
Robb L. Voyles	Charles E. Geer, Jr.
Executive Vice President, Interim Chief Financial Officer,	Vice President and
Secretary and General Counsel	Corporate Controller

Date: April 28, 2017

EXECUTIVE AGREEMENT

This Executive Agreement ("***Agreement***") is entered into by and between Anne Lyn Beaty ("***Employee***") and Halliburton Company, for and on behalf of itself, its subsidiaries, and its affiliated companies (collectively, "***Employer***" or "***Company***"), as of March 7, 2017 (the "***Effective Date***").

RECITALS

WHEREAS, Employer desires to continue to employ Employee pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee desires to be employed by Employer pursuant to such terms and conditions and for such consideration.

NOW THEREFORE, for and in consideration of the mutual promises, covenants, and obligations contained herein, Employer and Employee agree as follows:

ARTICLE 1: EMPLOYMENT AND DUTIES:

1.1 Employer agrees to employ Employee, and Employee agrees to be employed by Employer, as of the Effective Date and continuing until the date of termination of Employee's employment pursuant to the provisions of Article 3, subject to the terms and conditions of this Agreement.

1.2 As of the Effective Date, Employee will be employed as Senior Vice President, Finance. Employee agrees to serve in the assigned position or in such other executive capacities as may be requested from time to time by Employer and to perform diligently and to the best of Employee's abilities the duties and services appertaining to such position as reasonably determined by Employer, as well as such additional or different duties and services appropriate to such positions which Employee from time to time may be reasonably directed to perform by Employer.

1.3 Employee shall at all times comply with and be subject to such policies and procedures as Employer may establish from time to time, including, without limitation, the Halliburton Company Code of Business Conduct (the "***Code of Business Conduct***"), Company Policy 3-90020, "Director and Executive Compensation Administration" (with respect to the prohibition of discretionary payments in certain situations), Company Policy 3-90040, "Recoupment of Incentive Compensation", and Company Policy 3-90050, "Termination of Officers Who Participate in Violations or Disregard Supervisory Responsibilities", all of which have been made available to Employee and are available under "COBC" or "Policies" as posted on Halworld located at *http://halworld.corp.halliburton.com*, as well as Section 32(a) of the Halliburton Company By-Laws (with respect to the limitations on the advancement of legal expenses), a copy of which has been made available to Employee. By signing this Agreement, Employee hereby represents and warrants that she has read, understood and agrees to the terms and conditions contained in such Code of Business Conduct, policies, and By-Laws.

1.4 Employee shall, during the period of Employee's employment by Employer, devote Employee's full business time, energy, and best efforts to the business and affairs of Employer. Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of Employee's duties hereunder, is contrary to the interest of Employer or any of its affiliated companies (collectively, the "***Halliburton Entities***" or, individually, a "***Halliburton Entity***"), or requires any significant portion of Employee's business time. The foregoing notwithstanding, the parties recognize and agree that Employee may engage in passive personal investments and other business activities which do not conflict with the business and affairs of the Halliburton Entities or interfere with Employee's performance of her duties hereunder. Employee may not serve on the board of directors of any entity other than a Halliburton Entity while employed by Employer without the approval thereof in accordance with Employer's policies and procedures regarding such service. Employee shall be permitted to retain any compensation received for approved service on any unaffiliated corporation's board of directors to the extent permitted under a Halliburton Entity's policies and procedures.

1.5 Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity and allegiance to act at all times in the best interests of the Employer and the other Halliburton Entities and to do no act which would, directly or indirectly, injure any such entity's business, interests, or reputation. It is agreed that any direct or indirect interest in, connection with, or benefit from any outside activities, particularly commercial activities, which interest might in any way adversely affect Employer, or any Halliburton Entity, involves a possible conflict of interest. In keeping with Employee's fiduciary duties to Employer, Employee agrees that Employee shall not knowingly become involved in a conflict of interest with Employer or the Halliburton Entities, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee shall not engage in any activity that might involve a possible conflict of interest without first obtaining approval in accordance with the applicable Halliburton Entity's policies and procedures.

1.6 Nothing contained herein shall be construed to preclude the transfer of Employee's employment to another Halliburton Entity ("***Subsequent Employer***") as of, or at any time after, the Effective Date and no such transfer shall be deemed to be a termination of employment for purposes of Article 3 hereof; provided, however, that, effective with such transfer, all of Employer's obligations hereunder shall be assumed by and be binding upon, and all of Employer's rights hereunder shall be assigned to, such Subsequent Employer and the defined term "Employer" as used herein shall thereafter be deemed amended to mean such Subsequent Employer. Except as otherwise provided above, all of the terms and conditions of this Agreement, including without limitation, Employee's rights and obligations, shall remain in full force and effect following such transfer of employment.

ARTICLE 2: COMPENSATION AND BENEFITS:

2.1 Employee's base salary as of the Effective Date will be $410,000 per annum, which shall be paid in accordance with the Employer's standard payroll practice for its executives Employee's base salary may thereafter be increased from time to time with the approval of Halliburton Company's Board of Directors (the "***Board of Directors***"), its Compensation Committee (the "***Compensation Committee***"), or its delegate, as applicable. Such increased base salary shall become the minimum base salary under this Agreement and may not be decreased thereafter without the written consent of Employee, unless comparable reductions in salary are effective for all similarly situated executives of Employer.

2.2 Employee shall be eligible to participate in the Annual Performance Pay Plan, or any successor annual incentive plan approved by the Compensation Committee; provided, however, that all determinations relating to Employee's participation, including, without limitation, those relating to the performance goals applicable to Employee and Employee's level of participation and payout opportunity, shall be made in the sole discretion of the person or committee to whom such authority has been granted pursuant to such plan's terms.

2.3 Employer shall pay or reimburse Employee for all actual, reasonable and customary expenses incurred by Employee in the course of her employment; including, but not limited to, travel, entertainment, subscriptions and dues associated with Employee's membership in professional, business and civic organizations; provided that such expenses are incurred and accounted for in accordance with Employer's applicable policies and procedures. Any reimbursement provided hereunder during one calendar year shall not affect the amount or availability of reimbursements in another calendar year. Any reimbursement provided hereunder shall be paid no later than the earlier of (i) the time prescribed under Employer's applicable policies and procedures, or (ii) the last day of the calendar year following the calendar year in which Employee incurred the reimbursable expense.

2.4 Employee shall be allowed to participate, on the same basis generally as other executive employees of Employer, in all general employee benefit plans and programs, including improvements or modifications of the same, which on the Effective Date or thereafter are made available by Employer to all or substantially all of Employer's similarly situated executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and qualified and non-qualified retirement plans. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to increase or alter in any way the rights, participation, coverage, or benefits under such benefit plans or programs. While employed by Employer, Employee shall be eligible to receive awards under the Halliburton Company Stock and Incentive Plan ("***SIP***") or any successor stock-related plan adopted by the Board of Directors. As soon as practicable following the Effective Date, subject to the terms and conditions of the SIP and the applicable award agreements, Employee shall be nominated for an award of 10,000 shares of Halliburton Company restricted stock to vest 100% upon completion of five (5) years of continuous employment beginning with the grant date of the award. Employee also agrees that the foregoing shall not be construed as a guarantee with respect to the type, amount or frequency of future awards, if any, such decisions being solely within the discretion of the Compensation Committee, or its delegate, as applicable.

2.5 Employer shall not, by reason of this Article 2, be obligated to institute, maintain, or refrain from changing, amending or discontinuing, any incentive compensation, employee benefit or stock or stock option program or plan, so long as such actions are similarly applicable to covered employees generally.

2.6 Employer may withhold from any compensation, benefits, or amounts payable under this Agreement all federal, state, city, or other taxes as may be required pursuant to any law or governmental regulation or ruling.

ARTICLE 3: TERMINATION OF EMPLOYMENT AND EFFECTS OF SUCH TERMINATION:

3.1 Employee's employment with Employer shall be considered an "at-will" relationship and shall be terminated (i) upon the death of Employee, (ii) upon Employee's Retirement (as defined below), (iii) upon Employee's Permanent Disability (as defined below), or (iv) at any time by Employer upon written notice to Employee, or by Employee upon thirty (30) calendar days' written notice to Employer, for any or no reason. This Agreement may be terminated by Employer at any time upon one hundred and eighty (180) calendar days' written notice to Employee and no such termination of this Agreement shall be deemed a termination of employment for purposes of this Article 3.

3.2 If Employee's employment is terminated by reason of any of the following circumstances, Employee shall not be entitled to receive the benefits set forth in Section 3.4 hereof:

(i) <u>Death</u>.

(ii) <u>Retirement</u>. "***Retirement***" shall mean either (a) Employee's retirement at or after normal retirement age (either voluntarily or pursuant to the applicable Halliburton Entity's retirement policy) or (b) the voluntary termination of Employee's employment by Employee in accordance with Employer's early retirement policy for other than Good Reason (as defined below).

(iii) Permanent Disability. "***Permanent Disability"*** shall mean Employee's physical or mental incapacity to perform her usual duties with such condition likely to remain continuously and permanently as reasonably determined by a qualified physician selected by Employer.

(iv) Voluntary Termination. "***Voluntary Termination***" shall mean a termination of employment in the sole discretion and at the election of Employee for other than Good Reason. "***Good Reason***" shall mean a termination of employment by Employee because of a material breach by Employer of any material provision of this Agreement, provided that (i) Employee provides written notice to Employer, as provided in Section 6.2 hereof, of the circumstances Employee claims constitute "Good Reason" within ninety (90) calendar days of the first to occur of such circumstances, (ii) such breach remains uncorrected for thirty (30) calendar days following written notice, and (iii) Employee's termination occurs within one hundred eighty (180) calendar days after the date that the circumstances Employee claims constitute "Good Reason" first occurred.

(v) Termination for Cause. Termination of Employee's employment by Employer for Cause. "***Cause***" shall mean any of the following: (a) Employee's gross negligence or willful misconduct in the performance of the duties and services required of Employee pursuant to this Agreement; (b) Employee's final conviction of a felony; (c) a material violation of the Code of Business Conduct; or (d) Employee's material breach of any material provision of this Agreement which remains uncorrected for thirty (30) calendar days following written notice of such breach to Employee by Employer. Determination as to whether or not Cause exists for termination of Employee's employment will be made by the Compensation Committee, or its delegate, acting in good faith.

(vi) Termination for Substantial Participation in a Significant Violation or Failure to Supervise. Termination of Employee's employment by Employer following a determination, in accordance with the procedures set out in Company Policy 3-90050, that (a) in connection with the performance of Employee's duties as an officer, Employee Substantially Participated in a Significant Violation or both (A) had direct supervisory responsibility over an employee who Substantially Participated in such a violation and (B) Recklessly disregarded Employee's own supervisory responsibilities, and (b) Employee's conduct warrants termination.

3.3 In the event Employee's employment is terminated under any of the circumstances described in Section 3.2, all future compensation to which Employee is otherwise entitled and all future benefits for which Employee is eligible shall cease and terminate as of the date of termination. Employee, or her estate in the case of Employee's death, shall be entitled to pro rata base salary through the date of such termination, payment for any properly documented but unreimbursed business expenses, and, except as may be prohibited by Company policy, shall be entitled to any individual annual incentive compensation not yet paid but earned and payable under Employer's plans for the year prior to the year of Employee's termination of employment, but shall not be entitled to any annual incentive compensation for the year in which she terminates employment or any other payments or benefits by or on behalf of Employer, except for those which may be payable pursuant to the terms of Employer's or Halliburton Entity's employee benefit plans (as defined in Section 3.5(b)), stock, stock option or incentive plans, or the applicable agreements underlying such plans.

3.4 If Employee's employment is terminated by Employee for Good Reason or by Employer for any reason other than as set forth in Section 3.2 above, Employee shall be entitled to (A) the payment provided for in (i) below, subject to the provisions of Section 3.5, and (B) the payment provided for in (ii) below, as additional consideration for Employee's post-employment covenants under Article 5, subject to the provisions of (iii) below:

(i) A single lump sum cash payment equal to one (1) year of Employee's base salary as in effect at the date of Employee's termination of employment. Such benefit shall be paid as soon as administratively practicable, but no later than the sixtieth (60^{th}) calendar day following Employee's termination of employment.

(ii) A single lump sum cash payment equal to the value of Employee's unvested shares of Halliburton Company restricted stock in accordance with the table below and based on the closing price quoted for Halliburton Company common stock on the New York Stock Exchange ("NYSE") on the date of Employee's termination of employment or the last business day immediately preceding the date of Employee's termination of employment if the NYSE is closed on Employee's termination date, with such payment, if due Employee, to be paid on the sixtieth (60^{th}) calendar day following the first anniversary of Employee's termination of employment. (For example, if Employee holds 50,000 shares of unvested restricted stock on the date of termination of employment, has at least five (5) years of service, but less than seven (7) years of service, and the closing price of Halliburton Company common stock on that date is $40 per share, the value for purposes of calculating the amount of the payment in this (ii) would be equal to [(50,000 shares X 0.50) X $40 per share] or [25,000 shares X $40 per share] or $1,000,000.) *All remaining shares will be forfeited*.

Consecutive Years of Service	**Vested Percentage**
Less than two years	0%
At least two, but less than five years	25%
At least five, but less than seven years	50%
At least seven, but less than ten years	75%
Ten or more years	100%

(iii) Employee understands and agrees that her right to all or any portion of the payment provided for in Section 3.4(ii), and Employer's obligation to make payment of the entire amount or any portion thereof, are dependent and conditioned on Employee's compliance in full with all provisions contained in Article 5. Any failure on the part of Employee to comply with each provision, including any attempt by or on behalf of Employee to have any such provision declared unenforceable in whole or in part by an arbitrator or court, shall excuse Employer forever from the obligation to make the payment, in whole or in part, provided for in Section 3.4(ii).

3.5 (a) The benefits paid to Employee pursuant to Section 3.4(i) shall be in consideration of Employee's continuing obligations hereunder after such termination, including, without limitation, Employee's obligations under Article 4. Further, as a condition to the receipt of such benefits, Employer, in its sole discretion, shall require Employee to first execute a release, in the form established by Employer, releasing Employer and all other Halliburton Entities, and their officers, directors, employees, and agents, from any and all claims and from any and all causes of action of any kind or character, including, but not limited to, all claims and causes of action arising out of Employee's employment with Employer and any other Halliburton Entities or the termination of such employment. The release must be executed by Employee within a period designated by Employer, which shall begin no earlier than the date of Employee's termination of employment and will end no later than the date that is fifty (50) calendar days after the date of Employee's termination of employment. The performance of Employer's obligations under Section 3.4(i) and the receipt of the benefits provided thereunder by Employee shall constitute full settlement of all such claims and causes of action. Such release shall also include the restrictions contained in Sections 3.6 - 3.9. Employee shall not be under any duty or obligation to seek or accept other employment following a termination of employment pursuant to which a benefit payment under Section 3.4(i) is owing and the amounts due Employee pursuant to Section 3.4(i) shall not be reduced or suspended if Employee accepts subsequent employment or earns any amounts as a self-employed individual. Employee's rights under Section 3.4(i) are Employee's sole and exclusive rights against the Employer or its affiliates and the Employer's sole and exclusive liability to Employee under this Agreement, in contract, tort, under statute or otherwise, for the termination of her employment relationship with Employer.

(b) Employee agrees that all disputes relating to Employee's termination of employment, including, without limitation, any dispute as to the occurrence of the events listed in Section 3.2, and any claims or demands against Employer based upon Employee's employment for any monies other than those specified in Section 3.4(i), shall be resolved through the Halliburton Company Dispute Resolution Plan ("***Dispute Resolution Plan***") as provided in Section 6.6 hereof; provided, however, that decisions as to whether any of the events listed in Section 3.2 have occurred, will be made by the Board of Directors, the Compensation Committee, or its delegate, as required under the applicable Company policy, and in any dispute by Employee with any such determination, the arbitrator's decision shall be limited to whether the Board of Directors, the Compensation Committee, or its delegate, reached such decision in good faith. Nothing contained in this Article 3 shall be construed to be a waiver by Employee of any benefits accrued for or due Employee under any employee benefit plan (as such term is defined in the Employee Retirement Income Security Act of 1974, as amended) maintained by Employer except that Employee shall not be entitled to any severance benefits pursuant to any severance plan or program of the Employer.

3.6 In consideration of the access to "***Confidential Information***" as defined in Article 4, Employee agrees that, for a period of one (1) year following termination of employment, the Employee shall not, anywhere in the world, directly or indirectly, either (a) solicit, encourage, or induce to terminate or reduce its business with Employer, or (b) provide any products and/or services, that compete directly with products and/or services provided, marketed, and/or under development by Employer at any time during the three (3) years preceding the termination of Employee's employment, in both cases, to any person or entity who paid or engaged Employer for products and/or services, or who received the benefit of Employer's products and/or services, or with whom the Employee had any substantial dealings while Employee was employed by Employer, during the three (3) years preceding the Employee's termination of employment with Employer; provided, however, that the foregoing restrictions in Section 3.6(b) apply only to those products and/or services of Employer with respect to which the Employee was directly involved or knowledgeable.

3.7 Employee further agrees that Employee will not, during the one (1) year period following termination of employment, solicit, directly or indirectly, or cause or permit others to solicit, directly or indirectly, any person (i) formerly employed by Employer during the six (6) month period immediately preceding or following Employee's termination of employment ("***Former Employee***") or (ii) employed by Employer ("***Current Employee***"). The term "***solicit***" includes, but is not limited to, the following (regardless of whether done directly or indirectly): (a) requesting that a Former or Current Employee change employment; (b) informing a Former or Current Employee that an opening exists elsewhere; (c) assisting a Former or Current Employee in finding employment elsewhere; (d) inquiring if a Former or Current Employee "knows of anyone who might be interested" in a position elsewhere; (e) inquiring if a Former or Current Employee might have an interest in employment elsewhere; (f) informing others of the name or status of, or other information about, a Former or Current Employee; or (g) any other similar conduct, the intended or actual effect of which is that a Former Employee affiliates with another employer or a Current Employee leaves the employment of Employer.

3.8 (a) In consideration of the access to Confidential Information and so as to enforce the confidentiality obligations contained in Article 4, the Employee specifically agrees that, for a period of one

(1) year following termination of employment, except as permitted by Section 3.8(b) below, Employee will not engage, directly or indirectly, either as proprietor, stockholder, partner, officer, member, employee, consultant, or otherwise, in any existing or future business or in any existing or future division or unit of a commercially diverse business enterprise, that is owned in whole or in part or effectively controlled by any of the following companies: BJ Services; Baker Hughes Inc.; Diamond Offshore Drilling, Inc.; Ensco International, Inc.; Exterran Holdings, Inc.; General Electric; Helmerich & Payne, Inc.; Nabors Industries, Ltd.; National Oilwell Varco, Inc.; Noble Corporation; Oceaneering International, Inc.; Rowan Companies; Schlumberger Ltd.; Tidewater Inc.; Transocean, Ltd.; and Weatherford International, Ltd.

(b) The above Section 3.8(a) notwithstanding, nothing in this Section 3.8 shall prohibit Employee and her affiliates from owning, as passive investors, in the aggregate not more than five percent of equity securities of any of the companies listed in such Section 3.8(a).

3.9 Termination of the employment relationship, regardless of reason or circumstances, does not terminate those obligations imposed by this Agreement which are continuing obligations, including, without limitation, Employee's obligations under Articles 3.6 - 3.9 and 4.

ARTICLE 4: OWNERSHIP AND PROTECTION OF INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION:

4.1 All information, ideas, concepts, improvements, discoveries, works of authorship, and inventions, whether patentable or copyrightable or not, which are conceived, reduced to practice, authored, made, developed or acquired by Employee, individually or in conjunction with others, in the scope of Employee's employment by Employer or any of its affiliates, and/or during the term of Employee's employment (whether during business hours or otherwise and whether on Employer's premises or otherwise) which relate to the business, products or services of Employer or its affiliates (including, without limitation, all such information relating to any corporate opportunities, research, financial and sales data, pricing and trading terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names, and marks), and all documents, things, writings and items of any type or in any media embodying any of the foregoing (collectively, "***Developments***"), and any and all proprietary rights of any kind thereto, including without limitation all rights relating to patents, copyrights, trade secrets, and trademarks, shall be the sole and exclusive property of Employer or its affiliates, as the case may be. Employee hereby assigns to Employer any and all rights Employee might otherwise have in and to any such Developments, and any and all proprietary rights of any kind thereto, including without limitation all rights relating to patents, copyrights, trade secrets, and trademarks. Employee acknowledges that the assignment of Employee's entire right, title and interest in and to any and all such Developments to Employer is deemed effective upon the earliest of the conception, development, first reduction to practice, or creation of the Development by Employee. Employee agrees, without further consideration and upon request by Employer, to assist and cooperate with Employer by executing any and all documents, and by performing any and all lawful acts, necessary to document the assignment to Employer (or Employer's designee) of Employee's right, title and interest in and to any and all such Developments and to assist Employer (or Employer's designee) in perfecting such rights.

4.2 In connection with its employment of Employee, Employer shall provide to Employee such Confidential Information of Employer as is reasonably necessary for Employee to perform Employee's obligations hereunder. Employee agrees that "***Confidential Information***" as used herein shall include, without limitation, Employer's trade secrets, confidential and/or proprietary information, and all other information and data that is not generally known to third persons who could derive economic value from its use or disclosure, including, but not limited to, Employer's strategies, methods, products, software, books, records, data and technical information concerning its products, equipment, services, and processes, procurement procedures and pricing techniques, and the names of and other information (such as credit and financial data) concerning its vendors, customers and business affiliates. Employee agrees that such Confidential Information constitutes valuable, special, and unique assets which Employer or its affiliates use in their business to obtain a competitive advantage over their competitors. Employee further agrees that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to Employer and its affiliates in maintaining their competitive position. Employee shall not, at any time during or after the term of employment, use, publish, disclose, claim ownership of, communicate, divulge or send to others, access, or take, any Confidential Information of Employer or its affiliates, including Employer's vendors, consultants, joint ventures, or customers, except to the extent needed to carry out Employee's obligations hereunder, or as otherwise authorized in writing by Employer. Employee also agrees that Employee will not upload or cause to be uploaded to any online electronic data storage site (e.g., "cloud" storage sites) any Confidential Information. Employee acknowledges and agrees that any unauthorized use or disclosure of such Confidential Information would cause irreparable harm to Employer. Confidential Information shall not include information in the public domain (but only if the same becomes part of the public domain through a means other than a use or disclosure prohibited hereunder). The above notwithstanding, a disclosure shall not be unauthorized to the extent (i) it is required by law or by a court of competent jurisdiction or (ii) it is required in connection with any judicial, arbitration, dispute resolution or other legal proceeding in which Employee's legal rights and obligations as an employee or under this Agreement are at issue; provided, however, that Employee shall, to the extent practicable and lawful in any such event, give prior notice to Employer of Employee's intent to disclose any such confidential business information in such context so as to allow Employer or its affiliates an opportunity (which Employee will not oppose) to obtain such protective orders or similar relief with respect thereto as may be deemed appropriate, and that Employee shall limit any such disclosure to that required by the foregoing circumstances.

4.3 All written and electronic materials, records, and other documents and information made by, or coming into the possession of, Employee during the term of Employee's employment that contain or disclose any Confidential Information of Employer or its affiliates, and any and all proprietary rights of any kind thereto, including without limitation all rights relating to patents, copyrights, trade secrets, and trademarks, shall be and remain the sole and exclusive property of Employer, or its affiliates, as the case may be. Upon termination of Employee's employment, Employee promptly shall deliver the same, and all copies thereof, to Employer.

4.4 If, in the performance of Employee's duties for Employer, it is necessary to temporarily remove documents or information from Employer's premises, Employee will remove only such documents or information as necessary to perform such duties and will immediately return such documents or information to Employer's premises upon completion of such duties and at any time upon request. Employee further agrees not to commingle such documents or information with Employee's personal records and documents. Employee agrees to maintain any back-up copies of documents or information at Employer's premises and not to maintain any back-up copies away from Employer's premises. All documents or information (including computer records, facsimile and e-mail) and materials created, received or transmitted in connection with Employee's work or using Employer facilities are presumptively Employer's property and subject to inspection by Employer at any time. Any computer media (e.g., disks, tapes, external thumb drives, flash drives, external hard drives, DVDs or CDs), personally owned computers of Employee (including the contents of such computer's hard drive) and data storage accounts on which any Employer documents or information has been stored may also be reviewed by Employer to determine if they contain any Confidential Information.

4.5 For purposes of this Article 4, "***affiliates***" shall mean entities in which Employer has a 20% or more direct or indirect equity interest.

ARTICLE 5: POST-EMPLOYMENT COVENANTS

5.1 In consideration of the access to the Confidential Information (as defined in Article 4) provided by Employer, and in consideration of the payment made under Section 3.4(ii) to protect Employer's Confidential Information, and the goodwill, customer base, and contractual relationships of Employer, Employee agrees to the provisions of Sections 5.2, 5.3 and 5.4.

5.2 Employee agrees that, for a period of one (1) year following termination of employment, Employee shall not, anywhere in the world, directly or indirectly, either (a) solicit, encourage, or induce to terminate or reduce its business with Employer, or (b) provide any products and/or services, that compete directly with products and/or services provided, marketed, and/or under development by Employer at any time during the three (3) years preceding the termination of Employee's employment, in both cases, to any person or entity who paid or engaged Employer for products and/or services, or who received the benefit of Employer's products and/or services, or with whom the Employee had any substantial dealings while Employee was employed by Employer, during the three (3) years preceding the Employee's termination of employment with Employer; provided, however, that the foregoing restrictions in Section 5.2(b) apply only to those products and/or services of Employer with respect to which the Employee was directly involved or knowledgeable.

5.3 Employee further agrees that, for a period of one (1) year following the termination of Employee's employment, Employee shall not, anywhere in the world, solicit, directly or indirectly, or cause or permit others to solicit, directly or indirectly, any Former or Current Employee. The term "***solicit***" as used in this Section 5.3 shall have the same meaning provided for such term in Section 3.7 above.

5.4 Employee further agrees that, for a period of one (1) year following the termination of Employee's employment, Employee shall not, anywhere in the world, engage, directly or indirectly, either as proprietor, stockholder, partner, officer, member, employee, consultant, or otherwise, in any business, or in any division or unit of a commercially diverse business enterprise listed in Section 3.8(a) above, except as qualified by Section 3.8(b) above.

5.5 Employee agrees that (a) the covenants contained in Sections 5.2, 5.3 and 5.4 hereof are necessary for the protection of Employer's business, goodwill and Confidential Information, and (b) the compensation and other consideration received by Employee, including access to Confidential Information, are based on the parties' agreement to such covenants. Employee represents and warrants that the time, scope of activity and geographic area restricted by Sections 5.2, 5.3 and 5.4 are reasonable, especially in view of the worldwide scope of the business operations of Employer and the nature of the Confidential Information, that the enforcement of those restrictions contained in Sections 5.2, 5.3 and 5.4 would not be unduly burdensome to or impose any undue hardship on Employee, and that Employee will be able to earn a reasonable living while abiding by such covenants. Employee agrees that the restraints and provisions of Sections 5.2, 5.3 and 5.4 are no greater than necessary, and are as narrowly drafted as reasonably possible, to protect the legitimate interests of Employer, including the Confidential Information of Employer, including without limitation its trade secrets. Employee irrevocably waives all defenses to the strict enforcement of the covenants contained in Sections 5.2, 5.3 and 5.4, and agrees that the breach or violation, or threat thereof, of the obligations and covenants set forth in any of such Sections shall entitle Employer, as a matter of right, to an injunction without the requirement of a bond, restraining any further or continued breach or violation of said obligations and covenants. The parties agree and acknowledge that the nature of Employer's business, including the locations of its projects, vendors, customers, and potential customers, is global in nature. Accordingly, the parties expressly agree that the foregoing restrictions on Employee need to be global in territorial scope to adequately protect Employer's Confidential Information and goodwill, and that such global territorial restriction is reasonable in view of Employer's business, Employee's position and responsibilities with Employer, and Employee's access to the Confidential Information of Employer. If the scope of any restriction contained in Sections 5.2, 5.3 or 5.4 is deemed by a court to be broader than reasonable, which the parties agree should not be the case, then such restriction shall be enforced to the maximum extent permitted by law, and Employee and Employer hereby agree that such scope may be judicially modified accordingly in any proceeding brought to enforce such restriction.

5.6 The provisions of Sections 5.2, 5.3 and 5.4 are, and shall be construed as, independent covenants, and no claimed or actual breach of any contractual or legal duty by Employer shall excuse or terminate Employee's obligations under this Agreement or preclude Employer from obtaining injunctive relief for Employee's violation, or threatened violation, of any of those provisions. The restrictive periods set forth in this Agreement shall not expire, and shall be tolled, during any period in which Employee is in violation of this Agreement.

5.7 Employee agrees that the terms and conditions of this Agreement shall remain confidential as between the parties and she shall not disclose them to any other person. Without limiting the generality of the foregoing, Employee will not respond to or in any way participate in or contribute to any public discussion, notice or other publicity concerning, or in any way relating to, execution of this Agreement or its terms and conditions. Employee further agrees that she shall not make, directly or indirectly, whether in writing, orally or electronically, any negative, derogatory or other comment that could reasonably be expected to be detrimental to the Halliburton Entities, their business or operations or any of their current or former employees, officers or directors. The foregoing notwithstanding, Employee may disclose the terms of this Agreement to her immediate family, attorneys and financial advisors or prospective employers, provided she informs them of this confidentiality provision and they agree to abide by it. Employee consents to Employer showing this Agreement to any third party believed by Employer to be a prospective or actual employer of Employee, and to insisting on Employee's compliance with the terms of this Agreement. Employee acknowledges that this Agreement does not limit her ability to communicate with the Securities and Exchange Commission regarding any possible securities law violations or to receive any award for information provided to that agency.

ARTICLE 6: MISCELLANEOUS:

6.1 Except as otherwise provided in Section 4.5 hereof, for purposes of this Agreement, the terms "***affiliate***" or "***affiliated***" means an entity who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with a Halliburton Entity or in which a Halliburton Entity has a 50% or more equity interest.

6.2 For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when received by or tendered to Employee or Employer, as applicable, by pre-paid courier or by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employer, to Halliburton Company at 3000 North Sam Houston Parkway East, Houston, Texas 77032, to the attention of the General Counsel, or to such other address as Employee shall receive notice thereof.

If to Employee, to her last known personal residence.

6.3 This Agreement shall be governed by and construed and enforced, in all respects in accordance with the law of the State of Texas, without regard to principles of conflicts of law, unless preempted by federal law, in which case federal law shall govern; provided, however, that the Dispute Resolution Plan and the

Federal Arbitration Act shall govern in all respects with regard to the resolution of disputes hereunder. Employee and Employer further agree that any lawsuit, arbitration, or other proceeding arising out of or related in any way to this Agreement or their relationship shall be commenced and maintained only in the federal or state courts or before an arbitrator in Harris County, Texas, and each party waives any current or future objection to such venue and hereby further agrees to submit to the jurisdiction of any duly authorized court or arbitrator in Harris County, Texas with respect to any such proceeding.

6.4 No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

6.5 It is a desire and intent of the parties that the terms, provisions, covenants, and remedies contained in this Agreement shall be enforceable to the fullest extent permitted by law. If any such term, provision, covenant, or remedy of this Agreement or the application thereof to any person, association, or entity or circumstances shall, to any extent, be construed to be invalid or unenforceable in whole or in part, then such term, provision, covenant, or remedy shall be construed in a manner so as to permit its enforceability under the applicable law to the fullest extent permitted by law. In any case, the remaining provisions of this Agreement or the application thereof to any person, association, or entity or circumstances other than those to which they have been held invalid or unenforceable, shall remain in full force and effect.

6.6 It is the mutual intention of the parties to have any dispute concerning this Agreement resolved out of court. Accordingly, the parties agree that any such dispute shall, as the sole and exclusive remedy, be submitted for resolution through the Dispute Resolution Plan; provided, however, that the Employer, on its own behalf and on behalf of any of the Halliburton Entities, shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any breach or the continuation of any breach of the provisions of Articles 3.6 through 3.9, 4 and/or 5 pending initiation or completion of proceedings under the Dispute Resolution Plan. Employee hereby consents that such restraining order or injunction may be granted without the necessity of the Employer posting any bond. The parties agree that the resolution of any such dispute through such plan shall be final and binding. A copy of the Dispute Resolution Plan, as currently in effect, has been made available to Employee and is available on Halworld under "DRP" located at *http://halworld.corp.halliburton.com*. Halliburton Company reserves the right to amend, or discontinue such plan, in accordance with, and subject to, the plan's provisions regarding same. By signing this Agreement, Employee hereby represents and warrants that she has read, understood and agrees to the terms and conditions contained in such Dispute Resolution Plan. **THE PARTIES ACKNOWLEDGE THAT, BY SIGNING THIS AGREEMENT, THEY ARE KNOWINGLY AND VOLUNTARILY WAIVING ANY RIGHT THAT THEY MAY HAVE TO A JURY TRIAL.**

6.7 This Agreement shall be binding upon and inure to the benefit of Employer, to the extent herein provided, Halliburton Entity and any other person, association, or entity which may hereafter acquire or succeed to all or substantially all of the business or assets of Employer by any means whether direct or indirect, by purchase, merger, consolidation, or otherwise. Employee's rights and obligations under this Agreement are personal and such rights, benefits, and obligations of Employee shall not be voluntarily or involuntarily assigned, alienated, or transferred, whether by operation of law or otherwise, without the prior written consent of Employer, other than in the case of death or incompetence of Employee.

6.8 This Agreement replaces and merges any previous agreements, understandings and discussions pertaining to the subject matter covered herein and therein. This Agreement constitutes the entire agreement of the parties with regard to the terms of Employee's employment, termination of employment and severance benefits, and contains all of the covenants, promises, representations, warranties, and agreements between the parties with respect to such matters. Each party to this Agreement acknowledges that no representation, inducement, promise, or agreement, oral or written, has been made by either party with respect to the foregoing matters which is not embodied herein, and that no agreement, statement, or promise relating to the employment of Employee by Employer that is not contained in this Agreement shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby, provided that any such modification must be authorized or approved by the Compensation Committee or its delegate, as appropriate.

6.9 Notwithstanding any provision of the Agreement to the contrary, the following provisions shall apply for purposes of complying with Section 409A of the Internal Revenue Code and applicable Treasury authorities ("***Section 409A***"):

(i) If Employee is a "***specified employee***," as such term is defined in Section 409A, any payments or benefits that are deferred compensation under Section 409A and are payable or provided as a result of Employee's termination of employment shall be payable on the date that is the earlier of (a) the date that is six months and one day after Employee's termination, (b) the date of Employee's death, or (c) the date that otherwise complies with the requirements of Section 409A.

(ii) It is intended that the provisions of this Agreement satisfy the requirements of Section 409A and that the Agreement be operated in a manner consistent with such requirements to the extent applicable. Therefore, the Employer and Employee agree to construe the provisions of the Plan in accordance with the requirements of Section 409A.

[SIGNATURE PAGE FOLLOWS]

Signature Page to Executive Agreement
By and Between Halliburton Company and
Anne Lyn Beaty

IN WITNESS WHEREOF, Employer and Employee have duly executed this Agreement in multiple originals to be effective on the Effective Date.

HALLIBURTON COMPANY

By:	/s/ Lawrence Pope
Name:	Lawrence Pope
Title:	Executive Vice President, Administration & Chief Human Resources Officer

EMPLOYEE

	/s/ Anne Lyn Beaty
Name:	Anne Lyn Beaty

Exhibit 12.1

HALLIBURTON COMPANY
Computation of Ratio of Earnings to Fixed Charges
(Unaudited)
(Millions of dollars, except ratios)

	Three Months Ended March 31, 2017	Year Ended December 31				
		2016	2015	2014	2013	2012
Earnings available for fixed charges:						
Income (loss) from continuing operations before income taxes	$ (57)	$ (7,625)	$ (936)	$ 4,712	$ 2,764	$ 3,822
Add:						
Distributed earnings from equity in unconsolidated affiliates	—	29	11	16	19	4
Fixed charges	288	791	634	554	511	445
Subtotal	231	(6,805)	(291)	5,282	3,294	4,271
Less:						
Equity in earnings of unconsolidated affiliates	5	31	28	15	9	14
Total earnings (loss) available for fixed charges	$ 226	$ (6,836)	$ (319)	$ 5,267	$ 3,285	$ 4,257
Fixed charges:						
Interest expense	$ 265	$ 698	$ 463	$ 396	$ 339	$ 305
Rental expense representative of interest	23	93	171	158	172	140
Total fixed charges	$ 288	$ 791	$ 634	$ 554	$ 511	$ 445
Ratio of earnings to fixed charges	0.8	(a)	(a)	9.5	6.4	9.6

(a) Total earnings (loss) available for fixed charges for the years ended December 31, 2016 and December 31, 2015 were inadequate to cover fixed charges by $7.6 billion and $953 million, respectively. Reported losses during these periods were primarily due to merger-related costs and termination fee of $4.1 billion and impairments and other charges of $3.4 billion for the year ended December 31, 2016, and impairments and other charges of $2.2 billion for the year ended December 31, 2015.

Exhibit 31.1

Section 302 Certification

I, David J. Lesar, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2017 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: April 28, 2017

/s/ David J. Lesar
David J. Lesar
Chief Executive Officer
Halliburton Company

Exhibit 31.2

Section 302 Certification

I, Robb L. Voyles, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2017 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: April 28, 2017

/s/ Robb L. Voyles
Robb L. Voyles
Interim 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 March 31, 2017 of Halliburton Company (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”).

I, David J. Lesar, 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/ David J. Lesar
David J. Lesar
Chief Executive Officer

Date: April 28, 2017

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 March 31, 2017 of Halliburton Company (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report").

I, Robb L. Voyles, Interim 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/ Robb L. Voyles
Robb L. Voyles
Interim Chief Financial Officer

Date: April 28, 2017

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 March 31, 2017:

- 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

Three Months Ended March 31, 2017

(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	2	—	—	—	—	$ 1,010	—	—
BPM Colony Mine/4800889	—	—	—	—	—	—	—	—
BPM Lovell Mill/4801405	—	—	—	—	—	—	—	—
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	2	—	—	—	—	$ 1,010	—	—

(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 April 3, 2017 regardless of whether the assessment has been challenged or appealed, for citations and orders occurring during the quarter ended March 31, 2017.

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 March 31, 2017, 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.