UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023

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

(Exact name of registrant as specified in its charter)

Delaware	75-2677995
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3000 North Sam Houston Parkway East, Houston,	Texas	77032
(Address of principal executive offices)		(Zip Code)

(281) 871-2699
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of October 18, 2023, there were 895,051,742 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 September 30		Nine Months Ended September 30	
Millions of dollars and shares except per share data	2023	2022	2023	2022
Revenue:				
Services	$ 4,131	$ 3,923	$ 12,478	$ 10,682
Product sales	1,673	1,434	4,801	4,033
Total revenue	5,804	5,357	17,279	14,715
Operating costs and expenses:				
Cost of services	3,349	3,251	10,152	9,084
Cost of sales	1,337	1,201	3,900	3,356
General and administrative	58	59	166	178
Impairments and other charges	—	—	—	366
SAP S4 upgrade expense	23	—	36	—
Total operating costs and expenses	4,767	4,511	14,254	12,984
Operating income	1,037	846	3,025	1,731
Interest expense, net of interest income of $26, $31, $93, and $74	(93)	(93)	(264)	(301)
Loss on Blue Chip Swap transactions	—	—	(104)	—
Loss on early extinguishment of debt	—	—	—	(42)
Other, net	(28)	(48)	(129)	(120)
Income before income taxes	916	705	2,528	1,268
Income tax provision	(192)	(156)	(533)	(338)
Net income	$ 724	$ 549	$ 1,995	$ 930
Net income attributable to noncontrolling interest	(8)	(5)	(18)	(14)
Net income attributable to company	$ 716	$ 544	$ 1,977	$ 916
Basic net income per share	$ 0.80	$ 0.60	$ 2.19	$ 1.01
Diluted net income per share	$ 0.79	$ 0.60	$ 2.19	$ 1.01
Basic weighted average common shares outstanding	898	908	901	904
Diluted weighted average common shares outstanding	902	910	904	907

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

Millions of dollars	Three Months Ended September 30 2023	Three Months Ended September 30 2022	Nine Months Ended September 30 2023	Nine Months Ended September 30 2022
Net income	$ 724	$ 549	$ 1,995	$ 930
Other comprehensive income (loss), net of income taxes	1	(2)	3	2
Comprehensive income	$ 725	$ 547	$ 1,998	$ 932
Comprehensive income attributable to noncontrolling interest	(8)	(6)	(18)	(15)
Comprehensive income attributable to company shareholders	$ 717	$ 541	$ 1,980	$ 917

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Balance Sheets
(Unaudited)

Millions of dollars and shares except per share data	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and equivalents	$ 2,036	$ 2,346
Receivables (net of allowances for credit losses of $718 and $731)	5,124	4,627
Inventories	3,336	2,923
Other current assets	1,104	1,056
Total current assets	11,600	10,952
Property, plant, and equipment (net of accumulated depreciation of $11,891 and $11,660)	4,733	4,348
Goodwill	2,850	2,829
Deferred income taxes	2,517	2,636
Operating lease right-of-use assets	1,032	913
Other assets	1,710	1,577
Total assets	$ 24,442	$ 23,255
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 3,238	$ 3,121
Accrued employee compensation and benefits	643	634
Taxes other than income	332	349
Income tax payable	266	294
Current portion of operating lease liabilities	248	224
Other current liabilities	692	723
Total current liabilities	5,419	5,345
Long-term debt	7,783	7,928
Operating lease liabilities	869	791
Employee compensation and benefits	392	408
Other liabilities	790	806
Total liabilities	15,253	15,278
Shareholders' equity:		
Common stock, par value $2.50 per share (authorized 2,000 shares, issued 1,065 and 1,066 shares)	2,663	2,664
Paid-in capital in excess of par value	26	50
Accumulated other comprehensive loss	(227)	(230)
Retained earnings	12,018	10,572
Treasury stock, at cost (170 and 164 shares)	(5,330)	(5,108)
Company shareholders' equity	9,150	7,948
Noncontrolling interest in consolidated subsidiaries	39	29
Total shareholders' equity	9,189	7,977
Total liabilities and shareholders' equity	$ 24,442	$ 23,255

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Statements of Cash Flows
(Unaudited)

Millions of dollars	Nine Months Ended September 30 2023	Nine Months Ended September 30 2022
Cash flows from operating activities:		
Net income	$ 1,995	$ 930
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation, depletion, and amortization	742	704
Impairments and other charges	—	366
Changes in assets and liabilities:		
Receivables	(522)	(1,153)
Inventories	(413)	(561)
Accounts payable	137	807
Other operating activities	109	(14)
Total cash flows provided by operating activities	2,048	1,079
Cash flows from investing activities:		
Capital expenditures	(980)	(661)
Purchases of investment securities	(301)	(10)
Proceeds from sales of property, plant, and equipment	136	157
Sales of investment securities	112	—
Other investing activities	(91)	(64)
Total cash flows used in investing activities	(1,124)	(578)
Cash flows from financing activities:		
Stock repurchase program	(546)	(46)
Dividends to shareholders	(433)	(327)
Payments on long-term borrowings	(150)	(1,242)
Other financing activities	2	160
Total cash flows used in financing activities	(1,127)	(1,455)
Effect of exchange rate changes on cash	(107)	(113)
Decrease in cash and equivalents	(310)	(1,067)
Cash and equivalents at beginning of period	2,346	3,044
Cash and equivalents at end of period	$ 2,036	$ 1,977
Supplemental disclosure of cash flow information:		
Cash payments during the period for:		
Interest	$ 355	$ 384
Income taxes	$ 528	$ 276

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements were prepared using generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Regulation S-X. Accordingly, these financial statements do not include all information or notes required by generally accepted accounting principles for annual financial statements and should be read together with our 2022 Annual Report on Form 10-K.

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

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

Ultimate results could differ from our estimates.

In our opinion, the condensed consolidated financial statements included herein contain all adjustments necessary to present fairly our financial position as of September 30, 2023 and the results of our operations for the three and nine months ended September 30, 2023 and 2022, and our cash flows for the nine months ended September 30, 2023 and 2022. 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 and nine months ended September 30, 2023 may not be indicative of results for the full year.

Note 2. Business Segment 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. Our equity in earnings and losses of unconsolidated affiliates that are accounted for using the equity method of accounting are included within cost of services and cost of sales on our statements of operations, which is part of operating income of the applicable segment.

The following table presents information on our business segments.

		Three Months Ended September 30		Nine Months Ended September 30	
Millions of dollars		2023	2022	2023	2022
Revenue:					
Completion and Production	$	3,487	$ 3,136	$ 10,372	$ 8,400
Drilling and Evaluation		2,317	2,221	6,907	6,315
Total revenue	$	5,804	$ 5,357	$ 17,279	$ 14,715
Operating income:					
Completion and Production	$	746	$ 583	$ 2,119	$ 1,378
Drilling and Evaluation		378	325	1,123	905
Total operations		1,124	908	3,242	2,283
Corporate and other (a)		(64)	(62)	(181)	(186)
SAP S4 upgrade expense		(23)	—	(36)	—
Impairments and other charges (b)		—	—	—	(366)
Total operating income	$	1,037	$ 846	$ 3,025	$ 1,731
Interest expense, net of interest income		(93)	(93)	(264)	(301)
Loss on Blue Chip Swap transactions (c)		—	—	(104)	—
Loss on early extinguishment of debt		—	—	—	(42)
Other, net		(28)	(48)	(129)	(120)
Income before income taxes	$	916	$ 705	$ 2,528	$ 1,268

(a) Includes certain expenses not attributable to a business segment, such as costs related to support functions, corporate executives, and operating lease assets, and also includes amortization expense associated with intangible assets recorded as a result of acquisitions.

(b) For the nine months ended September 30, 2022, the amount includes a $136 million charge attributable to Completions and Production, a $195 million charge attributable to Drilling and Evaluation, and a $35 million charge attributable to Corporate and other.

(c) The Central Bank of Argentina maintains currency controls that limit our ability to access U.S. dollars in Argentina and remit cash from our Argentine operations. Our execution of certain trades, known as Blue Chip Swaps, which effectively results in a parallel U.S. dollar exchange rate, resulted in a $104 million pre-tax loss during the nine months ended September 30, 2023.

Note 3. Revenue

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

Disaggregation of revenue

We disaggregate revenue from contracts with customers into types of services or products, consistent with our two reportable segments, in addition to geographical area. Based on the location of services provided and products sold, 45% of our consolidated revenue was from the United States for both the nine months ended September 30, 2023 and 2022. No other country accounted for more than 10% of our revenue.

The following table presents information on our disaggregated revenue.

	Three Months Ended September 30		Nine Months Ended September 30	
Millions of dollars	2023	2022	2023	2022
Revenue by segment:				
Completion and Production	$ 3,487	$ 3,136	$ 10,372	$ 8,400
Drilling and Evaluation	2,317	2,221	6,907	6,315
Total revenue	$ 5,804	$ 5,357	$ 17,279	$ 14,715
Revenue by geographic region:				
North America	$ 2,608	$ 2,635	$ 8,069	$ 6,986
Latin America	1,048	841	2,957	2,252
Europe/Africa/CIS	734	639	2,094	2,034
Middle East/Asia	1,414	1,242	4,159	3,443
Total revenue	$ 5,804	$ 5,357	$ 17,279	$ 14,715

Contract balances

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

Transaction price allocated to remaining performance obligations

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

Receivables

As of September 30, 2023, 34% of our net trade receivables were from customers in the United States and 12% were from customers in Mexico. As of December 31, 2022, 38% of our net trade receivables were from customers in the United States and 11% were from customers in Mexico. Receivables from our primary customer in Mexico accounted for approximately 10% and 9% of our total receivables as of September 30, 2023 and December 31, 2022, respectively. While we have experienced payment delays from our primary customer in Mexico, the amounts are not in dispute and we have not historically had, and we do not expect, any material write-offs due to collectability of receivables from this customer. No other country or single customer accounted for more than 10% of our net trade receivables at those dates.

We have risk of delayed customer payments and payment defaults associated with customer liquidity issues. We routinely monitor the financial stability of our customers and employ an extensive process to evaluate the collectability of outstanding receivables. This process, which involves a high degree of judgment utilizing significant assumptions, includes analysis of our customers' historical time to pay, financial condition and various financial metrics, debt structure, credit ratings, and production profile, as well as political and economic factors in countries of operations and other customer-specific factors.

Note 4. Inventories

Inventories consisted of the following:

Millions of dollars		September 30, 2023		December 31, 2022
Finished products and parts	$	2,100	$	1,859
Raw materials and supplies		1,099		953
Work in process		137		111
Total inventories	$	3,336	$	2,923

Note 5. Accounts Payable

Effective January 1, 2023, we adopted new supplier finance program disclosure requirements contained in guidance issued by the Financial Accounting Standards Board (ASU 2022-04, "Disclosure of Supplier Finance Program Obligations"), other than the roll-forward disclosure, which we will adopt at the beginning of 2024.

We have agreements with third parties that allow our participating suppliers to finance payment obligations from us with designated third-party financial institutions who act as our paying agent. We have generally extended our payment terms with suppliers to 90 days. A participating supplier may request a participating financial institution to finance one or more of our payment obligations to such supplier prior to the scheduled due date thereof at a discounted price. We are not required to provide collateral to the financial institutions.

Our obligations to participating suppliers, including amounts due and scheduled payment dates, are not impacted by the suppliers' decisions to finance amounts due under these financing arrangements. Our outstanding payment obligations under these agreements were $320 million as of September 30, 2023, and $273 million as of December 31, 2022, and are included in accounts payable on the condensed consolidated balance sheets.

Note 6. Income Taxes

During the three months ended September 30, 2023, we recorded a total income tax provision of $192 million on a pre-tax income of $916 million, resulting in an effective tax rate of 21.0% for the quarter. During the three months ended September 30, 2022, we recorded a total income tax provision of $156 million on a pre-tax income of $705 million, resulting in an effective tax rate of 22.2% for the quarter.

During the nine months ended September 30, 2023, we recorded a total income tax provision of $533 million on a pre-tax income of $2.5 billion, resulting in an effective tax rate of 21.1% for the period. During the nine months ended September 30, 2022, we recorded a total income tax provision of $338 million on a pre-tax income of $1.3 billion, resulting in an effective tax rate of 26.6% for the period. The effective tax rate for the nine months ended September 30, 2023 was lower than the nine months ended September 30, 2022 primarily due to the impact on our effective tax rate for the first nine months of 2022 of the decision to sell our Russian operations and a corresponding increase in the valuation allowance on foreign tax credits.

Internal Revenue Service Notice of Proposed Adjustment

Our tax returns are subject to review by the taxing authorities in the jurisdictions where we file tax returns. In most cases we are no longer subject to examination by tax authorities for years before 2010. The only significant operating jurisdiction that has tax filings under review or subject to examination by the tax authorities is the United States. The United States federal income tax filings for tax years 2016 through 2021 are currently under review or remain open for review by the U.S. Internal Revenue Service. As of September 30, 2023, the primary unresolved issue for the IRS audit relates to the classification of the $3.5 billion ordinary deduction that we claimed for the termination fee we paid to Baker Hughes in the second quarter of 2016 for which the Company has received a Notice of Proposed Adjustment from the IRS on September 28, 2023. We regularly assess the likelihood of adverse outcomes resulting from tax examinations to determine the adequacy of our tax reserves, and we believe our income tax reserves are appropriately provided for all open tax years. We do not expect a final resolution of this issue in the next 12 months. Based on the information currently available, we do not anticipate a significant increase or decrease to our tax contingencies for this issue within the next 12 months.

Note 7. Shareholders' Equity

The following tables summarize our shareholders' equity activity for the three and nine months ended September 30, 2023 and September 30, 2022, respectively:

Millions of dollars	Common Stock	Paid-in Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Consolidated Subsidiaries	Total
Balance at December 31, 2022	$ 2,664	$ 50	$ (5,108)	$ 10,572	$ (230)	$ 29	$ 7,977
Comprehensive income (loss):							
Net income	—	—	—	651	—	4	655
Other comprehensive income	—	—	—	—	1	—	1
Cash dividends ($0.16 per share)	—	—	—	(145)	—	—	(145)
Stock repurchase program	—	—	(100)	—	—	—	(100)
Stock plans (a)	—	(50)	113	(3)	—	—	60
Other	—	—	—	—	—	(3)	(3)
Balance at March 31, 2023	$ 2,664	$ —	$ (5,095)	$ 11,075	$ (229)	$ 30	$ 8,445
Comprehensive income (loss):							
Net income	—	—	—	610	—	6	616
Other comprehensive income	—	—	—	—	1	—	1
Cash dividends ($0.16 per share)	—	—	—	(144)	—	—	(144)
Stock repurchase program	—	—	(250)	—	—	—	(250)
Stock plans (a)	(1)	—	144	(82)	—	—	61
Other	—	—	—	—	—	(2)	(2)
Balance at June 30, 2023	$ 2,663	$ —	$ (5,201)	$ 11,459	$ (228)	$ 34	$ 8,727
Comprehensive income (loss):							
Net income	—	—	—	716	—	8	724
Other comprehensive income	—	—	—	—	1	—	1
Cash dividends ($0.16 per share)	—	—	—	(144)	—	—	(144)
Stock repurchase program	—	—	(200)	—	—	—	(200)
Stock plans (a)	—	26	71	(13)	—	—	84
Other	—	—	—	—	—	(3)	(3)
Balance at September 30, 2023	$ 2,663	$ 26	$ (5,330)	$ 12,018	$ (227)	$ 39	$ 9,189

(a) In the first, second, and third quarters of 2023, we issued common stock from treasury shares for stock options exercised, restricted stock grants, and purchases under our employee stock purchase plan. As a result, additional paid in capital was reduced to zero as of the end of each period, which resulted in a reduction of retained earnings by $3 million, $82 million, and $13 million respectively. Future issuances from treasury shares could similarly impact additional paid in capital and retained earnings.

Millions of dollars	Common Stock	Paid-in Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Consolidated Subsidiaries	Total
Balance at December 31, 2021	$ 2,665	$ 32	$ (5,511)	$ 9,710	$ (183)	$ 15	$ 6,728
Comprehensive income (loss):							
Net income	—	—	—	263	—	1	264
Other comprehensive income	—	—	—	—	5	—	5
Cash dividends ($0.12 per share)	—	—	—	(108)	—	—	(108)
Stock plans (a)	—	(32)	261	(85)	—	—	144
Balance at March 31, 2022	$ 2,665	$ —	$ (5,250)	$ 9,780	$ (178)	$ 16	$ 7,033
Comprehensive income (loss):							
Net income	—	—	—	109	—	8	117
Other comprehensive loss	—	—	—	—	(1)	—	(1)
Cash dividends ($0.12 per share)	—	—	—	(109)	—	—	(109)
Stock plans (a)	—	—	277	(163)	—	—	114
Other	—	—	—	—	—	(6)	(6)
Balance at June 30, 2022	$ 2,665	$ —	$ (4,973)	$ 9,617	$ (179)	$ 18	$ 7,148
Comprehensive income (loss):							
Net income	—	—	—	544	—	5	549
Other comprehensive loss	—	—	—	—	(2)	—	(2)
Cash dividends ($0.12 per share)	—	—	—	(110)	—	—	(110)
Stock plans (a)	(1)	32	55	(27)	—	—	59
Other	—	—	—	—	—	1	1
Balance at September 30, 2022	$ 2,664	$ 32	$ (4,918)	$ 10,024	$ (181)	$ 24	$ 7,645

(a) In the first, second, and third quarters of 2022, we issued common stock from treasury shares for stock options exercised, restricted stock grants and purchases under our employee stock purchase plan. As a result, additional paid in capital was reduced to zero as of the end of each period, which resulted in a reduction of retained earnings by $85 million, $163 million, and $27 million respectively. Future issuances from treasury shares could similarly impact additional paid in capital and retained earnings.

Our Board of Directors has authorized a program to repurchase our common stock from time to time. We purchased 5.1 million shares of our common stock under the program during the three months ended September 30, 2023 for approximately $200 million. Approximately $4.3 billion remained authorized for repurchases as of September 30, 2023. From the inception of this program in February of 2006 through September 30, 2023, we repurchased approximately 247 million shares of our common stock for a total cost of approximately $9.8 billion.

Accumulated other comprehensive loss consisted of the following:

Millions of dollars	September 30, 2023	December 31, 2022
Cumulative translation adjustments	$ (83)	$ (84)
Defined benefit and other postretirement liability adjustments	(102)	(101)
Other	(42)	(45)
Total accumulated other comprehensive loss	$ (227)	$ (230)

Note 8. Commitments and Contingencies

The Company is subject to various legal or governmental proceedings, claims or investigations, including personal injury, property damage, environmental, intellectual property, commercial, tax, and other matters arising in the ordinary course of business, the resolution of which, in the opinion of management, will not have a material adverse effect on our consolidated results of operations or consolidated financial position. There is inherent risk in any legal or governmental proceeding, claim or investigation, and no assurance can be given as to the outcome of these proceedings.

Guarantee arrangements

In the normal course of business, we have in place agreements with financial institutions under which approximately $2.4 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of September 30, 2023. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization. None of these off-balance sheet arrangements either has, or is likely to have, a material effect on our condensed consolidated financial statements.

Note 9. Income per Share

Basic income 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 securities represent potentially dilutive securities which are excluded from the computation of diluted income or loss per share as their impact was antidilutive.

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

	Three Months Ended September 30		Nine Months Ended September 30	
Millions of shares	2023	2022	2023	2022
Basic weighted average common shares outstanding	898	908	901	904
Dilutive effect of awards granted under our stock incentive plans	4	2	3	3
Diluted weighted average common shares outstanding	902	910	904	907
Antidilutive shares:				
Options with exercise price greater than the average market price	11	15	13	15
Total antidilutive shares	11	15	13	15

Note 10. Fair Value of Financial Instruments

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

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

	September 30, 2023				December 31, 2022			
Millions of dollars	Level 1	Level 2	Total fair value	Carrying value	Level 1	Level 2	Total fair value	Carrying value
Total debt	$ 6,760	$ 386	$ 7,146	$ 7,783	$ 6,539	$ 917	$ 7,456	$ 7,928

In the first nine months of 2023, the fair value of our debt decreased as a result of $150 million in debt repurchases, as discussed in Note 11. Debt and higher debt yields, primarily driven by an increase in U.S. Treasury rates.

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

Note 11. Debt

In August of 2023, we repurchased $150 million aggregate principal amount of various maturities of our outstanding debt, including: $15 million of our 3.8% senior notes due November 2025, $14 million of our 6.75% notes due February 2027, $21 million of our 6.7% senior notes due September 2038, $32 million of our 7.45% senior notes due September 2039, $60 million of our 5.0% senior notes due November 2045, and $8 million of our 7.6% senior debentures due August 2096. We used cash on hand to fund these repurchases, which included the principal amount, a net premium and accrued interest. The remaining principal balance ($4.5 billion in the aggregate) of each of these debt instruments remains outstanding.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the condensed consolidated financial statements included in "Item 1. Financial Statements" contained herein.

EXECUTIVE OVERVIEW

Organization

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

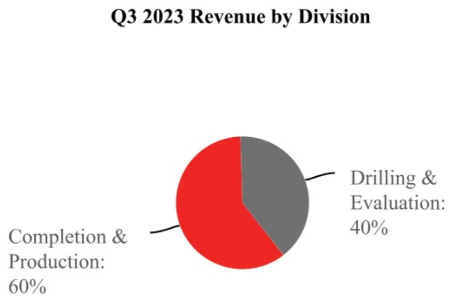
- Completion and Production delivers cementing, stimulation, intervention, pressure control, artificial lift, specialty chemicals, and completion products and services. The segment consists of Production Enhancement, Cementing, Completion Tools, Production Solutions, Artificial Lift, Multi-Chem, and Pipeline and Process Services.
- Drilling and Evaluation provides field and reservoir modeling, drilling, fluids, 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 Project Management.

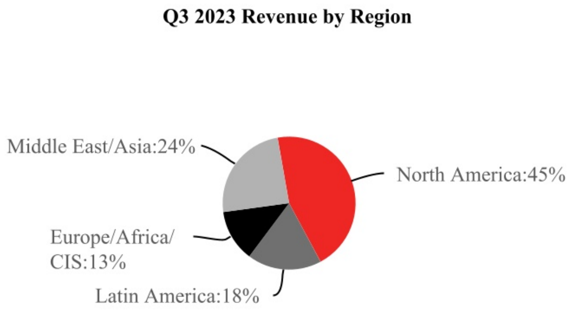
The business operations of our segments are organized around four primary geographic regions: North America, Latin America, Europe/Africa/CIS, and Middle East/Asia. We have manufacturing operations in various locations, the most significant of which are in the United States, Malaysia, Singapore, and the United Kingdom. With approximately 48,000 employees, we operate in more than 70 countries around the world, and our corporate headquarters is in Houston, Texas.

Our value proposition is to collaborate and engineer solutions to maximize asset value for our customers. We work to achieve strong cash flows and returns for our shareholders by delivering technology and services that improve efficiency, increase recovery, and maximize production for our customers. Our strategic priorities are to:

- *International*: Allocate our capital to the highest return opportunities and increase our international growth in both onshore and offshore markets.
- *North America*: Drive better pricing, increased efficiency, and higher margin through utilization of our automated and intelligent fracturing technologies and increased market penetration of our premium low-emissions electronic fracturing equipment.
- *Digital*: Continue to drive differentiation and efficiencies through the deployment and integration of digital and automation technologies, both internally and for our customers.
- *Capital efficiency*: Maintain our capital expenditures in the range of 5-6% of revenue while focusing on technological advancements and process changes that reduce our manufacturing and maintenance costs and improve how we move equipment and respond to market opportunities.
- *Sustainability and energy mix transition*: Continue to:
  - Leverage the increasing number of participants in and scope of Halliburton Labs to gain insight into developing value chains in the energy mix transition;
  - Develop and deploy solutions to help oil and gas operators lower their emissions while also using our existing technologies in renewable energy applications;
  - Develop technologies and solutions to lower our own emissions; and
  - Grow our participation in the entire life cycle of carbon capture and storage, hydrogen, and geothermal projects globally.

The following charts depict the revenue split between our two operating segments and our four primary geographic regions for the quarter ended September 30, 2023.





Market conditions

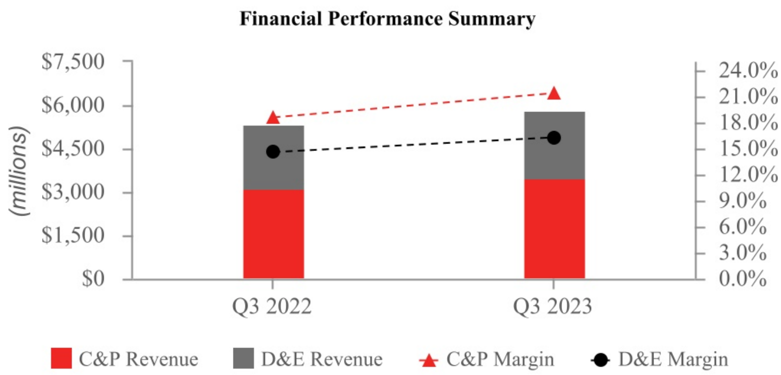
Commodity price volatility continued during the third quarter of 2023 driven by inflationary pressures, changes to OPEC+ production levels, supply chain shortages, demand uncertainty, recessionary fears, and geopolitical conflicts. On June 4, 2023, Saudi Arabia announced it would reduce July production by 1 million barrels per day and subsequently announced the reduction would extend through the end of 2023.

During the third quarter of 2023, the West Texas Intermediate (WTI) crude oil price averaged approximately $82 per barrel and the Brent crude oil price averaged approximately $87 per barrel. Both of these prices were more than 10% above the average price per barrel during the second quarter of 2023 but remained well below the average price per barrel of $93 and $101 respectively, as compared to the third quarter of 2022. The average Henry Hub natural gas price during the third quarter of 2023 was $2.59 per million BTU, which is also an increase from the average price during the second quarter of 2023, but well below the average price of $7.99 during the third quarter of 2022. While U.S. land rig counts generally increased throughout 2022, they have generally decreased throughout 2023. Pricing and U.S. land rig counts continued to contribute to softness in the market for energy services generally in North America and particularly in gas basins during the third quarter of 2023. The United States Energy Information Administration (EIA)'s October 2023 forecast has Brent crude oil spot price averaging $93 per barrel for the fourth quarter of 2023, a $13 per barrel increase over the price they forecast last quarter.

Globally, we continue to be impacted by increased supply chain lead times for the supply of select raw materials. We monitor market trends and work to mitigate cost impacts through economies of scale in global procurement, technology modifications, and efficient sourcing practices. Also, while we have been impacted by inflationary cost increases, primarily related to chemicals, cement, and logistics costs, we generally try to pass much of those increases on to our customers and we believe we have effective solutions to minimize the operational impact.

Financial results

The following graph illustrates our revenue and operating margins for each operating segment for the third quarter of 2022 and 2023.



During the third quarter of 2023, we generated total company revenue of $5.8 billion, an 8% increase as compared to the third quarter of 2022. We recorded operating income of $1.0 billion during the third quarter of 2023 compared to operating income of $846 million during the third quarter of 2022. Our Completion and Production segment revenue increased 11% in the third quarter of 2023 as compared to the third quarter of 2022, primarily due to improved stimulation activity internationally, higher completion tool sales globally, and increased cementing activity in the Eastern Hemisphere. Our Drilling and Evaluation segment revenue increased 4% in the third quarter of 2023 as compared to the third quarter of 2022, driven primarily by improvements in fluids and wireline activity globally and higher drilling services internationally.

In North America, revenue remained flat in the third quarter of 2023, as compared to the third quarter of 2022, driven by a decline in pressure pumping services in North America land partially offset by increased activity across multiple product service lines in the U.S. Gulf of Mexico, and higher wireline activity in North America land. The North America average rig count decreased 13% in the third quarter of 2023 as compared to the third quarter of 2022.

Internationally, revenue increased 17% in the third quarter of 2023, as compared to the third quarter of 2022, largely driven by improved stimulation activity, higher completion tool sales and increased fluids activity across all regions. Also improving were testing services and wireline activity across the regions and cementing activity in the Eastern Hemisphere. These improvements were partially offset by lower project management activity across all regions. The international average rig count increased 11% in the third quarter of 2023 as compared to the third quarter of 2022.

Sustainability and Energy Advancement

We continue to pursue our strategic initiatives around advancing cleaner, affordable energy, and supporting sustainable energy advancements using innovation and technology to decarbonize both our and our customers' operations. This includes the continued development and deployment of solutions designed to help oil and gas operators lower their environmental impact while also using our existing technologies in sustainable energy applications.

Halliburton Labs, our clean energy accelerator, continues to provide us insight into developing value chains in the energy mix transition and opportunities to assist early stage companies to enable them to achieve scaling milestones. Halliburton Labs had 25 participants and alumni as of the end of the third quarter of 2023.

Our operating performance and liquidity are described in more detail in "Liquidity and Capital Resources" and “Business Environment and Results of Operations.”

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2023, we had $2.0 billion of cash and equivalents, compared to $2.3 billion of cash and equivalents at December 31, 2022.

Significant sources and uses of cash during the first nine months of 2023

Sources of cash:

- Cash flows from operating activities were $2.0 billion. This included a negative impact from the primary components of our working capital (receivables, inventories, and accounts payable) of a net $798 million, primarily associated with increased receivables and inventory.

Uses of cash:

- Capital expenditures were $980 million.
- We paid $546 million for the repurchase of 16.1 million shares of our common stock.
- We paid $433 million of dividends to our shareholders.
- In August of 2023, we repurchased $150 million aggregate principal amount of various series of our outstanding debt.

Future sources and uses of cash

We manufacture most of our own equipment, which provides us with some flexibility to increase or decrease our capital expenditures based on market conditions. We currently expect capital spending for 2023 to be within our target of approximately 5-6% of revenue. We believe this level of spend will allow us to invest in our key strategic areas. However, we will continue to maintain capital discipline and monitor the rapidly changing market dynamics, and we may adjust our capital spend accordingly.

While we maintain focus on liquidity and debt reduction, we are also focused on providing cash returns to our shareholders. Our quarterly dividend rate is $0.16 per common share, or approximately $144 million. In January of 2023, our Board of Directors approved a capital return framework with a goal of returning at least 50% of our annual free cash flow to shareholders through dividends and share repurchases and we expect our returns to shareholders will be in line with our capital return framework for 2023.

We may utilize share repurchases as part of our capital return framework. Our Board of Directors has authorized a program to repurchase our common stock from time to time. We repurchased 5.1 million shares of common stock during the third quarter of 2023 under this program. Approximately $4.3 billion remained authorized for repurchases as of September 30, 2023 and may be used for open market and other share purchases.

During the second quarter of 2023, we began our migration to SAP S4 and expect to complete by the end of 2025. The total project investment is estimated to cost approximately $250 million and we have spent $36 million to date. We believe the new system will provide important efficiency benefits, cost savings, enhanced visibility to our operations, and advanced analytics that will benefit us and our customers.

Other factors affecting liquidity

Financial position in current market. As of September 30, 2023, we had $2.0 billion of cash and equivalents and $3.5 billion of available committed bank credit under a revolving credit facility with an expiration date of April 27, 2027. We believe we have a manageable debt maturity profile, with approximately $475 million coming due beginning in 2025 through 2027. Furthermore, we have no financial covenants or material adverse change provisions in our bank agreements, and our debt maturities extend over a long period of time. We believe our cash on hand, cash flows generated from operations, and our available credit facility will provide sufficient liquidity to address the challenges and opportunities of the current market and our global cash needs, including capital expenditures, working capital investments, shareholder returns, if any, and contingent liabilities.

Guarantee agreements. In the normal course of business, we have agreements with financial institutions under which approximately $2.4 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of September 30, 2023. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization; however, none of these triggering events have occurred. As of September 30, 2023, we had no material off-balance sheet liabilities and were not required to make any material cash distributions to our unconsolidated subsidiaries.

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. In July our long-term debt rating with Moody’s Investors Service (Moody's) was upgraded to A3 from Baa1 and the short-term debt rating remained P-2, with a stable outlook.

Customer receivables. In line with industry practice, we bill our customers for our services in arrears and are, therefore, subject to our customers delaying or failing to pay our invoices. In weak economic environments, we may experience increased delays and failures to pay our invoices due to, among other reasons, a reduction in our customers’ cash flow from operations and their access to the credit markets, as well as unsettled political conditions.

Receivables from our primary customer in Mexico accounted for approximately 10% of our total receivables as of September 30, 2023. While we have experienced payment delays from our primary customer in Mexico, the amounts are not in dispute and we have not historically had, and we do not expect, any material write-offs due to collectability of receivables from this customer.

BUSINESS ENVIRONMENT AND RESULTS OF OPERATIONS

We operate in more than 70 countries throughout the world to provide a comprehensive range of services and products to the energy industry. Our revenue is generated 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. Based upon the location of the services provided and products sold, 45% of our consolidated revenue was from the United States for both the nine months ended September 30, 2023 and 2022. No other country accounted for more than 10% of our revenue.

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

Some of the more significant determinants of current and future spending levels of our customers are oil and natural gas prices and our customers' expectations about future prices, global oil supply and demand, completions intensity, the world economy, the availability of capital, government regulation, and global stability, which together drive worldwide drilling and completions activity. Additionally, during 2023, we generally expect that many of our customers in North America will continue their strategy of operating within their cash flows and generating returns rather than prioritizing production growth. Lower oil and natural gas prices usually translate into lower exploration and production budgets and lower rig count, while the opposite is usually true for higher oil and natural gas prices. Our financial performance is therefore significantly affected by oil and natural gas prices and worldwide rig activity, which are summarized in the tables below.

The table below shows the average prices for WTI crude oil, United Kingdom Brent crude oil, and Henry Hub natural gas.

	Three Months Ended September 30		Year Ended December 31
	2023	2022	2022
Oil price - WTI (1)	$ 82.30	$ 93.18	$ 96.04
Oil price - Brent (1)	86.66	100.71	100.78
Natural gas price - Henry Hub (2)	2.59	7.99	6.45

(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 rig count data were as follows:

	Three Months Ended September 30		Nine Months Ended September 30		Year Ende December
	2023	2022	2023	2022	2022
U.S. Land	630	744	691	690	
U.S. Offshore	19	17	18	16	
Canada	188	199	175	171	
North America	837	960	884	877	
International	951	857	942	832	
Worldwide total	1,788	1,817	1,826	1,709	[illegible]

Business outlook

According to the EIA October 2023 "Short Term Energy Outlook", the Brent spot price is expected to average $93 per barrel for the fourth quarter of 2023, a 5% increase when compared to the Q4 2022 price of $88 per barrel. According to EIA, the WTI prices are expected to average $88 per barrel in the fourth quarter of 2023, a 6% increase when compared to the Q4 2022 price of $83 per barrel. The EIA's full year 2024 average projection for Brent and WTI oil prices is $88 per barrel and $83 per barrel, respectively, resulting in a 4% increase in each price, when compared to the full year 2023.

The EIA October 2023 “Short Term Energy Outlook” projects Henry Hub natural gas prices to average $2.95 per MMBtu during the fourth quarter of 2023, a 47% decrease when compared to the Q4 2022 price of $5.55 per MMBtu. The EIA's full year 2024 average projection for Henry Hub natural gas prices is $3.24 per MMBtu resulting in a 26% increase when compared to the full year 2023 price of $2.58 per MMBtu.

Per OPEC's 2023 World Oil Outlook 2045 report, oil demand for 2024 is projected to grow by 2.2 million barrels per day. The EIA expected crude oil production for 2024 is 13.16 million barrels per day, a 3% increase when compared to 2023.

We continue to expect that oil and gas demand will grow over the next several years, despite the actions taken by central banks in an attempt to control inflation by increasing interest rates and the resulting concern about a potential economic slowdown. We believe the demand will be driven by economic expansion, energy security concerns, and population growth. Oil and gas continues to demonstrate its critical role in the global economy and meeting long term demand requires sustained capital investment. We believe many years of increased investment in existing and new sources of production is the only solution to increase supply and that production will be needed from conventional and unconventional, deep-water and shallow-water, and short and long-cycle projects.

We expect that upstream investment around development activity will remain strong in 2024 and for the foreseeable future, and that demand for our products and services will grow accordingly. We expect lower North America Land activity for the fourth quarter of 2023 due to seasonality and the holidays and we expect that our international results will deliver high teens year-on-year growth.

RESULTS OF OPERATIONS IN 2023 COMPARED TO 2022

Three Months Ended September 30, 2023 Compared with Three Months Ended September 30, 2022

Millions of dollars	Three Months Ended September 30 2023	2022	Favorable (Unfavorable)	Percentage Change
Revenue:				
By operating segment:				
Completion and Production	$ 3,487	$ 3,136	$ 351	11 %
Drilling and Evaluation	2,317	2,221	96	4
Total revenue	$ 5,804	$ 5,357	$ 447	8 %
By geographic region:				
North America	$ 2,608	$ 2,635	$ (27)	(1)%
Latin America	1,048	841	207	25
Europe/Africa/CIS	734	639	95	15
Middle East/Asia	1,414	1,242	172	14
Total revenue	$ 5,804	$ 5,357	$ 447	8 %
Operating income:				
By operating segment:				
Completion and Production	$ 746	$ 583	$ 163	28 %
Drilling and Evaluation	378	325	53	16
Total operations	1,124	908	216	24
Corporate and other	(64)	(62)	(2)	(3)%
SAP S4 upgrade expense	(23)	—	(23)	n/m
Total operating income	$ 1,037	$ 846	$ 191	23 %

n/m = not meaningful

Operating Segments

Completion and Production

Completion and Production revenue in the third quarter of 2023 was $3.5 billion, an increase of $351 million, or 11%, when compared to the third quarter of 2022. Operating income in the third quarter of 2023 was $746 million, an increase of $163 million, or 28%, when compared to the third quarter of 2022. These results were driven by increased stimulation activity internationally, higher completion tool sales globally, and improved cementing activity in the Eastern Hemisphere. Improved pricing and higher efficiencies were offset by lower stimulation activity in North America land.

Drilling and Evaluation

Drilling and Evaluation revenue in the third quarter of 2023 was $2.3 billion, an increase of $96 million, or 4%, when compared to the third quarter of 2022. Operating income in the third quarter of 2023 was $378 million, an increase of $53 million, or 16%, when compared to the third quarter of 2022. These results were driven by improvements in fluids and wireline activity globally and higher drilling services internationally. These improvements were partially offset by lower project management activity in Saudi Arabia.

Geographic Regions

North America

North America revenue in the third quarter of 2023 was $2.6 billion, or relatively flat compared to the third quarter of 2022. Improvements across multiple product service lines in the U.S. Gulf of Mexico, and higher wireline activity in North America land, were offset by lower pressure pumping services and drilling-related activity in North America land.

Latin America

Latin America revenue in the third quarter of 2023 was $1.0 billion, a 25% increase compared to the third quarter of 2022, due to increased completion tool sales and higher well construction activity in Brazil, higher pressure pumping services and increased fluids activity in Argentina, and improved activity across multiple product service lines in Mexico and Colombia. Partially offsetting these improvements were lower well construction services and decreased project management in Suriname.

Europe/Africa/CIS

Europe/Africa/CIS revenue in the third quarter of 2023 was $734 million, a 15% increase compared to the third quarter of 2022. This increase was primarily driven by improved activity across multiple product service lines in Africa, higher well construction activity in Norway, and with increased completion tool sales, higher software sales, and improved cementing activity in Europe and Nigeria. These increases were partially offset by lower fluids and testing activity in Europe and decreased wireline and well intervention services in Norway.

Middle East/Asia

Middle East/Asia revenue in the third quarter of 2023 was $1.4 billion, a 14% increase compared to the third quarter of 2022, resulting from increased wireline activity, higher completion tool sales, and improved testing and drilling-related services in Saudi Arabia, along with increased well construction services in the United Arab Emirates, and higher cementing and fluids activity in Indonesia. Partially offsetting these improvements was lower project management activity in Saudi Arabia.

Other Operating Items

SAP S4 Upgrade Expense. As previously mentioned, in the second quarter of 2023 we began our migration to SAP S4, which we expect to complete by the end of 2025. During the third quarter of 2023, we recognized $23 million of expense on our SAP S4 migration.

Nonoperating Items

Effective tax rate. During the three months ended September 30, 2023, we recorded a total income tax provision of $192 million on a pre-tax income of $916 million, resulting in an effective tax rate of 21.0% for the quarter. During the three months ended September 30, 2022, we recorded a total income tax provision of $156 million on a pre-tax income of $705 million, resulting in an effective tax rate of 22.2% for the quarter.

Internal Revenue Service Notice of Proposed Adjustment. We are subject to taxes in the United States and in numerous jurisdictions where we operate or where our subsidiaries are organized. Our tax returns are routinely subject to examination by the taxing authorities in the jurisdictions where we file tax returns. In most cases we are no longer subject to examination by tax authorities for years before 2010. The only significant operating jurisdiction that has tax filings under review or subject to examination by the tax authorities is the United States. Our United States federal income tax filings for tax years 2016 through 2021, including carry back of 2016 net operating losses to 2014, are currently under review or remain open for review by the Internal Revenue Service (the IRS).

On September 28, 2023, we received a Notice of Proposed Adjustment (NOPA) from the IRS covering our 2016 US tax return. The NOPA proposed an adjustment to reclassify approximately 95% of the $3.5 billion termination fee paid to Baker Hughes in 2016 from an ordinary expense deduction to a capital loss. The termination fee was paid to Baker Hughes under the merger agreement after antitrust regulators in multiple jurisdictions failed to approve our proposed merger. It is common commercial practice to include a termination fee in a merger agreement to compensate the target for damages incurred when the acquisition does not go forward. The IRS's long-understood position at the time of the payment had been to treat such payments as an ordinary and necessary business expense. We strongly disagree with the proposed adjustment on both a factual and legal basis, and we plan to vigorously contest it.

We expect that resolving this dispute will take substantial time. Before year-end 2023, we plan to initiate the IRS administrative appeals process, which may take more than 12 months to complete. Failing a resolution through that process, the matter would ultimately be resolved by the United States federal courts.

We regularly assess the likelihood of adverse outcomes resulting from tax examinations to determine the adequacy of our tax reserves, and we believe our income tax reserves are appropriately provided for all open tax years. We cannot assure you that the matter will be determined in our favor or against us, and if the matter is ultimately determined unfavorably to us, it could have a material adverse impact on our results of operations and cash flows. Based on tax attributes currently available, we estimate that, should the IRS's position prevail through its appellate process and subsequent litigation, the proposed adjustment could result in cash taxes due of approximately $650 million (plus interest thereon in the case of amounts due for previous tax years). Our estimates are calculated under current tax law and on the bases of our assumptions regarding taxable income and loss and other tax attributes over the relevant period, which law could change and which assumptions could and likely will differ materially from actual results. In any event, no payment of any additional tax is currently required, nor do we anticipate that the proposed adjustment would materially and adversely impact our ability to meet our expected uses of cash, including future capital expenditures, working capital investments, and scheduled debt repayments, or our ability to return cash to shareholders, even if a final determination of the matter is reached that is adverse to us.

Nine Months Ended September 30, 2023 Compared with Nine Months Ended September 30, 2022

	Nine Months Ended September 30		Favorable	Percentage
Millions of dollars	2023	2022	(Unfavorable)	Change
Revenue:				
By operating segment:				
Completion and Production	$ 10,372	$ 8,400	$ 1,972	23 %
Drilling and Evaluation	6,907	6,315	592	9
Total revenue	$ 17,279	$ 14,715	$ 2,564	17 %
By geographic region:				
North America	$ 8,069	$ 6,986	$ 1,083	16 %
Latin America	2,957	2,252	705	31
Europe/Africa/CIS	2,094	2,034	60	3
Middle East/Asia	4,159	3,443	716	21
Total revenue	$ 17,279	$ 14,715	$ 2,564	17 %
Operating income:				
By operating segment:				
Completion and Production	$ 2,119	$ 1,378	$ 741	54 %
Drilling and Evaluation	1,123	905	218	24
Total operations	$ 3,242	$ 2,283	$ 959	42
Corporate and other	(181)	(186)	5	3 %
SAP S4 upgrade expense	(36)	—	(36)	n/m
Impairments and other charges	—	(366)	366	n/m
Total operating income	$ 3,025	$ 1,731	$ 1,294	75 %

n/m = not meaningful

Operating Segments

Completion and Production

Completion and Production revenue in the first nine months of 2023 was $10.4 billion, an increase of $2.0 billion, or 23%, compared to the first nine months of 2022. Operating income for the segment in the first nine months of 2023 was $2.1 billion, an increase of $741 million, or 54%, compared to the first nine months of 2022. These results were largely driven by higher utilization and pricing for pressure pumping services in North America land and higher completion tool sales globally. Also improving was artificial lift activity globally.

Drilling and Evaluation

Drilling and Evaluation revenue in the first nine months of 2023 was $6.9 billion, an increase of $592 million, or 9%, compared to the first nine months of 2022. Operating income for the segment in the first nine months of 2023 was $1.1 billion, an increase of $218 million, or 24%, compared to the first nine months of 2022. These results were driven by increased drilling-related services and higher wireline activity globally, and improved project management activity in Mexico. These improvements were partially offset by lower project management activity in Saudi Arabia.

Both segment results were impacted in the first nine months of 2023 when compared to the first nine months of 2022, as a result of the sale of our Russian operations during the third quarter of 2022.

Geographic Regions

North America

North America revenue in the first nine months of 2023 was $8.1 billion, a 16% increase compared to the first nine months of 2022, largely driven by higher activity and pricing primarily associated with pressure pumping and wireline activity in North America land and the U.S. Gulf of Mexico and increased fluids activity across the region. Improved artificial lift activity in North America land along with higher completion tool sales in the U.S. Gulf of Mexico also contributed to this increase.

Latin America

Latin America revenue in the first nine months of 2023 was $3.0 billion, a 31% increase compared to the first nine months of 2022, resulting primarily from improvements across multiple product service lines in Mexico, Brazil, and Argentina. Partially offsetting these improvements was lower project management activity in Colombia, Ecuador, and Suriname.

Europe/Africa/CIS

Europe/Africa/CIS revenue in the first nine months of 2023 was $2.1 billion, a 3% increase compared to the first nine months of 2022 resulting primarily from increased activity across all product service lines in Africa, higher drilling-related services in Norway and Nigeria, and improved cementing activity and completion tool sales in the Caspian Area. Partially offsetting these increases was the sale of our Russian operations during the third quarter of 2022, as well as lower testing services, reduced wireline and cementing activity, and lower completion tool sales in Norway and reduced drilling-related services in the Caspian area.

Middle East/Asia

Middle East/Asia revenue in the first nine months of 2023 was $4.2 billion, a 21% increase compared to the first nine months of 2022, resulting primarily from increased activity across multiple product service lines in Saudi Arabia, United Arab Emirates, Qatar, and Indonesia, higher drilling services in Thailand, and improved project management activity in Kuwait and Iraq. Partially offsetting these improvements was lower project management activity in Saudi Arabia.

Other Operating Items

SAP S4 Upgrade Expense. As previously mentioned, in the second quarter of 2023 we began our migration to SAP S4, which we expect to complete by the end of 2025. During the nine months ended September 30, 2023, we recognized expense of $36 million on our SAP S4 migration.

Impairments and other charges. During the nine months ended September 30, 2022, we recognized a pre-tax charge of $366 million, primarily related to a $344 million write down of all our net assets in Russia as a result of our decision in the second quarter of 2022 to market our Russia operations for sale due to the additional sanctions enacted against Russia arising from the conflict in Ukraine. In the first quarter of 2022, we recognized a pre-tax charge of $22 million to write down all of our assets in Ukraine, including $16 million in receivables, due to the ongoing conflict between Russia and Ukraine.

Nonoperating Items

Argentina Blue Chip Swap. The Central Bank of Argentina maintains currency controls that limit our ability to access U.S. dollars in Argentina and remit cash from our Argentine operations. The execution of certain trades known as Blue Chip Swaps, effectively results in a parallel U.S. dollar exchange rate. This parallel rate, which cannot be used as the basis to remeasure our net monetary assets in U.S. dollars under U.S. GAAP, was 101% higher than Argentina's official exchange rate at June 30, 2023. During the three months ended June 30, 2023, we entered into Blue Chip Swap transactions, which resulted in a $104 million pre-tax loss on investment.

Loss on early extinguishment of debt. During the nine months ended September 30, 2022, we recorded a $42 million loss on the early redemption of $600 million aggregate principal amount of our 3.8% senior notes, which included premiums and unamortized expenses.

Effective tax rate. During the nine months ended September 30, 2023, we recorded a total income tax provision of $533 million on a pre-tax income of $2.5 billion, resulting in an effective tax rate of 21.1%. During the nine months ended September 30, 2022, we recorded a total income tax provision of $338 million on pre-tax income of $1.3 billion, resulting in an effective tax rate of 26.6%. The effective tax rate for the nine months ended September 30, 2023 was lower than the nine months ended September 30, 2022 primarily due to the impact on our effective tax rate for the first nine months of 2022 of our decision to sell our Russian operations and a corresponding increase in the valuation allowance on foreign tax credits.

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 our statements and 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 2022 Annual Report on Form 10-K. Our exposure to market risk has not changed materially since December 31, 2022.

Item 4. Controls and Procedures

In accordance with the Securities Exchange Act of 1934 Rules 13a-15 and 15d-15, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2023 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting that occurred during the quarter ended September 30, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1(a). Risk Factors

The statements in this section describe the known material risks to our business and should be considered carefully. As of September 30, 2023, there have been no material changes in risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

Following is a summary of our repurchases of our common stock during the three months ended September 30, 2023.

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)
July 1 - 31	1,780,283	$36.63	1,347,451	$4,450,406,766
August 1 - 31	2,225,700	$39.31	2,191,278	$4,364,189,585
September 1 - 30	1,555,774	$41.43	1,548,262	$4,300,012,368
Total	5,561,757	$39.04	5,086,991	

(a) Of the 5,561,757 shares purchased during the three-month period ended September 30, 2023, 474,766 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 repurchase common stock.

(b) Our Board of Directors has authorized a program to repurchase our common stock from time to time. Approximately $4.3 billion remained authorized for repurchases as of September 30, 2023. From the inception of this program in February of 2006 through September 30, 2023, we repurchased approximately 247 million shares of our common stock for a total cost of approximately $9.8 billion.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Our barite and bentonite mining operations, in support of our fluids services business, are subject to regulation by the U.S. 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

During the three months ended September 30, 2023, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

*	31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*	31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**	32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**	32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*	95	Mine Safety Disclosures.
*	101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
*	101.SCH	XBRL Taxonomy Extension Schema Document
*	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*	101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*	104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

*	Filed with this Form 10-Q.
**	Furnished with this Form 10-Q.

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/ Eric J. Carre	/s/ Charles E. Geer, Jr.
Eric J. Carre	Charles E. Geer, Jr.
Executive Vice President and	Senior Vice President and
Chief Financial Officer	Chief Accounting Officer

Date: October 25, 2023

Exhibit 31.1

Section 302 Certification

I, Jeffrey A. Miller, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2023 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: October 25, 2023

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

Exhibit 31.2

Section 302 Certification

I, Eric J. Carre, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2023 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: October 25, 2023

/s/ Eric J. Carre
Eric J. Carre
Executive Vice President and Chief Financial Officer
Halliburton Company

Exhibit 32.1

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

This certification is provided pursuant to § 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. § 1350, and accompanies the quarterly report on Form 10-Q for the quarter ended September 30, 2023 of Halliburton Company (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report").

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

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

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

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

Date: October 25, 2023

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 quarter ended September 30, 2023 of Halliburton Company (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report").

I, Eric J. Carre, Executive Vice President and Chief Financial Officer of the Company, certify that:

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

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

/s/Eric J. Carre
Eric J. Carre
Executive Vice President and Chief Financial Officer

Date: October 25, 2023

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 September 30, 2023:

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

HALLIBURTON COMPANY
Mine Safety Disclosures
Quarter Ended September 30, 2023
(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	1	—	—	—	—	$ 1,152	—	—
BPM Colony Mine/4800889	—	—	—	—	—	—	—	—
BPM Lovell Mill/4801405	—	—	—	—	—	—	—	—
BPM Lovell Mine/4801016	—	—	—	—	—	—	—	—
BPM 76 Creek Mine/4801845	—	—	—	—	—	—	—	—
Corpus Christi Grinding Plant/4104010	—	—	—	—	—	—	—	—
Dunphy Mill/2600412	—	—	—	—	—	—	—	—
Lake Charles Grinding Plant/1601032	—	—	—	—	—	—	—	—
Larose Grinding Plant/1601504	—	—	—	—	—	—	—	—
Rossi Jig Plant/2602239	—	—	—	—	—	—	—	—
Total	1	—	—	—	—	$ 1,152	—	—

(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 October 2, 2023 regardless of whether the assessment has been challenged or appealed, for citations and orders occurring during the quarter ended September 30, 2023.

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 September 30, 2023, 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.