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, 2010

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[X]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[ ]

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 16, 2010, 905,275,293 shares of Halliburton Company common stock, $2.50 par value per share, were outstanding.

HALLIBURTON COMPANY

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

HALLIBURTON COMPANY
Condensed Consolidated Statements of Operations
(Unaudited)

Millions of dollars and shares except per share data	Three Months Ended March 31 2010		Three Months Ended March 31 2009	
Revenue:				
Services	$	2,845	$	2,950
Product sales		916		957
Total revenue		3,761		3,907
Operating costs and expenses:				
Cost of services		2,473		2,411
Cost of sales		786		828
General and administrative		58		52
Gain on sale of assets, net		(5)		–
Total operating costs and expenses		3,312		3,291
Operating income		449		616
Interest expense		(79)		(53)
Interest income		3		2
Other, net		(40)		(5)
Income from continuing operations before income taxes		333		560
Provision for income taxes		(121)		(179)
Income from continuing operations		212		381
Loss from discontinued operations, net of income tax benefit of $3 and $0		(5)		(1)
Net income	$	207	$	380
Noncontrolling interest in net income of subsidiaries		(1)		(2)
Net income attributable to company	$	206	$	378
Amounts attributable to company shareholders:				
Income from continuing operations	$	211	$	379
Loss from discontinued operations, net		(5)		(1)
Net income attributable to company	$	206	$	378
Basic income per share attributable to company shareholders:				
Income from continuing operations	$	0.23	$	0.42
Loss from discontinued operations, net		–		–
Net income per share	$	0.23	$	0.42
Diluted income per share attributable to company shareholders:				
Income from continuing operations	$	0.23	$	0.42
Loss from discontinued operations, net		–		–
Net income per share	$	0.23	$	0.42
Cash dividends per share	$	0.09	$	0.09
Basic weighted average common shares outstanding		905		897
Diluted weighted average common shares outstanding		908		899

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, 2010	December 31, 2009
Assets		
Current assets:		
Cash and equivalents	$ 1,383	$ 2,082
Receivables (less allowance for bad debts of $88 and $90)	3,176	2,964
Inventories	1,658	1,598
Investments in marketable securities	1,808	1,312
Current deferred income taxes	248	210
Other current assets	541	472
Total current assets	8,814	8,638
Property, plant, and equipment, net of accumulated depreciation of $5,406 and $5,230	5,980	5,759
Goodwill	1,138	1,100
Other assets	1,048	1,041
Total assets	$ 16,980	$ 16,538
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 964	$ 787
Current maturities of long-term debt	750	750
Accrued employee compensation and benefits	520	514
Deferred revenue	282	215
Department of Justice (DOJ) and Securities and Exchange Commission (SEC) settlement and indemnity	95	142
Other current liabilities	534	481
Total current liabilities	3,145	2,889
Long-term debt	3,824	3,824
Employee compensation and benefits	425	462
Other liabilities	626	606
Total liabilities	8,020	7,781
Shareholders' equity:		
Common shares, par value $2.50 per share – authorized 2,000 shares, issued 1,068 and 1,067 shares	2,669	2,669
Paid-in capital in excess of par value	395	411
Accumulated other comprehensive loss	(206)	(213)
Retained earnings	10,988	10,863
Treasury stock, at cost – 162 and 165 shares	(4,915)	(5,002)
Company shareholders' equity	8,931	8,728
Noncontrolling interest in consolidated subsidiaries	29	29
Total shareholders' equity	8,960	8,757
Total liabilities and shareholders' equity	$ 16,980	$ 16,538

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Statements of Cash Flows
(Unaudited)

Millions of dollars	Three Months Ended March 31 2010	2009
Cash flows from operating activities:		
Net income	$ 207	$ 380
Adjustments to reconcile net income to net cash from operations:		
Depreciation, depletion, and amortization	261	215
Payments of DOJ and SEC settlement and indemnity	(47)	(274)
Other changes:		
Receivables	(264)	372
Accounts payable	187	(18)
Inventories	(54)	(65)
Other	27	(229)
Total cash flows from operating activities	317	381
Cash flows from investing activities:		
Purchases of investments in marketable securities	(500)	–
Capital expenditures	(404)	(518)
Acquisitions of business assets, net of cash acquired	(113)	–
Other investing activities	47	53
Total cash flows from investing activities	(970)	(465)
Cash flows from financing activities:		
Proceeds from long-term borrowings, net of offering costs	–	1,976
Payments of dividends to shareholders	(81)	(81)
Other financing activities	44	42
Total cash flows from financing activities	(37)	1,937
Effect of exchange rate changes on cash	(9)	(10)
Increase (decrease) in cash and equivalents	(699)	1,843
Cash and equivalents at beginning of period	2,082	1,124
Cash and equivalents at end of period	$ 1,383	$ 2,967
Supplemental disclosure of cash flow information:		
Cash payments during the period for:		
Interest	$ 133	$ 66
Income taxes	$ 96	$ 128

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 2009 Annual Report on Form 10-K.

Our accounting policies are in accordance with generally accepted accounting principles in the United States of America. 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, 2010 and the results of our operations and cash flows for the three months ended March 31, 2010 and 2009. Such adjustments are of a normal recurring nature. The results of operations for the three months ended March 31, 2010 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.

The following table presents information on our business segments. “Corporate and other” includes expenses related to support functions and corporate executives. Also included are certain gains and losses not attributable to a particular business segment.

Intersegment revenue was immaterial. Our equity in earnings and losses of unconsolidated affiliates that are accounted for by the equity method are included in revenue and operating income of the applicable segment.

Millions of dollars	Three Months Ended March 31 2010		2009	
Revenue:				
Completion and Production	$	1,964	$	2,028
Drilling and Evaluation		1,797		1,879
Total revenue	$	3,761	$	3,907
Operating income:				
Completion and Production	$	238	$	363
Drilling and Evaluation		270		304
Total operations		508		667
Corporate and other		(59)		(51)
Total operating income	$	449	$	616
Interest expense		(79)		(53)
Interest income		3		2
Other, net		(40)		(5)
Income from continuing operations before income taxes	$	333	$	560

Receivables

As of March 31, 2010, 29% of our gross trade receivables were from customers in the United States. As of December 31, 2009, 26% of our gross trade receivables were from customers in the United States.

Note 3. Inventories

Inventories are stated at the lower of cost or market. 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 $77 million at March 31, 2010 and $68 million at December 31, 2009. If the average cost method had been used, total inventories would have been $31 million higher than reported at March 31, 2010 and $33 million higher than reported at December 31, 2009. The cost of the remaining inventory was recorded on the average cost method. Inventories consisted of the following:

Millions of dollars	March 31, 2010		December 31, 2009	
Finished products and parts	$	1,128	$	1,090
Raw materials and supplies		489		480
Work in process		41		28
Total	$	1,658	$	1,598

Finished products and parts are reported net of obsolescence reserves of $102 million at March 31, 2010 and $94 million at December 31, 2009.

Note 4. 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, 2009	$ 8,757	$ 8,728	$ 29
Transactions with shareholders	70	71	(1)
Comprehensive income:			
Net income	207	206	1
Other comprehensive income	7	7	–
Total comprehensive income	214	213	1
Dividends paid on common stock	(81)	(81)	–
Balance at March 31, 2010	$ 8,960	$ 8,931	$ 29

Millions of dollars	Total shareholders' equity	Company shareholders' equity	Noncontrolling interest in consolidated subsidiaries
Balance at December 31, 2008	$ 7,744	$ 7,725	$ 19
Transactions with shareholders	61	61	–
Comprehensive income:			
Net income	380	378	2
Other comprehensive loss	(9)	(9)	–
Total comprehensive income	371	369	2
Dividends paid on common stock	(81)	(81)	–
Balance at March 31, 2009	$ 8,095	$ 8,074	$ 21

Accumulated other comprehensive loss consisted of the following:

Millions of dollars	March 31, 2010	December 31, 2009
Defined benefit and other postretirement liability adjustments	$ (142)	$ (149)
Cumulative translation adjustments	(65)	(65)
Unrealized gains on investments	1	1
Total accumulated other comprehensive loss	$ (206)	$ (213)

Note 5. KBR Separation

During 2007, we completed the separation of KBR, Inc. (KBR) from us by exchanging KBR common stock owned by us for our common stock. In addition, we recorded a liability reflecting the estimated fair value of the indemnities and guarantees provided to KBR as described below. Since the separation, we have recorded adjustments to our liability for indemnities and guarantees to reflect changes to our estimation of our remaining obligation. All such adjustments are recorded in "Loss from discontinued operations, net of income tax."

We entered into various agreements relating to the separation of KBR, including, among others, a master separation agreement and a tax sharing agreement. The master separation agreement provides for, among other things, KBR's responsibility for liabilities related to its business and our responsibility for liabilities unrelated to KBR's business. We provide indemnification in favor of KBR under the master separation agreement for certain contingent liabilities, including our indemnification of KBR and any of its greater than 50%-owned subsidiaries as of November 20, 2006, the date of the master separation agreement, for:

- fines or other monetary penalties or direct monetary damages, including disgorgement, as a result of a claim made or assessed by a governmental authority in the United States, the United Kingdom, France, Nigeria, Switzerland, and/or Algeria, or a settlement thereof, related to alleged or actual violations occurring prior to November 20, 2006 of the United States Foreign Corrupt Practices Act (FCPA) or particular, analogous applicable foreign statutes, laws, rules, and regulations in connection with investigations pending as of that date, including with respect to the construction and subsequent expansion by a consortium of engineering firms comprised of Technip SA of France, Snamprogetti Netherlands B.V., JGC Corporation of Japan, and Kellogg Brown & Root LLC (TSKJ) of a natural gas liquefaction complex and related facilities at Bonny Island in Rivers State, Nigeria; and
- all out-of-pocket cash costs and expenses, or cash settlements or cash arbitration awards in lieu thereof, KBR may incur after the effective date of the master separation agreement as a result of the replacement of the subsea flowline bolts installed in connection with the Barracuda-Caratinga project.

Additionally, we provide performance guarantees, surety bond guarantees, and letter of credit guarantees that are currently in place in favor of KBR's customers or lenders under project contracts, letters of credit, and other KBR credit instruments. These guarantees will continue until they expire at the earlier of: (1) the termination of the underlying project contract or KBR obligations thereunder; or (2) the expiration of the relevant credit support instrument in accordance with its terms or release of such instrument by the customer. KBR has agreed to indemnify us, other than for the FCPA and Barracuda-Caratinga bolts matter, if we are required to perform under any of the guarantees related to KBR's letters of credit, surety bonds, or performance guarantees described above.

In February 2009, the United States Department of Justice (DOJ) and Securities and Exchange Commission (SEC) FCPA investigations were resolved. The total of fines and disgorgement was $579 million, of which KBR consented to pay $20 million. As of March 31, 2010, we had paid $464 million, consisting of $287 million as a result of the DOJ settlement and the indemnity we provided to KBR upon separation and $177 million as a result of the SEC settlement. Our KBR indemnities and guarantees are primarily included in "Department of Justice (DOJ) and Securities and Exchange Commission (SEC) settlement and indemnity" and "Other liabilities" on the condensed consolidated balance sheets and totaled $167 million at March 31, 2010 and $214 million at December 31, 2009. Excluding the remaining amounts necessary to resolve the DOJ and SEC investigations and under the indemnity we provided to KBR, our estimation of the remaining obligation for other indemnities and guarantees provided to KBR upon separation was $72 million at March 31, 2010. See Note 6 for further discussion of the FCPA and Barracuda-Caratinga matters.

The tax sharing agreement provides for allocations of United States and certain other jurisdiction tax liabilities between us and KBR.

Note 6. Commitments and Contingencies

TSKJ matters

Background. As a result of an ongoing FCPA investigation at the time of the KBR separation, we provided indemnification in favor of KBR under the master separation agreement for certain contingent liabilities, including our indemnification of KBR and any of its greater than 50%-owned subsidiaries as of November 20, 2006, the date of the master separation agreement, for fines or other monetary penalties or direct monetary damages, including disgorgement, as a result of a claim made or assessed by a governmental authority in the United States, the United Kingdom, France, Nigeria, Switzerland, and/or Algeria, or a settlement thereof, related to alleged or actual violations occurring prior to November 20, 2006 of the FCPA or particular, analogous applicable foreign statutes, laws, rules, and regulations in connection with investigations pending as of that date, including with respect to the construction and subsequent expansion by TSKJ of a multibillion dollar natural gas liquefaction complex and related facilities at Bonny Island in Rivers State, Nigeria. As a condition of our indemnity, we have control over the investigation, defense, and/or settlement of these matters. We have the right to terminate the indemnity in the event KBR elects to take control over the investigation, defense, and/or settlement or refuses to agree to a settlement negotiated and presented by us.

TSKJ is a private limited liability company registered in Madeira, Portugal whose members are Technip SA of France, Snamprogetti Netherlands B.V. (a subsidiary of Saipem SpA of Italy), JGC Corporation of Japan, and Kellogg Brown & Root LLC (a subsidiary of KBR), each of which had an approximate 25% beneficial interest in the venture. Part of KBR's ownership in TSKJ was held through M.W. Kellogg Limited (MWKL), a United Kingdom joint venture and subcontractor on the Bonny Island project, in which KBR beneficially owns a 55% interest. TSKJ and other similarly owned entities entered into various contracts to build and expand the liquefied natural gas project for Nigeria LNG Limited, which is owned by the Nigerian National Petroleum Corporation, Shell Gas B.V., Cleag Limited (an affiliate of Total), and Agip International B.V. (an affiliate of ENI SpA of Italy).

DOJ and SEC investigations resolved. In February 2009, the FCPA investigations by the DOJ and the SEC were resolved with respect to KBR and us. The DOJ and SEC investigations resulted from allegations of improper payments to government officials in Nigeria in connection with the construction and subsequent expansion by TSKJ of the Bonny Island project.

The DOJ investigation was resolved with respect to us with a non-prosecution agreement in which the DOJ agreed not to bring FCPA or bid coordination-related charges against us with respect to the matters under investigation, and in which we agreed to continue to cooperate with the DOJ's ongoing investigation and to refrain from and self-report certain FCPA violations. The DOJ agreement did not provide a monitor for us.

As part of the resolution of the SEC investigation, we retained an independent consultant to conduct a 60-day review and evaluation of our internal controls and record-keeping policies as they relate to the FCPA, and we agreed to adopt any necessary anti-bribery and foreign agent internal controls and record-keeping procedures recommended by the independent consultant. The review and evaluation were completed during the second quarter of 2009, and we have implemented the consultant's immediate recommendations and will implement the remaining long-term recommendations by mid-year 2010. As a result of the substantial enhancement of our anti-bribery and foreign agent internal controls and record-keeping procedures prior to the review of the independent consultant, we do not expect the implementation of the consultant's recommendations to materially impact our long-term strategy to grow our international operations. In August 2010, the independent consultant will perform a 30-day, follow-up review to confirm that we have implemented the recommendations and continued the application of our current policies and procedures and to recommend any additional improvements.

KBR has agreed that our indemnification obligations with respect to the DOJ and SEC FCPA investigations have been fully satisfied.

Other matters. In addition to the DOJ and the SEC investigations, we are aware of other investigations in France, Nigeria, the United Kingdom, and Switzerland regarding the Bonny Island project. In the United Kingdom, the Serious Fraud Office (SFO) is considering civil claims or criminal prosecution under various United Kingdom laws and appears to be focused on the actions of MWKL, among others. Violations of these laws could result in fines, restitution and confiscation of revenues, among other penalties, some of which could be subject to our indemnification obligations under the master separation agreement. Our indemnity for penalties under the master separation agreement with respect to MWKL is limited to 55% of such penalties, which is KBR's beneficial ownership interest in MWKL. MWKL is cooperating with the SFO's investigation. Whether the SFO pursues civil or criminal claims, and the amount of any fines, restitution, confiscation of revenues or other penalties that could be assessed would depend on, among other factors, the SFO's findings regarding the amount, timing, nature and scope of any improper payments or other activities, whether any such payments or other activities were authorized by or made with knowledge of MWKL, the amount of revenue involved, and the level of cooperation provided to the SFO during the investigations. MWKL has informed the SFO that it intends to self-report corporate liability for corruption-related offenses arising out of the Bonny Island project, and discussions with the SFO are continuing.

The DOJ and SEC settlements and the other ongoing investigations could result in third-party claims against us, which may include claims for special, indirect, derivative or consequential damages, damage to our business or reputation, loss of, or adverse effect on, cash flow, assets, goodwill, results of operations, business prospects, profits or business value or claims by directors, officers, employees, affiliates, advisors, attorneys, agents, debt holders, or other interest holders or constituents of us or our current or former subsidiaries.

Our indemnity of KBR and its majority-owned subsidiaries continues with respect to other investigations within the scope of our indemnity. Our indemnification obligation to KBR does not include losses resulting from third-party claims against KBR, including claims for special, indirect, derivative or consequential damages, nor does our indemnification apply to damage to KBR’s business or reputation, loss of, or adverse effect on, cash flow, assets, goodwill, results of operations, business prospects, profits or business value or claims by directors, officers, employees, affiliates, advisors, attorneys, agents, debt holders, or other interest holders or constituents of KBR or KBR’s current or former subsidiaries.

At this time, other than the claims being considered by the SFO, no claims by governmental authorities in foreign jurisdictions have been asserted against the indemnified parties. Therefore, we are unable to estimate the maximum potential amount of future payments that could be required to be made under our indemnity to KBR and its majority-owned subsidiaries related to these matters. See Note 5 for additional information.

Barracuda-Caratinga arbitration

We also provided indemnification in favor of KBR under the master separation agreement for all out-of-pocket cash costs and expenses (except for legal fees and other expenses of the arbitration so long as KBR controls and directs it), or cash settlements or cash arbitration awards, KBR may incur after November 20, 2006 as a result of the replacement of certain subsea flowline bolts installed in connection with the Barracuda-Caratinga project. Under the master separation agreement, KBR currently controls the defense, counterclaim, and settlement of the subsea flowline bolts matter. As a condition of our indemnity, for any settlement to be binding upon us, KBR must secure our prior written consent to such settlement’s terms. We have the right to terminate the indemnity in the event KBR enters into any settlement without our prior written consent.

At Petrobras’ direction, KBR replaced certain bolts located on the subsea flowlines that failed through mid-November 2005, and KBR has informed us that additional bolts have failed thereafter, which were replaced by Petrobras. These failed bolts were identified by Petrobras when it conducted inspections of the bolts. We understand KBR believes several possible solutions may exist, including replacement of the bolts. Initial estimates by KBR indicated that costs of these various solutions ranged up to $148 million. In March 2006, Petrobras commenced arbitration against KBR claiming $220 million plus interest for the cost of monitoring and replacing the defective bolts and all related costs and expenses of the arbitration, including the cost of attorneys’ fees. We understand KBR is vigorously defending this matter and has submitted a counterclaim in the arbitration seeking the recovery of $22 million. The arbitration panel held an evidentiary hearing in March 2008 to determine which party is responsible for the designation of the material used for the bolts. On May 13, 2009, the arbitration panel held that KBR and not Petrobras selected the material to be used for the bolts. Accordingly, the arbitration panel held that there is no implied warranty by Petrobras to KBR as to the suitability of the bolt material and that the parties' rights are to be governed by the express terms of their contract. The arbitration panel set the final hearing on liability and damages for early May 2010. Our estimation of the indemnity obligation regarding the Barracuda-Caratinga arbitration is recorded as a liability in our condensed consolidated financial statements as of March 31, 2010 and December 31, 2009. See Note 5 for additional information regarding the KBR indemnification.

Securities and related litigation

In June 2002, a class action lawsuit was filed against us in federal court alleging violations of the federal securities laws after the SEC initiated an investigation 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 is now styled *Archdiocese of Milwaukee Supporting Fund (AMSF) v. Halliburton Company, et al*. We settled with the SEC in the second quarter of 2004.

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 the 1998 acquisition of Dresser Industries, Inc. by Halliburton, including that we failed to timely disclose the resulting asbestos liability exposure.

In April 2005, the court appointed new co-lead counsel and named AMSF 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, at which time the court took the motion under advisement. 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 AMSF to re-plead some of those claims to correct deficiencies in its earlier complaint. In April 2006, AMSF filed its fourth amended consolidated complaint. We filed a motion to dismiss those portions of the complaint that had been re-pled. A hearing was held on that motion in July 2006, and in March 2007 the court ordered dismissal of the claims against all individual defendants other than our Chief Executive Officer (CEO). The court ordered that the case proceed against our CEO and Halliburton.

In September 2007, AMSF filed a motion for class certification. The district court issued an order on November 3, 2008 denying AMSF's motion for class certification. AMSF then appealed to the United States Court of Appeals for the Fifth Circuit. On February 10, 2010, the Fifth Circuit affirmed the district court's order denying class certification. AMSF has the opportunity to request additional review by the United States Supreme Court. Accordingly, the district court entered an order staying proceedings in that court until May 13, 2010, which is the deadline for AMSF to seek a writ of certiori in the United States Supreme Court. As of March 31, 2010, we had not accrued any amounts related to this matter because we do not believe that a loss is probable. Further, an estimate of possible loss or range of loss related to this matter cannot be made.

Shareholder derivative cases

In May 2009, two shareholder derivative lawsuits involving us and KBR were filed in Harris County, Texas naming as defendants various current and retired Halliburton directors and officers and current KBR directors. These cases allege that the individual Halliburton defendants violated their fiduciary duties of good faith and loyalty to the detriment of Halliburton and its shareholders by failing to properly exercise oversight responsibilities and establish adequate internal controls. The District Court consolidated the two cases and the plaintiffs filed a consolidated petition against current and former Halliburton directors and officers only containing various allegations of wrongdoing including violations of the FCPA, claimed KBR offenses while acting as a government contractor in Iraq, claimed KBR offenses and fraud under United States government contracts, Halliburton activity in Iran, and illegal kickbacks. As of March 31, 2010, we had not accrued any amounts related to this matter because we do not believe that a loss is probable. Further, an estimate of possible loss or range of loss related to this matter cannot be made.

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; and
- the Toxic Substances Control 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. On occasion, we are involved in specific 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. Our Health, Safety and Environment group has several programs in place to maintain environmental leadership and to prevent the occurrence of environmental contamination.

We do not expect costs related to these remediation requirements to have a material adverse effect on our consolidated financial position or our results of operations. Our accrued liabilities for environmental matters were $54 million as of March 31, 2010 and $53 million as of December 31, 2009. Our total liability related to environmental matters covers numerous properties.

We have subsidiaries that have been named as potentially responsible parties along with other third parties for 10 federal and state superfund sites for which we have established a liability. As of March 31, 2010, those 10 sites accounted for approximately $16 million of our total $54 million liability. For any particular federal or state superfund site, since 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. 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 $1.6 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of March 31, 2010, including $214 million of surety bonds related to Venezuela. In addition, $303 million of the total $1.6 billion relates to KBR letters of credit, bank guarantees, or surety bonds that are being guaranteed by us in favor of KBR's customers and lenders. KBR has agreed to compensate us for these guarantees and indemnify us if we are required to perform under any of these guarantees. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization.

Note 7. Income per Share

Basic income per share is based on the weighted average number of common shares outstanding during the period. Diluted income per share includes additional common shares that would have been outstanding if potential common shares with a dilutive effect had been issued.

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

	Three Months Ended March 31	
Millions of shares	2010	2009
Basic weighted average common shares outstanding	905	897
Dilutive effect of stock options	3	2
Diluted weighted average common shares outstanding	908	899

Excluded from the computation of diluted income per share are options to purchase six million shares of common stock that were outstanding during the three months ended March 31, 2010 and options to purchase nine million shares that were outstanding during the three months ended March 31, 2009. These options were outstanding during these periods but were excluded because they were antidilutive, as the option exercise price was greater than the average market price of the common shares.

Note 8. Fair Value of Financial Instruments

During the first quarter of 2010, we purchased $500 million of additional United States Treasury securities with maturities that extend through November 2010. These securities are accounted for as available-for-sale and recorded at fair value in "Investments in marketable securities."

The carrying amount of cash and equivalents, receivables, short-term notes payable, and accounts payable, as reflected in the condensed consolidated balance sheets, approximates fair market value due to the short maturities of these instruments. The following table presents the fair values of our other financial assets and liabilities and the basis for determining their fair values:

Millions of dollars	Carrying Value	Fair value	Quoted prices in active markets for identical assets or liabilities	Significant observable inputs for similar assets or liabilities
March 31, 2010				
Marketable securities	$ 1,808	$ 1,808	$ 1,808	$ –
Long-term debt	4,574	5,202	4,013	1,189 (a)
December 31, 2009				
Marketable securities	$ 1,312	$ 1,312	$ 1,312	$ –
Long-term debt	4,574	5,301	4,874	427 (a)

(a) Calculated based on the fair value of other actively-traded Halliburton debt.

Note 9. Retirement Plans

The components of net periodic benefit cost related to pension benefits for the three months ended March 31, 2010 and March 31, 2009 were as follows:

	Three Months Ended March 31			
	2010		2009	
Millions of dollars	United States	International	United States	International
Service cost	$ –	$ 5	$ –	$ 6
Interest cost	1	12	2	10
Expected return on plan assets	(2)	(11)	(2)	(8)
Recognized actuarial loss	1	1	–	1
Net periodic benefit cost	$ –	$ 7	$ –	$ 9

Note 10. Accounting Standards Recently Adopted

On January 1, 2010, we adopted the provisions of a new accounting standard which provides amendments to previous guidance on the consolidation of variable interest entities. This standard clarifies the characteristics that identify a variable interest entity (VIE) and changes how a reporting entity identifies a primary beneficiary that would consolidate the VIE from a quantitative risk and rewards calculation to a qualitative approach based on which variable interest holder has controlling financial interest and the ability to direct the most significant activities that impact the VIE's economic performance. This standard requires the primary beneficiary assessment to be performed on a continuous basis. It also requires additional disclosures about an entity's involvement with a VIE, restrictions on the VIE's assets and liabilities that are included in the reporting entity's condensed consolidated balance sheet, significant risk exposures due to the entity's involvement with the VIE, and how its involvement with a VIE impacts the reporting entity's condensed consolidated financial statements. The standard is effective for fiscal years beginning after November 15, 2009. The adoption of this standard did not have a material impact 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 products and services 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, Completion and Production and Drilling and Evaluation:

- our Completion and Production segment delivers cementing, stimulation, intervention, and completion services. The segment consists of production enhancement services, completion tools and services, and cementing services; and
- our Drilling and Evaluation segment provides field and reservoir modeling, drilling, evaluation, and precise wellbore placement solutions that enable customers to model, measure, and optimize their well construction activities. The segment consists of fluid services, drilling services, drill bits, wireline and perforating services, testing and subsea, software, and integrated project management and consulting services.

The business operations of our segments are organized around four primary geographic regions: North America (includes Canada and the United States), Latin America, Europe/Africa/CIS, and Middle East/Asia. We have significant manufacturing operations in various locations, including, but not limited to, the United States, Canada, the United Kingdom, Malaysia, Mexico, Brazil, and Singapore. With approximately 53,000 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

During the first quarter of 2010, we produced revenue of $3.8 billion and operating income of $449 million, reflecting an operating margin of 12%. Revenue decreased $146 million or 4% from the first quarter of 2009, while operating income decreased $167 million or 27% from the first quarter of 2009. These decreases were caused by a significant decline in our customers' capital spending throughout 2009 and into the first quarter of 2010, primarily in our international operations, as a result of the global recession, which resulted in overall lower activity, lower pricing, and severe margin contraction. These decreases were partially offset by increased drilling activity and some pricing improvement in North America.

Business outlook

We continue to believe in the strength of the long-term fundamentals of our business. However, due to the financial crisis throughout 2009, the negative impact on credit availability and industry activity, and the current excess supply of oil and natural gas, the near-term outlook for our business and the industry still remains uncertain. Forecasting the depth and length of the current cycle is challenging as it is different from past cycles due to the overlay of the financial crisis in combination with broad demand weakness.

In North America, the industry experienced an unprecedented decline in drilling activity and rig count during 2009. These declines, coupled with natural gas storage levels reaching record levels, resulted in severe margin contraction in 2009. Beginning in the fourth quarter of 2009 and continuing through the first quarter of 2010, we saw a rebound in rig count and drilling activity with the trend toward more service-intensive work, especially in shale plays, resulting in absorption of much of the industry's excess oilfield equipment capacity. As a result of our improved equipment utilization, we achieved price and margin increases from the fourth quarter for most of our services. However, new production resulting from this increased activity, coupled with natural gas storage volumes exiting the heating season at levels above the five-year average, have weakened natural gas prices, which could negatively impact drilling activity in coming quarters.

Outside of North America, operating income declined in 2009 from 2008 levels due to a drop in rig count and the impact of pricing concessions that were renegotiated or given in the contract retendering process. During the first quarter of 2010, as expected, we experienced margin contraction due to declines related to this contract repricing, weather-related issues, project delays, and lower activity in certain key markets. However, despite tempered activity levels in the first quarter, our current visibility to multiple projects and some momentum in project activity lead us to believe that a resurgence may occur in the latter half of 2010 and into 2011.

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

Financial markets, liquidity, and capital resources

Since mid-2008, the global financial markets have been volatile. While this has created additional risks for our business, we believe we have invested our cash balances conservatively and secured sufficient financing to help mitigate any near-term negative impact on our operations. For additional information, see "Liquidity and Capital Resources," "Risk Factors," and "Business Environment and Results of Operations."

LIQUIDITY AND CAPITAL RESOURCES

We ended the first quarter of 2010 with cash and equivalents of $1.4 billion compared to $2.1 billion at December 31, 2009.

Significant sources of cash

Cash flows from operating activities contributed $317 million to cash in the first quarter of 2010.

Further available sources of cash. We have an unsecured $1.2 billion, five-year revolving credit facility to provide commercial paper support, general working capital, and credit for other corporate purposes. There were no cash drawings under the facility as of March 31, 2010. In addition, we have $1.8 billion in United States Treasury securities that will be maturing at various dates through November 2010.

Significant uses of cash

Capital expenditures were $404 million in the first quarter of 2010 and were predominantly made in the production enhancement, drilling services, wireline and perforating, and cementing product service lines.

During the first quarter of 2010, we purchased approximately $500 million in United States Treasury securities, with varying maturity dates.

We paid $113 million to acquire various companies during the first quarter of 2010 that will enhance or augment our current portfolio of products and services.

We paid $81 million in dividends to our shareholders in the first quarter of 2010.

We paid $47 million to the Department of Justice (DOJ) in the first quarter of 2010 related to the settlement with them and under the indemnity provided to KBR, Inc. (KBR) upon separation.

Future uses of cash. Capital spending for 2010 is expected to be approximately $2.0 billion. The capital expenditures plan for 2010 is primarily directed toward our production enhancement, drilling services, wireline and perforating, and cementing product service lines and toward retiring old equipment to replace it with new equipment to improve our fleet reliability and efficiency.

In April 2010, we entered into a definitive merger agreement to acquire Boots & Coots, Inc. in a stock and cash transaction valued at approximately $250 million. Upon closing, we will combine our existing hydraulic workover and pipeline and coiled tubing services in our Completion and Production segment with Boots and Coots' well intervention and pressure control capabilities. Under the merger agreement, Boots & Coots stockholders will receive $3.00 per share for each share of Boots & Coots common stock they hold, comprised of $1.73 in cash, which we will pay out of available cash and equivalents, and $1.27 in Halliburton common stock, subject to election, proration features, and an exchange ratio based on Halliburton's five-day average share price prior to closing as further described in the merger agreement. The completion of the transaction will be subject to approval by Boots & Coots' stockholders, regulatory approvals, and other customary closing conditions.

We are currently exploring other opportunities for acquisitions that will enhance or augment our current portfolio of products and services, including those with unique technologies or distribution networks in areas where we do not already have large operations.

We currently intend to retire our $750 million principal amount of 5.5% senior notes at maturity in October 2010 with available cash and equivalents.

As a result of the resolution of the DOJ and Securities and Exchange Commission (SEC) Foreign Corrupt Practices Act (FCPA) investigations, we will pay a total of $95 million in equal installments during the second and third quarters of 2010 for the settlement with the DOJ and under the indemnity provided to KBR upon separation. See Notes 5 and 6 to our condensed consolidated financial statements for more information.

Subject to Board of Directors approval, we expect to pay quarterly dividends of approximately $80 million during 2010. We also have approximately $1.8 billion remaining available under our share repurchase authorization, which may be used for open market share purchases.

Other factors affecting liquidity

Guarantee arrangements. In the normal course of business, we have agreements with financial institutions under which approximately $1.6 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of March 31, 2010, including $214 million of surety bonds related to Venezuela. In addition, $303 million of the total $1.6 billion relates to KBR letters of credit, bank guarantees, or surety bonds that are being guaranteed by us in favor of KBR's customers and lenders. KBR has agreed to compensate us for these guarantees and indemnify us if we are required to perform under any of these guarantees. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization.

Financial position in current market. Our $1.4 billion of cash and equivalents and $1.8 billion in investments in marketable securities as of March 31, 2010 provide sufficient liquidity and flexibility, given the current market environment. Our debt maturities extend over a long period of time. We currently have a total of $1.2 billion of committed bank credit under our revolving credit facility to support our operations and any commercial paper we may issue in the future. We have no financial covenants or material adverse change provisions in our bank agreements. Currently, there are no borrowings under the revolving credit facility. Although a portion of earnings from our foreign subsidiaries is reinvested overseas indefinitely, we do not consider this to have a significant impact on our liquidity.

In addition, we manage our cash investments by investing principally in United States Treasury securities and in investment funds that principally hold United States Treasury securities.

Credit ratings. Credit ratings for our long-term debt remain A2 with Moody's Investors Service and A with Standard & Poor's. The credit ratings on our short-term debt remain P-1 with Moody's Investors Service and A-1 with Standard & Poor's.

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 due to, among other reasons, a reduction in our customer's cash flow from operations and their access to the credit markets. For example, we have seen a delay in receiving payment on our receivables from one of our primary customers in Venezuela. However, during the fourth quarter of 2009, we reached a settlement with this customer and received payment on approximately one-third of our outstanding receivables. If our customers delay in paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

BUSINESS ENVIRONMENT AND RESULTS OF OPERATIONS

We operate in approximately 70 countries throughout the world to provide a comprehensive range of discrete and integrated services and products to the energy industry. The majority of our consolidated revenue is derived from the sale of services and products to major, national, and independent oil and natural gas companies worldwide. 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 throughout the life of the field. Our two business segments are the Completion and Production segment and the Drilling and Evaluation segment. The industries we serve are highly competitive with many substantial competitors in each segment. In the first quarter of 2010, based upon the location of the services provided and products sold, 41% of our consolidated revenue was from the United States. In the first quarter of 2009, 40% of our consolidated revenue was from the United States. 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, expropriation or other governmental actions, inflation, exchange control problems, and highly inflationary currencies. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country would be materially adverse to our consolidated results of operations.

Activity levels within our business segments are significantly impacted by spending on upstream exploration, development, and production programs by major, national, and independent oil and natural gas companies. Also impacting our activity is the status of the global economy, which impacts oil and natural gas consumption. See "Risk Factors—Exploration and Production Activity" for further information related to the effect of the current recession.

Some of the more significant barometers of current and future spending levels of oil and natural gas companies are oil and natural gas prices, the world economy, the availability of credit, and global stability, which together drive worldwide drilling activity. Our financial performance is significantly affected by oil and natural gas prices and worldwide rig activity, which are summarized in the following tables.

This 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
Average Oil Prices (dollars per barrel)	2010	2009	2009
West Texas Intermediate	$ 78.64	$ 42.91	$ 61.65
United Kingdom Brent	76.25	44.43	61.49
Average United States Gas Prices (dollars per thousand cubic feet, or mcf)			
Henry Hub	$ 5.30	$ 4.71	$ 4.06

The quarterly and year-to-date average rig counts based on the Baker Hughes Incorporated rig count information were as follows:

	Three Months Ended March 31		Year Ended December 31
Land vs. Offshore	2010	2009	2009
United States:			
Land	1,300	1,270	1,042
Offshore (incl. Gulf of Mexico)	45	56	44
Total	1,345	1,326	1,086
Canada:			
Land	466	327	220
Offshore	4	1	1
Total	470	328	221
International (excluding Canada):			
Land	768	743	722
Offshore	295	282	275
Total	1,063	1,025	997
Worldwide total	2,878	2,679	2,304
Land total	2,534	2,340	1,984
Offshore total	344	339	320

	Three Months Ended March 31		Year Ended December 31
Oil vs. Natural Gas	2010	2009	2009
United States (incl. Gulf of Mexico):			
Oil	456	281	282
Natural gas	889	1,045	804
Total	1,345	1,326	1,086
Canada:			
Oil	256	125	102
Natural gas	214	203	119
Total	470	328	221
International (excluding Canada):			
Oil	810	807	776
Natural gas	253	218	221
Total	1,063	1,025	997
Worldwide total	2,878	2,679	2,304
Oil total	1,522	1,213	1,160
Natural gas total	1,356	1,466	1,144

	Three Months Ended March 31		Year Ended December 31
Drilling Type	2010	2009	2009
United States (incl. Gulf of Mexico):			
Horizontal	663	491	455
Vertical	459	574	431
Directional	223	261	200
Total	1,345	1,326	1,086

Our customers’ cash flows, in many instances, depend upon the revenue they generate from the sale of oil and natural gas. Lower oil and natural gas prices usually translate into lower exploration and production budgets. The opposite is true for higher oil and natural gas prices.

During the latter portion of 2008 and throughout much of 2009, there was an unprecedented decline in oil and natural prices and demand for our services due to the worldwide recession. Since then, prices have rebounded. According to the International Energy Agency’s (IEA) April 2010 “Oil Market Report,” 2010 world petroleum demand is forecasted to increase 2% over 2009 levels. Despite the reduction in demand from peak levels in 2008 due to the worldwide recession, we believe that, over the long term, any major macroeconomic disruptions may ultimately correct themselves as the underlying trends of smaller and more complex reservoirs, high depletion rates, and the need for continual reserve replacement should drive the long-term need for our services.

North America operations

Volatility in natural gas prices can impact our customers' drilling and production activities, particularly in North America. In 2009, the region experienced an unprecedented decline in rig count and drilling activity due to the decline in natural gas prices. Beginning in the fourth quarter of 2009 and continuing through the first quarter of 2010, drilling activity has improved. As of March 31, 2010, rig counts had increased approximately 20% from the end of 2009. Horizontal-directed drilling activity is now higher than peak levels in 2008. These trends have led to increased demand for our products and services and provided opportunities for price increases during the quarter as increased completions intensity in unconventional shale plays has resulted in absorption of much of the industry’s excess oilfield equipment capacity. However, new production resulting from this increased activity, coupled with natural gas storage volumes exiting the heating season at levels above the five-year average, have weakened natural gas prices, which could negatively impact drilling activity in coming quarters.

International operations

Consistent with our long-term strategy to grow our operations outside of North America, we expect to continue to invest capital in our international operations. During 2009, operating income declined from 2008 levels due to a drop in rig count and the impact of pricing concessions that were renegotiated or given in the contract retendering process. During the first quarter of 2010, as expected, we experienced margin contraction due to declines related to this contract repricing, weather-related issues, project delays, and lower activity in certain key markets. However, despite tempered activity levels in the first quarter, our current visibility to multiple projects and some momentum in project activity lead us to believe that a resurgence may occur in the latter half of 2010 and into 2011.

Venezuela. We historically had remeasured our net Bolívar Fuerte-denominated monetary asset position at the official, fixed exchange rate of 2.15 Bolívar Fuerte to United States dollar. In January 2010, the Venezuelan government announced a devaluation of the Bolívar Fuerte under a new two-exchange rate system; a 2.6 Bolívar Fuerte to United States dollar rate for essential products and a 4.3 Bolívar Fuerte to United States dollar rate for non-essential products. In the first quarter of 2010, as a result of the devaluation, we recorded a foreign exchange loss of $31 million, which was not tax deductible in Venezuela. We also recorded $10 million of additional tax expense for local Venezuelan income tax purposes as a result of a taxable gain on our net United States dollar-denominated monetary asset position in the country. We are now utilizing the 4.3 Bolívar Fuerte to United States dollar exchange rate.

Initiatives, recent contract awards, and acquisitions

Following is a brief discussion of some of our recent and current initiatives:

- increasing our market share in more economic, unconventional shale plays and deepwater markets by leveraging our broad technology offerings to provide value to our customers through integrated solutions and the ability to more efficiently drill and complete their wells;
- making key investments in technology and capital to accelerate growth opportunities;
- improving working capital, operating within our cash flow, 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 using our scale and breadth of operations; and
- expanding our business with national oil companies.

Contract wins positioning us to grow our operations over the long term include:

- an offshore, multi-services contract in Angola valued at approximately $1.3 billion for the provision of cementing, production enhancement, completion tools, wireline, and perforating services;
- a contract valued at approximately $750 million from a major exploration and production company for stimulation services in the Williston basin;
- a two-year contract, plus options, with ConocoPhillips China Inc., valued at approximately $40 million, which includes provisions for directional-drilling and logging-while-drilling services on the Peng Lai Development in China's Bohai Bay; and
- frac pack and gravel pack completions awards in Brazil.

We continue to be active in acquiring complementary businesses with differentiated solutions that fit our core technology themes. Thus far in 2010, we have signed definitive agreements on five oilfield service acquisitions including the following:

- Boots & Coots – well intervention and pressure control services, which is still subject to approval by Boots and Coots' stockholders, regulatory approvals, and other customary closing conditions;
- Tierra Geophysical – 3D wave equation modeling and depth imaging seismic processing solutions that enhance sub-salt and wide azimuth imaging;
- Wellbore Energy Solutions – wellbore cleaning services that are critical in completing complicated, tortuous path, deepwater wellbores;
- Diamond Rotating Heads – rotating control devices utilized during underbalanced and managed pressure drilling applications; and
- Watertectonics – wellsite processing of fresh water and flowback for reuse in hydraulic fracturing applications.

RESULTS OF OPERATIONS IN 2010 COMPARED TO 2009

Three Months Ended March 31, 2010 Compared with Three Months Ended March 31, 2009

REVENUE: *Millions of dollars*	Three Months Ended March 31 2010	Three Months Ended March 31 2009	Increase (Decrease)	Percentage Change
Completion and Production	$ 1,964	$ 2,028	$ (64)	(3)%
Drilling and Evaluation	1,797	1,879	(82)	(4)
Total revenue	$ 3,761	$ 3,907	$ (146)	(4)%

By geographic region:				
Completion and Production:				
North America	$ 1,125	$ 1,071	$ 54	5%
Latin America	202	232	(30)	(13)
Europe/Africa/CIS	385	426	(41)	(10)
Middle East/Asia	252	299	(47)	(16)
Total	1,964	2,028	(64)	(3)
Drilling and Evaluation:				
North America	579	612	(33)	(5)
Latin America	293	324	(31)	(10)
Europe/Africa/CIS	535	542	(7)	(1)
Middle East/Asia	390	401	(11)	(3)
Total	1,797	1,879	(82)	(4)
Total revenue by region:				
North America	1,704	1,683	21	1
Latin America	495	556	(61)	(11)
Europe/Africa/CIS	920	968	(48)	(5)
Middle East/Asia	642	700	(58)	(8)

OPERATING INCOME:	Three Months Ended March 31		Increase	Percentage
Millions of dollars	2010	2009	(Decrease)	Change
Completion and Production	$ 238	$ 363	$ (125)	(34)%
Drilling and Evaluation	270	304	(34)	(11)
Corporate and other	(59)	(51)	(8)	(16)
Total operating income	$ 449	$ 616	$ (167)	(27)%
By geographic region:				
Completion and Production:				
North America	$ 137	$ 166	$ (29)	(17)%
Latin America	29	54	(25)	(46)
Europe/Africa/CIS	39	77	(38)	(49)
Middle East/Asia	33	66	(33)	(50)
Total	238	363	(125)	(34)
Drilling and Evaluation:				
North America	93	64	29	45
Latin America	17	54	(37)	(69)
Europe/Africa/CIS	91	91	–	–
Middle East/Asia	69	95	(26)	(27)
Total	270	304	(34)	(11)
Total operating income by region (excluding Corporate and other):				
North America	230	230	–	–
Latin America	46	108	(62)	(57)
Europe/Africa/CIS	130	168	(38)	(23)
Middle East/Asia	102	161	(59)	(37)

The 4% decline in consolidated revenue in the first quarter of 2010 compared to the first quarter of 2009 was due to a reduction in drilling activity in certain international regions, primarily Latin America and Middle East/Asia. These declines were partially offset by increases in drilling activity in North America due primarily to increased horizontal-directed drilling activity. Revenue outside North America was 55% of consolidated revenue in the first quarter of 2010 and 57% of consolidated revenue in the first quarter of 2009.

The decrease in consolidated operating income compared to the first quarter of 2009 was primarily a result of significant decreases in our Completion and Production segment, driven by decreased international rig activity in certain regions and the impact of pricing concessions that were renegotiated or given in the contract retendering process.

Following is a discussion of our results of operations by reportable segment.

Completion and Production decrease in revenue compared to the first quarter of 2009 was a result of activity declines in Latin America, Europe/Africa/CIS, and Middle East/Asia. North America revenue increased 5% due to an increase in demand for production enhancement services in United States land. In addition, Canada experienced increases in demand for cementing and production enhancement services. Latin America revenue decreased 13% as cementing and production enhancement services activity decreased in Mexico and Venezuela. Europe/Africa/CIS revenue declined 10% as lower demand for production enhancement services in the United Kingdom and lower direct sales for completion tools in Nigeria outweighed higher cementing activity in Norway. Middle East/Asia revenue decreased 16% largely due to a decrease in demand for all products and services in both the Middle East and Asia Pacific. Revenue outside of North America was 43% of total segment revenue in the first quarter of 2010 and 47% of total segment revenue in the first quarter of 2009.

Completion and Production segment operating income declines compared to the first quarter of 2009 were seen across all regions. In North America, operating income fell 17% largely due to price declines across all product lines from first quarter of 2009 levels. However, Canada showed small increases in all product service lines due to increased demand. Latin America operating income decreased 46% due to lower demand and higher costs across all product service lines throughout the region. Europe/Africa/CIS operating income declined 49% due to lower demand and higher costs for production enhancement services in the North Sea and Algeria and also lower demand for completion tools throughout the region. Middle East/Asia operating income decreased 50%, primarily due to lower demand and higher costs for production enhancement services throughout the region and lower demand for completion tools in China and India.

Drilling and Evaluation revenue declined compared to the first quarter of 2009, primarily due to pricing declines and lower drilling activity in North America, Latin America, and Middle East/Asia. North America revenue fell 5% on decreased demand for drilling fluid services and drilling services in United States land. Latin America revenue declined 10% as higher activity across all product service lines in Brazil was outweighed by activity declines in Venezuela and Mexico. Europe/Africa/CIS revenue remained essentially flat as lower demand for drilling fluid services and wireline and perforating services in Africa was offset by increased demand for all products and services in Norway. Middle East/Asia revenue fell 3% as decreased demand for drilling services in Saudi Arabia and most products and services in Indonesia outweighed increased demand for drilling fluid services and wireline and perforating services in Kuwait and Australia. Revenue outside of North America was 68% of total segment revenue in the first quarter of 2010 and 67% of total segment revenue in the first quarter of 2009.

The decrease in Drilling and Evaluation operating income compared to the first quarter of 2009 was due to lower activity and pricing declines. North America operating income increased 45%, primarily due to an improved cost structure across the region. Latin America operating income fell 69% primarily due to decreased demand across most product service lines in Mexico and pricing declines in Columbia. The Europe/Africa/CIS region operating income remained flat as increased demand for drilling fluid services and drilling services in Europe were offset by decreased demand for wireline and perforating services in Africa. Middle East/Asia operating income decreased 27% over the first quarter of 2009 due to a decline in drilling activity in Saudi Arabia and Indonesia.

Corporate and other expenses were $59 million in the first quarter of 2010 compared to $51 million in the first quarter of 2009. The 16% increase was primarily related to higher legal and environmental costs in the first quarter of 2010.

NONOPERATING ITEMS

Interest expense increased $26 million in the first quarter of 2010 compared to the first quarter of 2009 primarily due to the issuance of $2 billion in senior notes during March of 2009.

Other, net in the first three months of 2010 included a $31 million foreign exchange loss associated with the devaluation of the Venezuelan Bolívar Fuerte.

Provision for income taxes on continuing operations in the first quarter of 2010 of $121 million resulted in an effective tax rate of 36% compared to an effective tax rate on continuing operations of 32% in the first quarter of 2009. The higher effective tax rate in the first quarter of 2010 was primarily due to the non tax-deductibility of the $31 million foreign exchange loss related to the devaluation in Venezuela. Also, as a result of the devaluation, we recognized $10 million of additional tax expense for local Venezuelan income tax purposes due to a taxable gain on our net United States dollar-denominated monetary asset position in the country.

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 and “Risk Factors—Environmental requirements.”

NEW ACCOUNTING PRONOUNCEMENTS

In October 2009, the FASB issued an update to existing guidance on revenue recognition for arrangements with multiple deliverables. This update will allow companies to allocate consideration received for qualified separate deliverables using estimated selling price for both delivered and undelivered items when vendor-specific objective evidence or third-party evidence is unavailable. Additional disclosures discussing the nature of multiple element arrangements, the types of deliverables under the arrangements, the general timing of their delivery, and significant factors and estimates used to determine estimated selling prices are required. We will adopt this update for new revenue arrangements entered into or materially modified beginning January 1, 2011. We do not expect the provisions of this update to have a material impact on our 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,” “believes,” “do not believe,” “expects,” “do not expect,” “anticipates,” “do not anticipate,” 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 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.

RISK FACTORS

While it is not possible to identify all risk factors, we continue to face many risks and uncertainties that could cause actual results to differ from our forward-looking statements and could otherwise have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

The risk factors discussed below update the risk factors previously disclosed in our 2009 Annual Report on Form 10-K.

TSKJ Matters

Background. As a result of an ongoing FCPA investigation at the time of the KBR separation, we provided indemnification in favor of KBR under the master separation agreement for certain contingent liabilities, including our indemnification of KBR and any of its greater than 50%-owned subsidiaries as of November 20, 2006, the date of the master separation agreement, for fines or other monetary penalties or direct monetary damages, including disgorgement, as a result of a claim made or assessed by a governmental authority in the United States, the United Kingdom, France, Nigeria, Switzerland, and/or Algeria, or a settlement thereof, related to alleged or actual violations occurring prior to November 20, 2006 of the FCPA or particular, analogous applicable foreign statutes, laws, rules, and regulations in connection with investigations pending as of that date, including with respect to the construction and subsequent expansion by TSKJ of a multibillion dollar natural gas liquefaction complex and related facilities at Bonny Island in Rivers State, Nigeria. As a condition of our indemnity, we have control over the investigation, defense, and/or settlement of these matters. We have the right to terminate the indemnity in the event KBR elects to take control over the investigation, defense, and/or settlement or refuses to agree to a settlement negotiated and presented by us.

TSKJ is a private limited liability company registered in Madeira, Portugal whose members are Technip SA of France, Snamprogetti Netherlands B.V. (a subsidiary of Saipem SpA of Italy), JGC Corporation of Japan, and Kellogg Brown & Root LLC (a subsidiary of KBR), each of which had an approximate 25% beneficial interest in the venture. Part of KBR's ownership in TSKJ was held through M.W. Kellogg Limited (MWKL), a United Kingdom joint venture and subcontractor on the Bonny Island project, in which KBR beneficially owns a 55% interest. TSKJ and other similarly owned entities entered into various contracts to build and expand the liquefied natural gas project for Nigeria LNG Limited, which is owned by the Nigerian National Petroleum Corporation, Shell Gas B.V., Cleag Limited (an affiliate of Total), and Agip International B.V. (an affiliate of ENI SpA of Italy).

DOJ and SEC investigations resolved. In February 2009, the FCPA investigations by the DOJ and the SEC were resolved with respect to KBR and us. The DOJ and SEC investigations resulted from allegations of improper payments to government officials in Nigeria in connection with the construction and subsequent expansion by TSKJ of the Bonny Island project.

The DOJ investigation was resolved with respect to us with a non-prosecution agreement in which the DOJ agreed not to bring FCPA or bid coordination-related charges against us with respect to the matters under investigation, and in which we agreed to continue to cooperate with the DOJ's ongoing investigation and to refrain from and self-report certain FCPA violations. The DOJ agreement did not provide a monitor for us.

As part of the resolution of the SEC investigation, we retained an independent consultant to conduct a 60-day review and evaluation of our internal controls and record-keeping policies as they relate to the FCPA, and we agreed to adopt any necessary anti-bribery and foreign agent internal controls and record-keeping procedures recommended by the independent consultant. The review and evaluation were completed during the second quarter of 2009, and we have implemented the consultant's immediate recommendations and will implement the remaining long-term recommendations by mid-year 2010. As a result of the substantial enhancement of our anti-bribery and foreign agent internal controls and record-keeping procedures prior to the review of the independent consultant, we do not expect the implementation of the consultant's recommendations to materially impact our long-term strategy to grow our international operations. In August 2010, the independent consultant will perform a 30-day, follow-up review to confirm that we have implemented the recommendations and continued the application of our current policies and procedures and to recommend any additional improvements.

KBR has agreed that our indemnification obligations with respect to the DOJ and SEC FCPA investigations have been fully satisfied.

Other matters. In addition to the DOJ and the SEC investigations, we are aware of other investigations in France, Nigeria, the United Kingdom, and Switzerland regarding the Bonny Island project. In the United Kingdom, the Serious Fraud Office (SFO) is considering civil claims or criminal prosecution under various United Kingdom laws and appears to be focused on the actions of MWKL, among others. Violations of these laws could result in fines, restitution and confiscation of revenues, among other penalties, some of which could be subject to our indemnification obligations under the master separation agreement. Our indemnity for penalties under the master separation agreement with respect to MWKL is limited to 55% of such penalties, which is KBR's beneficial ownership interest in MWKL. MWKL is cooperating with the SFO's investigation. Whether the SFO pursues civil or criminal claims, and the amount of any fines, restitution, confiscation of revenues or other penalties that could be assessed would depend on, among other factors, the SFO's findings regarding the amount, timing, nature and scope of any improper payments or other activities, whether any such payments or other activities were authorized by or made with knowledge of MWKL, the amount of revenue involved, and the level of cooperation provided to the SFO during the investigations. MWKL has informed the SFO that it intends to self-report corporate liability for corruption-related offenses arising out of the Bonny Island project, and discussions with the SFO are continuing.

The DOJ and SEC settlements and the other ongoing investigations could result in third-party claims against us, which may include claims for special, indirect, derivative or consequential damages, damage to our business or reputation, loss of, or adverse effect on, cash flow, assets, goodwill, results of operations, business prospects, profits or business value or claims by directors, officers, employees, affiliates, advisors, attorneys, agents, debt holders, or other interest holders or constituents of us or our current or former subsidiaries.

Our indemnity of KBR and its majority-owned subsidiaries continues with respect to other investigations within the scope of our indemnity. Our indemnification obligation to KBR does not include losses resulting from third-party claims against KBR, including claims for special, indirect, derivative or consequential damages, nor does our indemnification apply to damage to KBR's business or reputation, loss of, or adverse effect on, cash flow, assets, goodwill, results of operations, business prospects, profits or business value or claims by directors, officers, employees, affiliates, advisors, attorneys, agents, debt holders, or other interest holders or constituents of KBR or KBR's current or former subsidiaries.

At this time, other than the claims being considered by the SFO, no claims by governmental authorities in foreign jurisdictions have been asserted against the indemnified parties. Therefore, we are unable to estimate the maximum potential amount of future payments that could be required to be made under our indemnity to KBR and its majority-owned subsidiaries related to these matters. An adverse determination or result against us or any party indemnified by us in any investigation or third-party claim related to these FCPA matters could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition. See Note 5 to our condensed consolidated financial statements for additional information.

Barracuda-Caratinga Arbitration

We also provided indemnification in favor of KBR under the master separation agreement for all out-of-pocket cash costs and expenses (except for legal fees and other expenses of the arbitration so long as KBR controls and directs it), or cash settlements or cash arbitration awards, KBR may incur after November 20, 2006 as a result of the replacement of certain subsea flowline bolts installed in connection with the Barracuda-Caratinga project. Under the master separation agreement, KBR currently controls the defense, counterclaim, and settlement of the subsea flowline bolts matter. As a condition of our indemnity, for any settlement to be binding upon us, KBR must secure our prior written consent to such settlement's terms. We have the right to terminate the indemnity in the event KBR enters into any settlement without our prior written consent.

At Petrobras' direction, KBR replaced certain bolts located on the subsea flowlines that failed through mid-November 2005, and KBR has informed us that additional bolts have failed thereafter, which were replaced by Petrobras. These failed bolts were identified by Petrobras when it conducted inspections of the bolts. We understand KBR believes several possible solutions may exist, including replacement of the bolts. Initial estimates by KBR indicated that costs of these various solutions ranged up to $148 million. In March 2006, Petrobras commenced arbitration against KBR claiming $220 million plus interest for the cost of monitoring and replacing the defective bolts and all related costs and expenses of the arbitration, including the cost of attorneys' fees. We understand KBR is vigorously defending this matter and has submitted a counterclaim in the arbitration seeking the recovery of $22 million. The arbitration panel held an evidentiary hearing in March 2008 to determine which party is responsible for the designation of the material used for the bolts. On May 13, 2009, the arbitration panel held that KBR and not Petrobras selected the material to be used for the bolts. Accordingly, the arbitration panel held that there is no implied warranty by Petrobras to KBR as to the suitability of the bolt material and that the parties' rights are to be governed by the express terms of their contract. The arbitration panel set the final hearing on liability and damages for early May 2010. Our estimation of the indemnity obligation regarding the Barracuda-Caratinga arbitration is recorded as a liability in our condensed consolidated financial statements as of March 31, 2010 and December 31, 2009. An adverse determination or result against KBR in the arbitration could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition. See Note 5 to our condensed consolidated financial statements for additional information regarding the KBR indemnification.

Environmental Requirements

Changes in environmental requirements may negatively impact demand for our services. For example, oil and natural gas exploration and production may decline as a result of environmental requirements (including land use policies responsive to environmental concerns). State, national, and international governments and agencies have been evaluating climate-related legislation and other regulatory initiatives that would restrict emissions of greenhouse gases in areas in which we conduct business. Because our business depends on the level of activity in the oil and natural gas industry, existing or future laws, regulations, treaties or international agreements related to greenhouse gases and climate change, including incentives to conserve energy or use alternative energy sources, could have a negative impact on our business if such laws, regulations, treaties, or international agreements reduce the worldwide demand for oil and natural gas. Likewise, such restrictions may result in additional compliance obligations with respect to the release, capture, and use of carbon dioxide that could have an adverse effect on our results of operations, liquidity, and financial condition.

We are a leading provider of hydraulic fracturing services, a process that creates fractures extending from the well bore through the rock formation to enable natural gas or oil to move more easily through the rock pores to a production well. Bills pending in the United States House and Senate have asserted that chemicals used in the fracturing process could adversely affect drinking water supplies. The proposed legislation would require the reporting and public disclosure of chemicals used in the fracturing process. This legislation, if adopted, could establish an additional level of regulation at the federal level that could lead to operational delays and increased operating costs. During the first quarter of 2010, the United States Environmental Protection Agency announced it will begin a detailed scientific study of hydraulic fracturing and the alleged effect on surface and ground water. The adoption of any future federal or state laws or implementing regulations imposing reporting obligations on, or otherwise limiting, the hydraulic fracturing process could make it more difficult to complete natural gas and oil wells and could have an adverse impact on our future results of operations, liquidity, and financial condition.

Exploration and Production Activity

Demand for our services and products is particularly sensitive to the level of exploration, development, and production activity of, and the corresponding capital spending by, oil and natural gas companies, including national oil companies. Demand is directly affected by trends in oil and natural gas prices, which, historically, have been volatile and are likely to continue to be volatile.

Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty, and a variety of other economic factors that are beyond our control. Any prolonged reduction in oil and natural gas prices will depress the immediate levels of exploration, development, and production activity. Perceptions of longer-term lower oil and natural gas prices by oil and natural gas companies can similarly reduce or defer major expenditures given the long-term nature of many large-scale development projects.

The recent worldwide recession has reduced the levels of economic activity and the expansion of industrial business operations. This has negatively impacted worldwide demand for energy, resulting in lower oil and natural gas prices, a lowering of the level of exploration, development, and production activity, and a corresponding decline in the demand for our well services and products. This reduction in demand could continue through 2010 and beyond, which could have an adverse effect on revenue and profitability.

Factors affecting the prices of oil and natural gas include:

- governmental regulations, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves;
- global weather conditions and natural disasters;
- worldwide political, military, and economic conditions;
- the level of oil production by non-OPEC countries and the available excess production capacity within OPEC;
- oil refining capacity and shifts in end-customer preferences toward fuel efficiency and the use of natural gas;
- the cost of producing and delivering oil and natural gas;
- Potential acceleration of development of alternative fuels; and
- the level of supply and demand for oil and natural gas, especially demand for natural gas in the United States.

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 due to, among other reasons, a reduction in our customer’s cash flow from operations and their access to the credit markets. If our customers delay in 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.

Risks Related to our Business in Venezuela

We believe there are risks associated with our operations in Venezuela. For example, the Venezuela National Assembly enacted legislation that allows the Venezuelan government, directly or through its state-owned oil company, to assume control over the operations and assets of certain oil service providers in exchange for reimbursement of the book value of the assets adjusted for certain liabilities. Venezuelan government officials have stated this legislation is not applicable to our company.

However, we continue to see a delay in receiving payment on our receivables from our primary customer in Venezuela. If our customer further delays in paying or fails 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.

As of March 31, 2010, our total net investment in Venezuela was approximately $200 million. In addition to this amount, we also have $214 million of surety bond guarantees outstanding relating to our Venezuelan operations.

We historically had remeasured our net Bolívar Fuerte-denominated monetary asset position at the official, fixed exchange rate of 2.15 Bolívar Fuerte to United States dollar. In January 2010, the Venezuelan government announced a devaluation of the Bolívar Fuerte under a new two-exchange rate system: a 2.6 Bolívar Fuerte to United States dollar rate for essential products and a 4.3 Bolívar Fuerte to United States dollar rate for non-essential products.

The future results of our Venezuelan operations will be affected by many factors, including our ability to take actions to mitigate the effect of the devaluation, further actions of the Venezuelan government, and general economic conditions such as continued inflation and future customer payments and spending.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk, see Item 7(a), “Quantitative and Qualitative Disclosures About Market Risk,” in our 2009 Annual Report on Form 10-K. Our exposure to market risk has not changed materially since December 31, 2009.

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 March 31, 2010 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 three months ended March 31, 2010 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 various commitments and contingencies is described in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Forward-Looking Information and Risk Factors" and in Notes 5 and 6 to the condensed consolidated financial statements.

Item 1(a). Risk Factors

Information related to risk factors is described in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Forward-Looking Information and Risk Factors."

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-month period ended March 31, 2010.

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
January 1-31	99,863	$ 31.67	–
February 1-28	14,942	$ 29.52	–
March 1-31	5,614	$ 31.21	–
Total	120,419	$ 31.39	–

(a) All of the 120,419 shares purchased during the three-month period ended March 31, 2010 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 shares.

Item 3. Defaults Upon Senior Securities

None.

Item 4. [Removed and Reserved]

Item 5. Other Information

None.

Item 6. Exhibits

	2.1	Agreement and Plan of Merger dated April 9, 2010, by and among Halliburton Company, Gradient, LLC, and Boots & Coots, Inc. (incorporated by reference to Exhibit 2.1 to Halliburton's Form 8-K filed April 12, 2010, File No. 1-3492).
*	10.1	Resignation, General Release, and Settlement Agreement (David S. King).
*	12.1	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 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.
**	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

*	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/ Mark A. McCollum
Mark A. McCollum
Executive Vice President and
Chief Financial Officer

/s/ Evelyn M. Angelle
Evelyn M. Angelle
Vice President, Corporate Controller, and
Principal Accounting Officer

Date: April 22, 2010

RESIGNATION, GENERAL RELEASE AND SETTLEMENT AGREEMENT
Supplementing and Amending the Employment Agreement

This Resignation, General Release and Settlement Agreement ("***Supplement***"), is made and entered into as of the Effective Date (as defined in Section 13 hereof), by and among David S. King ("***Employee***") and Halliburton Energy Services, Inc. ("***Employer***"), a subsidiary of Halliburton Company ("***Halliburton***"), for and on behalf of itself, its parents, its subsidiaries, and its affiliated companies (collectively, including Employer, the "***Halliburton Entities***").

WHEREAS, Employee is currently employed by Employer pursuant to that certain Employment Agreement, dated as of January 1, 1999 (the "***Employment Agreement***"), a copy of which is attached hereto; and

WHEREAS, the parties hereto contemplate that Employee will voluntarily resign as an officer and director of, and from all positions, posts, offices and assignments with Employer and any other Halliburton Entity effective as of March 31, 2010 (the "***Termination Date***"), and Employee will take early retirement, following which termination Employee will not be entitled to receive the benefits provided under Section 3.3 of the Employment Agreement, but will be entitled to receive the benefits provided under (i) Section 3 of this Supplement, subject to Employee's compliance with the conditions set forth in Section 3.4 of the Employment Agreement relating to execution of a release in the form established by Employer, as well as such release contained in this Supplement, and (ii) Section 10 of this Supplement, subject to Employee's compliance with the conditions set forth in Sections 8 and 9 of this Supplement relating to protection of Employer's legitimate business interests and goodwill; and

WHEREAS, the Employment Agreement also provides that the severance benefits provided under Section 3.3 thereof are in consideration of Employee's continuing obligations under the Employment Agreement following termination of employment, including obligations under Article 4 relating to ownership and protection of Halliburton intellectual property and confidential information, Employee agrees that the severance benefits provided under this Supplement serve the same purpose; and

WHEREAS, the parties desire to amend and supplement the Employment Agreement by means of this Supplement to, among other things, provide for a release of any claims or causes of action Employee may have arising from or relating to his employment or service with Employer and set forth the terms of Employee's continuing obligations relating to the treatment of confidential information and protection of Employer's legitimate business interests and goodwill; and

WHEREAS, the parties wish to affirm that the terms of the Employment Agreement remain in full force and effect except as amended and supplemented hereby; and

NOW, THEREFORE, in consideration of the mutual promises, covenants and obligations contained in this Supplement, the parties agree as follows:

1. Resignation. Employee shall continue to be employed by Employer through the Termination Date, at which time he shall voluntarily resign from employment and simultaneously elect early retirement. Notwithstanding Employee's voluntary resignation from employment and voluntary election to take early retirement, Employee shall be entitled to receive the severance benefits provided under Section 3 of this Supplement in lieu of the benefits provided under Section 3.3 of the Employment Agreement, and such other benefits and amounts provided in this Supplement. On the Termination Date, Employee shall voluntarily resign as an officer and director of, and from all other positions, posts, offices and assignments with, Employer and any other Halliburton Entity and sign letters of resignation not inconsistent with the terms of this Supplement, if requested by Employer. Employee acknowledges that from and after the Termination Date he shall have no authority to, and shall not act as an officer, director, employee or in any other capacity for Employer or any Halliburton Entity.

2. Obligations of Employee.

(a) Employee agrees that the terms and conditions of this Supplement and the events (including negotiations) leading up to its execution shall remain confidential as between the parties and he 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 Supplement or the events (including any negotiations) which led to its execution. Employee further agrees that he 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 Supplement to his immediate family, attorneys and financial advisors provided he informs them of this confidentiality provision and they agree to abide by it.

(b) Employee agrees to an orderly transition of duties and will provide appropriate details to Employer concerning all of his current business activities and duties. Employee agrees this transition period will end on the Termination Date.

c) Employee reaffirms and acknowledges his existing and continuing obligations under the Employment Agreement, including, without limitation, the obligations set forth in Article 4 thereof relating to ownership and protection of intellectual property and confidential information. Except as may be required by law, Employee also agrees to maintain in confidence any proprietary and confidential information of customers, vendors, or other third parties received or of which he has knowledge as a result of his employment. The prohibitions of this subsection shall not apply, however, to information in the public domain (but only if the same becomes part of the public domain through means other than a disclosure prohibited hereunder or under the Employment Agreement).

(d) Employee agrees to leave in his office or deliver to Employer on or before the Termination Date all correspondence, memoranda, notes, records, data or information, analyses, drawings, photographs or other documents (including, without limitation, any computer-generated, computer-stored or electronically-stored materials) made, composed or received by Employee, solely or jointly with others, and which as of the Termination Date are in his possession, custody or control and which are related in any manner to the past, present or anticipated business of any of the Halliburton Entities (collectively, the "***Company Information***") without retaining any copies thereof. It is the intent of the parties that the foregoing covenant is applicable to all Company Information and all copies thereof, whether in writing or in electronic format, wherever located, including Company Information located on or in Employee's personally-owned property. Employee hereby grants and conveys to Employer all right, title and interest in and to, including, without limitation, the right to possess, print, copy and sell or otherwise dispose of, all Company Information, and copies, abstracts or summaries thereof, which may have been prepared by Employee or under his direction or which may have come into his possession in any way during the term of his employment with any of the Halliburton Entities and which relate in any manner to the past, present or anticipated business of any of the Halliburton Entities.

(e) Employee represents and acknowledges that he has no claim or right, title or interest in the property or assets of any of the Halliburton Entities. On or before the Termination Date, Employee shall deliver any such property in his possession or control, including, without limitation, any computers, cellular telephones, any wireless devices such as a "BlackBerry," credit cards, telephone cards, office keys and security badges furnished by any of the Halliburton Entities for his use.

3. <u>Obligations of Employer</u>. In lieu of Employer's obligations under Article 3 of the Employment Agreement, Employer and Employee agree as follows:

(a) Employee shall be entitled to receive his regular salary through the Termination Date.

(b) In consideration of Employee's continuing obligations and promises as set forth in the Employment Agreement and this Supplement, Employer will make a one time severance payment to Employee equal to one year's annual base salary in effect on the Termination Date, in a single lump sum, less applicable withholding taxes (the "***Severance Payment***"). Employee acknowledges that the Severance Payment exceeds and fully satisfies any claim for severance pursuant to any severance plan or program maintained by Employer or any Halliburton Entity or under any law governing Employer or any of the Halliburton Entities. In the event that Employee is entitled to termination benefits, whether for severance pursuant to any severance plan or program of Employer or any of the Halliburton Entities or under any law governing any of the Halliburton Entities, that cannot be voluntarily released by Employee, the Severance Payment shall be offset and reduced by any such benefits.

(c) Effective with the later of the Termination Date or the Effective Date, all shares of stock issued to Employee under the 1993 Stock and Incentive Plan as to which restrictions have not lapsed as of the Termination Date will be retained by Employee and all restrictions of any shares thus retained will lapse, all pursuant to the terms of Employee's underlying restricted stock agreements.

(d) Effective on the later of the Termination Date or the Effective Date, Employee's rights to the stock options granted to him under the 1993 Stock and Incentive Plan shall be treated in accordance with the terms of the underlying stock option agreements applicable to approved retention of stock options upon early retirement, after which Employee may exercise such options, if at all, as permitted by such stock option agreements and for the length of time permitted thereby.

(e) Upon approval of the administrative committee appointed to administer the Supplemental Executive Retirement Plan and Benefit Restoration Plan, Employee will receive the aggregate balance of his accounts under such plans, including applicable interest, in a single lump sum payment, as soon as administratively feasible after the 2010 allocations to such accounts have been determined. Employee recognizes that a portion of such payments may be subject to a six month waiting period under such plans in accordance with Internal Revenue Code Section 409A.

(f) Employee shall cease to be a participant in the Halliburton Annual Performance Pay Plan effective as of the Termination Date. Any annual incentive compensation earned under such Plan for the 2010 plan year shall be paid to Employee at the time that incentive compensation amounts are paid to the other Annual Performance Pay Plan participants.

(g) Employer acknowledges that Employee is a participant in certain retirement and welfare benefit plans and programs of Employer and Halliburton. Upon termination of Employee's employment, he shall receive the benefits to which he is entitled in accordance with such plans' respective terms; provided, however, that, since the severance benefits provided under the Employment Agreement and this Supplement are in excess of any severance benefits under Employer's severance benefit plan or program, Employee waives any right to severance benefits under such plan or program.

(h) Employer will provide Employee with cash-in-lieu of $12,000 for outplacement services and $7,500 for financial planning services, as well as reimbursement or payment for an executive physical examination for 2010.

(i) The Severance Payment and the payments provided for in Section 3(h) above will be made no earlier than the later to occur of the Termination Date or Effective Date and will be made as soon as administratively feasible, but not later than 60 days after the relevant date. Applicable withholding taxes will be deducted from all payments due Employee hereunder.

4. Prior Rights and Obligations. Employee and Employer acknowledge that all rights and obligations of the parties relating to the employment or termination of employment of Employee with Employer or any of the Halliburton Entities are embodied in this Supplement and the Employment Agreement, as well as that certain letter of intent dated April 30, 2008, entered into by the parties. Except as set forth herein and therein, the parties shall have no further employment or contractual relationship; provided, however, that the foregoing provision shall not be interpreted or construed in such a manner as to limit, extinguish or otherwise adversely affect Employee's rights and the obligations of any of the Halliburton Entities under any employee retirement or welfare benefit plans, except severance plans, of Employer or the other Halliburton Entities in accordance with such plans' respective terms.

5. No Admissions. Employee expressly understands and agrees that the terms of this Supplement and the release contained herein are contractual and not merely recitals and that the agreements herein and the consideration paid pursuant to Section 3.3 of the Employment Agreement and Section 3 of this Supplement is to compromise doubtful and disputed claims, avoid litigation, and buy peace, having the force of *res judicata* accorded to settlements under certain laws applicable to any of the Halliburton Entities, and that no statement or consideration given shall be construed as an admission of any claim by any of the Halliburton Entities or their respective employees, officers, directors, shareholders, trustees, insurers, agents and representatives (collectively, including Employer, the "***Halliburton Parties***"), all such admissions being expressly denied. Moreover, neither the Employment Agreement, this Supplement nor anything in the Employment Agreement or this Supplement shall be construed to be or shall be admissible in any proceeding as evidence of an admission by Employer or Halliburton of any violation of their policies, procedures, state or federal laws or regulations. The Employment Agreement and this Supplement may be admitted into evidence, however, in any proceeding to enforce such agreements. In such event, such admission shall be pursuant to an order protecting its confidentiality.

6. Employee's Representation. (a) Employee represents, warrants and agrees that he has not filed any claims, appeals, complaints, charges or lawsuits against any of the Halliburton Parties with any governmental agency or court and that he will not file or permit to be filed or accept any benefit from any claim, complaint or petition filed with any court by him or on his behalf at any time hereafter; provided, however, that this shall not limit Employee from enforcing his rights under the Employment Agreement and this Supplement. Further, Employee represents and warrants that no other person or entity has any interest in, or assignment of, any claims or causes of action he may have against any Halliburton Party and which he now releases in their entirety; (b) Additionally, Employee specifically acknowledges that he understands that he is not waiving any right, claim, or legal matter through this Supplement that cannot be waived, under law, by private agreement. Employee also understands that this Supplement is not intended to waive or interfere with his right to institute a proceeding with any government agency where such waiver would be contrary to law. However, in connection with any such proceeding, Employee waives any right or entitlement to additional compensation or other individual relief except to the extent, if any, such waiver is prohibited by law.

7. General Release and Discharge. Except for those obligations created or acknowledged by this Supplement and the Employment Agreement, and in consideration of the payments and other benefits to be made or provided to Employee under this Supplement and the Employment Agreement, and as a material inducement to Employer to enter into this Supplement, Employee, on behalf of himself and his heirs, executors, administrators, assigns, and successors, hereby agrees to release, acquit and discharge and does hereby release, acquit and discharge Employer, all Halliburton Entities and all Halliburton Parties (both in their official and individual capacities), collectively and individually, with respect to and from any and all claims and any and all causes of action, of any kind or character, whether now known or unknown, he may have against any of them which exist as of the Termination Date, including, but not limited to, any claim for benefits, compensation, stock, stock options, costs, damages, expenses, remuneration, salary or wages; and all claims or causes of action arising from his employment, termination of employment, or any alleged discriminatory employment practices, including but not limited to, any and all claims and causes of action arising under the Age Discrimination in Employment Act, as amended, 29 U.S.C. § 621, *et seq*. ("***ADEA***") and any and all claims and causes of action arising under any other federal, state or local laws pertaining to discrimination in employment or equal employment opportunity; except that the parties agree that Employee's release, acquittal and discharge shall not relieve Employer from its obligations under the Employment Agreement and this Supplement. This release also applies to any claims brought by any person or agency or class action under which Employee may have a right or benefit.

8. Proprietary and Confidential Information/Non-Disclosure. In accordance with Employee's existing and continuing obligations, Employee agrees and acknowledges that the various Halliburton Entities have developed and own valuable information which is confidential, unique, with material pecuniary value on the open market, and specific to the Halliburton Entities ("***Proprietary and Confidential Information***") and which includes, without limitation, trade secrets; financial information, projections and forecasts; marketing plans and strategies; business and implementation plans; engineering plans; prospect lists; technical information concerning products, equipment, services and processes; procurement procedures and pricing techniques;

names and other information (such as credit and financial data) concerning customers and business affiliates; and all other concepts, ideas, plans, strategies, analyses, surveys, and proprietary information related to the past, present or anticipated business of various of the Halliburton Entities. Except as may be required by law, Employee agrees that he will not at any time disclose to others, permit to be disclosed, use, permit to be used, copy or permit to be copied, any such Proprietary and Confidential Information (whether or not developed by Employee and whether or not received as an employee) without prior written consent of the Chief Executive Officer of Halliburton. Except as may be required by law, Employee further agrees to maintain in confidence any proprietary and confidential information of third parties received or of which he has knowledge as a result of his employment. Employee further acknowledges and agrees that if he is required by law, pursuant to a validly issued subpoena or other governmental or legal process to disclose any Proprietary and Confidential Information, Employee will immediately advise the Halliburton Entities that a subpoena or other governmental order has been served, so that the Halliburton Entities may have an opportunity to object or move to quash the subpoena or governmental order in question. The prohibitions of this Section 8 shall not apply, however, to information in the public domain (but only if the same becomes part of the public domain through a means other than a disclosure prohibited hereunder).

9. Restrictive Covenants: Protection of Employer's Interests and Goodwill.

(a) Halliburton is one of the world's largest oilfield services companies, providing a comprehensive range of services and products for the exploration, development, and production of oil and gas, to major national, international, and independent oil and gas companies throughout the world.

(b) Employee acknowledges that in his role at Halliburton, he obtained, possessed and otherwise had substantial access to significant portions of Halliburton's Proprietary and Confidential Information as defined herein, including strategies and business plans; supervised and managed key employees, and was responsible for key customer and supplier relationships on a worldwide basis.

(c) Employee and Employer agree and acknowledge that the Halliburton Entities have developed and own and will develop and own valuable Proprietary and Confidential Information and that the Halliburton Entities have goodwill and will continue to enjoy substantial goodwill unless disturbed by Employee. Employee and Employer further agree and acknowledge that the Halliburton Entities, and Employer on their behalf, have a substantial and legitimate business interest in protecting their Proprietary and Confidential Information and goodwill.

(d) Non-Competition Period: For a 2-year period beginning on the first business day following the later of the Termination Date or the Effective Date of this Supplement (the "***Non-Competition Period***"), Employee agrees to the following covenants:

(i) Non-Competition: Except as provided below, Employee will not directly or indirectly, for his own purposes or for the purposes of others, participate in the ownership, management, operation or control of, or be or become a stockholder, officer, employee, partner, director, or agent of, or a consultant to, or render advice or services to, or otherwise assist, any person, business or legal entity, their respective affiliates (including affiliates formed or acquired after the date hereof) or successors (collectively, the "***Competitive Businesses***") in competing with any of the Halliburton Entities or any of the activities relating to, arising under, or included within the business activities of the Halliburton Entities, including those described in Section 9(a) above, anywhere in the world.

(ii) Non-Solicitation: Employee will not directly or indirectly, for his own purposes or for the purposes of others, either as principal, agent, independent contractor, consultant, director, officer, employee, employer, advisor, stockholder, partner, or in any other individual or representative capacity whatsoever, either for his own benefit or for the benefit of any other person or entity: (A) hire or attempt to hire, contact or solicit with respect to hiring, any person who is or who has been within the preceding nine-month period or during the Non-Competition Period, an employee of, full-time consultant to, or contract employee of any of the Halliburton Entities; or (B) induce or otherwise counsel, advise or encourage any employee or full-time consultant to leave any of the Halliburton Entities; or (C) attempt to divert or take away, or induce another person to attempt to divert or take away, any customer, consultant, franchisee or vendor of any of the Halliburton Entities with whom Employee dealt, directly or indirectly, during his employment with Employer or any of the other Halliburton Entities.

(iii) Geographic Scope of Restriction: The obligations of this Section 9 shall apply to any geographic area in which any of the Halliburton Entities:

a. Has engaged in business by providing services and/or products for the exploration, development, and production of oil and gas, to major national, international, and independent oil and gas companies, including both United States and international locations; or
b. Has otherwise established its goodwill, business reputation or any customer or supplier relations.

The above notwithstanding, nothing in this Section 9 shall prohibit Employee and his affiliates from owning, as passive investors, in the aggregate not more than five percent of equity securities of any publicly held Competitive Business.

(e) Employee represents and warrants that the time, scope and geographic area restricted by the provisions of this Section are reasonable, that the enforcement of the restrictions contained herein will not be unduly burdensome on Employee, and that Employee will be able to earn a reasonable living while abiding by the terms imposed herein. Employee agrees that the restraints created by the covenants of this Section 9 are no greater than necessary to protect the legitimate interests of the Halliburton Entities, including their Proprietary and Confidential Information and goodwill. In addition, Employee agrees that the need of the Halliburton Entities for the protection afforded by such covenants is not outweighed by the hardship to Employee, nor is any injury to the public likely to result from such restraints. Employee irrevocably waives all defenses to the strict enforcement of the covenants contained in this Section 9 and agrees that his breach or violation of the covenants contained in Sections 8 and/or 9, or any threatened breach or violation thereof, shall entitle Employer, on its own behalf or on behalf of any of the Halliburton Entities, as a matter of right, to specific performance and injunctive relief issued by any court of competent jurisdiction, without the requirement to post a bond, restraining any further or continued breach or violation of any such covenants. Such remedies shall not be deemed the exclusive remedies for breach of Sections 8 and/or 9, but shall be in addition to all remedies available at law or in equity to Employer, including, without limitation, recovery of damages from Employee and his agents involved in such breach. In addition, Employee agrees that any breach by him of any of the covenants contained in Sections 8 and 9 will entitle Employer, for and on behalf of the other Halliburton Entities, to recover the payments or other consideration paid to Employee under Section 10 hereof. Further, Employee agrees that the Halliburton Entities are entitled to insist on full compliance by Employee with the full terms, including time periods, set forth in this Section 9.

(f) It is expressly understood and agreed that Employer and Employee consider the restrictions contained in this Section 9 to be reasonable and necessary to protect the Proprietary and Confidential Information and/or goodwill and that Employee's obligations to keep such information confidential shall survive termination of the Non-Competition Period. Nevertheless, if any of the aforesaid restrictions are found by a court having jurisdiction to be unreasonable, or overly broad as to geographic area or time, or otherwise unenforceable, the parties intend for the restrictions therein set forth to be modified by such courts so as to be reasonable and enforceable and, as so modified by the court, to be fully enforced, it being expressly understood and agreed by Employee that the provisions of this Section are reasonably necessary to protect the Halliburton Entities' legitimate business interests and are designed particularly to protect their Proprietary and Confidential Information and goodwill.

10. Non-Competition and Non-Solicitation Consideration.

(a) In consideration of Employee's covenants and promises as set forth in Sections 8 and 9 hereof, but expressly subject to the provisions of Section 9(e), Employer will make a cash payment to Employee for the prorated amount earned, if any, under the Performance Unit Program for only those performance cycles that Employee has been approved for participation in prior to the Termination Date, which if due will be paid on the later of (i) the date payments are made to other participants under the Program, in accordance with the terms of such Program for the applicable Cycle, or (ii) the end of the Non-Competition Period. Employee shall not participate in the Performance Unit Program for any performance cycles other than those for which he has been approved prior to the Termination Date. Employee shall not participate in the 2010 Cycle.

(b) Payment of the amounts set forth in Section 10(a) will be made only if Employee's obligations set forth in Sections 8 and 9 are fully satisfied at all times during the Non-Competition Period and at the time such amounts are payable. Employee understands and agrees that his right to all or any portion of the payment provided for herein, and Company'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 Sections 8 and 9. Any failure on the part of Employee to comply with each such 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 payments, in whole or in part, provided for in Section 10(a).

11. ADEA Rights. Employee expressly acknowledges and agrees that by entering into this Supplement, he is waiving any and all rights or claims that he may have arising under ADEA. Employee further expressly acknowledges and agrees that:

(a) In return for the release contained in this Supplement, he will receive consideration beyond that which he would have been entitled to receive but for the Employment Agreement and this Supplement;

(b) He was given a copy of this Supplement on April 30, 2008, and he has twenty-one (21) days from such date to review it before accepting, and that subsequent changes to this Supplement, whether material or immaterial, shall not restart such 21-day review period;

(c) He has been advised in writing by Employer to consult with an attorney before signing this Supplement; and

(d) If he accepts this Supplement, he will have seven (7) days following the date of execution of this Supplement to revoke this Supplement.

12. Agreement Voluntary. Employee acknowledges and agrees that he has carefully read this Supplement and understands that, except as expressly reserved herein, it is a release of all claims, known and unknown, past or present, including all claims under the ADEA. He further agrees that he has entered into this Supplement for the above stated consideration. He warrants that he is fully competent to execute this Supplement which he understands to be contractual. He further acknowledges that he executes this Supplement of his own free will, after having a reasonable period of time to review, study and deliberate regarding its meaning and effect, and after being advised to consult with an attorney, and without reliance on any representation of any kind or character not expressly set forth herein. Finally, he executes this Supplement fully knowing its effect and voluntarily for the consideration stated above.

13. Effective Date. The Effective Date shall be eight (8) days after the execution of this Supplement by Employee and Employer, provided Employee has not exercised his right of revocation pursuant to Section 11(d) above. This Supplement will become binding in its entirety upon Employee and Employer, and all of its provisions will be irrevocable on the Effective Date.

14. Payment of Taxes. Employee agrees that he shall be exclusively liable for the payment of all employee federal and state taxes which may be due as a result of the consideration received herein and Employee represents that he shall make payments of such taxes at the time and in the amount required.

15. Dispute Resolution. Each of the parties affirm that Section 5.6 of the Employment Agreement pertaining to resolution of disputes likewise controls with respect to the resolution of disputes hereunder; provided, however, that Employer, for and on behalf of itself and the other Halliburton Entities, shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any breach or a continuation of any breach of the provisions of Sections 8 and/or 9 and Employee hereby consents that such restraining order or injunction may be granted without the necessity of Employer posting any bond.

16. Further Executions. The parties agree to cooperate fully and to execute any and all supplementary documents and to take all additional actions that may be necessary or appropriate to give full force to the basic terms and intent of this Supplement and which are not inconsistent with its terms or the terms of the Employment Agreement.

17. Entire Agreement. This Supplement, as well as that certain letter of intent dated April 30, 2008, between Employee and Employer, amends and supplements the Employment Agreement to the extent set forth herein and therein. The parties hereto expressly affirm that, except as amended and supplemented hereby and thereby, the provisions of the Employment Agreement remain in full force and effect. This Supplement, the letter of intent, and the Employment Agreement constitute the entire agreement and understanding of the parties with regard to the terms of Employee's employment, termination of employment and severance benefits and contain all of the covenants, promises, representations, warranties and agreements between the parties with

respect to such matters. Each party to this Supplement 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 in the aforementioned agreements, and that no agreement, statement, or promise relating to the employment or termination of employment of Employee that is not contained in such agreements shall be valid and binding. No amendment to or modification of this Supplement shall be effective unless reduced to writing and signed by the parties.

18. Notice. For purposes of this Supplement and the Employment 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 pre-paid, addressed as follows:

If to Employer, to Halliburton Company at Five Houston Center, 1401 McKinney, Suite 2400, Houston, Texas 77010, to the attention of the General Counsel of Halliburton Company; or to such other address of which Employee has been duly notified.

If to Employee, to his last known personal address.

19. Section 409A of the Code. Notwithstanding any provision of this Supplement 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***"):

(a) If Employee is a "***specified employee***," as such term is defined in Section 409A and determined as described below in this Section 19, any payments or benefits payable or provided as a result of Employee's termination of employment shall not be payable before the earlier of (i) the date that is six months after Employee's termination, (ii) the date of Employee's death, or (iii) the date that otherwise complies with the requirements of Section 409A.

(b) If any provision of this Supplement would result in the imposition of an applicable tax under Section 409A, Employee and Employer agree that such provision will be reformed to avoid imposition of the applicable tax in a manner that will result in the least adverse economic impact on Employee.

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

HALLIBURTON ENERGY SERVICES, INC.

By: /s/ Lawrence J. Pope
Lawrence J. Pope
Executive Vice President, Administration
& Chief HR Officer, Halliburton Company

Date: 3/22/2010

/s/ David S. King
David S. King

Date: 3/17/2010

EXHIBIT 12.1

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

	Three Months Ended March 31	Year Ended December 31			
	2010	2009	2008	2007	2006
Earnings available for fixed charges:					
Income from continuing operations before income taxes and noncontrolling interest	$ 333	$ 1,682	$ 3,849	$ 3,447	$ 3,186
Add:					
Distributed earnings from equity in unconsolidated affiliates	1	17	30	43	28
Fixed charges	95	361	232	222	238
Subtotal	429	2,060	4,111	3,712	3,452
Less:					
Equity in earnings of unconsolidated affiliates	4	16	50	57	65
Total earnings available for fixed charges	$ 425	$ 2,044	$ 4,061	$ 3,655	$ 3,387
Fixed charges:					
Interest expense	$ 79	$ 297	$ 167	$ 168	$ 179
Rental expense representative of interest	16	64	65	54	59
Total fixed charges	$ 95	$ 361	$ 232	$ 222	$ 238
Ratio of earnings to fixed charges	4.5	5.7	17.5	16.5	14.2

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, 2010 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 22, 2010

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

Exhibit 31.2

Section 302 Certification

I, Mark A. McCollum, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2010 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 22, 2010

/s/ Mark A. McCollum
Mark A. McCollum
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, 2010 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 22, 2010

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, 2010 of Halliburton Company (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report").

I, Mark A. McCollum, 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/ Mark A. McCollum
Mark A. McCollum
Chief Financial Officer

Date: April 22, 2010