THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult an independent financial adviser authorized under the Financial Services and Markets Act 2000 who specializes in advising on the acquisition of shares and other securities before you take any action. Your attention is drawn to "Section D – Risks" beginning on page 8 of this document and Risk Factors beginning on page 13 of this document.

This document comprises a combined summary, share registration document and share securities note, including Parts II and III, and comprises a prospectus (the "**Prospectus**") drawn up in accordance with the requirements of the Financial Services and Markets Act 2000 and the Prospectus Rules published by the United Kingdom Financial Conduct Authority ("**FCA**"). References to the Prospectus shall be deemed to include any related supplementary prospectus approved by the United Kingdom Listing Authority.

The Prospectus has been issued by Halliburton solely in relation to the acquisition from time to time of Common Stock by eligible employees of the Group within the United Kingdom (and, pursuant to Article 17 of the Prospectus Directive, within the EEA) pursuant to the relevant Stock Plan and not for any other purpose. Only eligible employees of the Group may acquire Common Stock pursuant to the Prospectus, in accordance with the Plan Documents. The offer(s), the subject of the Prospectus, are not made to the general public or to any person other than an eligible employee of the Group.

No offer has been made and Participants will not be able to take up Common Stock under the Stock Plans until:

- in relation to the UK, the Prospectus has been approved by the FCA in relation to the participation in the relevant Stock Plan by employees of the Group in the UK; and
- in relation to the EEA, the Prospectus has thereafter been 'passported', as requested by Halliburton, pursuant to Article 17 of the Prospectus Directive, into the other relevant jurisdictions within the EEA in relation to the participation in the relevant Stock Plan by employees of Participating Employers within those jurisdictions.

The maximum number of shares of Common Stock available for future issuance under the Stock Plans, as at December 31, 2013, was 39 million.

The persons responsible for this document are Halliburton Company and the Directors of Halliburton Company, whose names appear at paragraph 2.1 of Part I of this document. Having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the Directors' and the Company's knowledge, in accordance with the facts and contains no omission likely to affect its import.

No Common Stock or other securities of Halliburton Company are admitted to trading on a regulated market within the EEA, and there is no intention to make application for the Common Stock, the subject of this document, to be admitted to trading on any such regulated market.

Investing in the Common Stock involves risks. See "Section D - Risks" beginning on page 8 and Risk Factors beginning on page 13 of this document.

HALLIBURTON COMPANY

(Incorporated in Delaware, United States of America, whose principal place of business is at 3000 North Sam Houston Parkway East, Houston, Texas 77032, USA)

This document does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for Common Stock in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, South Africa or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations. Accordingly, the Common Stock may not, subject to certain exemptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, South Africa or Japan or to any national, resident or citizen of the United States of America, Canada, Australia, South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

No person has been authorized by Halliburton to give any information or to make any representation not contained in the Prospectus and, if given or made, that information or representation should not be relied upon as having been authorized by Halliburton.

The information contained in the Prospectus is correct only as at the date of this Prospectus (or as the context indicates), subject to the requirements of the Prospectus Rules and any other legal and regulatory requirements. Neither any delivery of the Prospectus nor the offering, sale or delivery of any Common Stock will, in any circumstances, create any implication that the information contained in this Prospectus is true and accurate subsequent to the date hereof or (as the case may be) the date upon which the Prospectus has been most recently supplemented, or that there has been no adverse change in the financial situation of Halliburton since such date. The working capital statement at paragraph 26.1.1 of this document shall, notwithstanding the foregoing, relate to the period of 12 months from the date of this document. The Prospectus shall not incorporate by reference any information other than as expressly stated therein, nor shall it incorporate by reference any information published by Halliburton after its date. The most recent financial statements filed by Halliburton and other SEC filings made by Halliburton are available through www.halliburton.com from time to time, but information available via such website and contained in such financial statements and filings shall not be incorporated by reference in the Prospectus.

The Prospectus should not be considered as a recommendation by Halliburton that any recipient of the Prospectus should subscribe for or purchase any Common Stock. Each recipient of the Prospectus will be taken to have made his own investigation and appraisal of the condition (financial or otherwise) of Halliburton and of the Common Stock. No assurances can be given that a liquid market for the Common Stock will exist.

CONTENTS

PART I

SUMMARY 3

1. RISK FACTORS 14
2. PERSONS RESPONSIBLE 28
3. STATUTORY AUDITORS 28
4. SELECTED FINANCIAL INFORMATION 29
5. INFORMATION ABOUT HALLIBURTON 32
6. BUSINESS OVERVIEW 34
7. ORGANISATIONAL STRUCTURE 38
8. PROPERTY PLANT AND EQUIPMENT 38
9. OPERATING AND FINANCIAL REVIEW 41
10. CAPITAL RESOURCES 46
11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES 49
12. TREND INFORMATION 49
13. PROFIT FORECASTS OR ESTIMATES 54
14. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT 54
15. REMUNERATION AND BENEFITS 59
16. BOARD PRACTICES 79
17. EMPLOYEES 84
18. MAJOR SHAREHOLDERS 92
19. RELATED PARTY TRANSACTIONS 92
20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES 92
21. ADDITIONAL INFORMATION 102
22. MATERIAL CONTRACTS 108
23. STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST 108
24. DOCUMENTS ON DISPLAY 109
25. INFORMATION ON HOLDINGS 109
26. SHARE SECURITIES INFORMATION 110

PART II - INFORMATION ABOUT STOCK PLANS INCLUDING APPLICATION FORMS AND DIRECTIONS FOR COMPLETION 115

PART III - HALLIBURTON HISTORICAL FINANCIAL INFORMATION 166

PART II INCLUDES THE FOLLOWING INFORMATION ABOUT STOCK PLANS INCLUDING APPLICATION FORMS AND DIRECTIONS FOR COMPLETION:

Halliburton Company Stock and Incentive Plan ("SIP")

Halliburton Company Non-Qualified Stock Purchase Plan ("NQESPP")

Halliburton Company Employee Stock Purchase Plan ("ESPP")

Halliburton Company UK Employee Share Purchase Plan ("UK-ESPP")

PART III INCLUDES THE FOLLOWING HALLIBURTON HISTORICAL FINANCIAL INFORMATION:

Section 1 of Part III contains a reproduction in its entirety of the Annual Report of Halliburton pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: Form 10-K for the year ended December 31, 2013. The consolidated financial statements contained in this Annual Report have been audited.

Section 2 of Part III contains a reproduction in its entirety of the Annual Report of Halliburton pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: Form 10-K for the year ended December 31, 2012. The consolidated financial statements contained in this Annual Report have been audited.

Section 3 of Part III contains a reproduction in its entirety of the Annual Report of Halliburton pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: Form 10-K for the year ended December 31, 2011. The consolidated financial statements contained in this Annual Report have been audited.

Section 4 of Part III contains a reproduction in its entirety of the Halliburton Company Proxy Statement for the 2014 Annual Meeting of Stockholders on May 21, 2014.

Section 5 of Part III contains a reproduction in its entirety of the Quarterly Report of Halliburton pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: Form 10-Q for the quarter ended March 31, 2014. The condensed consolidated financial statements contained in this Quarterly Report have not been audited.

SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted into the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'. Words and expressions defined in the remainder of the Prospectus have the same meanings in this summary.

Section A – Introductions and warnings		
A.1	Introductions and warnings	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on the consideration of the Prospectus as a whole. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Resale or final placement of shares by financial intermediaries	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities requiring a prospectus after publication of this document.

Section B – Issuer		
B.1	Legal and Commercial Name	Halliburton Company
B.2	Domicile and legal form	Halliburton Company's predecessor was incorporated under the laws of the State of Delaware in 1924. Halliburton is a for-profit corporation and is domiciled in the United States of America and operates under the state and federal laws of the State of Delaware and the United States. The address of Halliburton Company's principal executive office is at 3000 North Sam Houston Parkway East, Houston, Texas 77032, USA.

B.3	Current operations and principal activities of the Group and the principal markets in which it operates.	Halliburton provides services and products to the energy industry, with operations in approximately 80 countries. Halliburton operates and reports under two divisions: **Completion and Production** delivers cementing, stimulation, intervention, pressure control, specialty chemicals, artificial lift, and completion services; **Drilling and Evaluation** provides field and reservoir modeling, drilling, evaluation, and precise wellbore placement solutions that enable customers to model, measure, drill, and optimize their well construction activities.
B.4	Significant trends affecting the Group and the industries in which it operates	Activity levels within our business segments are significantly impacted by spending on upstream exploration, development, and production programs by our customers. Also impacting our activity is the status of the global economy, which impacts oil and natural gas consumption. Some of the more significant determinants of current and future spending levels of our customers are oil and natural gas prices, the world economy, the availability of credit, government regulation, 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. Additionally, due to improved drilling and completion efficiencies as more of our customers move to multi-well pad drilling, our financial performance is impacted by well count in the North America market. According to the International Energy Agency's (IEA) April 2014 "Oil Market Report," 2014 global oil demand is expected to average approximately 92.7 million barrels per day, which is up 1.5% from 2013. The IEA also forecasts overall demand momentum to accelerate modestly in 2014, supported by a strengthening global macroeconomic backdrop. Energy demand is expected to increase over the long term driven by economic growth in developing countries despite current underlying downside risks in the industry, such as sluggish growth in developed countries and uncertainties associated with geopolitical tension in North Africa. Furthermore, development of new resources is expected to be more complex, resulting in higher service intensity as our customers move increasingly to horizontal drilling.
B.5	Group description	Halliburton Company is the holding company of the Group.
B.6	Major shareholders	Based on SEC filings to date, no shareholder holds over 5% of the issued Common Stock other than BlackRock, Inc., which has reported a holding of 6.5%.

B.7 | Key financial information

We had cash and equivalents of $2.1 billion and investments of $378 million in fixed income securities (both short- and long-term) at March 31, 2014. Halliburton's financial position presented below for the years ended December 31, 2013, 2012, and 2011 is extracted from Halliburton's audited consolidated financial statements. The information for the quarter ended March 31, 2014 is extracted from Halliburton's unaudited condensed consolidated financial statements.

Millions of dollars	**March 31** (Unaudited)
Financial position	**2014**
Net working capital [(1)]	$ 8,554
Property, plant, and equipment, net	11,463
Total assets	29,256
Long-term debt, including current maturities	7,816
Shareholders' equity	13,752

Millions of dollars	**December 31** (Audited)		
Financial position	**2013**	**2012**	**2011**
Net working capital [(1)]	$ 8,678	$ 8,334	$ 7,456
Property, plant, and equipment, net	11,322	10,257	8,492
Total assets	29,223	27,410	23,677
Long-term debt, including current maturities	7,816	4,820	4,820
Shareholders' equity	13,615	15,790	13,216

(1) Calculated as current assets minus current liabilities.

Operations data extracted from Halliburton's quarterly unaudited condensed consolidated financial statements:

	Quarter Ended March 31 (Unaudited)	
(Millions of dollars except per share data)	**2014**	**2013**
Statements of Operations Data:		
Total revenue	$ 7,348	$6,974
Operating income (loss)	970	(98)
Income (loss) from continuing operations	617	(11)
Loss from discontinued operations, net	(1)	(5)
Noncontrolling interest in net (income) loss of subsidiaries	6	(2)
Net income (loss) attributable to company	$ 622	$ (18)
Basic income (loss) per share attributable to company shareholders:		
Income (loss) from continuing operations	$ 0.73	$ (0.01)
Loss from discontinued operations, net	-	(0.01)

Net income (loss) per share	$ 0.73	$ (0.02)

Diluted income (loss) per share attributable to company shareholders:		
Income (loss) from continuing operations	$ 0.73	$ (0.01)
Loss from discontinued operations, net	-	(0.01)
Net income (loss) per share	$ 0.73	$ (0.02)

Halliburton's revenue was $7.3 billion for the quarter ended March 31, 2014. Halliburton had assets of $29.3 billion and market capitalization of approximately $49.7 billion at March 31, 2014.

Operations data extracted from Halliburton's annual audited consolidated financial statements:

	Year Ended December 31		
(Millions of dollars except per share data)	2013	2012	2011
Statements of Operations Data:			
Total revenue	$ 29,402	$ 28,503	$24,829
Operating income	3,138	4,159	4,737
Income from continuing operations	2,116	2,587	3,010
Income (loss) from discontinued operations, net	19	58	(166)
Noncontrolling interest in net income of subsidiaries	(10)	(10)	(5)
Net income attributable to company	$ 2,125	$ 2,635	$ 2,839
Basic income per share attributable to company shareholders:			
Income from continuing operations	$ 2.35	$ 2.78	$ 3.27
Income (loss) from discontinued operations, net	0.02	0.07	(0.18)
Net income per share	$ 2.37	$ 2.85	$ 3.09
Diluted income per share attributable to company shareholders:			
Income from continuing operations	$ 2.33	$ 2.78	$ 3.26
Income (loss) from discontinued operations, net	0.03	0.06	(0.18)
Net income per share	$ 2.36	$ 2.84	$ 3.08

		Halliburton's revenue was $29.4 billion for the year ended December 31, 2013. Halliburton had assets of $29.2 billion and market capitalization of approximately $43.1 billion at December 31, 2013. No significant changes in the financial condition or operating results of the Group have occurred during, or since the end of, the financial periods for which financial information has been published and is reported on in this Prospectus, being March 31, 2014.
B.8	Key *pro forma* financial information	Not applicable. There is no pro forma financial information.
B.9	Profit forecast/estimate	Not applicable. There is no profit forecast or estimate contained in this prospectus.
B.10	Audit report qualifications	Not applicable. There are no qualifications to the accountant's report to the historical financial information in this document.
B.11	Working capital - insufficient	Not applicable. In the opinion of Halliburton, the working capital of the Group is sufficient for the Group's present requirements, and at least for the period of twelve months following the date of this document.

Section C – Securities		
C.1	Type and class of securities	Common stock of Halliburton with a par value of $2.50 per share ("Common Stock"). The ISIN (International Security Identification Number) of the Common Stock is US4062161017. Only Common Stock will be issued pursuant to the Stock Plans. The Common Stock is listed on the New York Stock Exchange ("NYSE"). All outstanding shares of Common Stock are fully paid. The Common Stock is created and issued pursuant to the laws of the State of Delaware and in compliance with the federal laws of the USA. The Common Stock is issued in registered form and in uncertificated form (or, upon request, certificated form). The records of the Company's stockholders are maintained by our registrar, Computershare Inc., 250 Royall Street, Canton, Massachusetts 02021, USA.
C.2	Currency	The currency of denomination of the issue is U.S. dollars.
C.3	Number of securities issued	Maximum number of securities available under the Stock Plans SIP: Under the SIP, 172,000,000 shares of Common Stock have been reserved through December 31, 2013. Any individual holder may be granted rights under the SIP of up to 1,000,000 shares of Common Stock

		in any one year, and the cash value of any performance award may not exceed $20,000,000. At December 31, 2013, approximately 28,000,000 shares were available for future grants under the SIP. Other Stock Plans: Under NQESPP, ESPP, and UK-ESPP, 44,000,000 shares of Common Stock have been reserved through December 31, 2013. The maximum number of shares that any individual participant may purchase in a purchase period is 10,000 under the NQESPP and ESPP. Under the ESPP, there is a $25,000 individual limit per calendar year. Under the UK-ESPP, the Company may determine the maximum number of shares that may be awarded as Matching Shares or Free Shares (as such terms are defined in the UK-ESPP). At December 31, 2013, approximately 11,000,000 shares in aggregate were available for issuance under the NQESPP, ESPP, and UK-ESPP.
C.4	Description of the rights attaching to the securities	Dividends: Holders of Common Stock may receive dividends as declared from time to time by the Board of Directors from legally available funds of Halliburton. Distributions: Upon liquidation, after payment of amounts due to holders of Preferred Stock, if any, all remaining assets of Halliburton available for distribution shall be distributed pro rata to the holders of Common Stock. Voting: Except as required by law or provided by the Certificate of Incorporation, each holder of Common Stock has one vote for each share held, on all matters voted upon by stockholders.
C.5	Restrictions on the free transferability of the securities	Subject to applicable laws and NYSE listing compliance, the Common Stock will be freely transferable.
C.6	Admission	The Common Stock is traded on the NYSE. Common Stock issued pursuant to the Stock Plans has been or is expected to be authorized for listing on the NYSE. Common Stock issued pursuant to the Stock Plans will not be subject to application for admission to trading on an EEA regulated market.
C.7	Dividend policy	Quarterly cash dividends on our Common Stock, which were paid in March, June, September, and December of each year, were $0.09 per share throughout 2012 and 2011, $0.125 per share for the first three quarters of 2013, and $0.15 per share in the fourth quarter of 2013. In February 2014 our Board of Directors declared a 2014 first quarter dividend of $0.15 per share which was paid in March 2014. Our Board of Directors intends to consider the payment of quarterly dividends on the outstanding shares of our Common Stock in the future. Subject to Board of Directors approval, our intention is to pay dividends representing at least 15% to 20% of our net income on an annual basis. The declaration and payment of future dividends, however, will be at the discretion of the Board of Directors and will depend on, among other things, future earnings, general financial condition and liquidity, success in business activities, capital requirements, and general business conditions.

Section D – Risks		
D.1	Key information on the key risks that are specific to the issuer	**ANY INVESTMENT IN THE COMMON STOCK OF HALLIBURTON INVOLVES RISKS.** We continue to face risks and uncertainties that could materially and adversely affect our liquidity position such that they may, among other things, reduce available cash and equivalents and require us to draw on our revolving credit facility or access the capital markets. Such matters could also have a material adverse effect on our business, consolidated results of operations and consolidated financial condition. • We, among others, have been named as a defendant in numerous lawsuits and there have been numerous investigations relating to the Macondo well incident. Certain matters relating to the Macondo well incident, including lawsuits, investigations, settlements, increased regulation of the United States offshore drilling industry, and similar catastrophic events could have a material adverse effect on our liquidity position such that they may, among other things, reduce available cash and equivalents and require us to draw on our revolving credit facility or access the capital markets. Such matters could also have a material adverse effect on our consolidated results of operations and consolidated financial condition. For the avoidance of doubt, the foregoing does not qualify the working capital statement made at paragraph 26.1.1. • We are exposed to risks inherent in doing business in the approximately 80 countries where we operate. Our operations are subject to political and economic instability, risk of government actions, and cyber attacks that could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. • Our operations outside the United States require us to comply with a number of United States and international regulations. Changes in, compliance with, or our failure to comply with laws in the countries in which we conduct business may negatively impact our ability to provide services in, make sales of equipment to, and transfer personnel or equipment among some of those countries and could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. • The adoption of any future federal, state, or local laws or implementing regulations imposing reporting obligations on, or limiting or banning, the hydraulic fracturing process could make it more difficult to complete natural gas and oil wells. Existing or future laws, regulations, treaties or international agreements related to greenhouse gases and climate change could have a negative impact on our business and may result in additional compliance obligations with respect to the release, capture, and use of carbon dioxide. These items could have a material adverse effect on our liquidity position such that it may reduce available cash and equivalents and require us to draw on our revolving credit facility. It could also have a material adverse effect on our consolidated results of operations and consolidated financial condition. • Liability for cleanup costs, natural resource damages, and other damages arising as a result of environmental laws, or health, safety and environmental laws, rules and regulations, including regarding the handling of hazardous materials, could be substantial and could have a material adverse effect on our liquidity position, such that they may reduce available cash and equivalents and require us to draw on our revolving credit facility. These liabilities could also have a material adverse effect on our consolidated results of operations and

		consolidated financial position. • Trends in oil and natural gas prices affect the level of exploration, development, and production activity of our customers and the demand for our services and products. Reductions in capital spending by our customers which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. • Our business could be materially and adversely affected by severe or unseasonable weather, particularly in the Gulf of Mexico, Russia, and the North Sea. • We are subject to the jurisdiction of numerous taxing authorities and income earned in these various jurisdictions is taxed on differing bases. Changes in or interpretation of tax law and currency/repatriation control could impact the determination of our income tax liabilities for a tax year. • We are subject to foreign exchange risks and limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries or to repatriate assets from some countries. • If our customers delay paying or fail to pay a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity position such that it may reduce available cash and equivalents and require us to draw on our revolving credit facility. It could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.
D.3	Key information on the key risks that are specific to the securities	Risks relating to Stock Plans • Awards made under the Stock Plans may be subject to vesting conditions or cancellation. Awards may be cancelled as a result of termination of employment, in which case vesting and the right to exercise stock options will cease pursuant to the terms set out in the award agreement. Market price • The value of any award depends on the market price of Halliburton's Common Stock, which may decline before or after an award vests or is exercised, or the shares acquired upon vesting or exercise are sold. Restrictions on transfer • Common Stock subject to restricted or deferred stock awards may not be sold or transferred (including by pledge) until the award vests and the shares are delivered to the participant. During these times, a participant cannot realize any value from the sale of an award but the award's value will fluctuate based on changes in the market value of Common Stock. Currency fluctuations • Where transactions under the Stock Plans are conducted in Dollars, participants may be subject to exchange rate fluctuations between their local currency and the Dollar.

Section E – Offer		
E.1	Net proceeds and costs of the issue	The total net proceeds of any exercise of Purchase Rights during an Offering Period will vary from Offering Period to Offering Period (each such capitalized term as defined in the relevant Stock Plans). Based on the volume of shares purchased by eligible employees in the 2013 financial year, we estimate that offers made under the Stock Plans during such period generated in aggregate proceeds of up to $2.1 million. It is not possible to estimate a reasonable or maximum level of acceptances that will result from eligible employees to the offers made under this Prospectus for the 2014 financial year, however, Halliburton is not aware of any material facts or circumstances to indicate that net proceeds from the offers made under the Stock Plans pursuant to this Prospectus will differ from the 2013 financial year to any material extent. The estimated expenses in relation to the production, approval and passporting of the Prospectus (including estimated professional fees and translation fees) are approximately £150,000. Halliburton has not engaged a sponsor or financial adviser in relation to the preparation and approval of the Prospectus. There are no expenses charged to the eligible employees under the employee Stock Plans.
E.2a	Reason for offer and use of proceeds	Halliburton operates employee stock plans in certain countries within the EEA and periodically communicates information regarding specific offers or grants under the Stock Plans directly to the EEA-based employees concerned. The offers are made under the Stock Plans to encourage employee stock ownership, offering participants Common Stock at discounted prices, without brokerage costs. The Stock Plans are offered to retain services of employees and incentivize them. Proceeds from the offer received by Halliburton or its Subsidiaries will be used for general corporate purposes. Halliburton is under no obligation to make Stock Plan awards and has complete discretion in their operation, including the termination of any future participation. The tax consequences of participating in the Stock Plans can vary greatly depending on a participant's country of residence and other factors. Prior to participating in such a plan, investors should consult their tax advisers. The four relevant Stock Plans are: 1. The Halliburton Company Stock and Incentive Plan ("SIP"); 2. The Halliburton Company Non-Qualified Stock Purchase Plan ("NQESPP"); 3. The Halliburton Company Employee Stock Purchase Plan ("ESPP"); and 4. The Halliburton Company UK Employee Share Purchase Plan ("UK-ESPP").

E.3	Terms and conditions of the offer	<u>Conditions and eligibility</u> Halliburton's Stock Plans are not offered to everybody; some are discretionary and are not offered to employees generally. Others may be offered to all employees meeting eligibility criteria. <u>Purchase Rights</u> For each Offering Period (as defined in the Stock Plans), Halliburton grants each Participant a purchase right for as many shares of Common Stock as the Participant can purchase via payroll deductions subject to limits defined in the Stock Plans. <u>Pricing</u> Under NQESPP and ESPP, the purchase price per share of Common Stock on the Exercise Date is 85% of the lesser of its Fair Market Value (as defined in the Stock Plans) on either the first or last day of the Offering Period (or preceding trading day). The UK-ESPP allows share benefits structured in different ways, including allowing eligible employees to purchase shares of Common Stock from pre-tax salary and receive additional shares at Company cost in proportion to those bought by employees. <u>Costs, expenses and taxes</u> Halliburton (or the employer) will pay the Stock Plan administration costs, including custodian fees, save that brokerage fees for sale of Common Stock acquired under Stock Plans by a Participant will be borne by the Participant. Custodians may also charge reasonable fees for withdrawal of Common Stock in certificated form. Participants are responsible for taxes associated with the purchase, sale and ownership of Common Stock, and each participant authorizes its employer to withhold all applicable taxes for any transaction under the Stock Plans or any Common Stock acquired. <u>Termination, amendment and withdrawal</u> The Board may amend or terminate the terms of the Stock Plans, including any Purchase Rights with the exception of Purchase Rights that are outstanding, at any time. If a Participant ceases to be an employee for any reason, his or her rights to participate may immediately terminate. Participants may increase or reduce the amounts of their payroll deductions by providing a new participation form and may withdraw from the Stock Plan by serving required notice. Rights to participate in Stock Plans may not be transferred.
E.4	Material interests	Not applicable.
E.5	Selling shareholders and lock-ups	Not applicable. While the Common Stock issued under the Stock Plan may be reacquired shares bought on the open market or otherwise, no selling shareholders have as at the date of this document been identified.

E.6	Dilution	No material dilution will take place through issues of Common Stock under the Stock Plans.
E.7	Expenses charged to the investor by the Company	Not applicable. There are no commissions, fees or expenses to be charged to Participants by the Company.

[End of summary – Remainder of page intentionally left blank]

1. RISK FACTORS

The risk factors that are material to the Common Stock being offered under the Stock Plans and to Halliburton, its business and the industry in which it operates are set out below. They may directly or indirectly affect the value of the Common Stock from time to time. Where possible below, Halliburton has quantified the amount of potential claims in each risk factor to allow a potential investor to evaluate the magnitude of the risks. Please refer to Section 10 (Capital Resources) for further detail on the Company's sources of funding.

1.1 Legal, regulatory investigation, and arbitration proceedings

The litigation, regulatory investigation, and arbitration proceedings affecting the Group could constitute a material risk to the business of Halliburton. The material legal, regulatory investigation, and arbitration proceedings involving the Group are set out in paragraphs 1.2 and in more detail in paragraph 20.7 of this Prospectus.

1.2 We, among others, have been named as a defendant in numerous lawsuits and there have been numerous investigations relating to the Macondo well incident that could have a material adverse effect on our liquidity position such that they may, among other things, reduce available cash and equivalents and require us to draw on our revolving credit facility or access the capital markets. These lawsuits and investigations could also have a material adverse effect on our consolidated results of operations and consolidated financial condition. For the avoidance of doubt, the foregoing does not qualify the working capital statement made at paragraph 26.1.1.

The semisubmersible drilling rig, Deepwater Horizon, sank on April 22, 2010 after an explosion and fire onboard the rig that began on April 20, 2010. The Deepwater Horizon was owned by Transocean Ltd. and had been drilling the Macondo exploration well in Mississippi Canyon Block 252 in the Gulf of Mexico for the lease operator, BP Exploration (“BP Exploration”), an indirect wholly owned subsidiary of BP p.l.c. (BP p.l.c., BP Exploration, and their affiliates, collectively, “BP”). There were eleven fatalities and a number of injuries as a result of the Macondo well incident. Crude oil escaping from the Macondo well site spread across thousands of square miles of the Gulf of Mexico and reached the United States Gulf Coast. We performed a variety of services for BP Exploration, including cementing, mud logging, directional drilling, measurement-while-drilling, and rig data acquisition services.

We are named along with other unaffiliated defendants in more than 1,800 complaints, most of which are alleged class-actions, involving pollution damage claims and at least seven personal injury lawsuits involving four decedents and at least two allegedly injured persons who were on the drilling rig at the time of the incident. At least six additional lawsuits naming us and others relate to alleged personal injuries sustained by those responding to the explosion and oil spill. Other defendants in the lawsuits have filed claims against us seeking subrogation, indemnification, including with respect to liabilities under the Oil Pollution Act of 1990 (“OPA”), contribution and direct damages, and alleging negligence, gross negligence, fraudulent conduct, willful misconduct, and fraudulent concealment. Further details regarding these claims and lawsuits can be found in paragraph 20.6.1 of this Prospectus. Additional lawsuits may be filed against us, including civil actions under federal statutes and regulations, as well as criminal and civil actions under state statutes and regulations. Those statutes and regulations could result in criminal penalties, including fines and imprisonment, as well as civil fines, and the degree of the penalties and fines may depend on the type of conduct and level of culpability, including strict liability, negligence, gross negligence, and knowing violations of the statute or regulation.

In addition to the claims and lawsuits described above, several regulatory agencies and others have investigated or are investigating the cause of the explosion, fire, and resulting oil spill. Reports issued as a result of those investigations have been critical of BP, Transocean, and us, among others. For example, one or more of those reports have concluded that primary cement failure was a direct cause of the blowout, cement testing performed by an independent laboratory “strongly suggests” that the foam cement slurry used on the Macondo well was unstable, and that numerous other oversights and factors caused or contributed to the cause of the incident, including BP's failure to run a cement bond log, BP's and Transocean's failure to properly conduct and interpret a negative-pressure test, the failure of the drilling crew and our surface data logging specialist to recognize that an unplanned influx of oil, natural gas, or fluid into the well was occurring, communication failures among BP, Transocean, and us, and flawed decisions relating to the design, construction, and testing of barriers critical to the temporary abandonment of the well.

In October 2011, the Bureau of Safety and Environmental Enforcement ("BSEE") issued a notification of Incidents of Noncompliance ("INCs") to us for allegedly violating federal regulations relating to the failure to take measures to prevent the unauthorized release of hydrocarbons, the failure to take precautions to keep the Macondo well under control, the failure to cement the well in a manner that would, among other things, prevent the release of fluids into the Gulf of Mexico, and the failure to protect health, safety, property, and the environment as a result of a failure to perform operations in a safe and workmanlike manner. According to the BSEE's notice, we did not ensure an adequate barrier to hydrocarbon flow after cementing the production casing and did not detect the influx of hydrocarbons until they were above the blowout preventer stack. We understand that the regulations in effect at the time of the alleged violations provide for fines of up to $35,000 per day per violation. We have appealed the INCs to the Interior Board of Land Appeals ("IBLA"). In January 2012, the IBLA, in response to our and the BSEE's joint request, suspended the appeal pending certain proceedings in the multi-district litigation ("MDL") trial. Once the MDL court issues a final decision in the trial, we expect to file a proposal for further action in the appeal. The BSEE has announced that the INCs will be reviewed for possible imposition of civil penalties once the appeal has ended. The BSEE has stated that this is the first time the Department of the Interior has issued INCs directly to a contractor that was not the well's operator.

Our contract with BP Exploration relating to the Macondo well generally provides for our indemnification by BP Exploration for certain potential claims and expenses relating to the Macondo well incident. BP Exploration, in connection with filing its claims with respect to the MDL proceeding, asked the court to declare that it is not liable to us in contribution, indemnification, or otherwise with respect to liabilities arising from the Macondo well incident. Other defendants in the litigation have generally denied any obligation to contribute to any liabilities arising from the Macondo well incident. In January 2012, the court in the MDL proceeding entered an order in response to our and BP's motions for summary judgment regarding certain indemnification matters. The court held that BP is required to indemnify us for third-party compensatory claims, or actual damages, that arise from pollution or contamination that did not originate from our property or equipment located above the surface of the land or water, even if we are found to be grossly negligent. The court also held that BP does not owe us indemnity for punitive damages or for civil penalties under the Clean Water Act ("CWA"), if any, and that fraud could void the indemnity on public policy grounds. The court in the MDL proceeding deferred ruling on whether our indemnification from BP covers penalties or fines under the Outer Continental Shelf Lands Act, whether our alleged breach of our contract with BP Exploration would invalidate the indemnity, and whether we committed an act that materially increased the risk to or prejudiced the rights of BP so as to invalidate the indemnity.

The rulings in the MDL proceeding regarding the indemnities are based on maritime law and may not bind the determination of similar issues in lawsuits not comprising a part of the MDL proceeding. Accordingly, it is possible that different conclusions with respect to indemnities will be reached by other courts.

Indemnification for criminal fines or penalties, if any, may not be available if a court were to find such indemnification unenforceable as against public policy. In addition, certain state laws, if deemed to apply, would not allow for enforcement of indemnification for gross negligence, and may not allow for enforcement of indemnification of persons who are found to be negligent with respect to personal injury claims. We may not be insured with respect to civil or criminal fines or penalties, if any, pursuant to the terms of our insurance policies.

BP's public filings indicate that BP has recognized in excess of $40 billion in pre-tax charges, excluding offsets for settlement payments received from certain defendants in the MDL, as a result of the Macondo well incident. BP's public filings also indicate that the amount of, among other things, certain natural resource damages with respect to certain OPA claims, some of which may be included in such charges, cannot be reliably estimated as of the dates of those filings.

We are currently unable to fully estimate the impact the Macondo well incident will have on us. We cannot predict the outcome of the many lawsuits and investigations relating to the Macondo well incident, including orders and rulings of the court that impact the MDL, the results of the MDL trial, the effect that the settlements between BP and the Plaintiffs' Steering Committee ("PSC") in the MDL and other settlements may have on claims against us, or whether we might settle with one or more of the parties to any lawsuit or investigation. The first two phases of the MDL trial have concluded, and the MDL court could begin issuing rulings at any time. A determination that the performance of our services on the Deepwater Horizon constituted gross negligence could result in substantial liability to the numerous plaintiffs for punitive damages and potentially to BP with respect to its direct claims against us.

As of March 31, 2014, our loss contingency reserve for the Macondo well incident, relating to the MDL, remained at $1.3 billion, which represents a loss contingency that is probable and for which a reasonable estimate of loss can be made. We have participated in intermittent discussions with the PSC regarding the

potential for a settlement that would resolve a substantial portion of the claims pending in the MDL trial. BP, however, has not participated in any recent settlement discussions with us.

Reaching a settlement involves a complex process, and there can be no assurance as to whether or when we may complete a settlement. In addition, the settlement discussions we have had to date do not cover all parties and claims relating to the Macondo well incident. Accordingly, there are additional loss contingencies relating to the Macondo well incident that are reasonably possible but for which we cannot make a reasonable estimate. Given the numerous potential developments relating to the MDL and other lawsuits and investigations, which could occur at any time, we may adjust our estimated loss contingency reserve in the future. Liabilities arising out of the Macondo well incident could have a material adverse effect on our liquidity position such that they may, among other things, reduce available cash and equivalents and require us to draw on our revolving credit facility or access the capital markets. These liabilities could also have a material adverse effect on our consolidated results of operations and consolidated financial condition. Any such liability assessment shall be updated as required by and in accordance with the Prospectus Rules.

1.3 Certain matters relating to the Macondo well incident, including increased regulation of the United States offshore drilling industry, and similar catastrophic events could have a material adverse effect on our liquidity position such that they may, among other things, reduce available cash and equivalents and require us to draw on our revolving credit facility or access the capital markets. These matters could also have a material adverse effect on our consolidated results of operations and consolidated financial condition. For the avoidance of doubt, the foregoing does not qualify the working capital statement made at paragraph 26.1.1.

The Macondo well incident and the subsequent oil spill resulted in offshore drilling delays, temporary drilling bans, and increased federal regulation of our and our customers' operations, and more regulations and delays are possible. For example, the BSEE has:

- issued regulations that provide revised casing and cementing requirements, including integrity testing standards, that mandate independent third-party verifications, that impose blowout preventer capability, testing, and documentation obligations, and that outline standards for specific well control training for deepwater operations, among other requirements;
- issued revised regulations in 2013 to require, among other things, increased employee involvement in certain safety measures and third-party audits of operators' safety and environmental management systems;
- proposed stricter requirements for subsea drilling production equipment;
- stated that it intends to propose new standards for the design and maintenance of blowout preventers; and
- stated that it, together with the Bureau of Ocean Energy Management, is drafting new standards governing drilling in the Arctic.

In addition, the BSEE contends that it has the legal authority to extend its regulatory reach to include contractors, like us, in addition to operators, as evidenced by the INCs.

The increased regulation of the exploration and production industry as a whole that arises out of the Macondo well incident has and could continue to result in higher operating costs for us and our customers, extended permitting and drilling delays, and reduced demand for our services. We cannot predict to what extent increased regulation may be adopted in international or other jurisdictions or whether we and our customers will be required or may elect to implement responsive policies and procedures in jurisdictions where they may not be required.

In addition, the Macondo well incident negatively impacted and could continue to negatively impact the availability and cost of insurance coverage for us, our customers, and our and their service providers. Also, our relationships with BP and others involved in the Macondo well incident could be negatively affected. Our business may be adversely impacted by any negative publicity relating to the incident, any negative perceptions about us by our customers, any increases in insurance premiums or difficulty in obtaining coverage, and the diversion of management's attention from our operations to focus on matters relating to the incident.

As illustrated by the Macondo well incident, the services we provide for our customers are performed in challenging environments that can be dangerous. Catastrophic events such as a well blowout, fire, or explosion can occur, resulting in property damage, personal injury, death, pollution, and environmental damage. While we have agreements with certain customers that require them to indemnify us for these types of events and the resulting damages and injuries (except in some cases, claims by our employees,

loss or damage to our property, and any pollution emanating directly from our equipment), we will be exposed to significant potential losses should such catastrophic events occur if adequate indemnification provisions or insurance arrangements are not in place, if indemnity or related release from liability provisions are determined by a court to be unenforceable or otherwise invalid, in whole or in part, or if our customers are unable or unwilling to satisfy any indemnity obligations.

The matters discussed above relating to the Macondo well incident and similar catastrophic events could have a material adverse effect on our liquidity position such that they may, among other things, reduce available cash and equivalents and require us to draw on our revolving credit facility or access the capital markets. These matters could also have a material adverse effect on our consolidated results of operations and consolidated financial condition. Any such liability assessment shall be updated as required by and in accordance with the Prospectus Rules.

1.4 Our operations are subject to political and economic instability, risk of government actions, and cyber attacks that could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

We are exposed to risks inherent in doing business in each of the countries in which we operate. Our operations are subject to various risks unique to each country that could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. With respect to any particular country, these risks may include:

- political and economic instability, including:
  - civil unrest, acts of terrorism, force majeure, war, or other armed conflict;
  - inflation; and
  - currency fluctuations, devaluations, and conversion restrictions; and

- governmental actions that may:
  - result in expropriation and nationalization of our assets in that country;
  - result in confiscatory taxation or other adverse tax policies;
  - limit or disrupt markets, restrict payments, or limit the movement of funds;
  - result in the deprivation of contract rights; and
  - result in the inability to obtain or retain licenses required for operation.

For example, due to the unsettled political conditions in many oil-producing countries, our operations, revenue, and profits are subject to the adverse consequences of war, the effects of terrorism, civil unrest, strikes, currency controls, and governmental actions. These and other risks described above could result in the loss of our personnel or assets, cause us to evacuate our personnel from certain countries, cause us to increase spending on security worldwide, disrupt financial and commercial markets, including the supply of and pricing for oil and natural gas, and generate greater political and economic instability in some of the geographic areas in which we operate. Areas where we operate that have significant risk include, but are not limited to: the Middle East, North Africa, Angola, Argentina, Azerbaijan, Colombia, Indonesia, Kazakhstan, Mexico, Nigeria, Russia, and Venezuela. In addition, any possible reprisals as a consequence of military or other action, such as acts of terrorism in the United States or elsewhere, could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

Our operations are also subject to the risk of cyber attacks. If our systems for protecting against cybersecurity risks prove not to be sufficient, we could be adversely affected by, among other things, loss or damage of intellectual property, proprietary information, or customer data, having our business operations interrupted, and increased costs to prevent, respond to, or mitigate cybersecurity attacks. These risks could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

1.5 Our operations outside the United States require us to comply with a number of United States and international regulations, violations of which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

Our operations outside the United States require us to comply with a number of United States and international regulations. For example, our operations in countries outside the United States are subject to the United States Foreign Corrupt Practices Act ("FCPA"), which prohibits United States companies and their agents and employees from providing anything of value to a foreign official for the purposes of influencing any act or decision of these individuals in their official capacity to help obtain or retain business,

direct business to any person or corporate entity, or obtain any unfair advantage. Our activities create the risk of unauthorized payments or offers of payments by our employees, agents, or joint venture partners that could be in violation of the FCPA, even though these parties are not subject to our control. We have internal control policies and procedures and have implemented training and compliance programs for our employees and agents with respect to the FCPA. However, we cannot assure that our policies, procedures, and programs always will protect us from reckless or criminal acts committed by our employees or agents. Allegations of violations of applicable anti-corruption laws, including the FCPA, may result in internal, independent, or government investigations. Violations of the FCPA may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. In addition, investigations by governmental authorities as well as legal, social, economic, and political issues in these countries could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. We are also subject to the risks that our employees, joint venture partners, and agents outside of the United States may fail to comply with other applicable laws.

1.6 Changes in, compliance with, or our failure to comply with laws in the countries in which we conduct business may negatively impact our ability to provide services in, make sales of equipment to, and transfer personnel or equipment among some of those countries and could have a material adverse effect on our business and consolidated results of operations.

In the countries in which we conduct business, we are subject to multiple and, at times, inconsistent regulatory regimes, including those that govern our use of radioactive materials, explosives, and chemicals in the course of our operations. Various national and international regulatory regimes govern the shipment of these items. Many countries, but not all, impose special controls upon the export and import of radioactive materials, explosives, and chemicals. Our ability to do business is subject to maintaining required licenses and complying with these multiple regulatory requirements applicable to these special products. In addition, the various laws governing import and export of both products and technology apply to a wide range of services and products we offer. In turn, this can affect our employment practices of hiring people of different nationalities because these laws may prohibit or limit access to some products or technology by employees of various nationalities. Changes in, compliance with, or our failure to comply with these laws may negatively impact our ability to provide services in, make sales of equipment to, and transfer personnel or equipment among some of the countries in which we operate and could have a material adverse effect on our business and consolidated results of operations.

1.7 The adoption of any future federal, state, or local laws or implementing regulations imposing reporting obligations on, or limiting or banning, the hydraulic fracturing process could make it more difficult to complete natural gas and oil wells and could have a material adverse effect on our liquidity position such that it may reduce available cash and equivalents and require us to draw on our revolving credit facility. It could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.

We are a leading provider of hydraulic fracturing services. Various federal legislative and regulatory initiatives have been undertaken which could result in additional requirements or restrictions being imposed on hydraulic fracturing operations. For example, the Department of Interior has issued proposed regulations that would apply to hydraulic fracturing operations on wells that are subject to federal oil and gas leases and that would impose requirements regarding the disclosure of chemicals used in the hydraulic fracturing process as well as requirements to obtain certain federal approvals before proceeding with hydraulic fracturing at a well site. These regulations, if adopted, would establish additional levels of regulation at the federal level that could lead to operational delays and increased operating costs. At the same time, legislation and/or regulations have been adopted in several states that require additional disclosure regarding chemicals used in the hydraulic fracturing process but that generally include protections for proprietary information. Legislation and/or regulations are being considered at the state and local level that could impose further chemical disclosure or other regulatory requirements (such as restrictions on the use of certain types of chemicals or prohibitions on hydraulic fracturing operations in certain areas) that could affect our operations. In addition, governmental authorities in various foreign countries where we have provided or may provide hydraulic fracturing services have imposed or are considering imposing various restrictions or conditions that may affect hydraulic fracturing operations.

The adoption of any future federal, state, local, or foreign laws or implementing regulations imposing reporting obligations on, or limiting or banning, the hydraulic fracturing process could make it more difficult to complete natural gas and oil wells and could have a material adverse effect on our liquidity position such that it may reduce available cash and equivalents and require us to draw on our revolving credit facility. It could also have a material adverse effect on our consolidated results of operations and consolidated

financial condition. Further information on hydraulic fracturing can be found in paragraph 8.3 of this Prospectus.

1.8 Liability for cleanup costs, natural resource damages, and other damages arising as a result of environmental laws could be substantial and could have a material adverse effect on our liquidity position such that they may reduce available cash and equivalents and require us to draw on our revolving credit facility. These liabilities could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.

We are exposed to claims under environmental requirements and, from time to time, such claims have been made against us. In the United States, environmental requirements and regulations typically impose strict liability. Strict liability means that in some situations we could be exposed to liability for cleanup costs, natural resource damages, and other damages as a result of our conduct that was lawful at the time it occurred or the conduct of prior operators or other third parties. Liability for damages arising as a result of environmental laws could be substantial and could have a material adverse effect on our liquidity position such that it may reduce available cash and equivalents and require us to draw on our revolving credit facility. It could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.

We are periodically notified of potential liabilities at United States federal and state superfund sites. These potential liabilities may arise from both historical Halliburton operations and the historical operations of companies that we have acquired. Our exposure at these sites may be materially impacted by unforeseen adverse developments both in the final remediation costs and with respect to the final allocation among the various parties involved at the sites. The relevant regulatory agency may bring suit against us for amounts in excess of what we have accrued and what we believe is our proportionate share of remediation costs at any superfund site. We also could be subject to third-party claims, including punitive damages, with respect to environmental matters for which we have been named as a potentially responsible party.

1.9 Failure on our part to comply with, and the costs of compliance with, applicable health, safety, and environmental requirements could have a material adverse effect on our liquidity position such that it may reduce available cash and equivalents and require us to draw on our revolving credit facility. It could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.

Our business is subject to a variety of health, safety, and environmental laws, rules, and regulations in the United States and other countries, including those covering hazardous materials and requiring emission performance standards for facilities. For example, our well service operations routinely involve the handling of significant amounts of waste materials, some of which are classified as hazardous substances. We also store, transport, and use radioactive and explosive materials in certain of our operations. Applicable regulatory requirements include, for example, those concerning:

- the containment and disposal of hazardous substances, oilfield waste, and other waste materials;
- the importation and use of radioactive materials;
- the use of underground storage tanks; and
- the use of underground injection wells.

These and other requirements generally are becoming increasingly strict. Sanctions for failure to comply with the requirements, many of which may be applied retroactively, may include:

- administrative, civil, and criminal penalties;
- revocation of permits to conduct business; and
- corrective action orders, including orders to investigate and/or clean up contamination.

Failure on our part to comply with applicable environmental requirements could have a material adverse effect on our liquidity position such that it may reduce available cash and equivalents and require us to draw on our revolving credit facility. It could also have a material adverse effect on our consolidated results of operations and consolidated financial condition. We are also exposed to costs arising from regulatory compliance, including compliance with changes in or expansion of applicable regulatory requirements, which could have a material adverse effect on our liquidity position such that they may reduce available cash and equivalents and require us to draw on our revolving credit facility. These costs could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.

1.10 Existing or future laws, regulations, treaties or international agreements related to greenhouse gases and climate change could have a negative impact on our business and may

result in additional compliance obligations with respect to the release, capture, and use of carbon dioxide that could have a material adverse effect on our liquidity position such that they may reduce available cash and equivalents and require us to draw on our revolving credit facility. These matters could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.

Changes in environmental requirements related to greenhouse gases and climate change 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 demand for oil and natural gas. Likewise, such restrictions may result in additional compliance obligations with respect to the release, capture, sequestration, and use of carbon dioxide that could have a material adverse effect on our liquidity position such that they may reduce available cash and equivalents and require us to draw on our revolving credit facility. These matters could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.

1.11 Trends in oil and natural gas prices affect the level of exploration, development, and production activity of our customers and the demand for our services and products which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

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. The level of exploration, development, and production activity 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 which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. Even the perception 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. Factors affecting the prices of oil and natural gas include:

- the level of supply and demand for oil and natural gas, especially demand for natural gas in the United States;
- governmental regulations, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves;
- 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; and
- potential acceleration of the development of alternative fuels.

1.12 Our business is dependent on capital spending by our customers, and reductions in capital spending could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

Our business is directly affected by changes in capital expenditures by our customers, and reductions in their capital spending could reduce demand for our services and products and have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. Some of the items that may impact our customers' capital spending include:

- oil and natural gas prices, including volatility of oil and natural gas prices and expectations regarding future prices;
- the inability of our customers to access capital on economically advantageous terms;
- the consolidation of our customers;
- customer personnel changes; and
- adverse developments in the business or operations of our customers, including write-downs of reserves and borrowing base reductions under customer credit facilities.

1.13 Our business could be materially and adversely affected by severe or unseasonable weather where we have operations.

Our business could be materially and adversely affected by severe weather, particularly in the Gulf of Mexico, Russia, and the North Sea. Some experts believe global climate change could increase the frequency and severity of extreme weather conditions. Repercussions of severe or unseasonable weather conditions may include:

- evacuation of personnel and curtailment of services;
- weather-related damage to offshore drilling rigs resulting in suspension of operations;
- weather-related damage to our facilities and project work sites;
- inability to deliver materials to jobsites in accordance with contract schedules;
- decreases in demand for natural gas during unseasonably warm winters; and
- loss of productivity.

1.14 Changes in or interpretation of tax law and currency/repatriation control could impact the determination of our income tax liabilities for a tax year.

We have operations in approximately 80 countries. Consequently, we are subject to the jurisdiction of a significant number of taxing authorities. The income earned in these various jurisdictions is taxed on differing bases, including net income actually earned, net income deemed earned, and revenue-based tax withholding. The final determination of our income tax liabilities involves the interpretation of local tax laws, tax treaties, and related authorities in each jurisdiction, as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in or interpretation of tax law and currency/repatriation controls, could impact the determination of our income tax liabilities for a tax year.

1.15 We are subject to foreign exchange risks and limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries or to repatriate assets from some countries.

A sizable portion of our consolidated revenue and consolidated operating expenses is in foreign currencies. As a result, we are subject to significant risks, including:

- foreign currency exchange risks resulting from changes in foreign currency exchange rates and the implementation of exchange controls; and
- limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries.

As an example, we conduct business in countries, such as Venezuela, that have nontraded or “soft” currencies that, because of their restricted or limited trading markets, may be more difficult to exchange for “hard” currency. We may accumulate cash in soft currencies, and we may be limited in our ability to convert our profits into United States dollars or to repatriate the profits from those countries. In addition, we may accumulate cash in foreign jurisdictions that may be subject to taxation if repatriated to the United States. For further information, see "Business Environment" in paragraph 12 of this Prospectus and Note 9 to the Consolidated Financial Statements, "Income Taxes" in Halliburton’s 2013 Annual Report on Form 10-K set out in Section 1 of Part III of this Prospectus.

1.16 Our failure to protect our proprietary information and any successful intellectual property challenges or infringement proceedings against us could materially and adversely affect our competitive position.

We rely on a variety of intellectual property rights that we use in our services and products. We may not be able to successfully preserve these intellectual property rights in the future, and these rights could be invalidated, circumvented, or challenged. In addition, the laws of some foreign countries in which our services and products may be sold do not protect intellectual property rights to the same extent as the laws of the United States. Our failure to protect our proprietary information and any successful intellectual

property challenges or infringement proceedings against us could materially and adversely affect our competitive position.

1.17 If we are not able to design, develop, and produce commercially competitive products and to implement commercially competitive services in a timely manner in response to changes in the market, customer requirements, competitive pressures, and technology trends, our business and consolidated results of operations could be materially and adversely affected, and the value of our intellectual property may be reduced.

The market for our services and products is characterized by continual technological developments to provide better and more reliable performance and services. If we are not able to design, develop, and produce commercially competitive products and to implement commercially competitive services in a timely manner in response to changes in the market, customer requirements, competitive pressures, and technology trends, our business and consolidated results of operations could be materially and adversely affected, and the value of our intellectual property may be reduced. Likewise, if our proprietary technologies, equipment, facilities, or work processes become obsolete, we may no longer be competitive, and our business and consolidated results of operations could be materially and adversely affected.

1.18 If our customers delay paying or fail to pay a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity position such that it may reduce available cash and equivalents and require us to draw on our revolving credit facility. It could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.

We depend on a limited number of significant customers. While none of these customers represented more than 10% of consolidated revenue in any period presented, the loss of one or more significant customers could have a material adverse effect on our business and our consolidated results of operations.

In most cases, 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 customers' cash flow from operations and their access to the credit markets. If our customers delay paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity position such that it may reduce available cash and equivalents and require us to draw on our revolving credit facility. It could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.

1.19 Our business in Venezuela subjects us to actions by the Venezuelan government and delays in receiving payments, which could have a material adverse effect on our liquidity position such that they may reduce available cash and equivalents and require us to draw on our revolving credit facility. These actions and delays could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.

We believe there are risks associated with our operations in Venezuela, including the possibility that the Venezuelan government could assume control over our operations and assets. As of March 31, 2014, our total net investment in Venezuela was approximately $457 million, including net monetary assets of $115 million denominated in Bolivares. We also continue to see a delay in receiving payment on our receivables from our primary customer in Venezuela. If our customer further delays paying or fails to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity position such that it may reduce available cash and equivalents and require us to draw on our revolving credit facility. It could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.

The future results of our Venezuelan operations will be affected by many factors, including our ability to take actions to mitigate the effect of a devaluation of the Bolívar, the foreign currency exchange rate, actions of the Venezuelan government, and general economic conditions such as continued inflation and future customer payments and spending. For further information, see "Business Environment - International operations - Venezuela" in paragraph 12 of this Prospectus.

1.20 Some of our customers require bids for contracts in the form of long-term, fixed pricing contracts that may require us to assume additional risks associated with cost over-runs, operating cost inflation, labor availability and productivity, supplier and contractor pricing and performance, and potential claims for liquidated damages.

Some of our customers, primarily NOCs, may require bids for contracts in the form of long-term, fixed pricing contracts that may require us to provide integrated project management services outside our normal discrete business to act as project managers as well as service providers, and may require us to assume additional risks associated with cost over-runs. These customers may provide us with inaccurate information in relation to their reserves, which is a subjective process that involves location and volume estimation, that may result in cost over-runs, delays, and project losses. In addition, NOCs often operate in countries with unsettled political conditions, war, civil unrest, or other types of community issues. These issues may also result in cost over-runs, delays, and project losses.

Providing services on an integrated basis may also require us to assume additional risks associated with operating cost inflation, labor availability and productivity, supplier pricing and performance, and potential claims for liquidated damages. We rely on third-party subcontractors and equipment providers to assist us with the completion of these types of contracts. To the extent that we cannot engage subcontractors or acquire equipment or materials in a timely manner and on reasonable terms, our ability to complete a project in accordance with stated deadlines or at a profit may be impaired. If the amount we are required to pay for these goods and services exceeds the amount we have estimated in bidding for fixed-price work, we could experience losses in the performance of these contracts. These delays and additional costs may be substantial, and we may be required to compensate our customers for these delays. This may reduce the profit to be realized or result in a loss on a project.

1.21 Constraints in the supply of, prices for, and availability of transportation of raw materials can have a material adverse effect on our business and consolidated results of operations.

Raw materials essential to our business are normally readily available. High levels of demand for, or shortage of, raw materials, such as proppants, hydrochloric acid, and gels, including guar gum, can trigger constraints in the supply chain of those raw materials, particularly where we have a relationship with a single supplier for a particular resource. Many of the raw materials essential to our business require the use of rail, storage, and trucking services to transport the materials to our jobsites. These services, particularly during times of high demand, may cause delays in the arrival of or otherwise constrain our supply of raw materials. These constraints could have a material adverse effect on our business and consolidated results of operations. In addition, price increases imposed by our vendors for raw materials used in our business and the inability to pass these increases through to our customers could have a material adverse effect on our business and consolidated results of operations.

1.22 Our acquisitions, dispositions, and investments may not result in anticipated benefits and may present risks not originally contemplated, which may have a material adverse effect on our liquidity position such that it may reduce available cash and equivalents and require us to draw on our revolving credit facility. These matters could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.

We continually seek opportunities to maximize efficiency and value through various transactions, including purchases or sales of assets, businesses, investments, or joint ventures. These transactions are intended to (but may not) result in the realization of savings, the creation of efficiencies, the offering of new products or services, the generation of cash or income, or the reduction of risk. Acquisition transactions may be financed by additional borrowings or by the issuance of our Common Stock. These transactions may also affect our liquidity position such that they may reduce available cash and equivalents and require us to draw on our revolving credit facility. These transactions could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.

These transactions also involve risks, and we cannot ensure that:

- any acquisitions would result in an increase in income or provide an adequate return of capital or other anticipated benefits;
- any acquisitions would be successfully integrated into our operations and internal controls;
- the due diligence conducted prior to an acquisition would uncover situations that could result in financial or legal exposure, including under the FCPA, or that we will appropriately quantify the exposure from known risks;
- any disposition would not result in decreased earnings, revenue, or cash flow;
- use of cash for acquisitions would not adversely affect our cash available for capital expenditures and other uses;
- any dispositions, investments, acquisitions, or integrations would not divert management resources; or
- any dispositions, investments, acquisitions, or integrations would not have a material adverse effect on our liquidity position such that they reduce available cash and equivalents and require us

to draw on our revolving credit facility, or would not have a material adverse effect on our consolidated results of operations or consolidated financial condition.

1.23 Actions of and disputes with our joint venture partners could have a material adverse effect on the business and results of operations of our joint ventures and, in turn, our business and consolidated results of operations.

We conduct some operations through joint ventures, where control may be shared with unaffiliated third parties. As with any joint venture arrangement, differences in views among the joint venture participants may result in delayed decisions or in failures to agree on major issues. We also cannot control the actions of our joint venture partners, including any nonperformance, default, or bankruptcy of our joint venture partners. These factors could have a material adverse effect on the business and results of operations of our joint ventures and, in turn, our business and consolidated results of operations.

1.24 Our ability to operate and our growth potential could be materially and adversely affected if we cannot employ and retain technical personnel at a competitive cost.

Many of the services that we provide and the products that we sell are complex and highly engineered and often must perform or be performed in harsh conditions. We believe that our success depends upon our ability to employ and retain technical personnel with the ability to design, utilize, and enhance these services and products. In addition, our ability to expand our operations depends in part on our ability to increase our skilled labor force. A significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or both. If either of these events were to occur, our cost structure could increase, our margins could decrease, and any growth potential could be impaired.

1.25 The loss or unavailability of any of our executive officers or other key employees could have a material adverse effect on our business.

We depend greatly on the efforts of our executive officers and other key employees to manage our operations. The loss or unavailability of any of our executive officers or other key employees could have a material adverse effect on our business.

1.26 Relating to Stock

Stock Plan conditions

Awards made under the Stock Plans may be subject to vesting conditions and may be cancelled. Except in very limited circumstances detailed in the applicable Stock Plan, Participants must remain continuously employed by Halliburton in order to vest in a restricted or deferred stock award or a stock option. Awards may be cancelled upon a termination of employment, in which case vesting and the right to exercise stock options will cease.

Market price

The value that may be realized from any award depends on the market price of Halliburton's Common Stock, which may decline before or after an award vests or is exercised, or the shares acquired from the vesting or exercise of an award are sold. When a restricted or deferred stock award vests or when shares acquired upon the vesting of a stock award or exercise of a stock option are sold, the market value of the shares delivered to a participant may be less than when the award was granted.

Restrictions on transfer

Common Stock subject to restricted or deferred stock awards may not be sold or transferred in any way (including by a pledge) until the award vests and the shares are delivered to the participant (the award is also subject to cancellation until it vests).

Currency fluctuations

Where transactions under the Stock Plans are conducted in Dollars, participants may be subject to fluctuations in the exchange rate between their local currency and the Dollar. For example, the cost in local currency to exercise an option using the cash purchase exercise method will increase if the value of a

participant's local currency declines in relation to the Dollar. Similarly, the local-currency value of shares subject to a restricted or deferred stock award will decline if the value of a participant's local currency increases in relation to the U.S. Dollar.

1.27 Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from changes in foreign currency exchange rates and interest rates. We selectively manage these exposures through the use of derivative instruments, including forward exchange contracts and interest rate swaps. The objective of our risk management strategy is to minimize the volatility from fluctuations in foreign currency and interest rates. We do not use derivative instruments for trading purposes. The counterparties to our forward exchange contracts and interest rate swaps are global commercial and investment banks.

We use a sensitivity analysis model to measure the impact of a 10% adverse movement of foreign currency exchange rates against the United States dollar. A hypothetical 10% adverse change in the value of all our foreign currency positions relative to the United States dollar as of December 31, 2013 would result in an $89 million, pre-tax, loss for our net monetary assets denominated in currencies other than United States dollars.

With respect to interest rates sensitivity, after consideration of the impact from the interest rate swaps, a hypothetical 100 basis point increase in the LIBOR rate would result in approximately an additional $10 million of interest charges for the year ended December 31, 2013.

There are certain limitations inherent in the sensitivity analyses presented, primarily due to the assumption that interest rates and exchange rates change instantaneously in an equally adverse fashion. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled. While this is our best estimate of the impact of the various scenarios, these estimates should not be viewed as forecasts.

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FORWARD-LOOKING STATEMENTS

Some statements in this document are forward-looking. Forward-looking information is based on projections and estimates, not historical information.

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. Any such information shall be updated as required by the Prospectus Rules.

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DEFINITIONS AND INTERPRETATION

The following definitions apply throughout this document unless the context otherwise requires:

Term	Definition
"**Company**", "**we**", "**us**" or "**Halliburton**"	Halliburton Company
"**Common Stock**"	Common Stock of Halliburton with a par value of $2.50 per share
"**Board**" or "**Directors**"	the board of directors of Halliburton Company whose names are set out in paragraph 2.1 of this document
"**Dollars**" or "**$**"	the lawful currency of the United States of America
"**EEA**"	the European Economic Area
"**Group**"	Halliburton Company and its Subsidiaries
"**Participant(s)**"	an employee of the Group who has been awarded restricted stock or stock options or who is eligible to participate and has enrolled in the relevant Stock Plan in accordance with the relevant Stock Plan
"**Participating Employer**"	Halliburton and its relevant Subsidiaries, being the relevant employing companies from time to time in relation to the relevant Stock Plan(s)
"**Plan Documents**"	the relevant subscription documents relating to a Stock Plan, including its terms and conditions
"**Prospectus**" or "**document**"	this document, including the annexed information in Parts II and III, and including the summary appearing at the beginning of this document
"**Prospectus Rules**"	the prospectus rules published by the United Kingdom Financial Conduct Authority from time to time
"**Regulations**"	the Prospectus Regulations 2005 of the United Kingdom
"**SEC**"	the United States Securities and Exchange Commission
"**Stock Plans**"	the stock and share plans of Halliburton, which are summarized in Part II of this document
"**Subsidiaries**"	the subsidiaries of the Company, of which certain subsidiaries are set out in paragraph 7 of Part I of this document
"USA"	the United States of America

In this document the financial figures of Halliburton are interpreted as follows unless the context otherwise requires:

"**during 200X**" or "**in 200X**"	the fiscal year for that year
"**fiscal year for year ended**"	the year from January 1 to December 31
"**fourth quarter**"	the period from October 1 to December 31
"**third quarter**"	the period from July 1 to September 30
"**second quarter**"	the period from April 1 to June 30
"**first quarter**"	the period from January 1 to March 31

2. PERSONS RESPONSIBLE

2.1 The persons responsible for the information given in this document are Halliburton and the Directors of Halliburton whose names are set out below. Having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the Directors and the Company's knowledge, in accordance with the facts and contains no omission likely to affect its import.

Alan M. Bennett
James R. Boyd
Milton Carroll
Nance K. Dicciani
Murry S. Gerber
José C. Grubisich
Abdallah S. Jum'ah
David J. Lesar
Robert A. Malone
J. Landis Martin
Debra L. Reed

Further details on each Director are set out in paragraph 14.1 of this Prospectus.

3. STATUTORY AUDITORS

3.1 The statutory auditors of Halliburton are KPMG LLP of Suite 4500, 811 Main Street, Houston, Texas 77002, USA.

3.2 The Company's auditors are an independent registered public accounting firm with the Public Company Accounting Oversight Board (United States), created pursuant to the Sarbanes-Oxley Act of 2002.

3.3 The Company's auditors have not resigned or been removed and have been reappointed in the fiscal years of 2011, 2012, and 2013.

4. SELECTED FINANCIAL INFORMATION

Quarterly Unaudited Historical Information

The unaudited summary consolidated financial data set out below is extracted from our unaudited condensed consolidated financial statements contained in our first quarter 2014 Quarterly Report on Form 10-Q and supporting detail schedules from our financial transaction system without material adjustment. These amounts are not based on any forecast, estimated, or pro forma figures. This data should be read in conjunction with our unaudited, condensed consolidated financial statements and the related notes in the first quarter 2014 Quarterly Report on Form 10-Q, which is included in Part III of this Prospectus.

	Three Months Ended March 31	
(Millions of dollars)	**2014**	**2013**
Revenue:		
Completion and Production	$ 4,420	$ 4,100
Drilling and Evaluation	2,928	2,874
Total revenue	$ 7,348	$ 6,974
Operating income (loss):		
Completion and Production	$ 661	$ 615
Drilling and Evaluation	398	407
Total operations	1,059	1,022
Corporate and other	(89)	(1,120)
Total operating income (loss)	$ 970	$ (98)
Interest expense, net of interest income	(93)	(71)
Other, net	(31)	(14)
Income (loss) from continuing operations before income taxes	$ 846	$ (183)
Income tax (provision) benefit	(229)	172
Income (loss) from continuing operations	617	(11)
Loss from discontinued operations, net of income tax benefit of $1 and $2	(1)	(5)
Net income (loss)	$ 616	$ (16)
Noncontrolling interest in net (income) loss of subsidiaries	6	(2)
Net income (loss) attributable to company	$ 622	$ (18)
Other financial data:		
Capital expenditures	$ 643	$ 685
Depreciation, depletion, and amortization	510	448

Financial position:	**March 31 2013**	**December 31 2013**
Net working capital (1)	$ 8,554	$ 8,678
Property, plant, and equipment, net	11,463	11,322
Total assets	29,256	29,223
Long-term debt, including current maturities	7,816	7,816
Total shareholders' equity	13,752	13,615

(1) Calculated as current assets minus current liabilities.

Annual Audited Historical Information

The summary consolidated financial data set out below is extracted from our audited consolidated financial statements in our 2013 Annual Report on Form 10-K and supporting detail schedules from our financial transaction system without material adjustment. These amounts are not based on any forecast, estimated, or pro forma figures. This data should be read in conjunction with our audited consolidated financial statements and the related notes in our 2013 Annual Report on Form 10-K, which is included in Part III of this Prospectus.

(Millions of dollars)	Year Ended December 31 2013	2012	2011
Revenue:			
Completion and Production	$ 17,506	$ 17,380	$ 15,143
Drilling and Evaluation	11,896	11,123	9,686
Total revenue	$ 29,402	$ 28,503	$ 24,829
Operating income:			
Completion and Production	$ 2,875	$ 3,144	$ 3,733
Drilling and Evaluation	1,770	1,675	1,403
Total operations	4,645	4,819	5,136
Corporate and other	(1,507)	(660)	(399)
Total operating income	$ 3,138	$ 4,159	$ 4,737
Interest expense, net of interest income	(331)	(298)	(263)
Other, net	(43)	(39)	(25)
Income from continuing operations before income taxes	$ 2,764	$ 3,822	$ 4,449
Provision for income taxes	(648)	(1,235)	(1,439)
Income from continuing operations	2,116	2,587	3,010
Income (loss) from discontinued operations, net of tax benefit (provision) of $1, $82, and $(18)	19	58	(166)
Net income	$ 2,135	$ 2,645	$ 2,844
Noncontrolling interest in net income of subsidiaries	(10)	(10)	(5)
Net income attributable to company	$ 2,125	$ 2,635	$ 2,839
Other financial data:			
Capital expenditures	$ 2,934	$ 3,566	$ 2,953
Depreciation, depletion, and amortization	1,900	1,628	1,359

Financial position:	December 31 2013	2012	2011
Net working capital (1)	$ 8,678	$ 8,334	$ 7,456
Property, plant, and equipment, net	11,322	10,257	8,492
Total assets	29,223	27,410	23,677
Long-term debt, including current maturities	7,816	4,820	4,820
Total shareholders' equity	13,615	15,790	13,216

(1) Calculated as current assets minus current liabilities.

Selected Ratios

	Debt-to-Equity Ratio (1)	**Debt-to-Total Capitalization Ratio** (2)	**Net Debt-to-Net Capitalization Ratio** (3)
12/31/11	36.9%	27.0%	13.3%
12/31/12	31.5%	24.0%	11.7%
12/31/13	58.4%	36.9%	27.7%
03/31/14	58.1%	36.7%	28.5%

(1) Calculated as total debt divided by shareholders' equity.
(2) Calculated as total debt divided by the sum of total debt plus total shareholders' equity.
(3) Calculated as total debt minus cash and equivalents and investments in fixed income securities, divided by total capitalization minus cash and equivalents and investments in fixed income securities.

There were no cash drawings or borrowings under the revolving credit facility held by the Company as of March 31, 2014. There have been no changes to the borrowings of the Company since March 31, 2014 that are regarded by the Company as significant.

Net indebtedness table *(Millions of dollars)*	March 31 2014	December 31 2013	December 31 2012
Cash and equivalents	$ 2,123	$ 2,356	$ 2,484
Investments in fixed income securities, current portion	238	239	270
Liquidity	2,361	2,595	2,754
Current financial receivable	6,314	6,181	5,787
Current portion of non-current debt	-	-	-
Other current financial debt	173	138	155
Current financial debt	173	138	155
Net current financial indebtedness	(8,502)	(8,638)	(8,386)
Investments in fixed income securities, non-current portion	140	134	128
Bonds issued	7,816	7,816	4,820
Other non-current loans	-	-	-
Non-current financial indebtedness	7,816	7,816	4,820
Net non-current financial indebtedness	7,676	7,682	4,692
Net financial indebtedness	$ (826)	$ (956)	$ (3,694)

Long-term debt table *(Millions of dollars)*	March 31 2014	December 31 2013	December 31 2012
3. 5% senior notes due August 2023	$ 1,098	$ 1,098	$ —
6.15% senior notes due September 2019	997	997	997
7.45% senior notes due September 2039	995	995	995
4.75% senior notes due August 2043	898	898	—
6.7% senior notes due September 2038	800	800	800
1.0% senior notes due August 2016	600	600	—
3.25% senior notes due November 2021	498	498	498
4.5% senior notes due November 2041	498	498	498
2.0% senior notes due August 2018	400	400	—
5.9% senior notes due September 2018	400	400	400
7.6% senior debentures due August 2096	293	293	293
8.75 senior debentures due February 2021	184	184	184
Other	155	155	155
Total long-term debt	$ 7,816	$ 7,816	$ 4,820

All of our senior notes and debentures rank equally with our existing and future senior unsecured indebtedness, have semiannual interest payments, and no sinking fund requirements. We may redeem all of our senior notes from time to time or all of the notes of each series at any time at the applicable redemption prices, plus accrued and unpaid interest. Our 7.6% and 8.75% senior debentures may not be redeemed prior to maturity.

Capitalization and indebtedness table *(Millions of dollars)*	March 31 2014	December 31 2013	December 31 2012
Current debt			
Unsecured	$ 173	$ 138	$ 155
Total current debt	173	138	155
Non-current debt (excluding current portion of long-term debt)			
Unsecured	7,816	7,816	4,820
Total non-current debt	7,816	7,816	4,820
Shareholders' equity:			
Share capital	13,752	13,615	15,790
Total shareholders' equity	13,752	13,615	15,790
Total	$21,741	$21,569	$20,765

Note: Borrowing requirements of Halliburton are not seasonal.

5. INFORMATION ABOUT HALLIBURTON

5.1 History and Development of Halliburton Company

Halliburton's predecessor was incorporated under the laws of the State of Delaware in 1924. Halliburton is a for-profit corporation and is domiciled in the United States of America and operates under the state and federal laws of the State of Delaware and the United States. Halliburton's Internal Revenue Service Employer Identification number is 75-2677995. The address of Halliburton's principal executive office is at 3000 North Sam Houston Parkway East, Houston, Texas 77032, USA, and its telephone number is 001 (281) 871- 2699.

Halliburton and Dresser Industries, Inc. ("Dresser Industries") were founded early in the 20th century and shared a dedication to technological leadership, operational excellence, innovative business relationships and a dynamic workforce.

Through the first half of the 20th century, the entities patented technologies and products, developed new services and supported and facilitated the growth of the energy and engineering and construction industries. They enjoyed significant growth and diversification during World War II and the post-war boom. The business also effectively managed through cycles of record prosperity and serious recession, intense competition and rapid technological advancement through the second half of the century.

Halliburton grew from the risk-taking entrepreneurialism of Erle P. Halliburton, who established the New Method Oil Well Cementing Company in Oklahoma in 1919. By Erle P. Halliburton's death in 1957, the Company had 201 offices in 22 states and 20 foreign countries.

Dresser Industries also prospered during the first half of the 20th century. A patent for a cylindrical packer launched Dresser's oilfield products manufacturing business. Dresser Industries evolved over the next 100 years into a major provider of integrated services and project management for the oil and gas industry.

In 1998, Halliburton merged with Dresser Industries. We have integrated Dresser's well-known and respected brands such as Sperry-Sun Drilling Services, Baroid Drilling Fluids and Security DBS. We have divested the Dresser Equipment Group and the business of the M.W. Kellogg Company, which was separated from Halliburton as part of a split-off of our KBR subsidiary in 2007.

Separation of KBR, Inc.

During 2007, we completed the separation of KBR, Inc. ("KBR") from us by exchanging KBR common stock owned by us for our Common Stock. We entered into various agreements relating to the separation of KBR, including, among others, a Master Separation Agreement ("MSA") and a Tax Sharing Agreement ("TSA"). We recorded a liability at that time reflecting the estimated fair value of the indemnities provided to KBR. Since the separation, we have recorded adjustments to reflect changes to our estimation of our

remaining obligation. All such adjustments are recorded in "Income (loss) from discontinued operations, net of income tax (provision) benefit." Amounts accrued relating to our KBR indemnity obligations were included in "Other liabilities" in our consolidated balance sheets and totaled $219 million as of December 31, 2012. During the first quarter of 2013, we paid $219 million to satisfy our obligation under a guarantee related to the Barracuda-Caratinga matter, a legacy KBR project. Accordingly, there were no amounts accrued for indemnities provided to KBR at March 31, 2014.

Tax sharing agreement

The TSA provides for the calculation and allocation of United States and certain other jurisdiction tax liabilities between KBR and us for the periods 2001 through the date of separation. The TSA is complex, and finalization of amounts owed between KBR and us under the TSA can occur only after income tax audits are completed by the taxing authorities and both parties have had time to analyze the results.

During the second quarter of 2012, we sent a notice under the TSA to KBR requesting the appointment of an arbitrator in accordance with the terms of the TSA. This request asked the arbitrator to find that KBR owed us a certain amount pursuant to the TSA. KBR denied that it owed us any amount and asserted instead that we owed KBR a certain amount under the TSA. KBR also asserted that it believes the MSA controls its defenses to our TSA claim and demanded arbitration of those defenses under the MSA. In July 2012, we filed suit in the District Court of Harris County, Texas, seeking to compel KBR to arbitrate the entire dispute in accordance with the provisions of the TSA, rather than the MSA. KBR filed a cross-motion seeking to compel arbitration of its defenses under the MSA. In September 2012, the court denied our motion and granted KBR's motion to compel arbitration under the MSA. We continue to believe that the TSA was intended to govern the entire matter and have appealed. The appeal is pending before the court of appeals.

In May 2013, KBR's defenses were arbitrated before a panel appointed pursuant to the MSA. In June 2013, the panel issued its decision, finding it had jurisdiction to hear the dispute and that a portion of our claims made under the TSA were barred by the time limitation provision in the MSA. In September 2013, we filed a motion and an application to vacate the panel's decision with the District Court of Harris County, Texas. The court has not ruled on the motion or application.

The MSA panel also ordered the parties to return to the TSA arbitrator for determination of the parties' remaining claims under the TSA. On October 9, 2013, the TSA arbitrator issued a report regarding the claims made by each party. The report found that KBR owes us a net amount of approximately $105 million, plus interest, with each party bearing its own costs related to the matter.

On October 21, 2013, KBR submitted a request for clarification and reconsideration of the TSA arbitrator's report. In December 2013, the TSA arbitrator issued a supplemental report that reaffirmed the award.

In January 2014, KBR filed a motion with the MSA panel to enforce the panel's June 2013 decision. KBR's motion claimed, among other things, that certain of our claims submitted to the TSA arbitrator were time-barred under the MSA and that the TSA arbitrator misinterpreted the TSA. In February 2014, we filed a response to KBR's motion with the MSA panel. In March 2014, the MSA panel denied KBR's motion.

On February 3, 2014, we also filed an application to confirm the TSA arbitrator's award with the District Court of Harris County, Texas. On February 24, 2014, KBR filed its response and a cross-motion to vacate the TSA arbitrator's award. A hearing on our application and KBR's response was held in April 2014. The district court has taken the matters under advisement, but has indicated that it will not rule on them until the court of appeals has ruled on our appeal of the district court's September 2012 decision to grant KBR's motion to compel arbitration under the MSA.

Due to the uncertainty surrounding the ultimate determination of the parties' claims under the TSA, no material anticipated recovery amounts or liabilities related to this matter have been recognized in the consolidated financial statements as of March 31, 2014.

Business Segments

We operate under two divisions, which form the basis for the two operating segments we report: the Completion and Production segment and the Drilling and Evaluation segment. Our Completion and Production segment delivers cementing, stimulation, intervention, pressure control, specialty chemicals, artificial lift, and completion services. The segment consists of Production Enhancement, Cementing, Completion Tools, Halliburton Boots & Coots, Multi-Chem and Halliburton Artificial Lift. Our Drilling and

Evaluation segment provides field and reservoir modeling, drilling, evaluation, and precise wellbore placement solutions that enable customers to model, measure, drill, and optimize their well construction activities. The segment consists of Baroid, Sperry Drilling, Wireline and Perforating, Drill Bits and Services, Landmark Software and Services, Testing and Subsea, and Consulting and Project Management.

5.2 Investments

Halliburton's principal investments are set out in paragraph 7 of this Prospectus. These investments consist of the multi-national group of companies that conduct the business operations of our two divisions, which form the basis for the two operating segments we report: the Completion and Production segment and the Drilling and Evaluation segment. We fund our business operations through a combination of available cash and equivalents, short-term investments, cash flow generated from operations, and, from time to time, the capital markets.

Halliburton does not have any principal investments that are in progress or principal future investments on which its management has made commitments. Please note, however, Halliburton's strategy is to acquire companies or technologies that add to its portfolio of product and service offerings.

See paragraph 12 of this Prospectus for a discussion of our recent and current initiatives.

6. BUSINESS OVERVIEW

6.1 Principal activities of the Business

We are a leading provider of services and products to the energy industry related to the exploration, development, and production of oil and natural gas. We serve major, national, and independent oil and natural gas companies throughout the world and 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 summarizes our services and products for each business segment.

6.1.1 **Completion and Production**

Completion and Production delivers cementing, stimulation, intervention, pressure control, specialty chemicals, artificial lift, and completion services. The segment consists of Production Enhancement, Cementing, Completion Tools, Halliburton Boots & Coots, Multi-Chem and Halliburton Artificial Lift.

Production Enhancement services include stimulation services and sand control services. Stimulation services optimize oil and natural gas reservoir production through a variety of pressure pumping services, nitrogen services, and chemical processes, commonly known as hydraulic fracturing and acidizing. Sand control services include fluid and chemical systems and pumping services for the prevention of formation sand production.

Cementing services involve bonding the well and well casing while isolating fluid zones and maximizing wellbore stability. Our cementing service line also provides casing equipment.

Completion Tools provides downhole solutions and services to our customers to complete their wells, including well completion products and services, intelligent well completions, liner hanger systems, sand control systems, and service tools.

Halliburton Boots & Coots includes well intervention services, pressure control, equipment rental tools and services, and pipeline and process services.

Multi-Chem includes oilfield production and completion chemicals and services that address production, processing, and transportation challenges.

Halliburton Artificial Lift offers electrical submersible pumps, including the associated surface package for power, control, and monitoring of the entire lift system, and provides installation, maintenance, repair, and testing services. The objective of these services is to maximize reservoir and wellbore recovery by applying lifting technology and intelligent field management solutions throughout the life of the well.

6.1.2 **Drilling and Evaluation**

Drilling and Evaluation provides field and reservoir modeling, drilling, evaluation, and precise wellbore placement solutions that enable customers to model, measure, drill, and optimize their well construction activities. The segment consists of Baroid, Sperry Drilling, Wireline and Perforating, Drill Bits and Services, Landmark Software and Services, Testing and Subsea, and Consulting and Project Management.

Baroid provides drilling fluid systems, performance additives, completion fluids, solids control, specialized testing equipment, and waste management services for oil and natural gas drilling, completion, and workover operations.

Sperry Drilling provides drilling systems and services. These services include directional and horizontal drilling, measurement-while-drilling, logging-while-drilling, surface data logging, multilateral systems, underbalanced applications, and rig site information systems. Our drilling systems offer directional control for precise wellbore placement while providing important measurements about the characteristics of the drill string and geological formations while drilling wells. Real-time operating capabilities enable the monitoring of well progress and aid decision-making processes.

Wireline and Perforating services include open-hole logging services that provide information on formation evaluation and reservoir fluid analysis, including formation lithology, rock properties, and reservoir fluid properties. Also offered are cased-hole and slickline services, which provide perforating, pipe recovery services, through-casing formation evaluation and reservoir monitoring, casing and cement integrity measurements, and well intervention services. Borehole seismic services include downhole seismic operations check-shots and vertical seismic profiles, and provide the link between surface seismic and the wellbore. Finally, formation and reservoir solutions transform formation evaluation data into reservoir insight through geoscience solutions.

Drill Bits and Services provides roller cone rock bits, fixed cutter bits, hole enlargement and related downhole tools and services used in drilling oil and natural gas wells. In addition, coring equipment and services are provided to acquire cores of the formation drilled for evaluation.

Landmark Software and Services is a supplier of integrated exploration, drilling and production software, and related professional and data management services for the upstream oil and natural gas industry.

Testing and Subsea services provide acquisition and analysis of dynamic reservoir information and reservoir optimization solutions to the oil and natural gas industry through a broad portfolio of test tools, data acquisition services, fluid sampling, surface well testing, and subsea safety systems.

Consulting and Project Management provides oilfield project management and integrated solutions to independent, integrated, and national oil companies. These offerings make use of all of our oilfield services, products, technologies, and project management capabilities to assist our customers in optimizing the value of their oil and natural gas assets.

6.2 **Business Strategy**

Our business strategy is to secure a distinct and sustainable competitive position as an oilfield service company by delivering services and products that enable our customers to extract proven reserves and maximize recovery. Our objectives are to:

- create a balanced portfolio of services and products supported by global infrastructure and anchored by technological innovation with a well-integrated digital strategy to further differentiate our company;
- reach a distinguished level of operational excellence that reduces costs and creates real value;
- preserve a dynamic workforce by being a preferred employer to attract, develop, and retain the best global talent; and
- uphold our strong ethical and business standards, and maintain the highest standards of health, safety, and environmental performance.

Markets and competition We are one of the world's largest diversified energy services companies. Our services and products are sold in highly competitive markets throughout the world. Competitive factors impacting sales of our services and products include:

- price;
- service delivery (including the ability to deliver services and products on an “as needed, where needed” basis);
- health, safety, and environmental standards and practices;
- service quality;
- global talent retention;
- understanding of the geological characteristics of the hydrocarbon reservoir;
- product quality;
- warranty; and
- technical proficiency.

We conduct business worldwide in approximately 80 countries. The business operations of our divisions are organized around four primary geographic regions: North America, Latin America, Europe/Africa/CIS, and Middle East/Asia. In the first quarter of 2014, based upon the location of the services provided and products sold, 50% of our consolidated revenue was from the United States, compared to 49% of consolidated revenue in the first quarter of 2013. In 2013, 2012, and 2011, based on the location of services provided and products sold, 49%, 53%, and 55% of our consolidated revenue was from the United States. No other country accounted for more than 10% of our consolidated revenue during these periods. Because the markets for our services and products are vast and cross numerous geographic lines, it is not practicable to provide a meaningful estimate of the total number of our competitors. The industries we serve are highly competitive, and we have many substantial competitors. Most of our services and products are marketed through our servicing and sales organizations.

REVENUE by segment and region:

	Three Months Ended March 31	
Millions of dollars	2014	2013
Completion and Production:		
North America	$ 2,927	$ 2,745
Latin America	355	355
Europe/Africa/CIS	607	532
Middle East/Asia	531	468
Total	4,420	4,100
Drilling and Evaluation:		
North America	974	961
Latin America	504	590
Europe/Africa/CIS	692	655
Middle East/Asia	758	668
Total	2,928	2,874
Total revenue by region:		
North America	3,901	3,706
Latin America	859	945
Europe/Africa/CIS	1,299	1,187
Middle East/Asia	1,289	1,136

REVENUE by segment and region:

	Years Ended December 31		
Millions of dollars	2013	2012	2011
Completion and Production:			
North America	$ 11,417	$ 12,157	$ 10,907
Latin America	1,586	1,415	1,117
Europe/Africa/CIS	2,391	2,099	1,746
Middle East/Asia	2,112	1,709	1,373
Total	17,506	17,380	15,143
Drilling and Evaluation:			
North America	3,795	3,847	3,506
Latin America	2,323	2,279	1,865

	Years Ended December 31		
Millions of dollars	2013	2012	2011
Europe/Africa/CIS	2,834	2,411	2,210
Middle East/Asia	2,944	2,586	2,105
Total	11,896	11,123	9,686
Total revenue by region:			
North America	15,212	16,004	14,413
Latin America	3,909	3,694	2,982
Europe/Africa/CIS	5,225	4,510	3,956
Middle East/Asia	5,056	4,295	3,478

Operations in some countries may be adversely affected by unsettled political conditions, acts of terrorism, civil unrest, expropriation or other governmental actions, foreign currency exchange restrictions, and highly inflationary currencies, as well as other geopolitical factors. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country, other than the United States, would significantly impact the conduct of our operations taken as a whole.

Customers Our revenue from continuing operations during the past three years was derived from the sale of services and products to the energy industry. No customer represented more than 10% of consolidated revenue in any period presented.

Raw materials Raw materials essential to our business are normally readily available. Market conditions can trigger constraints in the supply of certain raw materials, such as proppants, hydrochloric acid, and gels, including guar gum (a blending additive used in our hydraulic fracturing process). We are always seeking ways to ensure the availability of resources, as well as manage costs of raw materials. Our procurement department uses our size and buying power to enhance our access to key materials at competitive prices.

Research and development costs We maintain an active research and development program. The program improves products, processes, and engineering standards and practices that serve the changing needs of our customers, such as those related to high pressure and high temperature environments, and also develops new products and processes. Our expenditures for research and development activities were $588 million in 2013, $460 million in 2012, and $401 million in 2011. We sponsored over 95% of these expenditures in each year.

Patents We own a large number of patents and have pending a substantial number of patent applications covering various products and processes. We are also licensed to utilize certain intellectual property that is subject to patents owned by others. We do not consider any particular patent to be material to our business operations.

Seasonality Weather and natural phenomena can temporarily affect the performance of our services, but the widespread geographical locations of our operations serve to mitigate those effects. Examples of how weather can impact our business include:

- the severity and duration of the winter in North America can have a significant impact on natural gas storage levels and drilling activity;
- the timing and duration of the spring thaw in Canada directly affects activity levels due to road restrictions;
- typhoons and hurricanes can disrupt coastal and offshore operations; and
- severe weather during the winter months normally results in reduced activity levels in the North Sea and Russia.

Additionally, customer spending patterns for software and various other oilfield services and products can result in higher activity in the fourth quarter of the year.

Employees At March 31, 2014, we employed over 78,000 people. At December 31, 2013, we employed approximately 77,000 people worldwide compared to approximately 73,000 people worldwide at December 31, 2012 and approximately 68,000 at December 31, 2011. At December 31, 2013, approximately 15% of our employees were subject to collective bargaining agreements. Based upon the geographic diversification of these employees, we do not believe any risk of loss from employee strikes or other

collective actions would be material to the conduct of our operations taken as a whole. Refer to paragraph 17.1 of this Prospectus for further information.

6.3 Principal Markets

For total revenue by operating segment for each period covered by the historical financial information, see paragraph 9.2 of this Prospectus.

7. ORGANISATIONAL STRUCTURE

Halliburton is the ultimate parent company of a multi-national group of companies. Financing of group capital expenditures and working capital is managed at the parent company level with funding by the parent and/or other subsidiaries in compliance with legal and tax requirements.

Halliburton's significant subsidiaries, all of which are wholly owned within the Halliburton group, are as follows:

Name of subsidiary	State or Country of Incorporation
Baroid International Trading, LLC	United States, Delaware
Halliburton (Barbados) Investments SRL	Barbados
Halliburton Affiliates, LLC	United States, Delaware
Halliburton Canada Corp.	Canada, Alberta
Halliburton Canada Holdings B.V.	Netherlands
Halliburton Canada ULC	Canada, Alberta
Halliburton de Mexico, S. de R.L. de C.V.	Mexico
Halliburton Energy Cayman Islands Limited II	Cayman Islands
Halliburton Energy Services Limited	United Kingdom, Scotland
Halliburton Energy Services, Inc.	United States, Delaware
Halliburton Far East Pte Ltd	Singapore
Halliburton Global Affiliates Holdings B.V.	Netherlands
Halliburton Group Canada	Canada
Halliburton Holdings (No 3)	United Kingdom, Scotland
Halliburton International, Inc.	United States, Delaware
Halliburton International Holdings	Bermuda
Halliburton Luxembourg Holdings S.à r. l.	Luxembourg
Halliburton Luxembourg Intermediate S.à r. l.	Luxembourg
Halliburton Manufacturing and Services Limited	United Kingdom, England & Wales
Halliburton Netherlands Holdings B.V.	Netherlands
Halliburton Netherlands Operations Coöperatie U.A.	Netherlands
Halliburton Norway Holdings C.V.	Netherlands
Halliburton Overseas Limited	Cayman Islands
Halliburton Partners Canada ULC	Canada, Alberta
Halliburton U.S. International Holdings, Inc.	United States, Delaware
Halliburton Worldwide GmbH	Switzerland
HES Corporation	United States, Nevada
HES Holding, Inc.	United States, Delaware
HESI Holdings B.V.	Netherlands
Kellogg Energy Services, Inc.	United States, Delaware
Landmark Graphics Corporation	United States, Delaware
Oilfield Telecommunications, LLC.	United States, Delaware

8. PROPERTY PLANT AND EQUIPMENT

8.1 Property

We own or lease numerous properties in domestic and foreign locations. Our principal properties include manufacturing facilities, research and development laboratories, technology centers, and corporate offices. All of our owned properties are unencumbered. The following locations represent our major facilities by segment:

Completion and Production segment:	Arbroath, United Kingdom Johor, Malaysia Lafayette, Louisiana Singapore, Singapore Stavanger, Norway Tianjin, China
Drilling and Evaluation segment:	Alvarado, Texas Nisku, Canada Singapore, Singapore The Woodlands, Texas
Shared/corporate facilities:	Al-Khobar, Saudi Arabia Carrollton, Texas Denver, Colorado Dubai, United Arab Emirates Duncan, Oklahoma Houston, Texas Kuala Lumpur, Malaysia Panama City, Panama Pune, India Rio de Janeiro, Brazil San Antonio, Texas

In addition, we have 179 international and 124 United States field camps from which we deliver our services and products. We also have numerous small facilities that include sales, project, and support offices and bulk storage facilities throughout the world.

We believe all properties that we currently occupy are suitable for their intended use.

8.2 Environmental regulation

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

- the Comprehensive Environmental Response, Compensation, and Liability Act;
- the Resource Conservation and Recovery Act;
- the Clean Air Act;
- the Federal Water Pollution Control Act;
- the Toxic Substances Control Act; and
- the Oil Pollution Act of 1990.

In addition to the federal laws and regulations, states and other countries where we do business often have numerous environmental, legal, and regulatory requirements by which we must abide. We evaluate and address the environmental impact of our operations by assessing and remediating contaminated properties in order to avoid future liabilities and comply with environmental, legal, and regulatory requirements. Our Health, Safety and Environment group has several programs in place to maintain environmental leadership and to help prevent the occurrence of environmental contamination. On occasion, in addition to the matters relating to the Macondo well incident described below, we are involved in other environmental litigation and claims, including the remediation of properties we own or have operated, as well as efforts to meet or correct compliance-related matters. We do not expect costs related to those claims and remediation requirements to have a material adverse effect on our liquidity position, consolidated results of operations, or consolidated financial position. Excluding our loss contingency for the Macondo well incident, our accrued liabilities for environmental matters were $60 million as of March 31, 2014, $66 million as of December 31, 2013, $72 million as of December 31, 2012, and $81 million as of December 31, 2011. Because our estimated liability is typically within a range and our accrued liability may be the amount on the low end of that range, our actual liability could eventually be well in excess of the amount accrued. Our total liability related to environmental matters covers numerous properties.

In November 2012, we received an Enforcement Notice from the Pennsylvania Department of Environmental Protection (“PADEP”) regarding an alleged improper disposal of oil field acid in or around Homer City, Pennsylvania between 1999 and 2011. In February 2014, we agreed to resolve this matter for $2 million to settle the PADEP's claim for civil penalties.

Additionally, we have subsidiaries that have been named as potentially responsible parties along with other third parties for nine federal and state Superfund sites for which we have established reserves. As of March 31, 2014, those nine sites accounted for approximately $4 million of our $60 million total environmental reserve. Despite attempts to resolve these Superfund matters, the relevant regulatory agency may at any time bring suit against us for amounts in excess of the amount accrued. With respect to some Superfund sites, we have been named a potentially responsible party by a regulatory agency; however, in each of those cases, we do not believe we have any material liability. We also could be subject to third-party claims with respect to environmental matters for which we have been named as a potentially responsible party.

8.3 Hydraulic fracturing process

Hydraulic fracturing is 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. A significant portion of our Completion and Production segment provides hydraulic fracturing services to customers developing shale natural gas and shale oil. From time to time, questions arise about the scope of our operations in the shale natural gas and shale oil sectors, and the extent to which these operations may affect human health and the environment.

We generally design and implement a hydraulic fracturing operation to “stimulate” the well, at the direction of our customer, once the well has been drilled, cased, and cemented. Our customer is generally responsible for providing the base fluid (usually water) used in the hydraulic fracturing of a well. We supply the proppant (often sand) and any additives used in the overall fracturing fluid mixture. In addition, we mix the additives and proppant with the base fluid and pump the mixture down the wellbore to create the desired fractures in the target formation. The customer is responsible for disposing of any materials that are subsequently pumped out of the well, including flowback fluids and produced water.

As part of the process of constructing the well, the customer will take a number of steps designed to protect drinking water resources. In particular, the casing and cementing of the well are designed to provide “zonal isolation” so that the fluids pumped down the wellbore and the oil and natural gas and other materials that are subsequently pumped out of the well will not come into contact with shallow aquifers or other shallow formations through which those materials could potentially migrate to the surface.

The potential environmental impacts of hydraulic fracturing have been studied by numerous government entities and others. In 2004, the United States Environmental Protection Agency (“EPA”) conducted an extensive study of hydraulic fracturing practices, focusing on coalbed methane wells, and their potential effect on underground sources of drinking water. The EPA’s study concluded that hydraulic fracturing of coalbed methane wells poses little or no threat to underground sources of drinking water. At the request of Congress, the EPA is currently undertaking another study of the relationship between hydraulic fracturing and drinking water resources that will focus on the fracturing of shale natural gas wells.

We have made detailed information regarding our fracturing fluid composition and breakdown available on our internet web site at www.halliburton.com. We also have proactively developed processes to provide our customers with the chemical constituents of our hydraulic fracturing fluids to enable our customers to comply with state laws as well as voluntary standards established by the Chemical Disclosure Registry, www.fracfocus.org.

At the same time, we have invested considerable resources in developing our CleanSuite™ hydraulic fracturing technologies, which offer our customers a variety of environment-friendly alternatives related to the use of hydraulic fracturing fluid additives and other aspects of our hydraulic fracturing operations. We created a hydraulic fracturing fluid system comprised of materials sourced entirely from the food industry. In addition, we have engineered a process to control the growth of bacteria in hydraulic fracturing fluids that uses ultraviolet light, allowing customers to minimize the use of chemical biocides. We are committed to the continued development of innovative chemical and mechanical technologies that allow for more economical and environmentally friendly development of the world’s oil and natural gas reserves.

In evaluating any environmental risks that may be associated with our hydraulic fracturing services, it is helpful to understand the role that we play in the development of shale natural gas and shale oil. Our principal task generally is to manage the process of injecting fracturing fluids into the borehole to “stimulate” the well. Thus, based on the provisions in our contracts and applicable law, the primary environmental risks we face are potential pre-injection spills or releases of stored fracturing fluids and potential spills or releases of fuel or other fluids associated with pumps, blenders, conveyors, or other above-ground equipment used in the hydraulic fracturing process.

Although possible concerns have been raised about hydraulic fracturing operations, the circumstances described above have helped to mitigate those concerns. To date, we have not been obligated to compensate any indemnified party for any environmental liability arising directly from hydraulic fracturing, although there can be no assurance that such obligations or liabilities will not arise in the future.

9. OPERATING AND FINANCIAL REVIEW

9.1 Financial Condition

Please refer to the preceding paragraphs of this document, as well as Part III for the Form 10-K for the year ended December 31, 2013, and the Form 10-Q for the quarter ended March 31, 2014, for the key figures summarising the current financial condition of Halliburton.

9.2 Operating results

RESULTS OF OPERATIONS COMPARATIVE

The following summary consolidated financial data in this paragraph 9.2 is extracted from:

9.2.1 Management's Discussion and Analysis of Financial Condition and Results of Operations in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 and is not based on any forecast, estimated, or pro forma figures; and

9.2.2 Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2013 and is not based on any forecast, estimated, or pro forma figures.

RESULTS OF OPERATIONS IN FIRST QUARTER 2014 COMPARED TO FIRST QUARTER 2013

The financial data for our total operating segments, corporate and other operations presented in the tables below for the quarterly periods ended March 31, 2014 and 2013, are unaudited and should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes in the Quarterly Report for 2014, which is included in Section 5 of Part III of this Prospectus.

Three Months Ended March 31, 2014, Compared with Three Months Ended March 31, 2013

(Table below contains unaudited data)

REVENUE: *Millions of dollars*	2014	2013	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 4,420	$ 4,100	$ 320	8%
Drilling and Evaluation	2,928	2,874	54	2
Total operating income	$ 7,348	$ 6,974	$ 374	5%

OPERATING INCOME: *Millions of dollars*	2014	2013	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 661	$ 615	$ 46	7%
Drilling and Evaluation	398	407	(9)	(2)
Corporate and other	(89)	(1,120)	1,031	92
Total operating income	$ 970	$ (98)	$ 1,068	1,090%

The 5% increase in consolidated revenue in the first quarter of 2014, as compared to the first quarter of 2013, was primarily attributable to increased drilling activity in the Eastern Hemisphere and higher production enhancement activity in the United States land market, partially offset by lower activity levels in Latin America. On a consolidated basis, over half of our product service lines experienced revenue growth from the first quarter of 2013. Revenue outside of North America was 47% of consolidated revenue in the first quarters of both 2014 and 2013.

The $1.1 billion increase in consolidated operating income during the first quarter of 2014, as compared to the first quarter of 2013, was primarily due to a $1.0 billion increase in our loss contingency reserve related to Macondo well incident recorded in the first quarter of 2013. Additionally, we experienced higher stimulation activity in United States land market and strong results in the Eastern Hemisphere.

Completion and Production consolidated revenue in the first quarter of 2014 rose 8%, as compared to the first quarter of 2013, primarily due to increased stimulation activity in the United States land market and higher completion tools sales in all of our regions. North America revenue increased 7% due to increased production enhancement services and higher completion tools sales in the United States, which more than offset reduced activity levels in Canada. Latin America revenue was flat, as increased stimulation and cementing activity in Argentina was offset by a decline in production enhancement services in Mexico. Europe/Africa/CIS revenue rose 14%, driven by higher completions tools sales in Angola and Norway, improved Boots & Coots activity in Algeria, and increased stimulation activity in the United Kingdom. These increases were partially offset by decreased stimulation activity in Denmark and reduced Boots & Coots activity in Norway. Middle East/Asia revenue grew 13% as a result of improved activity levels in Saudi Arabia, increased completion tools sales in China, and higher cementing activity in Thailand, which more than offset a decline in Boots & Coots activity in Australia and India and lower completion tools sales in Malaysia. Revenue outside of North America was 34% of total segment revenue in the first quarter of 2014 and 33% of total segment revenue in the first quarter of 2013.

Completion and Production operating income improved by 7% in the first quarter of 2014, as compared to the first quarter of 2013, due to stronger stimulation activity in the United States land market and higher completion tools sales in the Eastern Hemisphere. North America operating income increased 3% due to increased stimulation activity in the United States land market, which was partially offset by pricing pressures associated with pressure pumping services. Latin America operating income grew 71% as a result of improved profitability for pressure pumping in Argentina, which was partially offset by pricing pressures associated with completion tools sales in Brazil and activity reductions in Mexico. Europe/Africa/CIS operating income rose 22% due to higher completion tools sales in Angola and Norway, and increased Boots & Coots activity in Algeria. Middle East/Asia operating income was down 2% compared to first quarter of 2013, due to lower demand for completion tools sales in Malaysia and decreased Boots & Coots activity in Australia and India, which were partially offset by increased completion tools sales in Saudi Arabia and China.

Drilling and Evaluation revenue was up 2% in the first quarter of 2014, as compared to the first quarter of 2013, primarily driven by higher drilling activity in the Eastern Hemisphere and improved testing activity in all regions, which more than offset the decline in Latin America activity. North America revenue was essentially flat compared to the first quarter of 2013, as increased demand for fluid services in the United States land market was offset by a decline in activity levels in Canada. Latin America revenue declined by 15% as a result of a decline in drilling related activity in Brazil and activity reduction in Mexico. Europe/Africa/CIS revenue increased 6% led by increased drilling activity in the United Kingdom and Angola, which was partially offset by lower fluid services in Norway. Middle East/Asia revenue grew 13%, primarily due to higher activity levels in Saudi Arabia and Malaysia, as well as increased drilling activity in Thailand, which more than offset a decline in logging activity in China. Revenue outside of North America was 67% of total segment revenue in the first quarters of both 2014 and 2013.

Drilling and Evaluation operating income decreased 2% in the first quarter of 2014, as compared to the first quarter of 2013, primarily due to reduced activity in the Western Hemisphere, which was partially offset by growth in the Eastern Hemisphere. North America operating income declined 10% as a result of reduced activity levels in Canada and reduced logging services in the United States land market, which were partially offset by increased testing services in the Gulf of Mexico. Latin America operating income decreased 36%, primarily due to a decline in drilling activity in Brazil and activity reduction in Mexico. Europe/Africa/CIS operating income improved 19% as a result of increased drilling activity in the United Kingdom and Angola, which was partially offset by declines in fluid services in Norway and logging services in Nigeria. Middle East/Asia operating income grew 27% driven by increased drilling services in Thailand and Saudi Arabia, which more than offset lower demand for logging services in China.

Corporate and other expenses were $89 million in the first quarter of 2014 and $1.1 billion in the first quarter of 2013. The significant decrease was due to a $1.0 billion Macondo-related loss contingency recorded in the first quarter of 2013.

NONOPERATING ITEMS

Interest expense, net of interest income increased $22 million in the first quarter of 2014 as compared to the first quarter of 2013, primarily due to higher interest expense as a result of the issuance of $3.0 billion aggregate principal amount of senior notes in August 2013.

Other, net increased $17 million as compared to the first quarter of 2013, primarily as a result of foreign currency exchange losses driven by currency devaluations in Argentina and Kazakhstan in the first quarter of 2014.

Effective tax rate. Our effective tax rate on continuing operations was 27.1% for the quarter ended March 31, 2014, and was positively impacted by a revised estimate of the tax basis of foreign leased assets as well as lower tax rates in certain foreign jurisdictions, as we continue to reposition our technology, supply chain, and manufacturing infrastructure to more effectively serve our international customers. Our effective tax rate on continuing operations in the first quarter of 2013 was also positively impacted by lower tax rates in certain foreign jurisdictions, as well as federal tax benefits of approximately $50 million due to the reinstatement of certain tax benefits and credits related to the first quarter of 2013 enactment of the American Taxpayer Relief Act of 2012. Also contributing to lower tax rate in the first quarter of 2013 was a $1.0 billion loss contingency related to the Macondo well incident, which was tax-effected at the United States statutory rate.

RESULTS OF OPERATIONS FOR ANNUAL PERIODS 2013, 2012, AND 2011

The financial data for our total operating segments, corporate and other operations presented in the tables below for the annual periods ended December 31, 2013, 2012, and 2011 are audited and should be read in conjunction with our audited consolidated financial statements and the related notes in the Annual Report on Form 10-K for 2013, which is included in Section 1 of Part III of this Prospectus.

Results of Operations: 2013 Compared to 2012

(Table below contains audited data)

REVENUE:			Favorable	Percentage
Millions of dollars	2013	2012	(Unfavorable)	Change
Completion and Production	$ 17,506	$ 17,380	$ 126	1%
Drilling and Evaluation	11,896	11,123	773	7
Total revenue	$ 29,402	$ 28,503	$ 899	3%

OPERATING INCOME:			Favorable	Percentage
Millions of dollars	2013	2012	(Unfavorable)	Change
Completion and Production	$ 2,875	$ 3,144	$ (269)	(9)%
Drilling and Evaluation	1,770	1,675	95	6
Corporate and other	(1,507)	(660)	(847)	128
Total operating income	$ 3,138	$ 4,159	$ (1,021)	(25)%

Consolidated revenue in 2013 increased 3% compared to 2012, primarily driven by activity growth across all international regions. This was partially offset by lower activity levels and pricing pressure in the United States land market. Revenue outside of North America was 48% of consolidated revenue in 2013 and 44% of consolidated revenue in 2012.

The $1.0 billion decrease in consolidated operating income compared to 2012 was primarily related to Macondo-related charges. Operating income in 2013 was impacted by the following pre-tax items: a $1.0

billion Macondo-related loss contingency, $92 million of restructuring charges related to severance and asset write-offs, and a $55 million charge related to a charitable contribution to the National Fish and Wildlife Foundation, partially offset by a $28 million value-added tax refund receivable in Brazil. Operating income in 2012 was impacted by the following pre-tax items: a $300 million Macondo-related loss contingency, along with a $48 million charge related to an earn-out adjustment due to significantly better than expected performance of a past acquisition, partially offset by a $20 million gain related to the settlement of a patent infringement lawsuit.

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

Completion and Production revenue increased slightly compared to 2012 due to strong international growth, which was partially offset by a decline in North America activity. North America revenue decreased 6%, primarily due to pricing pressures in the United States hydraulic fracturing market and lower activity in Canada. Latin America revenue was up 12% due to increased completion tools sales in Brazil and higher activity in most product service lines in Mexico and Argentina. Europe/Africa/CIS revenue grew 14%, driven by strong demand for cementing services in Norway, West Africa, and Russia and completion tools throughout the region. Middle East/Asia revenue improved 24% due to higher activity in most product service lines in Saudi Arabia, Australia, Indonesia, and China, increased completion tools sales in Malaysia, and higher demand for cementing services in Thailand. Revenue outside of North America was 35% of total segment revenue in 2013 and 30% of total segment revenue in 2012.

Completion and Production operating income decreased 9% compared to 2012, primarily due to the North America region, where operating income fell 15% due to pricing pressures in the United States hydraulic fracturing market and lower activity in Canada. Latin America operating income was up 2% as a result of higher demand for cementing services in Mexico and Venezuela and production enhancement services in Argentina. Europe/Africa/CIS operating income grew 3% compared to 2012, driven by higher completion tools activity in Angola and cementing activity in Norway. Middle East/Asia operating income increased 18% due to higher activity levels in Saudi Arabia and Iraq, higher direct sales in China, and improved profitability in Indonesia.

Drilling and Evaluation revenue increased 7% compared to 2012, driven by strong results in the Eastern Hemisphere. North America revenue was essentially flat, as lower demand for drilling and wireline services was partially offset by fluids activity across the United States land market and higher activity in the Gulf of Mexico. Latin America revenue was also relatively flat, as higher demand for all product lines in Mexico and fluids throughout the region were partially offset by lower drilling services activity in Colombia and wireline activity in Brazil. Europe/Africa/CIS revenue increased 18% due to improved fluids activity in Norway and Angola and higher drilling services activity in Eurasia, Norway, Egypt, and Angola. Middle East/Asia revenue rose 14% primarily due to strong demand in Saudi Arabia and Indonesia, higher drilling activity throughout the region, and higher wireline activity in Asia Pacific. Revenue outside of North America was 68% of total segment revenue in 2013 and 65% of total segment revenue in 2012.

Drilling and Evaluation operating income improved 6% compared to 2012, as increased activity in the Eastern Hemisphere was partially offset by higher costs in Latin America. North America operating income was down 4% from 2012, as a reduction in drilling and wireline services was partially offset by demand for fluids and consulting and project management. Latin America operating income declined 22% due to higher costs in Brazil and Venezuela and lower activity in Colombia. The Europe/Africa/CIS region operating income grew 36%, driven by fluids activity in Angola and Norway and drilling services in Eurasia. Middle East/Asia operating income increased 33% as a result of higher activity in Iraq, Indonesia, and Malaysia.

Corporate and other expenses were $1.5 billion in 2013 compared to $660 million in 2012. The significant increase was primarily due to a $1.0 billion Macondo-related loss contingency that was recorded in the first quarter of 2013, compared to a $300 million Macondo-related loss contingency recorded in the first quarter of 2012. Additionally, a $55 million charitable contribution to the National Fish and Wildlife Foundation was expensed in the second quarter of 2013, reflecting our commitment to making a positive environmental impact in our local communities.

NONOPERATING ITEMS

Following is a discussion of the nonoperating line items from our Consolidated Statements of Operations in paragraph 4 of this Prospectus.

Effective tax rate. Our effective tax rate on continuing operations was 23.5% for 2013 and 32.3% for 2012. The 2013 effective tax rate on continuing operations was positively impacted by several items during the year, including federal tax benefits of approximately $50 million due to the reinstatement of certain tax benefits and credits related to the first quarter enactment of the American Taxpayer Relief Act of 2012. Also contributing to the lower tax rate in 2013 was a $1.0 billion loss contingency related to the Macondo well incident, which was tax-effected at the United States statutory rate, as well as some favorable tax items in Latin America in the fourth quarter. Additionally, our effective tax rate was positively impacted by

lower tax rates in certain foreign jurisdictions, as we continue to reposition our technology, supply chain, and manufacturing infrastructure to more effectively serve our customers internationally.

Results of Operations: 2012 Compared to 2011

(Table below contains audited data)

REVENUE:			Favorable	Percentage
Millions of dollars	2012	2011	(Unfavorable)	Change
Completion and Production	$ 17,380	$ 15,143	$ 2,237	15%
Drilling and Evaluation	11,123	9,686	1,437	15
Total revenue	$ 28,503	$ 24,829	$ 3,674	15%

OPERATING INCOME:			Favorable	Percentage
Millions of dollars	2012	2011	(Unfavorable)	Change
Completion and Production	$ 3,144	$ 3,733	$ (589)	(16)%
Drilling and Evaluation	1,675	1,403	272	19
Corporate and other	(660)	(399)	(261)	65
Total operating income	$ 4,159	$ 4,737	$ (578)	(12)%

The 15% increase in consolidated revenue in 2012 compared to 2011 was primarily due to higher activity in Latin America, Middle East/Asia, and North America. On a consolidated basis, all product service lines experienced revenue growth from 2011. Revenue outside of North America was 44% of consolidated revenue in 2012 and 42% of consolidated revenue in 2011.

The 12% decrease in consolidated operating income compared to 2011 was mainly due to higher costs, particularly of guar gum, and pricing pressure for production enhancement services in North America. Operating income in 2012 was negatively impacted by a $300 million, pre-tax, loss contingency related to the Macondo well incident reflected in Corporate and other expenses. Additionally, our results were impacted by a $48 million, pre-tax, charge related to an earn-out adjustment due to significantly better than expected performance of a past acquisition in the Latin America and North America regions as well as a $20 million, pre-tax, gain related to the settlement of a patent infringement lawsuit that was recorded in Corporate and other expense. Operating income in 2011 was adversely impacted by a $25 million, pre-tax, impairment charge on an asset held for sale in the Europe/Africa/CIS region, $11 million, pre-tax, of employee separation costs in the Eastern Hemisphere, and a $59 million, pre-tax, charge in Libya, to reserve for certain doubtful accounts receivable and inventory. During 2012, we received $42 million related to the Libya reserve that was established in 2011 for receivables.

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

Completion and Production revenue increased in all geographic regions compared to 2011, with strong international growth. North America revenue rose 11%, primarily due to increased cementing services and completions tools sales, as well as higher activity in production enhancement from an increased demand for hydraulic fracturing in the United States. Latin America revenue increased 27% due to improved activity in most product service lines in Mexico, Brazil, and Venezuela. Europe/Africa/CIS revenue increased 20%, driven by strong demand for completion tools across the region and increased cementing services in Mozambique and Nigeria. Middle East/Asia revenue grew 24% due to higher activity in all product service lines in Australia, Malaysia, and Indonesia, partially offset by lower completion tools sales in China and decreased activity in Singapore. Revenue outside of North America was 30% of total segment revenue in 2012 and 28% of total segment revenue in 2011.

The Completion and Production segment operating income decrease compared to 2011 was primarily due to the North America region, where operating income fell $1.1 billion as a result of pricing pressure in the production enhancement product service line and rising costs, particularly related to guar gum. Latin America operating income increased 30% due to higher demand for completion tools in Mexico and Brazil, partially offset by higher costs and pricing adjustments in Argentina and Colombia. Europe/Africa/CIS operating income grew $299 million compared to 2011 due to the recovery from activity disruptions in North Africa, including collections in 2012 of $29 million from the original $36 million Libya-related reserve recognized in 2011 for certain accounts receivable and inventory. Middle East/Asia operating income

increased 79% due to cost controls in Iraq, higher activity levels in Oman, and increased demand for production enhancement and cementing services in Australia.

Drilling and Evaluation revenue increased 15% compared to 2011 as drilling activity improved across all regions, especially Middle East/Asia and Latin America. North America revenue grew 10% due to increased demand for drilling fluids. Latin America revenue increased 22% due to higher demand in most product services lines in Brazil, Mexico, Venezuela, and Colombia. Europe/Africa/CIS revenue increased 9% due to improved drilling service in Tanzania, Nigeria, and the United Kingdom, partially offset by service disruptions in Algeria. Middle East/Asia revenue rose 23% primarily due to the ongoing work in Iraq and Saudi Arabia, increased activity in Malaysia, and higher wireline direct sales. Revenue outside North America was 65% of total segment revenue in 2012 and 64% of total segment revenue in 2011.

Segment operating income compared to 2011 increased 19%, primarily due to increased activity in Middle East/Asia and Latin America. North America operating income increased 6% from increased demand for drilling fluids and wireline and perforating, which offset higher consulting and project management costs. Latin America operating income grew 29% as a result of activity increases in Mexico, Venezuela, and Brazil. The Europe/Africa/CIS region operating income grew 29% due to greater activity in Nigeria and the recovery in Libya where $13 million of the original $23 million reserve from 2011 mentioned above was collected in 2012, which more than offset higher costs in Norway. Middle East/Asia operating income increased 34% mainly due to increased activity in Malaysia and Saudi Arabia.

Corporate and other expenses were $660 million in 2012 compared to $399 million in 2011. The 65% increase was primarily due to a $300 million, pre-tax, loss contingency recorded in 2012 related to the Macondo well incident as well as additional expenses in 2012 associated with strategic investments in our operating model and creating competitive advantages by repositioning our technology, supply chain, and manufacturing infrastructure. These items were partially offset by, among other things, a $20 million, pre-tax, gain recorded in 2012 related to the settlement of a patent infringement lawsuit.

NONOPERATING ITEMS

Following is a discussion of the nonoperating line items from our Consolidated Statements of Operations in paragraph 4 of this Prospectus.

Income (loss) from discontinued operations, net increased $224 million in 2012 compared to 2011, primarily due to a $163 million charge, after-tax, recognized in 2011 for an arbitration award against our former subsidiary, KBR, relating to the Barracuda-Caratinga project, a project for which we had provided a guarantee of KBR's obligations. In 2012, we recorded an $80 million tax benefit in discontinued operations related to a $219 million payment we made to Barracuda & Caratinga Leasing Company BV under that guarantee.

OFF BALANCE SHEET RISK

At December 31, 2013, we had no material off balance sheet arrangements, except for operating leases. For information on our contractual obligations related to operating leases, see paragraph 10 of this Prospectus.

NEW ACCOUNTING PRONOUNCEMENTS

In February 2013, the Financial Accounting Standards Board issued an update to existing guidance on the presentation of comprehensive income. This update requires companies to report the effect of significant reclassifications out of accumulated other comprehensive income (AOCI) by component. For significant items reclassified out of AOCI to net income in their entirety during the reporting period, companies must report the effect on the line items in the statement where net income is presented. For significant items not reclassified to net income in their entirety during the period, companies must provide cross-references in the notes to other disclosures that already provide information about those amounts. We adopted this update effective January 1, 2013, and it did not have a material impact on our consolidated financial statements.

10. CAPITAL RESOURCES

We ended the first quarter of 2014 with cash and equivalents of $2.1 billion, compared to $2.4 billion at the end of 2013 and $2.5 billion at December 31, 2012. As of March 31, 2014, approximately $402 million of the $2.1 billion of cash and equivalents was held by our foreign subsidiaries and would be subject to United

States tax if repatriated. However, our intent is to permanently reinvest these funds outside of the United States and our current plans do not suggest a need to repatriate them to fund our United States operations. At March 31, 2014, we also held $378 million of investments in fixed income securities compared to $373 million at December 31, 2013. These securities are reflected in "Other current assets" and "Other assets" in our condensed consolidated balance sheets.

Significant sources and uses of cash

For the year ended December 31, 2013:

Cash flows from operating activities were $4.4 billion in 2013.

In the third quarter of 2013, we issued $3.0 billion aggregate principal amount of senior notes and used the net proceeds, along with cash on hand, to fund the repurchase of approximately 68 million shares of our Common Stock at an aggregate cost of $3.3 billion pursuant to a modified Dutch auction cash tender offer. During 2013, we repurchased approximately 93 million shares of our Common Stock under our share repurchase program at a total cost of approximately $4.4 billion.

Capital expenditures were $2.9 billion in 2013. The capital expenditures in 2013 were predominantly made in our Production Enhancement, Sperry Drilling, Boots and Coots, Wireline and Perforating, and Cementing product service lines. We have also invested additional working capital to support the growth of our business.

We paid $465 million of dividends to our shareholders in 2013. We increased our quarterly dividend rate by $0.035 per share in the first quarter of 2013 and an additional $0.025 per share in the fourth quarter of 2013. Our current quarterly dividend rate is $0.15 per share, or approximately $129 million per quarter, which represents a 67% increase over the quarterly dividend rate during 2012.

During 2013, we sold $241 million of property, plant, and equipment.

Our primary components of net working capital (receivables, inventories and accounts payable) increased during the year by a net $229 million, primarily due to increased business activity.

In the first quarter of 2013, we made a $219 million payment under a guarantee we issued for the Barracuda-Caratinga project.

In the second quarter of 2013, we made a $172 million earn-out payment related to a prior year acquisition due to significantly better than expected operating performance.

For the quarter ended March 31, 2014:

Cash flows from operating activities were $1.0 billion in the first quarter of 2014.

Capital expenditures were $643 million in the first quarter of 2014, and were predominantly made in our Production Enhancement, Sperry Drilling, Wireline and Perforating, Cementing, and Boots & Coots product service lines.

During the quarter ended March 31, 2014, we repurchased approximately 8.9 million shares of our common stock for a total cost of $500 million.

During the first quarter of 2014, we received a $155 million income tax refund, including interest, for agreed upon tax items for the tax years 2003 through 2006 and 2008 through 2009.

We paid $127 million in dividends to our shareholders in the first quarter of 2014.

During the first quarter of 2014, our primary components of working capital (receivables, inventories, and accounts payable) increased by a net $120 million, primarily due to increased business activity.

Future sources and uses of cash

In 2013, we were awarded $105 million by an arbitrator regarding amounts owed by KBR under our Tax Sharing Agreement with KBR. KBR is contesting the award and, although the arbitrator recently issued a

supplemental report that reaffirmed the original award, there is uncertainty as to the ultimate timing and amount of any payment. See paragraph 20.7.5 of this Prospectus for further information.

Capital spending for 2014 is currently expected to be approximately $3.0 billion. The capital expenditures plan for 2014 is primarily directed towards our Production Enhancement, Sperry Drilling, Cementing, Wireline and Perforating, and Boots & Coots product service lines, with an increasing amount dedicated to our international operations.

Subject to Board of Directors approval, our intention is to pay dividends representing at least 15% to 20% of our net income on an annual basis. Currently, our dividend rate is $0.15 per common share, or approximately $127 million per quarter. We have approximately $1.2 billion remaining available under our share repurchase authorization, which may be used for open market and other share repurchases.

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

We had $209 million of gross unrecognized tax benefits at December 31, 2013, of which we estimate $146 million may require a cash payment. We estimate that $141 million of the cash payment will not be settled within the next 12 months. We are not able to reasonably estimate in which future periods any amounts will ultimately be settled and paid.

Contractual obligations

The following table summarizes our significant contractual obligations and other long-term liabilities as of December 31, 2013:

	Payments Due						
Millions of dollars	2014	2015	2016	2017	2018	Thereafter	Total
Long-term debt	$ –	$ –	$ 600	$ 45	$ 800	$ 6,389	$ 7,834
Interest on debt (a)	362	365	376	385	398	6,422	8,308
Operating leases	282	215	156	83	56	154	946
Purchase obligations (b)	2,382	450	315	225	76	96	3,544
Other long-term liabilities (c)	39	3	3	3	2	4	54
Total	$3,065	$1,033	$1,450	$ 741	$ 1,332	$ 13,065	$ 20,686

(a) Interest on debt includes 83 years of interest on $300 million of debentures at 7.6% interest that become due in 2096.

(b) Amount in 2014 primarily represents certain purchase orders for goods and services utilized in the ordinary course of our business.

(c) Includes capital lease obligations and pension funding obligations. Amounts for pension funding obligations, which include international plans and are based on assumptions that are subject to change, are only included for 2014 as we are currently not able to reasonably estimate our contributions for years after 2014.

Other factors affecting liquidity

Financial position in current market. As of March 31, 2014, we had $2.1 billion of cash and equivalents, $378 million in fixed income investments, and a total of $3.0 billion of available committed bank credit under our revolving credit facility. Reflecting the growth of our company, we executed an amendment to our revolving credit facility during 2013, which increased the capacity from $2.0 billion to $3.0 billion and extended the maturity to 2018. Furthermore, we have no financial covenants or material adverse change provisions in our bank agreements, and our debt maturities extend over a long period of time. Although a portion of earnings from our foreign subsidiaries is reinvested outside the United States indefinitely, we do not consider this to have a significant impact on our liquidity position. We currently believe that capital expenditures, working capital investments, and dividends, if any, in 2014 can be fully funded through cash from operations.

As a result, we believe we have a reasonable amount of liquidity and, if necessary, additional financing flexibility given the current market environment to fund our potential contingent liabilities, if any. However, as discussed in “Legal and arbitration proceedings” in paragraph 20.7 of this Prospectus, there are numerous future developments that may arise as a result of the Macondo well incident that could have a material adverse effect on our liquidity position such that they may, among other things, reduce available cash and equivalents and require us to draw on our revolving credit facility or access the capital markets.

Any such liability assessment shall be updated as required by and in accordance with the Prospectus Rules.

Guarantee agreements. In the normal course of business, we have agreements with financial institutions under which approximately $2.1 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of March 31, 2014. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization.

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. The credit ratings included or referred to in this Prospectus will be treated for the purposes of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "CRA Regulation") as having been issued by Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's") and Moody's Investors Service Limited ("Moody's", and together with Standard and Poor's, the "Rating Agencies"). Each of Standard & Poor's and Moody's is a credit rating agency established and operating in the European Community and is registered under the CRA Regulation.

Customer receivables. In line with industry practice, we bill our customers for our services in arrears and are, therefore, subject to our customers delaying or failing to pay our invoices. In weak economic environments, we may experience increased delays and failures to pay our invoices due to, among other reasons, a reduction in our customers' cash flow from operations and their access to the credit markets as well as unsettled political conditions. If our customers delay paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity position such that it may reduce available cash and equivalents and require us to draw on our revolving credit facility. It could also have a material adverse effect on our consolidated results of operations and consolidated financial condition. See "Business Environment – International Operations – Venezuela" in paragraph 12 of this Prospectus for further discussion related to Venezuela.

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

Research and development costs. We maintain an active research and development program. The program improves products, processes, and engineering standards and practices that serve the changing needs of our customers, such as those related to high pressure and high temperature environments, and also develops new products and processes. Our expenditures for research and development activities were $588 million in 2013, $460 million in 2012, and $401 million in 2011. We sponsored over 95% of these expenditures in each year.

Patents. We own a large number of patents and have pending a substantial number of patent applications covering various products and processes. We are also licensed to utilize certain intellectual property that is subject to patents owned by others. We do not consider any particular patent to be material to our business operations.

12. TREND INFORMATION

The following trends, uncertainties, demands, commitments or events are reasonably likely to have a material effect on the prospects of Halliburton as at the date of this Prospectus.

BUSINESS ENVIRONMENT

We operate in approximately 80 countries 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 industry we serve is highly competitive with many substantial competitors in each segment. In the first quarter of 2014, based upon the location of the services provided and products sold, 50% of our consolidated revenue was from the United States, compared to 49% of consolidated revenue from the United States in the first quarter of 2013. In 2013, 2012, and 2011, based on the location of services provided and products sold, 49%, 53%, and 55% 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, foreign currency exchange restrictions, and highly inflationary currencies. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country, other than the United States, would be materially adverse to our consolidated results of operations.

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

Some of the more significant measures 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, government regulation, 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. Additionally, due to improved drilling and completion efficiencies as more of our customers move to multi-well pad drilling, our financial performance is impacted by well count in the North America market.

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

	Three Months Ended March 31		Year Ended December 31
	2014	2013	2013
Oil price –WTI (1)	$ 98.80	$ 94.34	$ 97.99
Oil price - Brent (1)	107.81	112.49	108.71
Natural gas price - Henry Hub (2)	5.20	3.49	3.73

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

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

	Three Months Ended March 31		Year Ended December 31
Land vs. Offshore	2014	2013	2013
United States:			
Land	1,725	1,706	1,705
Offshore (incl. Gulf of Mexico)	55	52	56
Total	1,780	1,758	1,761
Canada:			
Land	526	535	352
Offshore	1	1	2
Total	527	536	354
International (excluding Canada):			
Land	1,019	959	978
Offshore	318	315	318
Total	1,337	1,274	1,296
Worldwide total	3,644	3,568	3,411
Land total	3,270	3,200	3,035
Offshore total	374	368	376

	Three Months Ended March 31		Year Ended December 31
Oil vs. Natural Gas	2014	2013	2013
United States (incl. Gulf of Mexico):			
Oil	1,433	1,332	1,375
Natural gas	347	426	386
Total	1,780	1,758	1,761
Canada:			
Oil	338	398	234
Natural gas	189	138	120
Total	527	536	354
International (excluding Canada):			
Oil	1,070	1,021	1,029
Natural gas	267	253	267
Total	1,337	1,274	1,296
Worldwide total	3,644	3,568	3,411
Oil total	2,841	2,751	2,638
Natural gas total	803	817	773

	Three Months Ended March 31		Year Ended December 31
Drilling Type	2014	2013	2013
United States (incl. Gulf of Mexico):			
Horizontal	1,184	1,127	1,102
Vertical	387	441	435
Directional	209	190	224
Total	1,780	1,758	1,761

Our customers' cash flows, in most 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, while the opposite is true for higher oil and natural gas prices.

During the first quarter of 2014, WTI and Brent crude oil spot prices averaged approximately $99 and $108 per barrel, respectively. Relative to first quarter averages in 2013, WTI crude oil spot prices experienced a slight increase from $94 per barrel, while Brent crude oil spot prices experienced a slight decrease from $112 per barrel. According to the United States Energy Information Administration (EIA), the WTI crude oil spot prices increased towards the latter part of the first quarter of 2014 as a result of strong midwestern refinery runs and the startup of the Marketlink pipeline moving crude from Cushing, Oklahoma to the Gulf Coast. In 2014, the EIA projects WTI and Brent crude oil spot prices to average $96 and $105 per barrel, respectively.

According to the International Energy Agency's (IEA) April 2014 "Oil Market Report," 2014 global oil demand is expected to average approximately 92.7 million barrels per day, which is up 1.5% from 2013. The IEA also forecasts overall demand momentum to accelerate modestly in 2014, supported by a strengthening global macroeconomic backdrop.

During the first quarter of 2014, average Henry Hub natural gas prices in the United States increased approximately 49% compared to the first quarter of 2013, primarily due to an unseasonably harsh winter, which caused natural gas storage levels to decline to the lowest they have been in eleven years. Although the average of natural gas prices was high in the first quarter, the spot price began to decline in March as the cold weather became less extreme. The EIA projects that Henry Hub natural gas spot prices will continue to decline in the spring and average $4.44 per MMBtu in 2014.

North America operations

Volatility in oil and natural gas prices can impact our customers' drilling and production activities, particularly in North America. For the first quarter of 2014, the average natural gas directed rig count fell by 5% while the average oil directed rig count increased 2%, compared to the first quarter of 2013. Relative to the first quarter of 2013, in the first quarter of 2014 our North America revenue increased 5% while operating income was flat. The first quarter of 2014 was impacted by lower pressure pumping pricing, severe weather related disruptions, and higher logistics costs. We are optimistic about the potential of increased activity levels in the second half of the year and expect our North America margins to expand over the remainder of 2014.

In the United States land market, we have seen a moderate increase in rig count over the past year, which is primarily driven by an increase in horizontal rigs in the Permian Basin. We see service intensity expanding across many basins which is evidenced by longer laterals, increased stage density, and rising volumes per stage. This trend is beneficial to our overall business and should enable us to leverage our broad technology offerings.

In the Gulf of Mexico, our deepwater activity outlook remains positive as we are expecting additional rigs to arrive by the end of 2014. Over the long term, the continued growth in the Gulf of Mexico is dependent on, among other things, governmental approvals for permits, our customers' actions, and new deepwater rigs entering the market.

International operations

The industry experienced steady volume increases in the first quarter of 2014, with average international rig count improving by 5% compared to the first quarter of 2013, and by 3% compared to levels at the end of 2013. In the Eastern Hemisphere, we continue to execute our growth strategy. Relative to the first quarter of 2013, we grew our Eastern Hemisphere revenue and operating income by 11% and 16%, respectively, as a result of growth in both the Middle East/Asia and Europe/Africa/CIS regions. We saw strong growth in our Saudi Arabia operations due to an increase in integrated project activity. We are seeing our Eastern Hemisphere activity expand at a steady rate and expect to continue this growth for the remainder of 2014.

We expect 2014 to be a transitional year for Latin America. Over the long term, however, we are optimistic about our position in Latin America and the future growth potential of this market. Constitutional changes in Mexico seem to be progressing as planned by the government, and we believe the opportunity for foreign investment in this market will be beneficial to our business.

Venezuela. As of March 31, 2014, our total net investment in Venezuela was approximately $457 million, including net monetary assets of $115 million denominated in Bolívares. Also, at March 31, 2014 we had $182 million of surety bond guarantees outstanding relating to our Venezuelan operations.

We continue to experience delays in collecting payment on our receivables from our primary customer in Venezuela. These receivables are not disputed, and we have not historically had material write-offs relating to this customer. Additionally, we routinely monitor the financial stability of our customers. Our total outstanding trade receivables in Venezuela were $577 million, or approximately 9% of our gross trade receivables, as of March 31, 2014, compared to $486 million, or approximately 8% of our gross trade receivables, as of December 31, 2013. Of the $577 million of receivables in Venezuela as of March 31, 2014, $233 million has been classified as long-term and included within “Other assets” on our condensed consolidated balance sheets. Of the $486 million receivables in Venezuela as of December 31, 2013, $183 million has been classified as long-term and included within “Other assets” on our consolidated balance sheets.

In February 2013, the Venezuelan government devalued the Bolívar, from the preexisting exchange rate of 4.3 Bolívares per United States dollar to 6.3 Bolívares per United States dollar, resulting in us incurring a foreign currency loss. The net foreign currency impact of Bolívar activity in the first quarter of 2013 was not material, although further devaluation of the Bolívar could impact our operations.

In recent months, the Venezuelan government has made available two new foreign exchange rate mechanisms through which a company may be able to legally convert Bolívares to United States dollars, in addition to the National Center of Foreign Commerce official rate of 6.3 Bolívares per United States dollar:

(1) a bid rate established via weekly auctions under the Complementary System of Foreign Currency Acquirement (SICAD I); and

(2) an auction rate which is intended to more closely resemble a market-driven exchange rate (SICAD II).

The availability of new currency mechanisms had no impact on our results of operations during the quarter ended March 31, 2014 as we continue to use the official exchange rate to remeasure net assets denominated in Bolívares. We believe that the current official exchange rate continues to reflect the economics of our business activity in the country, and we have not utilized nor do we intend at this time to utilize any of the newly available exchange mechanisms to transact business in Venezuela. Had we used the SICAD I rate of 10.8 Bolívares per United States dollar to remeasure our net monetary position as of March 31, 2014, we would have incurred a foreign currency loss of $48 million for the first quarter of 2014.

We will continue to monitor any future impact of these mechanisms on the exchange rate we use to remeasure our Venezuelan subsidiary’s financial statements.

Initiatives

We are continuing to execute several key initiatives in 2014, which include the following strategies.:

- focusing on unconventional plays, mature fields, 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;
- exploring opportunities for acquisitions that will enhance or augment our current portfolio of services and products, including those with unique technologies or distribution networks in areas where we do not already have large operations;
- making key investments in technology and infrastructure to maximize growth opportunities. To that end, we are continuing to push our technology and manufacturing capacity, as well as our supply chain, closer to our customers in the Eastern Hemisphere;
- improving working capital, and managing our balance sheet to maximize our financial flexibility. We are deploying a project to improve service delivery that we expect to result in, among other things, additional investments in our systems and significant improvements to our current order-to-cash and purchase-to-pay processes;
- growing our international revenues and margins by continuing to invest capital and resources in these markets;
- improving our North America margins by leveraging technologies and reducing costs through more efficient operations; and
- continuing to seek ways to be one of the most cost efficient service providers in the industry by maintaining capital discipline and leveraging our scale and breadth of operations.

13. PROFIT FORECASTS OR ESTIMATES

There are no profit forecasts or estimates contained in this document or any prospectus issued in accordance with the Prospectus Directive which has been previously published by Halliburton and which are still outstanding at the date of this document.

14. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 Members of the Board of Directors

The following persons are the Directors of Halliburton. Directors are elected annually by the shareholders of the Company to serve for the ensuing year until their successors shall be elected and shall qualify.

Alan M. Bennett, Retired President and Chief Executive Officer, H&R Block, Inc. (a tax and financial services provider); President and Chief Executive Officer, H&R Block, Inc. 2010-2011; Interim Chief Executive Officer, H&R Block, Inc. 2007-2008; Senior Vice President and Chief Financial Officer, Aetna, Inc., 2001-2007; joined Halliburton Company Board in 2006; Chairman of the Audit Committee and member of the Nominating and Corporate Governance Committee. Current Director of Fluor Corporation (since 2011) and TJX Companies, Inc. (since 2007). Former Director of H&R Block, Inc. (2008-2011). The Board determined that Mr. Bennett should be nominated for election as a Director because of his financial expertise, ranging from internal audit to corporate controller to chief financial officer of a large, public company. He is a certified public accountant and also has chief executive officer experience.

James R. Boyd, Retired Chairman of the Board, Arch Coal, Inc. (one of the largest United States coal producers); Chairman of the Board, Arch Coal, Inc., (1998-2006), Director (1990-2013); joined Halliburton Company Board in 2006; Chairman of the Compensation Committee and member of the Audit Committee. Former Director of Arch Coal, Inc. (1990-2013). The Board determined that Mr. Boyd should be nominated for election as a Director because of his experience as a chief executive officer, chairman and lead director of a large company and his career experience in corporate business development, operations, and strategic planning.

Milton Carroll, Executive Chairman of the Board, CenterPoint Energy, Inc. (a public utility holding company) since 2013; Non-Executive Chairman of the Board, CenterPoint Energy, Inc., (2002-2013); Chairman, Health Care Service Corporation (since 2002); joined Halliburton Company Board in 2006; member of the Compensation and the Nominating and Corporate Governance Committees. Current Director of Western Gas Holdings, LLC, the general partner of Western Gas Partners, L.P. (since 2008), and of LyondellBasell Industries (since 2010). Former Director of LRE GP, LLC, the general partner of LRR Energy, L.P. (2011-2014). Former Chairman of Instrument Products, Inc. (a private oil-tool manufacturing company) (1977-2014). The Board determined that Mr. Carroll should be nominated for election as a Director because of his public company board experience as an independent Director and knowledge of the oil and natural gas services industry.

Nance K. Dicciani, Retired President and Chief Executive Officer, Honeywell International Specialty Materials (a diversified technology and manufacturing company); President and Chief Executive Officer, Honeywell International Specialty Materials, 2001-2008; joined the Halliburton Company Board in 2009; member of the Audit and the Health, Safety and Environment Committees. Current Director of Rockwood Holdings, Inc. (since 2008), Praxair, Inc. (since 2008), and LyondellBasell Industries (since 2013). The Board determined that Ms. Dicciani should be nominated for election as a Director because of her technical expertise in the chemical industry, international operations expertise, and her executive experience as a chief executive officer of a multi-billion dollar strategic business group of a major multinational corporation.

Murry S. Gerber, Retired Executive Chairman of the Board, EQT Corporation (a leading producer of unconventional natural gas); Executive Chairman of the Board, EQT Corporation, 2010-2011; Chairman and Chief Executive Officer, EQT Corporation, 2000-2010; Chief Executive Officer and President, EQT Corporation, 1998-2007; joined Halliburton Company Board in 2012; member of the Audit and the Compensation Committees. Current Director of BlackRock Inc. (since 2000) and United States Steel Corporation (since 2012). The Board determined that Mr. Gerber should be nominated for election as a Director because of his executive leadership skills and his experience with the Marcellus shale and unconventional oil and natural gas basins.

José C. Grubisich, Chief Executive Officer of Eldorado Brasil Celulose (a leader in the world cellulose market) since 2012. Previously, Mr. Grubisich served as President and Chief Executive Officer of ETH Bioenergia S.A. (an integrated producer of ethanol and electricity from biomass) from 2008 to 2012. Joined

Halliburton Company Board in 2013; member of the Audit and Health, Safety and Environment Committees. Mr. Grubisich is a director of Vallourec S.A. (since 2012). The Board determined that Mr. Grubisich should be nominated for election as a Director because of his significant international business experience in Latin America and his executive leadership experience.

Abdallah S. Jum'ah, Retired President and Chief Executive Officer, of Saudi Arabian Oil Company ("Saudi Aramco") (the world's largest producer of crude oil); President and Chief Executive Officer of Saudi Aramco, 1995-2008; joined the Halliburton Company Board in 2010; member of the Health, Safety and Environment and the Nominating and Corporate Governance Committees. Current Chairman of the Board of the Saudi Investment Bank (since February 2013, Director since 2010), Board member of Economic Cities Authority and Zamil Industries. Former Vice Chairman of the International Advisory Board at King Fahd University of Petroleum and Minerals (2007-2009). The Board determined that Mr. Jum'ah should be nominated for election as a Director because of his industry expertise, including significant international business experience in the eastern hemisphere, and his executive experience as president and chief executive officer leading the world's largest producer of crude oil.

David J. Lesar, Chairman of the Board, President and Chief Executive Officer of the Company since 2000; joined Halliburton Company Board in 2000. Current Director of Agrium, Inc. (since 2010). The Board determined that Mr. Lesar should be nominated for election as a Director because of his industry expertise, financial expertise, and in-depth knowledge of Halliburton and its business.

Robert A. Malone, President and Chief Executive Officer, The First National Bank of Sonora, Texas (a community bank), since 2009. Executive Vice President of BP plc and Chairman of the Board and President, BP America Inc. (one of the nation's largest producers of oil and natural gas), 2006-2009; joined Halliburton Company Board in 2009; Chairman of the Health, Safety and Environment Committee and member of the Compensation Committee. Current Director of Peabody Energy Company (since 2009). The Board determined that Mr. Malone should be nominated for election as a Director because of his industry expertise and his executive leadership experience, including crisis management and safety performance.

J. Landis Martin, Founder and Managing Director, Platte River Equity (formerly Platte River Ventures, L.L.C., a private equity firm) since 2005; Chairman (1989-2005) and Chief Executive Officer (1995-2005), Titanium Metals Corporation; joined Halliburton Company Board in 1998; Lead Independent Director and member of the Health, Safety and Environment and the Nominating and Corporate Governance Committees. Current Lead Director of Apartment Investment and Management Company (Director since 1994), Chairman (since 2002) and Director (since 1999) of Crown Castle International Corporation, and Lead Director of Intrepid Potash, Inc. (since 2008). The Board determined that Mr. Martin should be nominated for election as a Director because of his industry expertise, his executive and board leadership experience, and knowledge of Halliburton's operations.

Debra L. Reed, Chief Executive Officer, Sempra Energy (an energy infrastructure and regulated holding company), since 2011; Chairman of the Board, Sempra Energy, since 2012; Executive Vice President, Sempra Energy (2010-2011); President and Chief Executive Officer, Southern California Gas Company and San Diego Gas & Electric Company (2006-2010); joined Halliburton Company Board in 2001; Chairman of the Nominating and Corporate Governance Committee and member of the Compensation Committee. Current Chairman of Sempra Energy (Director since 2011). Former Director of Avery Dennison Corporation (2009-2011) and of Genentech, Inc. (2005-2009). The Board determined that Ms. Reed should be nominated for election as a Director because of her executive, operational, financial and administrative expertise, and her experience as an independent director on public company boards.

14.2 Executive Officers

Halliburton's current executive officers, who serve at the discretion of the Board, are as follows:

James S. Brown, President, Western Hemisphere of Halliburton Company since January 2008.

Christian A. Garcia, Senior Vice President and Chief Accounting Officer of Halliburton Company, since January 2014; Senior Vice President and Treasurer of Halliburton Company September 2011 to December 2013; Senior Vice President, Investor Relations of Halliburton Company, January 2011 to August 2011; Vice President, Investor Relations of Halliburton Company, December 2007 to December 2010.

Myrtle L. Jones, Senior Vice President of Tax of Halliburton Company since March 2013; Senior Managing Director of Tax and Internal Audit for Service Corporation International, February 2008 to March 2013.

David J. Lesar, Chairman of the Board, President, and Chief Executive Officer of Halliburton Company since August 2000. He currently serves on the board of directors of Agrium, Inc.

Mark A. McCollum, Executive Vice President and Chief Financial Officer of Halliburton Company since January 2008. He currently serves on the board of directors of Exterran Holdings, Inc.

Timothy M. McKeon, Vice President and Treasurer of Halliburton Company since January 2014; Assistant Treasurer of Halliburton Company, September 2011 to December 2013; Director of Finance, Drilling & Evaluation Division of Halliburton Company, February 2011 to August 2011; Director of Treasury Operations of Halliburton Company, March 2009 to January 2011; Senior Manager, Corporate Finance of Halliburton Company August 2006 to February 2009.

Jeffrey A. Miller, Executive Vice President and Chief Operating Officer of Halliburton Company since September 2012; Senior Vice President, Global Business Development and Marketing of Halliburton Company, January 2011 to August 2012; Senior Vice President, Gulf of Mexico Region of Halliburton Company, January 2010 to December 2010; Vice President, Baroid, May 2006 to December 2009. He currently serves on the board of directors of Atwood Oceanics, Inc.

Lawrence J. Pope, Executive Vice President of Administration and Chief Human Resources Officer of Halliburton Company since January 2008.

Joe D. Rainey, President, Eastern Hemisphere of Halliburton Company since January 2011; Senior Vice President, Eastern Hemisphere of Halliburton Company, January 2010 to December 2010; Vice President, Eurasia Pacific Region of Halliburton Company, January 2009 to December 2009.

Robb Voyles, Executive Vice President and General Counsel of Halliburton Company since January 2014; Senior Vice President, Law of Halliburton Company, September 2013 to December 2013; Partner, Baker Botts L.L.P., January 1989 to August 2013.

14.3 Business address

The Halliburton business address of the above directors and executive officers is 3000 North Sam Houston Parkway East, Houston, Texas 77032, USA.

14.4 Other directorships and partnerships

Set out below is information relating to each Director and each executive officer listed in paragraphs 14.1 and 14.2 above, relating to directorships which they have held and partnerships in which they have been a partner, in each case over the previous five years preceding the date of this Prospectus, and other than in Halliburton and its subsidiary companies.

Director/Executive Officer	Current directorships and partnerships	Directorships and partnerships of the last 5 years
Alan M. Bennett	Fluor Corporation TJX Companies, Inc.	H&R Block, Inc.
James R. Boyd	-	Arch Coal, Inc.
James S. Brown	-	-
Milton Carroll	CenterPoint Energy, Inc. Health Care Service Corporation LyondellBasell Industries Western Gas Holdings, LLC	LRE GP, LLC
Nance K. Dicciani	LyondellBasell Industries Praxair, Inc. Rockwood Holdings, Inc.	-
Christian A. Garcia	-	-

Director/Executive Officer	Current directorships and partnerships	Directorships and partnerships of the last 5 years
Murry S. Gerber	BlackRock, Inc. United States Steel Corporation	EQT Corporation
José C. Grubisich	Vallourec S.A.	-
Myrtle L. Jones	-	-
Abdallah S. Jum'ah	Saudi Investment Bank Economic Cities Authority Zamil Industries	International Advisory Board King Fahd University of Petroleum and Minerals
David J. Lesar	Agrium, Inc.	-
Robert A. Malone	First National Bank of Sonora Peabody Energy Company	-
J. Landis Martin	Apartment Investment and Management Company Crown Castle International Corporation Intrepid Potash, Inc.	-
Mark A. McCollum	Exterran Holdings, Inc.	Exterran GP LLC
Timothy M. McKeon	-	-
Jeffrey A. Miller	Atwood Oceanics, Inc.	-
Lawrence J. Pope	-	-
Joe D. Rainey	-	-
Debra L. Reed	Sempra Energy	Avery Dennison Corporation Genentech, Inc.
Robb L. Voyles	-	-

14.5 Except as described below, no Director or any of the executive officers listed in paragraph 14.2 has:

(i) any convictions in relation to fraudulent offences for at least the previous five years;

(ii) been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company (or a senior manager of a company) at the time of any receivership, compulsory liquidation or creditors' voluntary liquidation for at least the previous five years or;

(iii) been the subject of any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies), nor has any such person been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the five years up to the date of this Prospectus.

In June 2002, a class action lawsuit was filed against us in federal court alleging violations of the federal securities laws after the Securities and Exchange Commission ("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 was styled Archdiocese of Milwaukee Supporting Fund (“AMSF”) v. Halliburton Company, et al. AMSF has changed its name to Erica P. John Fund, Inc. (the “Fund”). 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 our 1998 acquisition of Dresser Industries, Inc., including that we failed to timely disclose the resulting asbestos liability exposure.

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

In September 2007, the Fund filed a motion for class certification, and our response was filed in November 2007. The district court held a hearing in March 2008, and issued an order in November 2008 denying the motion for class certification. The Fund appealed the district court’s order to the Fifth Circuit Court of Appeals. The Fifth Circuit affirmed the district court’s order denying class certification. In May 2010, the Fund filed a writ of certiorari in the United States Supreme Court. In January 2011, the Supreme Court granted the writ of certiorari and accepted the appeal. The Court heard oral arguments in April 2011 and issued its decision in June 2011, reversing the Fifth Circuit ruling that the Fund needed to prove loss causation in order to obtain class certification. The Court’s ruling was limited to the Fifth Circuit’s loss causation requirement, and the case was returned to the Fifth Circuit for further consideration of our other arguments for denying class certification. The Fifth Circuit returned the case to the district court, and in January 2012 the court issued an order certifying the class. We filed a Petition for Leave to Appeal with the Fifth Circuit, which was granted. In April 2013, the Fifth Circuit issued an order affirming the District Court's order certifying the class.

We filed a writ of certiorari with the United States Supreme Court seeking an appeal of the Fifth Circuit decision. In November 2013, the Supreme Court granted our writ. Oral argument was held before the Supreme Court in March 2014. We expect the Supreme Court to issue its decision no later than June 2014. Fact discovery in this case has resumed. We cannot predict the outcome or consequences of this case, which we intend to vigorously defend.

There are no other legal proceedings to which any Director, officer or principal stockholder, or any affiliate thereof, is a party that would potentially be material and adverse to Halliburton.

14.6 Administrative, Management, and Supervisory bodies and Senior Management conflicts of interests

There are no conflicts of interest, actual or potential, between any of the duties those people listed in paragraphs 14.1 or 14.2 owe to Halliburton and to their private or other duties.

There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any person listed in paragraphs 14.1 and 14.2 was selected as a member of the administrative, management or supervisory bodies or member of senior management.

The Board of Directors adopted stock ownership requirements for all non-employee Directors to further align their interests with our stockholders. The Compensation Committee of the Board adopted stock ownership requirements for specified officers, which include all the named executive officers, to further align their interests with our stockholders. Other than pursuant to the terms of restricted stock awards described below and the stock ownership requirements described in paragraphs 15.1 and 15.7 of this Prospectus, there are no restrictions agreed to by the persons referred to in paragraphs 14.1 and 14.2 on the disposal within a certain period of time of their holdings in Halliburton’s securities.

15. REMUNERATION AND BENEFITS

The information included in this paragraph 15 is provided as of the most recent practicable date. Any further information that is relevant to this paragraph 15 and arises following the date of this Prospectus shall be disclosed in a supplementary prospectus to this document in accordance with the Prospectus Rules.

Halliburton seeks to enhance the Company's value by providing a broad spectrum of high quality services and related products. The Compensation Committee believes that Halliburton's total compensation package for executives should emphasize compensation plans that are linked to measures of both absolute and relative performance.

15.1 Directors' Compensation

Directors' Fees and Deferred Compensation Plan

All non-employee Directors receive an annual retainer of $100,000. The Lead Independent Director receives an additional annual retainer of $25,000 and the chairperson of each committee also receives an additional retainer annually for serving as chair as follows: Audit — $20,000; Compensation — $15,000; Health, Safety and Environment — $15,000; and Nominating and Corporate Governance — $15,000. Non-employee Directors are permitted to defer all or part of their fees under the Directors' Deferred Compensation Plan described below.

Directors' Equity Awards

Each non-employee Director receives an annual equity award with a value of approximately $160,000 on the date of the award. Prior to 2012, each non-employee Director received an annual equity award consisting of restricted shares of Common Stock. Beginning in 2012, each non-employee Director receives an annual equity award consisting of restricted stock units ("RSUs"), each of which represents the right to receive a share of Common Stock at a future date. The actual number of RSUs is determined by dividing $160,000 by the average of the closing price of our Common Stock on the NYSE on each business day during the month of July. These annual awards are made on or about the first of August of each year. The value of the award may be more or less than $160,000 based on the closing price of our Common Stock on the NYSE on the date of the award in August. Non-employee Directors are permitted to defer all of their RSUs under the Directors' Deferred Compensation Plan.

Additionally, when a non-employee Director is first elected to the Board, he or she receives an equity award shortly thereafter. Prior to May of 2012, each newly elected non-employee Director received an equity award consisting of 2,000 restricted shares of Common Stock. Each non-employee Director first elected to the Board after May of 2012 receives an equity award of RSUs equal to a pro-rated value of the annual equity award of $160,000. The factor used to determine the pro-rated award is the number of whole months of service from the beginning of the month in which the Director is elected to the following first of August divided by 12. The number of RSUs awarded is determined by dividing the pro-rated award amount by the average of the closing price of our Common Stock on the NYSE on each business day during the month immediately preceding the Director's election to the Board.

Directors may not sell, assign, pledge or otherwise transfer or encumber restricted shares or RSUs until the restrictions are removed. Restrictions on RSUs lapse 25% a year over four years of service with the applicable underlying shares of Common Stock distributed annually to the non-employee Director. Except as provided in the next sentence, if a non-employee Director has a separation of service from the Board before completing four years of service since the applicable award date, any unvested RSUs would be forfeited. Restrictions on restricted shares and RSUs lapse following termination of Board service only under specified circumstances, which may include, subject to the Board's discretion, death or disability, retirement under the Director mandatory retirement policy, or early retirement after at least four years of service.

During the restriction period, Directors have the right to (i) vote restricted shares, but not shares underlying RSUs, and (ii) receive dividends or dividend equivalents in cash on restricted shares and RSUs that are not subject to a deferral election. RSUs that are subject to a deferral election receive dividend equivalents under the Directors' Deferred Compensation Plan.

Directors' Deferred Compensation Plan

The Directors' Deferred Compensation Plan is a non-qualified deferred compensation plan and participation is completely voluntary. Under the plan, non-employee Directors are permitted to defer all or part of their retainer fees and all of the shares of Common Stock underlying their RSUs when they vest. If a non-employee Director elects to defer retainer fees under the plan, then the Director may elect to have his or her deferred fees accumulate under an interest bearing account or translate on a quarterly basis into Halliburton Common Stock equivalent units (SEUs) under a stock equivalents account. If a non-employee Director elects to defer receipt of the shares of Common Stock underlying his or her RSUs when they vest, then those shares are retained as deferred RSUs under the plan. The interest bearing account is credited quarterly with interest at the prime rate of Citibank, N.A. The stock equivalents account and deferred RSUs are credited quarterly with dividend equivalents based on the same dividend rate as Halliburton Common Stock and those amounts are translated into additional SEUs or RSUs respectively.

After a Director's retirement, distributions under the plan are made to the Director in a single distribution or in annual installments over a 5- or 10-year period as elected by the Director. Distributions under the interest bearing account are made in cash, while distributions of SEUs under the stock equivalents account and deferred RSUs are made in shares of Halliburton Common Stock. Ms. Dicciani, Ms. Reed and Messrs. Bennett, Boyd, and Carroll have elected to defer all or part of their retainer fees under the plan, and Ms. Dicciani, Ms. Reed and Messrs. Bennett, Boyd, Carroll, Grubisich, Jum'ah, and Martin have elected to defer all of their RSUs under the plan.

Directors’ Stock Ownership Requirements

We have stock ownership requirements for all non-employee Directors to further align their interests with our stockholders. As a result, all non-employee Directors are required to own Halliburton Common Stock in an amount equal to or in excess of the greater of (A) the cash portion of the Director’s annual retainer for the five-year period beginning on the date the Director is first elected to the Board or (B) $500,000. The Nominating and Corporate Governance Committee reviews the holdings of all non-employee Directors, which include restricted shares other Halliburton Common Stock and RSUs owned by the Director, at each May meeting. Each non-employee Director has five years to meet the requirements, measured from the later of September 12, 2011, or the date he or she is first elected to the Board. Each non-employee Director currently meets the stock ownership requirements or is on track to do so within the requisite five-year period.

Director Clawback Policy

In January 2013 we adopted a clawback policy under which we will seek to recoup in all appropriate cases incentive compensation paid to, awarded to, or credited for the benefit of a Director if and to the extent that:

- it is determined that, in connection with the performance of that Director's duties, he or she substantially participated in a breach of a fiduciary duty arising from a material violation of a U.S. federal or state law, or recklessly disregarded his or her duty to exercise reasonable oversight; or
- the Director is named as a defendant in a law enforcement proceeding for having substantially participated in a breach of a fiduciary duty arising from a material violation of a U.S. federal or state law, the Director disagrees with the allegations relating to the proceeding and either (A) we initiate a review and determine that the alleged action is not indemnifiable or (B) the Director does not prevail at trial, enters into a plea arrangement, agrees to the entry of a final administrative or judicial order imposing sanctions or otherwise admits to the violation in a legal proceeding.

The policy also provides that, to the extent permitted by applicable law and not previously disclosed in a filing with the SEC, we will disclose in our proxy statement the circumstances of any recoupment arising under the policy or that there has not been any recoupment pursuant to the policy for the prior calendar year. There was no recoupment under the policy in 2013.

Depending on the circumstances described above, the disinterested members of the Board, the disinterested members of the Compensation Committee and/or the disinterested members of the Nominating and Corporate Governance Committee may be involved in the process of reviewing, considering and making determinations regarding the Director's alleged conduct, whether recoupment is appropriate or required, and the type and amount of incentive compensation to be recouped from the Director.

Charitable Contributions and Other Benefits

Matching Gift Programs

To further our support for charities, Directors may participate in the Halliburton Foundation's matching gift programs for educational institutions, not-for-profit hospitals and medical foundations. For each eligible contribution, the Halliburton Foundation makes a contribution of two times the amount contributed by the Director, subject to approval by its Trustees. The maximum aggregate of all contributions each calendar year by a Director eligible for matching is $50,000, resulting in a maximum aggregate amount contributed annually by the Halliburton Foundation in the form of matching gifts of up to $100,000 for any Director who participates in the programs. Neither the Halliburton Foundation nor we have made a charitable contribution, within the preceding three years, to any charitable organization in which a Director serves as an employee or an immediate family member of the Director serves as an executive officer that exceeds in any single year the greater of $1 million or 2% of such charitable organization's consolidated gross revenues.

Accidental Death and Dismemberment

We offer an optional accidental death and dismemberment policy for non-employee Directors for individual coverage or family coverage with a benefit per Director of up to $250,000 and lesser amounts for family members. Ms. Dicciani and Messrs. Carroll, Gerber, and Malone elected individual coverage at a cost of $99 annually. Messrs. Grubisich and Martin elected family coverage at a cost of $159 annually. These premiums are included in the All Other Compensation column of the 2013 Director Compensation table for those who participate.

2013 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Alan M. Bennett	120,000	167,215	0	123,915	411,130
James R. Boyd	115,000	167,215	0	77,375	359,590
Milton Carroll	100,000	167,215	0	25,152	292,367
Nance K. Dicciani	100,000	167,215	0	114,733	381,948
Murry S. Gerber	100,000	167,215	0	104,908	372,123
S. Malcolm Gillis (1)	42,651	0	0	24,144	66,795
José C. Grubisich	78,056	231,502	0	1,601	311,159
Abdallah S. Jum'ah	100,000	167,215	0	8,579	275,794
Robert A. Malone	109,437	167,215	0	111,650	388,302
J. Landis Martin	125,000	167,215	0	122,407	414,622
Debra L. Reed	115,000	167,215	0	76,687	358,902

(1) Dr. Gillis retired from the Board on May 15, 2013.

Fees Earned or Paid In Cash. The amounts in this column represent retainer fees earned in fiscal year 2013, but not necessarily paid in 2013. Refer to the section Directors' Fees and Deferred Compensation Plan within this paragraph 15.1 for information on annual retainer fees.

Stock Awards. The amounts in the Stock Awards column reflect the grant date fair value of RSUs awarded in 2013. Accounting Standards Codification ("ASC") 718 requires the reporting of the aggregate grant date fair value of equity awards granted to the Director during the fiscal year. We calculate the fair value of equity awards by multiplying the number of RSUs granted by the closing stock price as of the award's grant date.

The number of restricted shares, RSUs, and SEUs held at December 31, 2013 by non-employee Directors are:

Name	Restricted Shares	RSUs	SEUs
Alan M. Bennett	25,236	8,984	13,972
James R. Boyd	25,236	8,984	26,120
Milton Carroll	20,271	8,984	21,675
Nance K. Dicciani	14,843	8,984	6,506
Murry S. Gerber	2,000	7,557	—
José C. Grubisich	0	5,267	—
Abdallah S. Jum'ah	9,126	8,984	—
Robert A. Malone	14,843	7,557	—
J. Landis Martin	35,162	8,984	—
Debra L. Reed	33,562	8,984	10,680

Change in Pension Value and Nonqualified Deferred Compensation Earnings. None of the Directors had a change in pension value or nonqualified deferred compensation earnings that represented above market earnings in 2013.

All Other Compensation. This column includes compensation related to the Halliburton Foundation, Accidental Death and Dismemberment program, dividends or dividend equivalents in cash on restricted shares or RSUs, and dividend equivalents associated with the Directors' Deferred Compensation Plan.

Directors who participated in the matching gift programs under the Halliburton Foundation and the corresponding match provided by the Halliburton Foundation are: Mr. Bennett — $100,000; Mr. Boyd — $47,500; Ms. Dicciani — $100,000; Mr. Gerber —$100,000; Dr. Gillis — $14,000; Mr. Malone —$100,000; Mr. Martin — $100,000; and Ms. Reed — $50,100. The amounts reflected indicate matching payments made by the Halliburton Foundation in 2013.

Directors who participated in the Accidental Death and Dismemberment program and incurred imputed income for the benefit amount of $99 for individual coverage and $159 for family coverage are: Mr. Carroll — $99; Ms. Dicciani — $99; Mr. Gerber — $99; Dr. Gillis — $159; Mr. Grubisich — $159; Mr. Malone — $99; and Mr. Martin — $159.

Directors who received dividends or dividend equivalents in cash on restricted shares or RSUs held on Halliburton record dates are: Mr. Bennett — $13,249; Mr. Boyd — $13,249; Mr. Carroll — $10,642; Ms. Dicciani — $7,793; Mr. Gerber — $4,809; Dr. Gillis — $7,190; Mr. Jum'ah — $4,791; Mr. Malone — $11,551; Mr. Martin — $18,460; and Ms. Reed — $17,620.

Directors who received dividend equivalents attributable to their stock equivalents account under the Directors' Deferred Compensation Plan are: Mr. Bennett — $6,878; Mr. Boyd — $12,838; Mr. Carroll — $10,623; Ms. Dicciani — $3,053; and Ms. Reed — $5,179.

Directors who received dividend equivalents attributable to their deferred RSUs under the Directors' Deferred Compensation Plan are: Mr. Bennett — $3,788; Mr. Boyd — $3,788; Mr. Carroll — $3,788; Ms. Dicciani — $3,788; Dr. Gillis — $2,795; Mr. Grubisich — $1,442; Mr. Jum'ah — $3,788; Mr. Martin — $3,788; and Ms. Reed — $3,788.

15.2 Overall Compensation Objectives, Philosophy and Strategy

EXECUTIVE COMPENSATION OBJECTIVES AND PRACTICES

Our executive compensation program is designed to achieve the following objectives:

- Provide a clear and direct relationship between executive pay and Company performance on both a short-term and long-term basis;
- Emphasize operating performance drivers;
- Link executive pay to measures that drive stockholder value;
- Support our business strategies; and

- Maximize the return on our human resource investment.

These objectives serve to assure our long-term success and are built on the following compensation principles:

- Executive compensation is managed from a total compensation perspective (i.e., base salary, short- and long-term incentives and retirement are reviewed altogether).
- Each component of the total compensation package is analyzed in order to determine that compensation opportunities for our NEOs are competitive and market-driven.
- All elements of compensation are compared to the total compensation packages of a comparator peer group that includes both competitors and companies representing general industry that reflect the markets in which we compete for business and people.

Executive Compensation Procedures

Our compensation procedures guide the actions taken by the Compensation Committee, or Committee. This ensures consistency from year to year and adherence to the responsibilities listed in the Committee's Charter. The Committee reviews and approves total compensation annually, which includes:

- Selecting and engaging an independent, external compensation consultant;
- Identifying the comparator peer group companies;
- Reviewing market data on benchmark positions; and
- Reviewing performance results against operating plans and our comparator peer group.

These procedures are used to make the final determination of total compensation for our NEOs.

Our internal stock nomination process under the Halliburton Company Stock and Incentive Plan, or the Stock and Incentive Plan, ensures that all award grant dates are prospective and not retroactive. For NEOs, the grant date is the day the Committee determines annual compensation actions, generally in December of each year. However, awards may be approved by the Committee throughout the year as they determine, such as for retention or performance purposes. Exercise prices are set at the closing stock price on the date of the approved grant. Actual stock grants authorized for NEOs in 2013 are reflected in the Summary Compensation Table located at paragraph 15.10 of this document, and the Grants of Plan-Based Awards in Fiscal 2013 and Outstanding Equity Awards at Fiscal Year End 2013 tables located at paragraph 17.2 of this document.

Role of the CEO in Setting Compensation

Mr. Lesar does not provide recommendations concerning his own compensation, nor is he present when his compensation is discussed by the Committee. The Committee, with input from its independent, external compensation consultant, discusses the elements of his total compensation in executive session and makes a recommendation to all of the non-employee members of the Board for discussion and final approval. At the Committee's request, a member of our management team may attend the executive session to answer questions from the Committee.

Mr. Lesar does, however, assist the Committee in setting executive compensation for the other NEOs. He and the independent, external compensation consultant to the Committee are guided by our compensation principles. They also consider current business conditions.

The following recommendations are made to the Committee for each NEO:

- Base salary adjustments, taking into account comparator peer group data, and the NEO's individual performance and role within the company.
- Performance measures, target goals, and award schedules for short-term incentive opportunities under our performance pay plan, with performance targets being set relative to the projected business cycle and business plan.
- Long-term incentive awards made under the Halliburton Company Stock and Incentive Plan, including developing and providing specific recommendations to the Committee on the aggregate number and types of shares to be awarded annually, reviewing the rationale and guidelines for annual stock awards, and recommending changes to the grant types, when appropriate.
- Retirement awards, which are calculated by an external actuary, under the Halliburton Company Supplemental Executive Retirement Plan.

Use of Independent Consultants and Advisors

The Committee engaged Pearl Meyer & Partners, or PM&P, as its independent, external compensation consultant during 2013. PM&P provides executive compensation consulting services to the Committee. In 2013, PM&P also provided industry related compensation survey data to us, the fees for which were less than $5,000. The primary responsibilities of the independent, external compensation consultant were to:

- Provide the Committee with independent and objective market data;
- Conduct compensation analysis;
- Recommend potential changes to the comparator peer group;
- Recommend plan design changes;
- Advise on risks associated with compensation plans; and
- Review and advise on pay programs and pay levels.

These services are provided as requested by the Committee throughout the year.

Executive Compensation Benchmarking

The companies comprising the comparator peer group are selected based on the following considerations:

- Market capitalization;
- Revenue and number of employees;
- Scope in terms of global impact and reach; and
- Industry affiliation.

Industry affiliation includes companies that are involved in the oil and natural gas and energy services industries. The comparator peer group is reviewed annually by the Committee to ensure relevance, with data provided to the Committee by the independent, external compensation consultant. The Committee targets between 20 and 25 companies for our comparator peer group.

Comparator Peer Group

The 2013 comparator peer group was composed of specific peer companies within the energy industry as well as selected companies representing general industry. This peer group was utilized to determine market levels of total compensation for the 2013 calendar year.

The comparator peer group used for our 2013 compensation review, which remains unchanged from the comparator peer group used for our 2012 compensation review, consisted of the following companies:

- 3M Company
- Anadarko Petroleum Corporation
- Apache Corporation
- Baker Hughes Incorporated
- Caterpillar Inc.
- Deere and Company
- Devon Energy Corporation
- Emerson Electric Co.
- Fluor
- Hess Corporation
- Honeywell International Inc.
- Johnson Controls, Inc.
- Murphy Oil Corporation
- National Oilwell Varco, Inc.
- Occidental Petroleum Corporation
- Raytheon Co.
- Schlumberger Ltd.
- Transocean Ltd.
- Weatherford International, Ltd.
- The Williams Companies, Inc.

A slightly different comparator peer group is utilized for the 2013 cycle Performance Unit Program and is described in the *Long-term Incentives — Performance Units* section.

Analysis of Market Data

The market data is size adjusted by revenue as necessary so that it is comparable with our trailing 12 month revenue. We size adjust the total compensation benchmarking data because of variances in market capitalization and revenue size among the companies comprising our comparator peer group. These adjusted values are used as the basis of comparison of compensation between our executives and those of the comparator peer group.

Total executive compensation for each NEO is structured to target market competitive pay levels in base salary and short- and long-term incentive opportunities. We also place an emphasis on variable pay at risk,

which enables this compensation structure to position actual pay above or below the 50th percentile of our comparator peer group depending on performance.

A consistent pre-tax, present value methodology is used in assessing stock-based and other long-term incentive awards, including the Black-Scholes model used to value stock option grants.

The independent, external compensation consultant gathers and performs an analysis of market data for each NEO, comparing each of their individual components of compensation as well as total compensation to that of the comparator peer group. This competitive analysis consists of market data comparing each of the pay elements and total compensation at the 25th, 50th, and 75th percentiles of the comparator peer group to current compensation for each of the NEOs.

INTEGRATION OF COMPENSATION COMPONENTS, PLAN DESIGN, AND DECISION-MAKING FACTORS

The Committee considers all elements of the executive compensation package for each NEO for the upcoming year in December. The Committee receives historical and prospective breakdowns of the total compensation components for each NEO as follows:

- Individual two-year total compensation history, which includes base salary, short- and long-term incentives, and other benefits and perquisites;
- Total company-awarded stock position, including vested and unvested awards;
- Detailed supplemental retirement award calculations; and
- The market analysis prepared by the independent, external compensation consultant.

The Committee also reviews the results of the advisory vote on executive compensation held at the prior year's annual meeting and considers those results, along with many other factors, when evaluating our executive compensation program. Because 92% of our stockholders voting at our annual meeting approved the compensation paid to our executives as described in the 2013 proxy statement, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, and because the Committee believes that our compensation program aligns our executive compensation structure with our stockholders' interests and current market practices, the Committee did not implement any changes to our executive compensation program for 2014.

In making compensation decisions, each of the following compensation elements is reviewed separately and collectively:

- Base salary;
- Short-term (annual) incentives;
- Long-term incentives; and
- Supplemental executive retirement benefits.

Of these elements, all but base salary are variable and at risk of forfeiture. The Committee uses base salary as the primary reference point for determining the target value and actual value of each of the above elements of compensation, individually and in the aggregate, for each NEO. This assists the Committee in confirming that our compensation package for NEOs is appropriate and competitive to our comparator peer group.

The Committee then considers the following subjectively when making final compensation determinations:

- How compensation elements serve to appropriately motivate and reward each NEO;
- Competitively positioning each NEO's total compensation to retain their services;
- Individual NEO performance in reaching financial and operational objectives;
- Sustained levels of performance, future potential, time in position, and years of service; and
- Other factors including operational or functional goals as the Committee determines are appropriate.

These factors are considered on an unweighted basis in making final pay decisions and to ensure internal equity among positions having similar scope and responsibility.

After considering these factors, the Committee then sets the final compensation opportunity for each NEO so that their actual total compensation is consistent with our executive compensation philosophy of paying at the 50th percentile or higher for those years of superior performance and paying below the 50th percentile when performance does not meet competitive standards.

The procedures used to set compensation for each of the NEOs are the same. Variations do exist in the amounts of compensation among the NEOs as a result of each NEO's position and corresponding scope of responsibility, individual performance, length of time in the role and differences in the competitive market pay levels for their positions.

Generally, in years when we achieve financial results substantially above or below expectations, actual compensation may fall outside the initial targets established by the Committee.

Determination of CEO and NEO Target Total Compensation

When determining target total compensation for Mr. Lesar, the Committee takes into consideration competitive market pay levels for the CEOs in the comparator peer group. They also consider Mr. Lesar's performance and accomplishments in the areas of business development and expansion, management succession, development and retention of management, ethical leadership, and the achievement of financial and operational objectives.

Each year, Mr. Lesar and the members of the Board agree upon a set of objectives addressing the following areas specified in our corporate governance guidelines:

- Leadership and vision;
- Integrity;
- Keeping the Board informed on matters affecting Halliburton and its operating units;
- Performance of the business;
- Development and implementation of initiatives to provide long-term economic benefit to Halliburton;
- Accomplishment of strategic objectives; and
- Development of management.

The Board determined that Mr. Lesar met these objectives in 2013 through the following achievements:

- Halliburton and its business units maintained superior relative performance against major competitors in terms of revenue, margins and Return on Capital Employed (performance of the business);
- Led the organization through the business cycle through effective stakeholder communication, high visibility with employees, investors and customers (leadership and vision);
- Continued international diversification realizing major tender wins throughout Halliburton's international portfolio and outperformed major competitors in year over year Eastern Hemisphere revenue growth (accomplishment of strategic objectives and development and implementation of initiatives to provide long-term economic benefit to Halliburton);
- Maintained unwavering commitment to our Health, Safety and Environment program and ensured that all employees and other key stakeholders understand that an incident-free workplace is achievable and must be driven by leadership and teamwork of our employees (performance of the business and leadership and vision);
- Continued to expose management to the Board, further enhanced management/employee succession process, and focused senior management on talent development initiatives (development of management);
- Maintained unwavering commitment to our Code of Business Conduct and continued to act in a role model capacity as it relates to ethical behavior (integrity); and
- Communicated regularly with the members of the Board providing status reports and notification of issues of immediate concern (keeping the Board informed).

Other NEO compensation is determined similarly to that of the CEO by evaluating each NEO's performance and considering the market competitive pay levels of the comparator peer group for the NEO's position.

15.3 Base Salary

The Committee generally targets base salaries at the median of the comparator group; however, the Committee also considers the following factors when setting base salary:

- Level of responsibility;
- Experience in current role and equitable compensation relationships among internal peers;
- Performance and leadership; and
- External factors involving competitive positioning, general economic conditions and marketplace compensation trends.

No specific formula is applied to determine the weight of each factor. Salary reviews are conducted annually to evaluate each executive; however, individual salaries are not necessarily adjusted each year.

As a result of increases in base salary in our comparator peer group, and in the case of Mr. Miller, to recognize his September 2012 promotion to Executive Vice President and Chief Operating Officer, the Committee approved the following base salary increases for 2013:

NEO	2012 Salary	2013 Salary	% Increase
Mr. Lesar	$1,530,000	$1,630,000	6.5%
Mr. McCollum	$661,000	$732,000	10.7%
Mr. Brown	$633,000	$788,000	24.5%
Mr. Miller	$425,000	$800,000	88.2%
Mr. Rainey	$550,000	$788,000	43.3%

As a result of the changes shown above, our NEOs averaged slightly above the market median as provided by our independent, external compensation consultant, PM&P. Base pay amounts for the NEOs are listed in the Summary Compensation Table in paragraph 15.10.

15.4 Short-term (Annual) Incentives

The Committee established the Annual Performance Pay Plan to:

- Reward executives and other key members of management for improving financial results that drive the creation of economic value for our stockholders; and
- Provide a means to connect individual cash compensation directly to our performance.

The Annual Performance Pay Plan provides for performance awards in accordance with the terms of the Stock and Incentive Plan.

The Annual Performance Pay Plan provides an incentive to our NEOs to achieve the business objective of generating more earnings than normally expected by the investors who have provided us with capital to grow our business. We measure achievement of this objective using Cash Value Added, or CVA.

CVA is a financial measurement that demonstrates the amount of economic value added to our business. The formula for calculating CVA is as follows:

Operating Income
+ Interest Income
+ Foreign Currency Gains (Losses)
+ Other Nonoperating Income (Expense), Net
= Net Operating Profit
− Income Taxes
= Net Operating Profit After Taxes

Net Invested Capital
x Weighted Average Cost of Capital
= Capital Charge

Cash Value Added (“CVA”) = Net Operating Profit After Taxes — Capital Charge

Net Operating Profit After Taxes equals the sum of operating income plus interest income plus foreign currency gains (losses) plus other nonoperating income (expense) reduced by our income taxes. When determining actual CVA performance, we apply our effective income tax rate.

Capital Charge equals total assets (excluding deferred income tax assets) less total liabilities (excluding debt and deferred income tax liabilities) multiplied by a weighted average cost of capital percentage.

Cash Value Added is computed monthly and accumulated throughout the calendar year. Adjustments in the calculation of the CVA payout may, at times, be approved by the Committee and can include the treatment of unusual items that may have impacted our actual results.

At the beginning of each plan year, the Committee approves an incentive award schedule that equates given levels of CVA performance with varying reward opportunities paid in cash. The performance goals range from “Threshold” to “Target” to “Maximum.” Threshold reflects the minimum CVA performance level which must be achieved in order for awards to be earned and Maximum reflects the maximum level that can be earned.

These goals are based on our annual operating plan, as reviewed and approved by our Board, and are set at levels believed to be sufficient to meet or exceed stockholder expectations of our performance, as well as expectations of the relative performance of our competitors. Given the cyclical nature of our business, our performance goals vary from year to year, which can similarly impact the difficulty in achieving these goals.

The Committee set the 2013 performance goals for our NEOs based on company-wide consolidated CVA results, specifying when these goals were set that the impact of any Macondo well incident related charges would be excluded from the CVA calculation. Threshold CVA was based on 89% of planned operating income, Target CVA on 100% of planned operating income and Maximum CVA on 111% of planned operating income. The CVA targets for 2013 were $185 million at Threshold, $494 million at Target and $802 million at Maximum. Actual CVA for 2013 was $630 million.

Individual incentive award opportunities are established as a percentage of base salary at the beginning of the plan year. The maximum amount a NEO can receive is limited to two times the target opportunity level. The level of achievement of annual CVA performance determines the dollar amount of incentive compensation payable to participants following completion of the plan year.

The Committee set incentive award opportunities under the plan as follows:

NEO	Threshold Opportunity	Target Opportunity	Maximum Opportunity
Mr. Lesar	60%	150%	300%
Mr. McCollum	36%	90%	180%
Mr. Brown	40%	100%	200%
Mr. Miller	40%	100%	200%
Mr. Rainey	40%	100%	200%

Threshold, Target, and Maximum opportunity dollar amounts can be found in the Grants of Plan-Based Awards in Fiscal 2013 table located at paragraph 17.2 of this document.

Over the past ten years, the Annual Performance Pay Plan achieved Maximum performance levels six times, achieved Target performance level two times, and fell short of the Threshold performance level two times.

15.5 Long-term Incentives

The Committee established the Stock and Incentive Plan to achieve the following objectives:

- Reward consistent achievement of value creation and operating performance goals;
- Align management with stockholder interests; and
- Encourage long-term perspectives and commitment.

Our Stock and Incentive Plan provides for a variety of cash and stock-based awards, including nonqualified and incentive stock options, restricted stock and units, performance shares and units, stock appreciation rights, and stock value equivalents. Under the Stock and Incentive Plan, the Committee may, at its discretion, select from among these types of awards to establish individual long-term incentive awards.

Long-term incentives represent the largest component of total executive compensation opportunity. We believe this at-risk compensation ties executive pay closely to stockholders’ interests.

For 2013, we used a combination of long-term incentive vehicles, including time-based restricted stock or restricted stock units, performance units, and nonqualified stock options. Except where there is a distinction to make between restricted stock and restricted stock units, this paragraph 15 refers to both restricted stock and restricted stock units as “restricted stock”. Operations-based incentives in the form of performance units targeted 40% of the long-term incentive value, another 40% was delivered through restricted stock and the remaining 20% was delivered in stock options.

Using a mix of incentives allows us to provide a diversified yet balanced long-term incentive program that effectively addresses volatility in our industry and in the stock market, in addition to maintaining an incentive to meet performance goals. Value to be earned by a NEO from stock options and restricted stock are directly tied to our stock price performance and, therefore, directly to stockholder value. Additionally, restricted stock provides a significant retention incentive while the Performance Unit Program motivates the NEO to also focus on improving long-term returns on capital employed, measured on both absolute and relative bases.

In determining the size of long-term incentive awards, the Committee first considers market data for comparable positions and then may adjust the awards upwards or downwards based on the Committee's review of internal equity. This can result in positions of similar magnitude and pay receiving awards of varying size. The 2013 restricted stock and stock option awards for each NEO were based primarily on market data and were targeted at the 75th percentile of our comparator peer group to recognize our NEOs for delivering strong performance in 2013.

Restricted Stock and Stock Options

Our restricted stock and stock option awards are granted under the Stock and Incentive Plan and are listed in the Grants of Plan-Based Awards in Fiscal 2013 table located at paragraph 17.2 of this document.

Restricted stock grants are generally subject to a graded vesting schedule of 20% per year over five years. However, different vesting schedules may be utilized at the discretion of the Committee. Shares of restricted stock receive dividend or dividend equivalent payments.

Stock option awards vest over a three-year graded vesting period with 33 1/3% of the grant vesting each year. All options are priced at the closing stock price on the date the grant is approved by the Committee.

The stock and option award columns in the Summary Compensation Table in paragraph 15.10 of this document reflect the aggregate grant date fair value of the restricted stock and option awards for each NEO.

Performance Units

The Performance Unit Program provides NEOs and other selected executives with incentive opportunities based on our consolidated Return on Capital Employed, or ROCE, during three-year performance periods. This program reinforces our objectives for sustained long-term performance and value creation. It also reinforces strategic planning processes and balances short- and long-term decision making.

The program measures ROCE on both an absolute and relative basis to the results of our comparator peer group companies used for the Performance Unit Program. The three-year performance period aligns this measurement with our and our comparator peer group's business cycles.

ROCE indicates the efficiency and profitability of our capital investments and is determined based on the ratio of earnings divided by average capital employed. The calculation is as follows:

$$\textbf{ROCE} = \frac{\text{Net income + after-tax interest expense}}{\text{Shareholders' equity (average of beginning and end of period) + Debt (average of beginning and end of period)}}$$

The comparator peer group used for the Performance Unit Program is comprised of oilfield equipment and service companies and domestic and international exploration and production companies. This comparator peer group is used for the Performance Unit Program because these companies represent the timing, cyclicality, and volatility of the oil and natural gas industry and provide an appropriate industry group to measure our relative performance against.

The comparator peer group for the 2013 cycle Performance Unit Program remains unchanged from the comparator peer group used for the 2012 cycle Performance Unit Program and consists of the following companies:

- Anadarko Petroleum Corporation
- Apache Corporation
- Baker Hughes Incorporated
- Cameron International Corporation
- Chesapeake Energy Corporation
- Murphy Oil Corporation
- Nabors Industries Ltd.
- National Oilwell Varco, Inc.
- Schlumberger Ltd.
- Transocean Ltd.

- Devon Energy Corporation
- Hess Corporation
- Marathon Oil Corporation
- Weatherford International, Ltd.
- The Williams Companies, Inc.

The program allows for rewards to be paid in cash, stock or a combination of cash and stock. Over the past ten years, the program has achieved maximum performance levels six times, between maximum and target three times, and below target one time.

2011 cycle Performance Unit Program Payout for NEOs

The 2011 cycle of the Performance Unit Program ended on December 31, 2013. Both the absolute and relative performance measures established at the beginning of the cycle were approved by the Committee. The 2011 cycle required a three-year average ROCE above 13% to achieve the Maximum level on an absolute basis, and a three-year average ROCE above the 75th percentile of the ROCE for our comparator peer group to achieve the Maximum level on a relative basis. The three-year average ROCE for our comparator peer group at the 75th percentile was 10.01%. Our three-year average ROCE for the 2011 cycle was 15.25%. Because our results for this cycle were in excess of the Maximum levels on both an absolute basis and relative to our comparator peer group, the NEOs received payments in 2014 as set forth in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table in paragraph 15.10 of this document and in the related narrative following the table.

2013 cycle Performance Unit Program Opportunities for NEOs

Individual incentive opportunities are established based on market references and the NEO’s role within our organization. The Threshold, Target, and Maximum columns under the heading Estimated Future Payouts Under Non-Equity Incentive Plan Awards in the Grants of Plan-Based Awards in Fiscal 2013 table located at paragraph 17.2 of this document indicate the potential payout for each NEO under the Performance Unit Program for the 2013 cycle. The potential payouts are performance driven and completely at risk. Actual payout amounts, if any, will not be determined until the three year cycle closes on December 31, 2015.

15.6 Supplemental Executive Retirement Plan

The objective of the Supplemental Executive Retirement Plan, or SERP, is to provide a competitive level of pay replacement upon retirement. The current pay replacement target is 75% of final base salary at age 65 with 25 years of service.

The material factors and guidelines considered in making an allocation include:

- Retirement benefits provided, both qualified and nonqualified;
- Current compensation;
- Length of service; and
- Years of service to normal retirement.

The calculation takes into account the following variables:

- Base salary;
- Years of service;
- Age;
- Employer portion of qualified plan savings;
- Age 65 value of any defined benefit plan; and
- Existing nonqualified plan balances and any other retirement plans.

Several assumptions are made annually and include a base salary increase percentage, qualified and nonqualified plan contributions and investment earnings, and an annuity rate. These factors are reviewed and approved annually by the Committee in advance of calculating any awards.

To determine the annual benefit, external actuaries calculate the total lump sum retirement benefit needed at age 65 from all company retirement sources to produce an annual retirement benefit of 75% of final base salary. Company retirement sources include any qualified benefit plans and contributions to nonqualified benefit plans. If the combination of these two sources does not yield a total retirement balance that will meet the 75% objective, then contributions may be made annually through the SERP to bring the total benefit up to the targeted level.

To illustrate, assume $10 million is needed at age 65 to produce an annual retirement benefit equal to 75% of final base salary. The participant is projected to have $3 million in his qualified benefit plans at retirement and $4 million in his nonqualified retirement plans at retirement. Since the total of these two sources is $7 million, a shortfall of $3 million results. This is the amount needed to achieve the 75% pay replacement objective. Such shortfall may be offset through annual contributions to the SERP.

Participation in the SERP is limited to the direct reports of the CEO and other selected executives as recommended by the CEO and approved at the discretion of the Committee. However, participation one year does not guarantee future participation. In 2013, the Committee authorized retirement allocations under the SERP to all NEOs as listed in the 2013 Nonqualified Deferred Compensation Table and as included in the All Other Compensation column in the Summary Compensation Table in paragraph 15.10 of this document. The 2013 Nonqualified Deferred Compensation table is presented in Section 4 of Part III of this Prospectus. The average annual amounts allocated over the history of participation are as follows: Mr. Lesar: $303,600; Mr. McCollum: $154,455; Mr. Brown: $419,333; Mr. Miller: $334,000; and Mr. Rainey: $343,750.

Messrs. Lesar, Brown, and Rainey are fully vested in their respective account balances. Balances earn interest at an annual rate of 5%. In 2009, the Committee approved a change to the vesting schedule of the SERP for awards made in 2009 and in future years. The new vesting schedule requires participants to be at least 55 years of age with 10 years of service with us or meet the Rule of 70 (age plus years of service equal 70 or more). This change was made to increase the retentive value of the plan. Messrs. McCollum and Miller do not meet the vesting requirements for awards made in 2009 and subsequent years.

15.7 Other Executive Benefits and Policies

Retirement and Savings Plan

All NEOs participate in the Halliburton Retirement and Savings Plan, which is the defined contribution benefit plan available to all eligible U.S. employees. The matching contributions amounts we contributed on behalf of each NEO are included in the Supplemental Table: All Other Compensation.

Elective Deferral Plan

All NEOs may participate in the Halliburton Elective Deferral Plan, which was established to provide highly compensated employees with an opportunity to defer earned base salary and incentive compensation in order to help meet retirement and other future income needs.

The Elective Deferral Plan is a nonqualified deferred compensation plan and participation is completely voluntary. Pre-tax deferrals of up to 75% of base salary and/or eligible incentive compensation are allowed each calendar year. Gains or losses are credited based upon the participant's election from among 12 benchmark investment choices with varying degrees of risk.

In 2013, none of our NEOs participated in this plan. Messrs. Lesar, Brown, and Rainey have account balances from participation in prior years. Messrs. McCollum and Miller are not participants in the plan. Further details can be found in the 2013 Nonqualified Deferred Compensation table in Section 4 of Part III of this Prospectus.

Benefit Restoration Plan

The Halliburton Company Benefit Restoration Plan provides a vehicle to restore qualified plan benefits which are reduced as a result of limitations imposed under the Internal Revenue Code or due to participation in other plans we sponsor. It also serves to defer compensation that would otherwise be treated as excessive employee remuneration within the meaning of Section 162(m) of the Internal Revenue Code.

In 2013, all NEOs received awards under this plan in the amounts included in the Supplemental Table: All Other Compensation and the 2013 Nonqualified Deferred Compensation table in Section 4 of Part III of this Prospectus.

Perquisites

Country club memberships are limited and provided on an as-needed basis for business purposes only. Messrs. Brown and Rainey had club memberships in 2013.

We do not provide cars to our NEOs. However, for security purposes and to allow for the efficient use of Mr. Lesar's time, a company-leased car and part-time driver are provided for Mr. Lesar for the primary purpose of commuting to and from work.

A taxable benefit for executive financial planning is provided with the amount dependent on the NEO's level within the company. This benefit does not include tax return preparation. It is paid, only if used, on a reimbursable basis.

We also provided for security at the personal residences of Messrs. Lesar, McCollum, and Miller during 2013.

At the direction of the Board, Mr. Lesar, his spouse and children use company aircraft for all travel. The only personal use of the company aircraft in 2013 for other NEOs is for spousal and dependent travel on select business trips.

Mr. Rainey is an expatriate under our long-term expatriate business practice and as such receives certain assignment allowances including a goods and services differential and host country housing and utilities.

A differential is commonly paid to expatriates in assignment locations where the cost of goods and services is greater than the cost for the same goods and services in the expatriate's home country. Differentials are determined by ORC Worldwide, a third-party consultant. As part of his expatriate assignment, Mr. Rainey also participates in our tax equalization program, which neutralizes the tax effect of the international assignment and approximates the tax obligation the expatriate would pay in his home country.

Specific amounts for the above mentioned perquisites are detailed for each NEO in the Supplemental Table: All Other Compensation immediately following the Summary Compensation Table in paragraph 15.10 of this document.

Clawback Policy

We have a clawback policy under which we will seek to recoup incentive compensation in all appropriate cases paid to, awarded to, or credited for the benefit of any of our executive officers, which include all the NEOs, if and to the extent that:

- The amount of incentive compensation was calculated on the achievement of financial results that were subsequently reduced due to a restatement of our financial results;
- The NEO engaged in fraudulent conduct that caused the need for the restatement; and
- The amount of incentive compensation that would have been awarded or paid to the officer, had our financial results been properly reported, would have been lower than the amount actually paid or awarded.

Any such officer who receives incentive compensation based on the achievement of financial results that are subsequently the subject of a restatement will not be subject to recoupment unless the officer personally participates in the fraudulent conduct.

In addition, in January 2013 we amended the policy to provide that we will seek to recoup incentive compensation in all appropriate cases paid to, awarded to, or credited for the benefit of any of our executive officers, which include all the NEOs, and certain other senior officers if and to the extent that:

- It is determined that, in connection with the performance of that officer's duties, he or she substantially participated in a breach of fiduciary duty arising from a material violation of a U.S. federal or state law, or both (A) had direct supervisory responsibility over an employee who substantially participated in such a violation and (B) recklessly disregarded his or her own supervisory responsibilities; or
- The officer is named as a defendant in a law enforcement proceeding for having substantially participated in a breach of a fiduciary duty arising from a material violation of a U.S. federal of state law, the officer disagrees with the allegations relating to the proceeding and either (A) we initiate a review and determine that the alleged action is not indemnifiable or (B) the officer does not prevail at trial, enters into a plea agreement, agrees to the entry of a final administrative or judicial order imposing sanctions or otherwise admits to the violation in a legal proceeding.

Depending on the officer and the circumstances described in the immediately preceding paragraph, the disinterested members of the Board, the disinterested members of the Compensation Committee, the disinterested members of the Nominating and Corporate Governance Committee and/or the members of a

management committee may be involved in the process of reviewing, considering and making determinations regarding the officer's alleged conduct, whether recoupment is appropriate or required, and the type and amount of incentive compensation to be recouped from the officer.

The policy also provides that, to the extent permitted by applicable law and not previously disclosed in a filing with the SEC, we will disclose in our proxy statement the circumstances of any recoupment pursuant to the policy for the prior calendar year. There was no recoupment under the policy in 2013.

Stock Ownership Requirements

We have stock ownership requirements for our executive officers, which include all the NEOs, to further align their interests with our stockholders.

As a result, Mr. Lesar is required to own Halliburton Common Stock in an amount equal to or in excess of six times his annual base salary. Executive officers that report directly to Mr. Lesar are required to own an amount of Halliburton Common Stock equal to or in excess of three times their annual base salary, and all other executive officers are required to own an amount of Halliburton Common Stock equal to or in excess of two times their annual base salary. The Committee reviews their holdings, which include restricted shares and all other Halliburton Common Stock owned by the officer, at each December meeting. Each executive officer has five years to meet the requirements, measured from the later of September 12, 2011 or the date the officer first becomes subject to the ownership level for the applicable office.

As of December 31, 2013, all NEOs met the requirements.

15.8 ELEMENTS OF POST-TERMINATION COMPENSATION AND BENEFITS

Termination events that trigger payments and benefits include normal or early retirement, change-in-control, cause, death, disability, and voluntary termination. Post-termination payments may include severance, accelerated vesting of restricted stock and stock options, maximum payments under cash-based short- and long-term incentive plans, nonqualified account balances, and health benefits, among others. The Post-Termination or Change-in Control Payment tables in Section 4 of Part III of this Prospectus indicate the impact of various termination events on each element of compensation for the NEOs.

15.9 IMPACT OF REGULATORY REQUIREMENTS ON COMPENSATION

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation paid to the CEO or any of the four other most highly compensated officers to the extent the compensation exceeds $1 million in any year. Qualifying performance-based compensation is not subject to this limit if certain requirements are met.

Our policy is to utilize available tax deductions whenever appropriate and consistent with our compensation philosophy. When designing and implementing executive compensation programs, we consider all relevant factors, including tax deductibility of compensation. Accordingly, we have attempted to preserve the federal tax deductibility of compensation in excess of $1 million a year to the extent doing so is consistent with our executive compensation objectives; however, we may from time to time pay compensation to our executives that may not be fully deductible.

Our Stock and Incentive Plan enables qualification of stock options, stock appreciation rights, and performance share awards as well as short- and long-term cash performance plans under Section 162(m).

To the extent required by Section 304 of the Sarbanes-Oxley Act of 2002, we will make retroactive adjustments to any cash or equity-based incentive compensation paid to the CEO and CFO where the payment was predicated upon the achievement of certain financial results that were subsequently the subject of restatement. When and where applicable, we will seek to recover any amount determined to have been inappropriately received by the CEO and CFO.

15.10 Compensation for Executive Officers

The following table is extracted from Halliburton's 2014 Proxy Statement and sets forth information regarding the CEO, CFO, and our three other most highly compensated executive officers for the fiscal

year end, December 31, 2013. Halliburton's 2014 Proxy Statement is located in Section 4 of Part III of this Prospectus.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change In Pension Value and NQDC Earnings ($)	All Other Compensation ($)	Total ($)
David J. Lesar	2013	1,630,000	0	4,793,714	2,381,533	10,180,804	155,196	1,723,967	20,865,214
Chairman of the Board, President and Chief Executive Officer	2012	1,530,000	0	5,055,150	2,602,894	6,400,000	256,922	1,606,845	17,451,811
	2011	1,430,000	0	3,912,700	1,719,828	7,182,000	189,120	1,443,970	15,877,618
Mark A. McCollum	2013	732,000	0	1,230,066	611,358	2,679,877	22,366	470,366	5,746,033
Executive Vice President and Chief Financial Officer	2012	661,000	0	1,068,650	549,486	2,021,600	35,746	405,052	4,741,534
	2011	652,000	0	917,706	402,384	2,233,400	21,526	423,148	4,650,164
James S. Brown..........................	2013	788,000	0	1,579,344	785,785	2,743,666	57,834	992,489	6,947,118
President - Western Hemisphere	2012	633,000	0	1,376,850	708,974	2,274,400	81,363	725,457	5,800,044
	2011	629,000	0	6,205,842	529,644	2,100,550	29,312	709,566	10,203,914
Jeffrey A. Miller	2013	800,000	0	1,933,684	961,939	1,565,460	3,406	676,731	5,941,220
Executive Vice President and Chief Operating Officer	2012	425,000	0	3,997,150	1,109,917	692,437	1,126	378,556	6,604,186
Joe D. Rainey	2013	788,000	0	1,579,344	785,785	2,730,866	78,858	1,995,925	7,958,778
President - Eastern Hemisphere	2012	550,000	0	1,376,850	708,974	490,000	83,757	642,677	3,852,258
	2011	450,000	0	2,984,323	529,644	1,008,750	51,693	800,818	5,825,228

Salary. The amounts represented in the Salary column are attributable to annual salary earned by each NEO. Information related to salary increases in 2013 is discussed in the Compensation Discussion and Analysis under Base Salary located at paragraph 15.3 of this document.

Stock Awards. The amounts in the Stock Awards column reflect the grant date fair value of the restricted stock awarded in 2013. Except where there is a distinction to make between the two types of awards, this paragraph 15 refers to both restricted stock and restricted stock units as "restricted stock". ASC 718 requires the reporting of the aggregate grant date fair value of stock awards granted to the NEO during the fiscal year. We calculate the fair value of restricted stock awards by multiplying the number of restricted shares or units granted by the closing stock price as of the award's grant date.

Option Awards. The amounts in the Option Awards column reflect the grant date fair value of the stock options awarded in 2013. ASC 718 requires the reporting of the aggregate grant date fair value of stock options granted to the NEO during the fiscal year. The fair value of stock options is estimated using the Black-Scholes option pricing model. For a discussion of the assumptions made in these valuations, refer to paragraph 17.3 of this document and Note 11 to the Consolidated Financial Statements, Stock-based Compensation, in the Halliburton Company Form 10-K for the fiscal year ended December 31, 2013 included in Section 1 of Part III of this Prospectus.

Non-Equity Incentive Plan Compensation. The amounts represented in the Non-Equity Incentive Plan Compensation column are for amounts earned in 2013 and paid in 2014 for the Halliburton Annual Performance Pay Plan and the 2011 cycle Performance Unit Program. Information about these programs can be found in the Compensation Discussion and Analysis in paragraphs 15.4 and 15.5 of this Prospectus

under Short-term (Annual) Incentives for the Halliburton Annual Performance Pay Plan and under Long-term Incentives - Performance Units for the Performance Unit Program.

The Threshold, Target and Maximum amounts for the 2013 Halliburton Annual Performance Pay Plan and the 2013 cycle of the Performance Unit Program can be found in the Grants of Plan-Based Awards in Fiscal 2013 table located at paragraph 17.2 of this document under the Estimated Future Payouts Under Non-Equity Incentive Plan Awards.

The 2013 Halliburton Annual Performance Pay Plan amounts paid to each NEO are: $3,523,734 for Mr. Lesar; $949,477 for Mr. McCollum; $1,135,666 for Mr. Brown; $1,152,960 for Mr. Miller; and $1,135,666 for Mr. Rainey.

The 2011 cycle Performance Unit Program amounts paid to each NEO are: $6,657,070 for Mr. Lesar; $1,730,400 for Mr. McCollum; $1,608,000 for Mr. Brown; $412,500 for Mr. Miller; and $1,595,200 for Mr. Rainey.

The amounts paid to the NEOs for the 2011 cycle Performance Unit Program differ from what is shown in the Grants of Plan-Based Awards in Fiscal Year 2013 table under Estimated Future Payments Under Non-Equity Incentive Plan Awards. The Grants of Plan-Based Awards in Fiscal Year 2013 table indicates the potential award amounts for Threshold, Target and Maximum under the 2013 cycle Performance Unit Program, which will close on December 31, 2015. The Summary Compensation Table within this paragraph 15.10 shows amounts paid for a prior program cycle, the 2011 cycle, which closed on December 31, 2013.

Change in Pension Value and NQDC Earnings. The amounts in the Change in Pension Value and NQDC Earnings column are attributable to the above-market earnings for various nonqualified plans. The methodology for determining what constitutes above-market earnings is the difference between the interest rate as stated in the applicable nonqualified plan document and the Internal Revenue Service Long-Term 120% AFR rate as of December 31, 2013. The 120% AFR rate used for determining above-market earnings in 2013 was 3.99%.

Halliburton Company Supplemental Executive Retirement Plan Above-Market Earnings. The current interest rate for participant accounts in the Halliburton Company Supplemental Executive Retirement Plan is 5% as defined by the plan document. The above-market earnings for the plan equaled 1.01% (5% (plan interest) minus 3.99% (120% AFR rate)) for 2013. The amounts shown in this column differ from the amounts shown for the Halliburton Company Supplemental Executive Retirement Plan in the 2013 Nonqualified Deferred Compensation table under the Aggregate Earnings in Last Fiscal Year column because that table includes all earnings and losses, and the Summary Compensation Table shows above-market earnings only.

NEOs earned above-market earnings for their balances associated with the Halliburton Company Supplemental Executive Retirement Plan as follows: $78,988 for Mr. Lesar; $17,100 for Mr. McCollum; $20,898 for Mr. Brown; $2,330 for Mr. Miller; and $8,564 for Mr. Rainey.

Halliburton Company Benefit Restoration Plan Above-Market Earnings. In accordance with the plan document, participants earn monthly interest at the 120% AFR rate, provided the interest rate shall be no less than 6% per annum or greater than 10% per annum. Because the 120% AFR rate was below the 6% minimum interest threshold, the above-market earnings associated with this plan were 2.01% (6% (plan interest earned in 2013) minus 3.99% (120% AFR rate)) for 2013. The amounts shown in this column differ from the amounts shown for the Halliburton Company Benefit Restoration Plan in the 2013 Nonqualified Deferred Compensation table in Section 4 of Part III to this Prospectus under the Aggregate Earnings in Last Fiscal Year column because that table includes all earnings and losses, and the Summary Compensation Table within this paragraph 15.10 shows above-market earnings only.

NEOs earned above-market earnings for their balances associated with the Halliburton Company Benefit Restoration Plan as follows: $51,625 for Mr. Lesar; $5,266 for Mr. McCollum; $4,478 for Mr. Brown; $1,076 for Mr. Miller; and $2,412 for Mr. Rainey.

Halliburton Company Elective Deferral Plan Above-Market Earnings. The average earnings for the balances associated with the Halliburton Company Elective Deferral Plan were 8.4% for 2013. The above-market earnings associated with this plan equaled 4.41% (8.4% minus 3.99% (120% AFR rate)) for 2013. The amounts shown in this column differ from the amounts shown for the Halliburton Company Elective Deferral Plan in the 2013 Nonqualified Deferred Compensation table in Section 4 of Part III of this Prospectus under the Aggregate Earnings in Last Fiscal Year column because that table includes all

earnings and losses, and the Summary Compensation Table within this paragraph 15.10 shows above-market earnings only.

Messrs. Lesar, Brown, and Rainey earned above-market earnings for balances associated with the Halliburton Company Elective Deferral Plan as follows: $24,583 for Mr. Lesar; $32,458 for Mr. Brown; and $67,882 for Mr. Rainey. Messrs. McCollum and Miller are not participants in and do not have any prior balances in the Halliburton Company Elective Deferral Plan.

All Other Compensation. Detailed information for amounts included in the All Other Compensation column can be found in the Supplemental Table: All Other Compensation below.

SUPPLEMENTAL TABLE: ALL OTHER COMPENSATION

The following table details the components of the All Other Compensation column of the Summary Compensation Table located above for 2013.

Name	Financial Planning ($)	Halliburton Foundation ($)	Halliburton Giving Choices ($)	HALPAC ($)	Restricted Stock Dividends ($)	HRSP Employer Match ($)	HRSP Basic Contribution ($)	Benefit Restoration Plan ($)	SERP ($)	All Other ($)	Total ($)
David J. Lesar	25,130	100,000	1,000	5,000	218,142	12,750	10,200	123,750	580,000	647,995	1,723,967
Mark A. McCollum ..	0	40,000	1,000	5,000	49,755	12,620	10,200	42,930	251,000	57,861	470,366
James S. Brown......	11,665	0	750	4,935	191,730	12,750	10,200	47,970	604,000	108,489	992,489
Jeffrey A. Miller	0	30,500	425	5,000	109,434	12,750	10,200	49,050	434,000	25,372	676,731
Joe D. Rainey	10,275	0	600	5,000	0	9,850	10,200	47,970	553,000	1,359,030	1,995,925

Financial Planning. This program allows NEOs to receive financial planning services by accredited financial planners. Tax planning is not covered under this program. The amount is based on the services the NEO received in 2013. If they do not utilize the program, the amount is forfeited.

Halliburton Foundation. The Halliburton Foundation allows NEOs and other employees to donate to approved universities, medical hospitals and primary schools of their choice. In 2013, the Halliburton Foundation matched donations up to $20,000 on a two-for-one basis. Mr. Lesar participates in the Halliburton Foundation's matching program for Directors, which allowed his 2013 contributions up to $50,000 to qualified organizations to be matched on a two-for-one basis.

Halliburton Giving Choices. The Halliburton Giving Choices Program allows NEOs and other employees to donate to approved not-for-profit charities of their choice. We match donations by contributing ten cents for every dollar contributed by employees up to a maximum of $1,000. The amounts shown represent the match amounts the program donated to charities on behalf of the NEOs in 2013.

Halliburton Political Action Committee. The Halliburton Political Action Committee allows NEOs and other eligible employees to donate to political candidates and participate in the political process. We match the NEO's donation to HALPAC dollar-for-dollar to a 501(c)(3) status nonprofit organization of the contributor's choice. The amounts shown represent the match amounts the program donated to charities on behalf of the NEOs in 2013.

Restricted Stock Dividends. This is the amount of dividends paid on restricted stock held by NEOs in 2013. Restricted stock units do not receive dividend payments.

Halliburton Retirement and Savings Plan Employer Match. The amount shown is the contribution we made on behalf of each NEO to the Halliburton Company Retirement and Savings Plan, our defined contribution plan. We match employee contributions up to 5% of each employee's eligible base salary, up to the 401(a)(17) compensation limit of $255,000 in 2013.

Halliburton Retirement and Savings Plan Basic Contribution. This is the contribution we made on behalf of each NEO to the Halliburton Company Retirement and Savings Plan. If actively employed on December 31, 2013, each employee receives a contribution equal to 4% of their eligible base pay, up to the 401(a)(17) compensation limit of $255,000 in 2013.

Halliburton Company Benefit Restoration Plan. This is the award earned under the Halliburton Company Benefit Restoration Plan in 2013. The plan provides a vehicle to restore qualified plan benefits which are

reduced as a result of limitations on contributions imposed under the Internal Revenue Code or due to participation in other plans we sponsor and to defer compensation that would otherwise be treated as excessive employee remuneration within the meaning of Section 162(m) of the Internal Revenue Code. Associated interest, awards, and beginning and ending balances for the Halliburton Company Benefit Restoration Plan are included in the 2013 Nonqualified Deferred Compensation table in Section 4 of Part III of this Prospectus. Above-market interest earned on these awards and associated balances are shown in the Summary Compensation Table in this paragraph 15.10 under the Change in Pension Value and NQDC Earnings column.

Halliburton Company Supplemental Executive Retirement Plan. These are awards approved under the Halliburton Company Supplemental Executive Retirement Plan as discussed in the Supplemental Executive Retirement Plan section of the Compensation Discussion and Analysis. Awards are approved by our Compensation Committee annually. The SERP provides a competitive level of pay replacement for key executives upon retirement. Associated interest, awards and beginning and ending balances for the SERP are included in the 2013 Nonqualified Deferred Compensation table in Section 4 of Part III of this Prospectus.

All Other.

- *Country Club Membership Dues.* Club memberships are approved for business purposes only. During 2013, we paid club membership dues for Messrs. Brown and Rainey. The amounts incurred were $27,705 for Mr. Brown and $680 for Mr. Rainey.
- *Aircraft Usage.* Mr. Lesar, his spouse, and children use our aircraft for all travel for security reasons as directed by the Board. The only personal use of company aircraft in 2013 for other NEOs was for spousal and dependent travel on selected business trips. For 2013, the incremental cost to us for this personal use of our aircraft was $463,329 for Mr. Lesar; $36,283 for Mr. McCollum; $47,893 for Mr. Brown; and $11,248 for Mr. Miller. For total compensation purposes in 2013, we valued the incremental cost of the personal use of aircraft using a method that takes into account: landing, parking, hanger fees, flight planning services and dead-head costs; crew travel expenses; supplies and catering; aircraft fuel and oil expenses per hour of flight; any customs, foreign permit and similar fees; and passenger ground transportation. For tax purposes, we impute income to the NEO for the value of the spousal trip and dependent travel on select business trips and reimburse the NEO for the tax impact of the imputed income. For 2013, tax reimbursements for imputed income associated with this spousal and dependent travel were as follows: $93,160 for Mr. Lesar; $20,542 for Mr. McCollum; $32,981 for Mr. Brown; $13,137 for Mr. Miller; and $5,026 for Mr. Rainey.
- *Home Security.* We provide security for residences based on a risk assessment which considers the NEO’s position. In 2013, home security costs were as follows: $68,041 for Mr. Lesar; $1,036 for Mr. McCollum; and $987 for Mr. Miller.
- *Car/Driver.* A car and driver have been assigned to Mr. Lesar so that he can work while in transit to allow him to meet customer and our needs. In 2013, the cost to us was $18,532.
- *Other Compensation for Mr. Lesar.* In 2013, Mr. Lesar received $2,894 in imputed income for relocation, $2,039 for tax equalization.
- *Other Compensation for Mr. Rainey.* In 2013, Mr. Rainey received $36,741 for cost of living adjustment; $78,800 mobility premium; $1,108,641 for tax equalization; $500 for tax preparation fees; $117,499 for imputed housing allowance; and $11,143 for auto imputed allowance. All compensation amounts are associated with his expatriate assignment and other expatriates on comparable assignments receive similar types of adjustments.

Retirement benefits. Total amounts set aside or accrued in 2013 to provide pension, retirement, or similar benefits for Halliburton’s named executive officers was $2,845,390. Directors do not participate in retirement plans sponsored by the Company.

15.11 Employment Contracts and Change-in-Control Arrangements

Employment Contracts

Messrs. Lesar, McCollum, Brown, Miller, and Rainey have employment agreements with us. Under the terms of Mr. Lesar’s agreement, a termination for cause is a termination for (i) gross negligence or willful misconduct in the performance of his duties and responsibilities, or (ii) a conviction of a felony. In the event we terminate Mr. Lesar for any reason other than termination for cause, we are obligated to pay Mr. Lesar a severance payment equal to (i) the value of any restricted shares that are forfeited because of termination, and (ii) five times his annual base salary.

Under the terms of the agreements with Messrs. McCollum, Brown, Miller, and Rainey, the reasons for termination of employment (other than death) are defined as follows:

(i) Retirement means either (a) retirement at or after normal retirement at age 65 (either voluntarily or under our retirement policy), or (b) voluntary termination of employment in accordance with our early retirement policy for other than a Good Reason. “Good Reason” means a termination of employment by employee because of (a) our material breach of any material provision of the employment agreement, or (b) a material reduction in employee’s rank or responsibility with us, provided that (i) employee provides written notice to us of the circumstances employee claims constitute “Good Reason” within 90 calendar days of the first to occur of such circumstances, (ii) such breach remains uncorrected for 30 calendar days following written notice, and (iii) employee’s termination occurs within 180 calendar days after the date that the circumstances employee claims constitute Good Reason first occurred.

(ii) Permanent disability means the employee’s physical or mental incapacity to perform his or her usual duties with such condition likely to remain continuously and permanently as reasonably determined by the Compensation Committee in good faith.

(iii) Voluntary termination means a termination of employment in the sole discretion and at the election of the employee for other than Good Reason.

(iv) Termination for cause means our termination of employee’s employment for Cause. “Cause” means any of the following: (a) employee’s gross negligence or willful misconduct in the performance of the duties and services required of the employee; (b) employee’s final conviction of a felony; (c) a material violation of our Code of Business Conduct; or (d) employee’s material breach of any material provision of his or her employment agreement which remains uncorrected for 30 days following our written notice of such breach to employee.

If the employment of Messrs. McCollum or Brown terminates for any reason other than death, retirement (either at age 65 or voluntarily prior to age 65), permanent disability, voluntary termination or termination for cause, the executive is entitled to each of the following:

- At the Committee’s election, either the retention of all restricted shares following termination or a payment equal to the value of any restricted shares that are forfeited because of termination;
- A payment equal to two years’ base salary;
- Any unpaid amounts earned under the Annual Performance Pay Plan in prior years; and
- Any amount payable for the year under the Annual Performance Pay Plan in which his employment is terminated, determined as if he had remained employed for the full year.

If the employment of Messrs. Miller or Rainey terminates for any reason other than death, retirement (either at age 65 or voluntarily prior to age 65), permanent disability, voluntary termination or termination for cause, the executive is entitled to each of the following:

- A payment equal to two years’ base salary; and
- A single lump sum cash payment equal to the value of any restricted shares that are forfeited because of termination. The payout is contingent upon compliance with a non-compete agreement and subject to vesting restrictions.

Change-In-Control Arrangements

We do not maintain individual change-in-control agreements or provide for excise tax gross-ups on any payments associated with a change-in-control. Some of our compensation plans, however, contain change-in-control provisions, which could result in payment of specific benefits.

Under the Stock and Incentive Plan, in the event of a change-in-control, the following will occur automatically:

- any outstanding options and stock appreciation rights shall become immediately vested and fully exercisable;
- any restrictions on restricted stock awards shall immediately lapse;
- all performance measures upon which an outstanding performance award is contingent are deemed achieved and the holder receives a payment equal to the maximum amount of the award he or she would have been entitled to receive, pro-rated to the effective date; and
- any outstanding cash awards, including stock value equivalent awards, immediately vest and are

paid based on the vested value of the award.

Under the Annual Performance Pay Plan:

- in the event of a change-in-control during a plan year, a participant will be entitled to an immediate cash payment equal to the maximum dollar amount he or she would have been entitled to for the year, prorated through the date of the change-in-control; and
- in the event of a change-in-control after the end of a plan year but before the payment date, a participant will be entitled to an immediate cash payment equal to the incentive earned for the plan year.

Under the Performance Unit Program:

- in the event of a change-in-control during a performance cycle, a participant will be entitled to an immediate cash payment equal to the maximum amount he or she would have been entitled to receive for the performance cycle, pro-rated to the date of the change-in-control; and
- in the event of a change-in-control after the end of a performance cycle but before the payment date, a participant will be entitled to an immediate cash payment equal to the incentive earned for that performance cycle.

Under the Employee Stock Purchase Plan, in the event of a change-in-control, unless the successor corporation assumes or substitutes new stock purchase rights:

- the purchase date for the outstanding stock purchase rights will be accelerated to a date fixed by the Compensation Committee prior to the effective date of the change-in-control; and
- upon such effective date, any unexercised stock purchase rights will expire and we will refund to each participant the amount of his or her payroll deductions made for purposes of the Employee Stock Purchase Plan, which has not yet been used to purchase stock.

16. BOARD PRACTICES

16.1 Corporate Governance

Except as otherwise provided by statute, the Company’s By-laws provide that all members of the Board of Directors are elected annually at the annual meeting of stockholders by the vote of the majority of votes cast (unless the number of nominees exceeds the number of Directors to be elected, in which event the Directors are elected by the vote a plurality of the shares represented in person or by proxy at the meeting and entitled to vote on the election of Directors) and shall hold office until the next annual meeting and until their successors are duly elected and qualified. A majority of the votes casts means that the number of shares voted “for” a Director must exceed the number of votes cast “against” that Director; abstentions will be ignored.

The Nominating and Corporate Governance Committee, in consultation with the Chief Executive Officer, review each Director’s continuation on the Board annually in making its recommendation to the Board concerning his or her nomination for election or reelection as a Director.

The Corporate Governance Guidelines of the Company provide that each incumbent Director nominee prior to being nominated for election or reelection will have signed and delivered to the Board an irrevocable letter of resignation that is deemed tendered as of the date of the certification of the election results for any Director who fails to achieve a majority of the votes cast at an election of Directors. The letter of resignation will be limited to and conditioned on that Director failing to achieve a majority of the votes cast at an election of Directors and such resignation shall only be effective upon acceptance by the Board of Directors.

If an incumbent Director fails to achieve a majority of the votes cast, the Nominating and Corporate Governance Committee will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board will act on the Nominating and Corporate Governance Committee’s recommendation considering all factors that the Board believes to be relevant and will publicly disclose its decision within 90 days from the date of the certification of the election results. The resignation, if accepted by the Board, will be effective at the time of the Board of Director’s determination to accept the resignation.

Corporate Governance Guidelines and Committee Charters

Our Board has long maintained a formal statement of its responsibilities and corporate governance guidelines to ensure effective governance in all areas of its responsibilities. Our corporate governance guidelines, as revised in January 2013, are attached as Appendix A to Halliburton's proxy statement at Section 4 and are also available on our website at www.halliburton.com by clicking on the tab "Investors," and then the "Corporate Governance" link. The Guidelines are reviewed periodically and revised as appropriate to reflect the dynamic and evolving processes relating to corporate governance, including the operation of the Board.

In order for our stockholders to understand how the Board conducts its affairs in all areas of its responsibility, the full text of the charters of our Audit; Compensation; Health, Safety and Environment; and Nominating and Corporate Governance Committees are also available on our website.

Except to the extent expressly stated otherwise, information contained on or accessible from our website or any other website is not incorporated by reference into and should not be considered part of Halliburton's proxy statement at Section 4.

Code of Business Conduct

Our Code of Business Conduct, which applies to all of our employees and Directors and serves as the code of ethics for our principal executive officer, principal financial officer, principal accounting officer or controller, and other persons performing similar functions, is available on our website. Any waivers to our code of ethics for our executive officers can only be made by our Audit Committee. There were no waivers of the Code of Business Conduct in 2013.

16.2 The Board of Directors and Standing Committees Of Directors

The Board has standing Audit; Compensation; Health, Safety and Environment; and Nominating and Corporate Governance Committees. Each of the standing committees are comprised of non-employee Directors, and in the business judgment of the Board, all of the non-employee Directors are independent, after considering all relevant facts and circumstances, as well as the independence standards set forth in our corporate governance guidelines. Our corporate governance guidelines are attached as Appendix A to Halliburton's proxy statement at Section 4 and are also available on our website at www.halliburton.com.

Our independence standards meet, and in some instances exceed, NYSE independence requirements. Our definition of independence and compliance with our independence standards is periodically reviewed by the Nominating and Corporate Governance Committee. There were no relevant transactions, relationships, or arrangements not disclosed in Halliburton's proxy statement at Section 4 that were considered by the Board in making its determination as to the independence of the Directors.

Board Leadership

Our By-laws provide that the Board should have the flexibility to determine the appropriate leadership of the Board, and whether the roles of Chairman and Chief Executive Officer should be combined or separate. After review and discussion, our Board has decided that a combined leadership role would best serve the needs of the Company and its stockholders. The Board believes that David J. Lesar, our current Chairman and Chief Executive Officer, with his industry expertise, financial expertise, and in-depth knowledge of Halliburton and its business, is the correct person to fill both roles.

Lead Independent Director

In order to help ensure independent Board leadership and oversight, the Board has elected Mr. Martin as our Lead Independent Director. Mr. Martin's role and responsibilities are set forth in the Lead Independent Director Charter adopted by the Board and include presiding over the executive sessions of the non-employee Directors and executive sessions of the independent Directors. Mr. Martin also advises management on and approves the agenda items to be considered at meetings of the Board. With the exception of our Chairman and Chief Executive Officer, Mr. Lesar, the Board is composed of independent Directors. Our Lead Independent Director Charter can be found on our website at www.halliburton.com.

Independent Committees

As a governance best practice, key committees of the Board are comprised solely of independent Directors. We have established processes for the effective oversight of critical issues entrusted to independent Directors, such as:

- the integrity of our financial statements;

- CEO and senior management compensation;
- CEO and senior management succession planning;
- the election of our Lead Independent Director;
- membership of our Independent Committees;
- Board, Committee and Director evaluations; and
- nominations for Directors.

The Board believes it has a strong governance structure in place to ensure independent oversight on behalf of all stockholders.

Board Risk Oversight

We have implemented an Enterprise Risk Management system to identify and analyze enterprise level risks and their potential impact on us. At least annually, our Senior Vice President and Treasurer reports to the Audit Committee of the Board on our processes with respect to risk assessment and risk management. Our executive officers are assigned responsibility for the various categories of risk, with the Chief Executive Officer being ultimately responsible to the Board for all risk categories. The responsibility of the Chief Executive Officer for all risk matters is consistent with his being primarily responsible for managing our day-to-day business.

Stockholder Communication

To foster better communication with our stockholders, we established a process for stockholders to communicate with the Audit Committee and the Board. The process has been approved by both the Audit Committee and the Board, and meets the requirements of the NYSE and the SEC. The methods of communication with the Board include telephone, mail and e-mail.

Our Director of Business Conduct, an employee, reviews all stockholder communications directed to the Audit Committee and the Board. The Chairman of the Audit Committee is promptly notified of any substantive communication involving accounting, internal accounting controls, or auditing matters. The Lead Independent Director is promptly notified of any other significant stockholder communications, and any board related matters which are addressed to a named Director are promptly sent to that Director. Copies of all communications are available for review by any Director. It should be noted, however, that some items such as advertisements, business solicitations, junk mail, resumes, and any communication that is overly hostile, threatening or illegal will not be forwarded to the Board. Concerns may be reported anonymously or confidentially. Confidentiality shall be maintained unless disclosure is:

- required or advisable in connection with any governmental investigation or report;
- in the interests of Halliburton, consistent with the goals of our Code of Business Conduct; or
- required or advisable in our legal defense of the matter.

Information regarding these methods of communication is also on our website at www.halliburton.com.

Members of the Committees of the Board of Directors

Members of the Committees of the Board of Directors				
Director	**Audit Committee**	**Compensation Committee**	**Health, Safety and Environment**	**Nominating and Corporate Governance Committee**
Alan M. Bennett	X*			X
James R. Boyd	X	X*		
Milton Carroll		X		X
Nance K. Dicciani	X		X	
Murry S. Gerber	X	X		
José C. Grubisich	X		X	
Abdallah S. Jum’ah			X	X
Robert A. Malone		X	X*	
J. Landis Martin			X	X
Debra L. Reed		X		X*

* Chairman

16.2.1 Audit Committee

The Audit Committee's responsibilities include:

- Recommending to the Board the appointment of the independent public accounting firm to audit our financial statements (the “principal independent public accountants”);
- Together with the Board, being responsible for the appointment, compensation, retention and oversight of the work of the principal independent public accountants;
- Reviewing the scope of the principal independent public accountants' examination and the scope of activities of the internal audit department;
- Reviewing our financial policies and accounting systems and controls;
- Reviewing financial statements; and
- Approving the services to be performed by the principal independent public accountants.

The Board has determined that Alan M. Bennett, James R. Boyd, Nance K. Dicciani, Murry S. Gerber, and José C. Grubisich are independent under our corporate governance guidelines and are “audit committee financial experts” as defined by the SEC. A copy of the Audit Committee Charter is available on our website at www.halliburton.com.

16.2.2 Compensation Committee

The Compensation Committee’s responsibilities include:

- Overseeing the effectiveness of our compensation program in attracting, retaining and motivating key employees;
- Utilizing our compensation program to reinforce business strategies and objectives for enhanced stockholder value;
- Administering our compensation program, including our incentive plans, in a fair and equitable manner consistent with established policies and guidelines;
- Developing an overall executive compensation philosophy and strategy; and
- Additional roles and activities with respect to executive compensation as described under Compensation Discussion and Analysis.

A copy of the Compensation Committee Charter is available on our website at www.halliburton.com.

16.2.3 Health, Safety and Environment Committee

The Health, Safety and Environment Committee’s responsibilities include:

- Reviewing and assessing our health, safety and environmental policies and practices;
- Overseeing the communication and implementation of, and reviewing our compliance with, these policies, as well as applicable goals and legal requirements; and
- Assisting the Board with oversight of our risk-management processes relating to health, safety and the environment.

A copy of our Health, Safety and Environment Committee Charter is available on our website at www.halliburton.com.

16.2.4 Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee’s responsibilities include:

- Reviewing and recommending revisions to our corporate governance guidelines;
- Overseeing our Director self-evaluation process and performance reviews;
- Identifying and screening candidates for Board and committee membership;
- Reviewing the overall composition profile of the Board for the appropriate mix of skills, characteristics, experience and expertise; and
- Reviewing and making recommendations on Director compensation practices.

A copy of our Nominating and Corporate Governance Committee Charter is available on our website at www.halliburton.com.

Stockholder Nominations of Directors

Stockholders may nominate persons for election to the Board at a meeting of stockholders in the manner provided in our By-laws, which include a requirement to comply with certain notice procedures. Nominations shall be made pursuant to written notice to the Vice President and Corporate Secretary at the address of our principal executive offices set forth in B.2 of the Summary of this Prospectus, and, for the Annual Meeting of Stockholders in 2015, must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the anniversary date of the 2014 Annual Meeting of Stockholders, or no later than February 20, 2015 and no earlier than January 21, 2015.

The stockholder notice must contain, among other things, certain information relating to the stockholder and the proposed nominee as described in our By-laws. In addition, the proposed nominee may be required to furnish other information as we may reasonably require to determine the eligibility of the proposed nominee to serve as a Director. With respect to any proposed nominee nominated in accordance with Section 6 of our By-laws by a stockholder of record owning at least 1% of our issued and outstanding voting stock continuously for at least one year as of the date the written notice of the nomination is submitted to us, our Vice President and Corporate Secretary will (i) obtain from such nominee any additional relevant information the nominee wishes to provide in consideration of his or her nomination, (ii) report on each such nominee to the Nominating and Corporate Governance Committee and (iii) facilitate having each such nominee meet with the Nominating and Corporate Governance Committee as the committee deems appropriate.

Qualifications of Directors

Candidates nominated for election or reelection to the Board should possess the following qualifications:

- Personal characteristics:
  - high personal and professional ethics, integrity and values;
  - an inquiring and independent mind; and
  - practical wisdom and mature judgment;
- Broad training and experience at the policy-making level in business, government, education or technology;
- Expertise that is useful to us and complementary to the background and experience of other Board members, so that an optimum balance of members on the Board can be achieved and maintained;
- Willingness to devote the required amount of time to carrying out the duties and responsibilities of Board membership;
- Commitment to serve on the Board for several years to develop knowledge about our principal operations;
- Willingness to represent the best interests of all of our stockholders and objectively appraise management performance; and
- Involvement only in activities or interests that do not create a conflict with the Director’s responsibilities to us and our stockholders.

The Nominating and Corporate Governance Committee is responsible for assessing the appropriate mix of skills and characteristics required of Board members in the context of the needs of the Board at a given point in time and shall periodically review and update the criteria. In selecting Director nominees, the Board first considers the personal characteristics, experience and other criteria as set forth in our corporate governance guidelines. We also identify nominees based on our specific needs and the needs of our Board at the time a nominee is sought. We value all types of diversity, including diversity of our Board. In evaluating the overall mix of qualifications for a potential nominee, the Board also takes into account overall Board diversity in personal background, race, gender, age, and nationality. In considering whether current Directors should be nominated for reelection to the Board, the Nominating and Corporate Governance Committee and the Board will also consider the non-employee Directors’ annual assessment of the Board and annual performance review.

Process for the Selection of New Directors

The Board is responsible for filling vacancies on the Board. The Board has delegated to the Nominating and Corporate Governance Committee the duty of selecting and recommending prospective nominees to the Board for approval. The Nominating and Corporate Governance Committee considers suggestions of candidates for Board membership made by current Board members, management, and stockholders. A stockholder who wishes to recommend a prospective candidate should notify our Vice President and Corporate Secretary. The Committee may retain an independent executive search firm to identify and/or assist in evaluating candidates for consideration.

When the Nominating and Corporate Governance Committee identifies a prospective candidate, the Committee determines the appropriate method to evaluate the candidate. This determination is based on the information provided to the Committee by the person recommending the prospective candidate, and the Committee's knowledge of the candidate. This information may be supplemented by inquiries to the person who made the recommendation or to others. The preliminary determination is based on the need for additional Board members to fill vacancies or to expand the size of the Board, and the likelihood that the candidate will meet the Board membership criteria listed above. The Committee will determine, after discussion with the Chairman of the Board and other Board members, whether a candidate should continue to be considered as a potential nominee. If a candidate warrants additional consideration, the Committee may request an independent executive search firm to gather additional information about the candidate's background, experience and reputation, and to report its findings to the Committee. The Committee then evaluates the candidate and determines whether to interview the candidate. One or more members of the Committee and others as appropriate then conduct the interviews. Once the evaluation and interviews are completed, the Committee recommends to the Board which candidates should be nominated. The Board makes a determination of nominees after review of the recommendation and the Committee's report.

16.3 Compliance

Halliburton is in compliance with the corporate governance regime of the USA. Among the corporate governance codes applicable to Halliburton are Delaware corporate law, United States federal regulations, NYSE listing requirements, and Halliburton's internal corporate governance code.

17. EMPLOYEES

The information included in this paragraph 17 is provided as of the most recent practicable date. Any further information that is relevant to this paragraph 17 and arises following the date of this Prospectus shall be disclosed in a supplementary prospectus to this document in accordance with the Prospectus Rules.

17.1 Employees

At March 31, 2014 we employed over 78,000 people. At December 31, 2013 we employed approximately 77,000 people worldwide compared to approximately 73,000 people at December 31, 2012, and approximately 68,000 at December 31, 2011. At December 31, 2013, approximately 15% of our employees were subject to collective bargaining agreements. Based upon the geographic diversification of these employees, we do not believe any risk of loss from employee strikes or other collective actions would be material to the conduct of our operations taken as a whole.

The following table provides the percentage of employees affiliated with our geographic regions.

	December 31		
	2013	**2012**	**2011**
North America	30%	32%	34%
Latin America	14	15	13
Europe/Africa/CIS	19	19	19
Middle East/Asia	19	16	15
Other non-country (1)	18	18	19

(1) Includes global functions and other employees who are not assigned to countries, such as those within the supply chain function.

The following table provides the percentage of employees affiliated with our business segments.

	December 31		
	2013	**2012**	**2011**
Completion and Production	37%	38%	39%
Drilling and Evaluation	38	37	37
Other support (1)	25	25	25

(1) Includes employees who support global functions.

17.2 Options and Common Stock held by Directors and all executive officers

The following table sets forth, as of March 6, 2014, the amount of our Common Stock owned beneficially by each Director, each executive officer named in the Summary Compensation Table located at paragraph 15.10 of this Prospectus and all Directors and executive officers as a group.

	Amount and Nature of Beneficial Ownership		
Name of Beneficial Owner or Number of Persons in Group	Sole Voting and Investment Power[(1),(2)]	Shared Voting or Investment Power	Percent of Class
Alan M. Bennett	27,236		*
James R. Boyd	47,236		*
James S. Brown	457,975		*
Milton Carroll	20,271		*
Nance K. Dicciani	19,843		*
Murry S. Gerber	33,318		*
José C. Grubisich	—		*
Abdallah S. Jum'ah	9,126		*
David J. Lesar	1,394,230	18,308[(3)]	*
Robert A. Malone	16,161		*
J. Landis Martin	96,764 [(4)]		*
Mark A. McCollum	268,121		*
Jeffrey A. Miller	282,102		*
Joe D. Rainey	200,220		*
Debra L. Reed	33,562	500[(5)]	*
Shares owned by all current Directors, Director Nominees and executive officers as a group (20 persons)	3,419,161		*

* Less than 1% of shares outstanding.

(1) The table includes shares of Common Stock eligible for purchase pursuant to outstanding stock options within 60 days of March 6, 2014 for the following: Mr. Brown – 149,201; Mr. Lesar – 770,034; Mr. McCollum – 129,035; Mr. Miller – 52,501; and five unnamed executive officers – 127,637. Until the options are exercised, these individuals will not have voting or investment power over the underlying shares of Common Stock, but will only have the right to acquire beneficial ownership of the shares through exercise of their respective options. The table also includes restricted shares of Common Stock over which the individuals have voting power but no investment power.

(2) The table does not include restricted stock units (RSUs) held by non-employee Directors or stock equivalent units (SEUs) held by non-employee Directors under the Directors' Deferred Compensation Plan for the following (RSUs/SEUs): Mr. Bennett – 8,984 / 13,972; Mr. Boyd – 8,984 / 26,120; Mr. Carroll – 8,984 / 21,675; Ms. Dicciani – 8,984 / 6,506; Mr. Gerber – 8,984 / 0; Mr. Grubisich – 5,267 / 0; Mr. Jum'ah – 8,984 / 0; Mr. Malone – 7,557 / 0; Mr. Martin – 8,984 / 0; Ms. Reed – 8,984 / 10,680. Until the underlying shares of Common Stock are distributed with respect to the RSUs or SEUs, non-employee Directors will not have voting or investment power over such shares. No shares of Common Stock with respect to RSUs will be distributed within 60 days of March 6, 2014, unless the Board in its discretion vests the RSUs upon a non-employee Director's separation of service from the Board. No shares of Common Stock with respect to SEUs will be distributed within 60 days of March 6, 2014 because such shares are distributed in January of the year following the year the non-employee Director has a separation of service from the Board.

(3) Shares held by Mr. Lesar's spouse. Mr. Lesar disclaims the beneficial ownership of these shares.

(4) Includes 61,602 shares held by Martin Enterprises LLC. Mr. Martin is the sole manager, and Mr. Martin and trusts (of which Mr. Martin is the sole trustee) formed solely for the benefit of his children, are the sole members of Martin Enterprises LLC.

(5) Shares held by Ms. Reed's spouse in an Individual Retirement Account.

All options granted under the Stock and Incentive Plan are granted at the fair market value of the Common Stock on the grant date and generally expire ten years from the grant date. During employment, options vest over a three-year period, with one-third of the shares becoming exercisable on each of the first, second and third anniversaries of the grant date. The options granted to designated executives are transferable by gift to individuals and entities related to the optionee, subject to compliance with guidelines adopted by the Compensation Committee.

GRANTS OF PLAN-BASED AWARDS IN FISCAL 2013

The following table represents amounts associated with the 2013 cycle Performance Unit Program, the 2013 Annual Performance Pay Plan, and restricted stock and stock option awards granted in 2013 to our NEOs.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards						
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Share)	Grant Date Fair Value of Stock and Option Awards ($)
David J. Lesar........		2,399,805	4,799,610	9,599,220 (1)				
		978,000	2,445,000	4,890,000 (2)				
	12/04/2013				94,700			4,793,714
	12/04/2013					137,900	50.62	2,381,533
Mark A. McCollum .		507,276	1,014,552	2,029,104 (1)				
		263,520	658,800	1,317,600 (2)				
	12/04/2013				24,300			1,230,066
	12/04/2013					35,400	50.62	611,358
James S. Brown		653,914	1,307,828	2,615,656 (1)				
		315,200	788,000	1,576,000 (2)				
	12/04/2013				31,200			1,579,344
	12/04/2013					45,500	50.62	785,785
Jeffrey A. Miller.....		887,487	1,774,974	3,549,948 (1)				
		320,000	800,000	1,600,000 (2)				
	12/04/2013				38,200			1,933,684
	12/04/2013					55,700	50.62	961,939
Joe D. Rainey........		653,914	1,307,828	2,615,656 (1)				
		315,200	788,000	1,576,000 (2)				
	12/04/2013				31,200			1,579,344
	12/04/2013					45,500	50.62	785,785

(1) Indicates opportunity levels under the 2013 cycle of the Performance Unit Program.
(2) Indicates opportunity levels under the 2013 Halliburton Annual Performance Pay Plan.

As indicated by footnote (1), the opportunities for each NEO under the 2013 cycle Performance Unit Program if the Threshold, Target or Maximum levels are achieved are reflected under Estimated Future Payouts Under Non-Equity Incentive Plan Awards. This program measures our consolidated Return on Capital Employed as compared to our internal goals as well as relative to our comparator peer group utilized for the program during three-year cycles. The potential payouts are performance driven and completely at risk. For more information on the 2013 cycle Performance Unit Program, refer to Long-term Incentives in the Compensation Discussion and Analysis in paragraph 15.5 of this document.

As indicated by footnote (2), the opportunities for each NEO under the 2013 Halliburton Annual Performance Pay Plan are also reflected under Estimated Future Payouts Under Non-Equity Incentive Plan Awards. This plan measures company Cash Value Added, Net Operating Value Added, and Revenue as compared to our pre-established goals during a one-year period. The potential payouts are performance driven and completely at risk. For more information on the 2013 Halliburton Annual Performance Pay Program, refer to Short-term (Annual) Incentives in the Compensation Discussion and Analysis in paragraph 15.4 of this document.

All restricted stock and nonqualified stock option awards are granted under the Stock and Incentive Plan. The awards listed under All Other Stock Awards: Number of Shares of Stock or Units and under All Other Option Awards: Number of Securities Underlying Options were awarded to each NEO on the date indicated by the Compensation Committee. The annual restricted stock grants awarded to the NEOs in 2013 are subject to a graded vesting schedule of 20% per year over five years. This vesting schedule serves to motivate our NEOs to remain employed with us. All restricted shares are priced at fair market value on the date of grant. Quarterly dividends and dividend equivalents are paid on the restricted shares at the same time and rate payable on our Common Stock, which was $0.125 per share during the first three quarters of 2013 and $0.15 per share in the fourth quarter of 2013. The shares may not be sold, transferred or used as collateral until fully vested. The shares remain subject to forfeiture during the restricted period in the event of a NEO's termination of employment or an unapproved early retirement.

Nonqualified stock options granted in 2013 vest over a three-year graded vesting period with 33 1/3% of the grants vesting each year. All options are priced at the fair market value on the date of grant using the Black-Scholes options pricing model. There are no voting or dividend rights unless the NEO exercises the options and acquires the shares.

The Estimated Future Payouts Under Equity Incentive Plan Awards columns have been omitted because awards under the Performance Unit Program and Halliburton Annual Performance Pay Plan are expected to be paid in cash and are disclosed under Estimated Future Payouts Under Non-Equity Incentive Plan Awards.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2013

The following table represents outstanding stock option and restricted stock awards for our NEOs as of December 31, 2013.

		Option Awards				Stock Awards	
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock Not Vested (#)	Market Value of Shares or Units of Stock Not Vested ($)
David J. Lesar[(1)]	12/07/2005	80,000	0	32.39	12/07/2015		
	12/06/2006	198,699	0	33.17	12/06/2016	25,313	1,284,635
	12/05/2007	110,700	0	36.90	12/05/2017		
	12/01/2009	128,400	0	29.35	12/01/2019	21,000	1,065,750
	12/01/2010	108,000	0	39.19	12/01/2020	38,520	1,954,890
	12/06/2011	94,601	47,299	35.57	12/06/2021	66,000	3,349,500
	12/05/2012	69,634	139,266	33.50	12/05/2022	120,720	6,126,540
	12/04/2013	0	137,900	50.62	12/04/2023	94,700	4,806,025
Total		790,034	324,465			366,253	18,587,340
Mark A. McCollum[(2)]	12/06/2006	0	0			3,900	197,925
	12/05/2007	12,000	0	36.90	12/05/2017		
	02/13/2008	11,500	0	35.67	02/13/2018		
	12/01/2009	40,600	0	29.35	12/01/2019	6,640	336,980
	12/01/2010	28,100	0	39.19	12/01/2020	10,000	507,500
	12/06/2011	22,134	11,066	35.57	12/06/2021	15,480	785,610
	12/05/2012	14,701	29,399	33.50	12/05/2022	25,520	1,295,140
	12/04/2013	0	35,400	50.62	12/04/2023	24,300	1,233,225
Total		129,035	75,865			85,840	4,356,380
James S. Brown[(3)]	01/06/2006	6,000	0	33.03	01/06/2016		
	01/03/2007	13,400	0	29.87	01/03/2017	5,200	263,900
	02/13/2008	10,000	0	35.67	02/13/2018		
	12/02/2008					97,276	4,936,757
	12/01/2009	45,600	0	29.35	12/01/2019	7,460	378,595
	12/01/2010	26,100	0	39.19	12/01/2020	9,320	472,990
	05/18/2011					106,474	5,403,556
	12/06/2011	29,134	14,566	35.57	12/06/2021	20,340	1,032,255
	12/05/2012	18,967	37,933	33.50	12/05/2022	32,880	1,668,660
	12/04/2013	0	45,500	50.62	12/04/2023	31,200	1,583,400
Total		149,201	97,999			310,150	15,740,113
Jeffrey A. Miller[(4)] ...	01/03/2007					1,200	60,900
	01/02/2009					1,420	72,065
	01/01/2010	10,800	0	30.09	01/01/2020	7,600	385,700
	01/01/2011	5,534	2,766	40.83	01/01/2021	7,500	380,625
	09/27/2011					50,000	2,537,500
	01/03/2012	3,834	7,666	34.15	01/03/2022	7,200	365,400
	09/19/2012					50,000	2,537,500
	12/05/2012	25,734	51,466	33.50	12/05/2022	44,640	2,226,548
	12/04/2013	0	55,700	50.62	12/04/2023	38,200	1,938,650
Total		45,902	117,598			207,760	10,543,820

Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock Not Vested (#)	Market Value of Shares or Units of Stock Not Vested ($)
Joe D. Rainey[5]	01/03/2007					1,200	60,900
	01/01/2010					7,600	385,700
	12/01/2010					9,240	468,930
	12/06/2011	0	14,566	35.57	12/06/2021	20,340	1,032,255
	12/06/2011					50,000	2,537,500
	12/05/2012	0	37,933	33.50	12/05/2022	32,880	1,668,660
	12/04/2013	0	45,500	50.62	12/04/2023	31,200	1,583,400
Total		0	97,999			152,460	7,737,345

(1) Mr. Lesar's stock option awards vest annually in equal amounts over three-year vesting schedules. His restricted stock awards vest in equal amounts over each grant's five-year vesting schedule, except for the December 6, 2006 award, which vest in equal amounts over ten years.

(2) Mr. McCollum's stock option awards vest annually in equal amounts over three-year vesting schedules. His restricted stock awards vest in equal amounts over each grant's five-year vesting schedule, except for the December 6, 2006 award, which vests in equal amounts over ten years.

(3) Mr. Brown's stock option awards vest annually in equal amounts over three-year vesting schedules. His restricted stock awards vest in equal amounts over each grant's five-year vesting schedule, except for the January 3, 2007 award which vests in equal amounts over ten years, the December 2, 2008 restricted stock, which begins vesting on the sixth anniversary of the award, at which time it vests 20% annually through year ten, and the May 18, 2011 restricted stock award which vests 100% on May 30, 2016.

(4) Mr. Miller's stock option awards vest annually in equal amounts over three-year vesting schedules. His restricted stock awards vest in equal amounts over each grant's five-year vesting schedule, except for the January 3, 2007 award which vests in equal amounts over ten years, and the September 27, 2011, and September 19, 2012 awards, which vest 100% on the fifth anniversary of the grant.

(5) Mr. Rainey's stock option awards vest annually in equal amounts over three-year vesting schedules. His restricted stock awards vest in equal amounts over each grant's five-year vesting schedule, except for the December 6, 2011 restricted stock award of 50,000 shares which vest 100% on the fifth anniversary of the grant.

The nonqualified stock option awards listed under Option Awards include outstanding awards, exercisable and unexercisable, as of December 31, 2013.

The restricted stock awards under Stock Awards are the number of shares not vested as of December 31, 2013. The market value shown was determined by multiplying the number of unvested restricted shares at year end by the closing price of our Common Stock on the NYSE of $50.75 on December 31, 2013.

The Equity Incentive Plan Awards columns are omitted as we do not utilize this type of award at this time.

The narratives under the Summary Compensation Table located at paragraph 15.10 and Grants of Plan-Based Awards at Fiscal Year End 2013 table located within this paragraph 17.2 contain additional information on stock option and restricted stock awards.

2013 OPTION EXERCISES AND STOCK VESTED

The following table represents stock options exercised and restricted shares that vested during fiscal year 2013 for our NEOs.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
David J. Lesar	337,716	6,026,991	151,483	7,709,023
Mark A. McCollum	20,400	347,474	36,280	1,852,583
James S. Brown	16,566	456,890	108,858	5,398,842
Jeffrey A. Miller	13,800	277,439	51,780	2,292,483
Joe D. Rainey	117,532	2,055,955	27,270	1,315,830

The value realized for vested restricted stock awards was determined by multiplying the fair market value of the shares (closing market price of Common Stock on the NYSE on the vesting date) by the number of shares that vested. Shares vested on various dates throughout the year; therefore, the value listed represents the aggregate value of all shares that vested for each NEO in 2013.

17.3 Share ownership by employees

Details on share ownership by employees is as follows:

Under the terms of the Halliburton Company Stock and Incentive Plan ("SIP"), approximately 172 million shares of Common Stock have been reserved for issuance to employees and non-employee directors. At December 31, 2013, approximately 28 million shares were available for future grants under the SIP. The stock to be offered pursuant to the grant of an award under the SIP may be authorized but unissued common shares or treasury shares.

In addition to the provisions of the SIP, we also have stock-based compensation provisions under our Restricted Stock Plan for Non-Employee Directors and our Employee Stock Purchase Plan ("ESPP").

Each of the active stock-based compensation arrangements is discussed below.

Stock options

The majority of our options are generally issued during the second quarter of the year. All stock options under the SIP are granted at the fair market value of our Common Stock at the grant date. Employee stock options vest ratably over a three- or four-year period and generally expire 10 years from the grant date. Compensation expense for stock options is generally recognized on a straight line basis over the entire vesting period. No further stock option grants are being made under the stock plans of acquired companies.

The following table represents our stock options activity during 2013.

Stock Options	Number of Shares *(in millions)*	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term *(years)*	Aggregate Intrinsic Value *(in millions)*
Outstanding at January 1, 2013	18.1	$ 32.23		
Granted	5.4	43.06		
Exercised	(4.7)	27.35		
Forfeited/expired	(0.7)	37.37		
Outstanding at December 31, 2013	18.1	$ 36.57	7.1	$ 256
Exercisable at December 31, 2013	9.0	$ 33.48	5.3	$ 156

The total intrinsic value of options exercised was $93 million in 2013, $12 million in 2012, and $102 million in 2011. As of December 31, 2013, there was $83 million of unrecognized compensation cost, net of estimated forfeitures, related to nonvested stock options, which is expected to be recognized over a weighted average period of approximately two years.

Cash received from option exercises was $277 million during 2013, $107 million in 2012, and $160 million during 2011.

The fair value of options at the date of grant was estimated using the Black-Scholes option pricing model. The expected volatility of options granted was a blended rate based upon implied volatility calculated on actively traded options on our Common Stock and upon the historical volatility of our Common Stock. The expected term of options granted was based upon historical observation of actual time elapsed between date of grant and exercise of options for all employees. The assumptions and resulting fair values of options granted were as follows:

	Year Ended December 31		
	2013	2012	2011
Expected term (in years)	5.27	5.21	5.20
Expected volatility	40%	46%	40%
Expected dividend yield	0.94 – 1.33%	0.99 – 1.24%	0.69 – 1.01%
Risk-free interest rate	0.77 – 1.73%	0.65 – 1.15%	0.93 – 2.29%
Weighted average grant-date fair value per share	$ 14.34	$ 11.99	$ 15.61

Restricted stock

Restricted shares issued under the SIP are restricted as to sale or disposition. These restrictions lapse periodically over an extended period of time not exceeding 10 years. Restrictions may also lapse for early retirement and other conditions in accordance with our established policies. Upon termination of employment, shares on which restrictions have not lapsed must be returned to us, resulting in restricted stock forfeitures. The fair market value of the stock on the date of grant is amortized and charged to income on a straight-line basis over the requisite service period for the entire award.

Our Restricted Stock Plan for Non-Employee Directors (“Directors Plan”) allows for each non-employee director to receive an annual award of 800 restricted shares of Common Stock or, beginning in 2012, an annual award of 800 restricted stock units representing the right to receive shares of Common Stock as a part of their compensation. These awards have a minimum restriction period of six months, and, with respect to the restricted share awards, the restrictions lapse upon the earlier of mandatory director retirement at age 72 or early retirement from the Board after four years of service. With respect to the restricted stock unit awards, the restrictions lapse 25% annually over four years of service. If the non-employee director has made a timely election to defer receipt of the shares upon vesting, then the shares are distributed at the end of January in the year following the year of the non-employee director's mandatory retirement at age 72 or early retirement from the Board after four years of service in a single distribution or in annual installments over a 5- or 10-year period as elected by the director.

The fair market value of the stock on the date of grant is amortized over the lesser of the time from the grant date to age 72 or the time from the grant date to completion of four years of service on the Board. We

reserved 200,000 shares of Common Stock for issuance to non-employee directors, which may be authorized but unissued common shares or treasury shares. At December 31, 2013, 39,200 restricted shares and 13,506 restricted stock units were issued and outstanding under the Directors Plan. In addition, during 2013, our non-employee directors were awarded 29,797 restricted stock units under the SIP with the same terms and conditions as those described above for the Directors Plan.

The following table represents our SIP and Directors Plan restricted stock awards and restricted stock units granted, vested, and forfeited during 2013.

Restricted Stock	**Number of Shares** ***(in millions)***	**Weighted Average Grant-Date Fair Value per Share**
Nonvested shares at January 1, 2013	14.8	$ 33.17
Granted	6.6	42.93
Vested	(4.7)	32.14
Forfeited	(1.0)	35.65
Nonvested shares at December 31, 2013	15.7	$ 37.43

The weighted average grant-date fair value of shares granted during 2012 was $32.17 and during 2011 was $43.35. The total fair value of shares vested during 2013 was $208 million, during 2012 was $126 million, and during 2011 was $165 million. As of December 31, 2013, there was $420 million of unrecognized compensation cost, net of estimated forfeitures, related to nonvested restricted stock, which is expected to be recognized over a weighted average period of four years.

Employee Stock Purchase Plan

Under the ESPP, eligible employees may have up to 10% of their earnings withheld, subject to some limitations, to be used to purchase shares of our Common Stock. For the years ended December 31, 2012 and 2011, the ESPP contained two six-month offering periods, commencing on January 1 and July 1. Beginning in 2013, the ESPP contained four three-month offering periods, commencing on January 1, April 1, July 1, and October 1 of each year. The price at which Common Stock may be purchased under the ESPP is equal to 85% of the lower of the fair market value of the Common Stock on the commencement date or last trading day of each offering period. Under this plan, 44 million shares of Common Stock have been reserved for issuance. They may be authorized but unissued common shares or treasury shares. As of December 31, 2013, 33 million shares have been sold through the ESPP and 11 million shares are available for future issuance.

The fair value of ESPP shares was estimated using the Black-Scholes option pricing model. The expected volatility was a one-year historical volatility of our Common Stock. The assumptions and resulting fair values were as follows:

	Year Ended December 31		
	2013	2012	2011
Expected volatility	27%	49%	38%
Expected dividend yield	1.12%	1.16%	0.78%
Risk-free interest rate	0.06%	0.11%	0.14%
Weighted average grant-date fair value per share	$ 8.40	$ 8.93	$ 11.88

18. MAJOR SHAREHOLDERS

The major shareholders do not have different voting rights attaching to their Common Stock. To the extent known to Halliburton it is not directly or indirectly owned or controlled. Based on SEC filings to date, no shareholder holds over five percent (5%) of the issued Common Stock other than BlackRock Inc., which has reported the information below:

Name and Address of Beneficial Owner	Amount of Beneficial Ownership	Percent of Class
BlackRock, Inc., 40 East 52nd Street, New York, NY 10022 USA	55,350,728	6.5

Halliburton is not aware of any arrangements between any major shareholders, the operation of which may at some future date result in a change in control of the Company.

19. RELATED PARTY TRANSACTIONS

The Company sells and purchases products and services from companies associated with certain officers or directors of the Company, none of which, singularly or in aggregate, is material to Halliburton. The related party transactions represented 2.0% of the turnover of Halliburton for the first quarter of 2014 and 1.8% of the turnover of Halliburton for the year 2013. There was no material related party transactions effected by Halliburton, whether singularly or in aggregate, in any of the 2011, 2012, or 2013 financial years or in 2014 up to the date of this Prospectus.

20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

20.1 Audited financial information for the year ended December 31, 2013 is contained within the consolidated financial statements in Section 1 of Part III of this document, in the Form 10-K.

20.2 Audited financial information for the year ended December 31, 2012 is contained within the consolidated financial statements in Section 2 of Part III of this document, in the Form 10-K.

20.3 Audited financial information for the year ended December 31, 2011 is contained within the consolidated financial statements in Section 3 of Part III of this document, in the Form 10-K.

20.4 Unaudited financial information for the quarter ended March 31, 2014 is contained within the condensed consolidated financial statements in Section 5 of Part III of this document in the Form 10-Q.

20.5 Dividend policy

Quarterly cash dividends on our Common Stock, which were paid in March, June, September, and December of each year, were $0.09 per share throughout 2012 and 2011, $0.125 per share for the first three quarters of 2013, and $0.15 per share in the fourth quarter of 2013. In February 2014 our Board of Directors declared a 2014 first quarter dividend of $0.15 per share which was paid in March of 2014. Our Board of Directors intends to consider the payment of quarterly dividends on the outstanding shares of our Common Stock in the future. Subject to Board of Directors approval, our intention is to pay dividends representing at least 15% to 20% of our net income on an annual basis. The declaration and payment of future dividends, however, will be at the discretion of the Board of Directors and will depend on, among other things, future earnings, general financial condition and liquidity, success in business activities, capital requirements, and general business conditions.

20.6 Share repurchase program

In July 2013, our Board of Directors increased the authorization to purchase Halliburton Common Stock under our stock repurchase program by $4.3 billion, to a new total repurchase capacity of $5.0 billion. In August 2013, we repurchased approximately 68 million shares of our Common Stock for an aggregate cost

of $3.3 billion at a purchase price of $48.50 per share, excluding fees and expenses, pursuant to a modified Dutch auction cash tender offer. Including the shares purchased pursuant to the tender offer, during the year ended December 31, 2013, we repurchased approximately 93 million shares of our Common Stock for a total cost of approximately $4.4 billion at an average price of $47.02 per share. During the quarter ended March 31, 2014, under that program we repurchased approximately 8.9 million shares of our Common Stock for a total cost of $500 million. As of March 31, 2014, approximately $1.2 billion remains available under the stock purchase authorization. From the inception of this program in February 2006 through March 31, 2014, we repurchased approximately 197 million shares of our common stock for a total cost of approximately $8.1 billion.

As of December 31, 2013, approximately $1.7 billion of purchase authorization remained available under the stock repurchase program. The program does not require a specific number of shares to be purchased and the program may be effected through solicited or unsolicited transactions in the market or in privately negotiated transactions. The program may be terminated or suspended at any time. From the inception of this program in February 2006 through December 31, 2013, we have repurchased approximately 188 million shares of our Common Stock for approximately $7.6 billion at an average price per share of $40.52.

20.7 Legal and arbitration proceedings

Save as summarized in this paragraph 20.6 there are no governmental, legal or arbitration proceedings (including pending or threatened proceedings of which Halliburton is aware) during the period commencing 12 months prior to the date of this document which may have, or have had in the recent past, significant effects on the Company’s or the Group’s financial position or profitability.

20.7.1 Macondo well incident

Overview. The semisubmersible drilling rig, Deepwater Horizon, sank on April 22, 2010 after an explosion and fire onboard the rig that began on April 20, 2010. The Deepwater Horizon was owned by Transocean Ltd. and had been drilling the Macondo exploration well in Mississippi Canyon Block 252 in the Gulf of Mexico for the lease operator, BP Exploration & Production, Inc. (“BP Exploration”), an indirect wholly owned subsidiary of BP p.l.c. We performed a variety of services for BP Exploration, including cementing, mud logging, directional drilling, measurement-while-drilling, and rig data acquisition services. Crude oil flowing from the well site spread across thousands of square miles of the Gulf of Mexico and reached the United States Gulf Coast. Efforts to contain the flow of hydrocarbons from the well were led by the United States government and by BP p.l.c., BP Exploration, and their affiliates (collectively, “BP”). There were eleven fatalities and a number of injuries as a result of the Macondo well incident.

We are currently unable to fully estimate the impact the Macondo well incident will have on us. The multi-district litigation (“MDL”) proceeding referred to below is ongoing. We cannot predict the outcome of the many lawsuits and investigations relating to the Macondo well incident, including orders and rulings of the court that impact the MDL, the results of the MDL trial, the effect that the settlements between BP and the Plaintiffs' Steering Committee (“PSC”) in the MDL and other settlements may have on claims against us, or whether we might settle with one or more of the parties to any lawsuit or investigation. The first two phases of the MDL trial have concluded, and the MDL court could begin issuing rulings at any time. A determination that the performance of our services on the Deepwater Horizon constituted gross negligence could result in substantial liability to the numerous plaintiffs for punitive damages and potentially to BP with respect to its direct claims against us.

As of March 31, 2014, our loss contingency reserve for the Macondo well incident, relating to the MDL, remained at $1.3 billion, consisting of a current portion of $278 million and a non-current portion of $1.0 billion. This reserve represents a loss contingency that is probable and for which a reasonable estimate of a loss can be made, although we continue to believe that we have substantial legal arguments and defenses against any liability and that BP's indemnity obligation protects us as described below. This loss contingency reserve does not include potential recoveries from our insurers.

We have participated in intermittent discussions with the PSC regarding the potential for a settlement that would resolve a substantial portion of the claims pending in the MDL trial. BP, however, has not participated in any recent settlement discussions with us. Reaching a settlement involves a complex process, and there can be no assurance as to whether or when we may complete a settlement. In addition, the settlement discussions we have had to date do not cover all parties and claims relating to the Macondo well incident. Accordingly, there are additional loss contingencies relating to the Macondo well incident that are reasonably possible but for which we cannot make a reasonable estimate. Given the numerous potential developments relating to the MDL and other lawsuits and investigations, which could occur at any time, we may adjust our estimated loss contingency reserve in the future. Liabilities arising out of the Macondo well incident could have a material adverse effect on our liquidity position such that they may, among other things, reduce available cash and equivalents and require us to draw on our revolving

credit facility or access the capital markets. They could also have a material adverse effect on our consolidated results of operations and consolidated financial condition.

Investigations and Regulatory Action. Several regulatory agencies and others, including the specially constituted National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling ("National Commission"), conducted investigations of the Macondo well incident, and reports issued as a result of those investigations have been critical of BP, Transocean, and us, among others. For example, one or more of those reports have concluded that primary cement failure was a direct cause of the blowout, that cement testing performed by an independent laboratory "strongly suggests" that the foam cement slurry used on the Macondo well was unstable, and that numerous other oversights and factors caused or contributed to the cause of the incident, including BP's failure to run a cement bond log, BP's and Transocean's failure to properly conduct and interpret a negative-pressure test, the failure of the drilling crew and our surface data logging specialist to recognize that an unplanned influx of oil, natural gas, or fluid into the well was occurring, communication failures among BP, Transocean, and us, and flawed decisions relating to the design, construction, and testing of barriers critical to the temporary abandonment of the well.

In October 2011, the Bureau of Safety and Environmental Enforcement ("BSEE") issued a notification of Incidents of Noncompliance ("INCs") to us for allegedly violating federal regulations relating to the failure to take measures to prevent the unauthorized release of hydrocarbons, the failure to take precautions to keep the Macondo well under control, the failure to cement the well in a manner that would, among other things, prevent the release of fluids into the Gulf of Mexico, and the failure to protect health, safety, property, and the environment as a result of a failure to perform operations in a safe and workmanlike manner. According to the BSEE's notice, we did not ensure an adequate barrier to hydrocarbon flow after cementing the production casing and did not detect the influx of hydrocarbons until they were above the blowout preventer stack. We understand that the regulations in effect at the time of the alleged violations provide for fines of up to $35,000 per day per violation. We have appealed the INCs to the Interior Board of Land Appeals (IBLA). In January 2012, the IBLA, in response to our and the BSEE's joint request, suspended the appeal pending certain proceedings in the MDL trial. Once the MDL court issues a final decision in the trial, we expect to file a proposal for further action in the appeal within 60 days. The BSEE has announced that the INCs will be reviewed for possible imposition of civil penalties once the appeal has ended. The BSEE has stated that this is the first time the Department of the Interior has issued INCs directly to a contractor that was not the well's operator.

The Cementing Job and Reaction to Reports. We disagree with the reports referred to above regarding many of their findings and characterizations with respect to our cementing and surface data logging services, as applicable, on the Deepwater Horizon. We have provided information to the National Commission, its staff, and representatives of other investigatory bodies that we believe has been overlooked or omitted from their reports, as applicable. We intend to continue to vigorously defend ourselves in any investigation relating to our involvement with the Macondo well that we believe inaccurately evaluates or depicts our services on the Deepwater Horizon.

The cement slurry on the Deepwater Horizon was designed and prepared pursuant to well condition data provided by BP. Regardless of whether alleged weaknesses in cement design and testing are or are not ultimately established, and regardless of whether the cement slurry was utilized in similar applications or was prepared consistent with industry standards, we believe that had BP and Transocean properly interpreted a negative-pressure test, this test would have revealed any problems with the cement. In addition, had BP designed the Macondo well to allow a full cement bond log test or if BP had conducted even a partial cement bond log test, the test likely would have revealed any problems with the cement. BP, however, elected not to conduct any cement bond log tests, and with Transocean misinterpreted the negative-pressure test, both of which could have resulted in remedial action, if appropriate, with respect to the cementing services. Also, we believe that BP knew or should have known about a critical, additional hydrocarbon zone in the well that BP failed to disclose to us prior to the design of the cement program for the Macondo well.

At this time we cannot predict the impact of the investigations or reports referred to above, or the conclusions or impact of future investigations or reports. We also cannot predict whether any investigations or reports will have an influence on or result in us being named as a party in any action alleging liability or violation of a statute or regulation. We intend to continue to cooperate fully with all hearings, investigations, and requests for information relating to the Macondo well incident. We cannot predict the outcome of, or the costs to be incurred in connection with, any of these hearings or investigations, and therefore we cannot predict the potential impact they may have on us.

DOJ Investigations and Actions. On June 1, 2010, the United States Attorney General announced that the United States Department of Justice ("DOJ") was launching civil and criminal investigations into the Macondo well incident to closely examine the actions of those involved, and that the DOJ was working with attorneys general of states affected by the Macondo well incident. The DOJ announced that it was

reviewing, among other traditional criminal statutes, possible violations of and liabilities under The Clean Water Act (CWA), The Oil Pollution Act of 1990 ("OPA"), and the Endangered Species Act of 1973 ("ESA").

The CWA provides authority for civil penalties for discharges of oil into or upon navigable waters of the United States, adjoining shorelines, or in connection with the Outer Continental Shelf Lands Act ("OCSLA") in quantities that are deemed harmful. A single discharge event may result in the assertion of numerous violations under the CWA. Civil proceedings under the CWA can be commenced against an "owner, operator, or person in charge of any vessel, onshore facility, or offshore facility from which oil or a hazardous substance is discharged" in violation of the CWA. The civil penalties that can be imposed against responsible parties range from up to $1,100 per barrel of oil discharged in the case of those found strictly liable to $4,300 per barrel of oil discharged in the case of those found to have been grossly negligent.

The OPA establishes liability for discharges of oil from vessels, onshore facilities, and offshore facilities into or upon the navigable waters of the United States. Under the OPA, the "responsible party" for the discharging vessel or facility is liable for removal and response costs as well as for damages, including recovery costs to contain and remove discharged oil and damages for injury to natural resources and real or personal property, lost revenues, lost profits, and lost earning capacity. The cap on liability under the OPA during 2010 was the full cost of removal of the discharged oil plus up to $75 million for damages, except that the $75 million cap does not apply in the event the damage was proximately caused by gross negligence or the violation of certain federal safety, construction or operating standards. The OPA defines the set of responsible parties differently depending on whether the source of the discharge is a vessel or an offshore facility. Liability for vessels is imposed on owners and operators; liability for offshore facilities is imposed on the holder of the permit or lessee of the area in which the facility is located.

The ESA establishes liability for injury and death to wildlife. The ESA provides for civil penalties for knowing violations that can range up to $25,000 per violation.

On December 15, 2010, the DOJ filed a civil action seeking damages and injunctive relief against BP Exploration, Anadarko Petroleum Corporation and Anadarko E&P Company LP (together, Anadarko), which had an approximate 25% interest in the Macondo well, certain subsidiaries of Transocean Ltd., and others for violations of the CWA and the OPA. The DOJ's complaint seeks an action declaring that the defendants are strictly liable under the CWA as a result of harmful discharges of oil into the Gulf of Mexico and upon United States shorelines as a result of the Macondo well incident. The complaint also seeks an action declaring that the defendants are strictly liable under the OPA for the discharge of oil that has resulted in, among other things, injury to, loss of, loss of use of, or destruction of natural resources and resource services in and around the Gulf of Mexico and the adjoining United States shorelines and resulting in removal costs and damages to the United States far exceeding $75 million. BP Exploration has been designated, and has accepted the designation, as a responsible party for the pollution under the CWA and the OPA. Others have also been named as responsible parties, and all responsible parties may be held jointly and severally liable for any damages under the OPA. A responsible party may make a claim for contribution against any other responsible party or against third parties it alleges contributed to or caused the oil spill. In connection with the proceedings discussed below under "Litigation," in April 2011 BP Exploration filed a claim against us for equitable contribution with respect to liabilities incurred by BP Exploration under the OPA or another law, which subsequent court filings have indicated may include the CWA, and requested a judgment that the DOJ assert its claims for OPA financial liability directly against us. We filed a motion to dismiss BP Exploration's claim, and that motion is pending. In July 2013, we also filed a motion for summary judgment requesting a court order that we are not liable to BP or Transocean for equitable indemnification or contribution with regard to any CWA fines and penalties that have been assessed or may be assessed against BP or Transocean. That motion is also pending.

We were not named as a responsible party under the CWA or the OPA in the DOJ civil action, and we do not believe we are a responsible party under the CWA or the OPA. While we were not included in the DOJ's civil complaint, there can be no assurance that federal governmental authorities will not bring a civil action against us under the CWA, the OPA, and/or other statutes or regulations.

In July 2013, we reached an agreement with the DOJ to conclude the federal government's criminal investigation of us in relation to the Macondo well incident. Pursuant to a cooperation guilty plea agreement, Halliburton Energy Services, Inc., our wholly owned subsidiary ("HESI"), agreed to plead guilty to one misdemeanor violation of federal law concerning the deletion of certain computer files created after the occurrence of the Macondo well incident. Pursuant to the plea agreement, HESI agreed to pay a criminal fine of $0.2 million within five days of sentencing and agreed to three years' probation. The DOJ has agreed that it will not pursue further criminal prosecution of us, including our subsidiaries, for any conduct relating to or arising out of the Macondo well incident. We have agreed to continue to cooperate with the DOJ in any ongoing investigation related to or arising from the incident. In September 2013, our guilty plea was entered and approved by a federal district court judge on the terms and conditions of the plea agreement, and the DOJ closed its criminal investigation of us in relation to the Macondo well incident.

In November 2012, BP announced that it reached an agreement with the DOJ to resolve all federal criminal charges against it stemming from the Macondo well incident. BP agreed to plead guilty to 14 criminal charges, with 13 of those charges based on the negligent misinterpretation of the negative-pressure test conducted on the Deepwater Horizon. BP also agreed to pay $4.0 billion, including approximately $1.3 billion in criminal fines, to take actions to further enhance the safety of drilling operations in the Gulf of Mexico, to a term of five years' probation, and to the appointment of two monitors with four-year terms, one relating to process safety and risk management procedures concerning deepwater drilling in the Gulf of Mexico and one relating to the improvement, implementation, and enforcement of BP's code of conduct.

In January 2013, Transocean announced that it reached an agreement with the DOJ to resolve certain claims for civil penalties and potential criminal claims against it arising from the Macondo well incident. Transocean agreed to plead guilty to one misdemeanor violation of the CWA for negligent discharge of oil into the Gulf of Mexico, to pay $1.0 billion in CWA penalties and $400 million in fines and recoveries, to implement certain measures to prevent a recurrence of an uncontrolled discharge of hydrocarbons, and to a term of five years' probation.

Litigation. Since April 21, 2010, plaintiffs have been filing lawsuits relating to the Macondo well incident. Generally, those lawsuits allege either (1) damages arising from the oil spill pollution and contamination (e.g., diminution of property value, lost tax revenue, lost business revenue, lost tourist dollars, inability to engage in recreational or commercial activities) or (2) wrongful death or personal injuries. We are named along with other unaffiliated defendants in more than 1,800 complaints, most of which are alleged class actions, involving pollution damage claims and at least seven personal injury lawsuits involving four decedents and at least two allegedly injured persons who were on the drilling rig at the time of the incident. At least six additional lawsuits naming us and others relate to alleged personal injuries sustained by those responding to the explosion and oil spill. Additional civil lawsuits may be filed against us.

The pollution complaints generally allege, among other things, negligence and gross negligence, property damages, taking of protected species, and potential economic losses as a result of environmental pollution, and generally seek awards of unspecified economic, compensatory, and punitive damages, as well as injunctive relief. Plaintiffs in these pollution cases have brought suit under various legal provisions, including the OPA, the CWA, The Migratory Bird Treaty Act of 1918, the ESA, the OCSLA, the Longshoremen and Harbor Workers Compensation Act, general maritime law, state common law, and various state environmental and products liability statutes. Furthermore, the pollution complaints include suits brought against us by governmental entities, including all of the coastal states of the Gulf of Mexico, numerous local governmental entities, the Mexican State of Yucatan, and the United Mexican States.

The wrongful death and other personal injury complaints generally allege negligence and gross negligence and seek awards of compensatory damages, including unspecified economic damages, and punitive damages. We have retained counsel and are investigating and evaluating the claims, the theories of recovery, damages asserted, and our respective defenses to all of these claims.

Plaintiffs originally filed the lawsuits described above in federal and state courts throughout the United States. Except for a relatively small number of lawsuits not yet consolidated, the Judicial Panel on Multi-District Litigation ordered all of the lawsuits against us consolidated in the MDL proceeding before Judge Carl Barbier in the United States Eastern District of Louisiana.

Judge Barbier is also presiding over a separate proceeding filed by Transocean under the Limitation of Liability Act (Limitation Action). In the Limitation Action, Transocean seeks to limit its liability for claims arising out of the Macondo well incident to the value of the rig and its freight. While the Limitation Action has been formally consolidated into the MDL, the court is nonetheless, in some respects, treating the Limitation Action as an associated but separate proceeding. In February 2011, Transocean tendered us, along with all other defendants, into the Limitation Action. As a result of the tender, we and all other defendants are being treated as direct defendants to the plaintiffs' claims as if the plaintiffs had sued us and the other defendants directly. In the Limitation Action, the judge intends to determine the allocation of liability among all defendants in the hundreds of lawsuits associated with the Macondo well incident, including those in the MDL proceeding that are pending in his court. Specifically, the judge intends to determine the liability, limitation, exoneration, and fault allocation with regard to all of the defendants in a trial, which to date has occurred in two phases. We do not believe that a single determination of liability in the Limitation Action is properly applied, particularly with respect to gross negligence and punitive damages, to the hundreds of lawsuits pending in the MDL proceeding.

The defendants in the proceedings described above have filed numerous cross claims and third party claims against certain other defendants. Claims against us seek subrogation, contribution, indemnification, including with respect to liabilities under the OPA, and direct damages, and allege negligence, gross negligence, fraudulent conduct, willful misconduct, fraudulent concealment, comparative fault, and breach of warranty of workmanlike performance. In addition to the claims against us, generally the defendants in the proceedings described above, including us, filed claims, including for liabilities under the OPA and

other claims similar to those described above, against the other defendants. Our claims against the other defendants seek contribution and indemnification, and allege negligence, gross negligence and willful misconduct. Several of the parties have settled claims among themselves, and claims against some parties have been dismissed. We have also filed an answer to Transocean's Limitation petition denying Transocean's right to limit its liability, denying all claims and responsibility for the incident, seeking contribution and indemnification, and alleging negligence and gross negligence.

Judge Barbier has issued an order, among others, clarifying certain aspects of law applicable to the lawsuits pending in his court. The court ruled that: (1) general maritime law will apply, and therefore all claims brought under state law causes of action were dismissed; (2) general maritime law claims may be brought directly against defendants who are non-“responsible parties” under the OPA with the exception of pure economic loss claims by plaintiffs other than commercial fishermen; (3) all claims for damages, including pure economic loss claims, may be brought under the OPA directly against responsible parties; and (4) punitive damage claims may be brought against both responsible and non-responsible parties under general maritime law. As discussed above, with respect to the ruling that claims for damages may be brought under the OPA against responsible parties, we have not been named as a responsible party under the OPA, but BP Exploration has filed a claim against us for contribution with respect to liabilities incurred by BP Exploration under the OPA. The rulings in the court's order remain subject to each applicable party's right to appeal. Certain parishes in Louisiana appealed the dismissal of their state law claims under the order, but the United States Fifth Circuit Court of Appeals (Fifth Circuit) affirmed Judge Barbier's dismissal of their claims.

The MDL court has dismissed: (1) claims by or on behalf of owners, lessors, and lessees of real property that allege to have suffered a reduction in the value of real property even though the property was not physically touched by oil and the property was not sold; (2) claims for economic losses based solely on consumers' decisions not to purchase fuel or goods from BP fuel stations and stores based on consumer animosity toward BP; and (3) claims by or on behalf of recreational fishermen, divers, beachgoers, boaters and others that allege damages such as loss of enjoyment of life from their inability to use portions of the Gulf of Mexico for recreational and amusement purposes. In dismissing those claims, the MDL court also noted that we are not liable with respect to those claims under the OPA because we are not a “responsible party” under the OPA. A group of plaintiffs appealed the order, but the Fifth Circuit dismissed the appeal.

In April 2012, BP announced that it had reached definitive settlement agreements with the PSC to resolve the substantial majority of eligible private economic loss and medical claims stemming from the Macondo well incident. The PSC acts on behalf of individuals and business plaintiffs in the MDL. The settlements do not include claims against BP made by the DOJ or other federal agencies or by states and local governments. In addition, the settlements provide that, to the extent permitted by law, BP will assign to the settlement class certain of its claims, rights, and recoveries against Transocean and us for damages, including BP's alleged direct damages such as damages for clean-up expenses and damage to the well and reservoir. We do not believe that our contract with BP Exploration permits the assignment of certain claims to the settlement class without our consent. The MDL court has since confirmed certification of the classes for both settlements and granted final approval of the settlements. We objected to the settlements on the grounds set forth above, among other reasons. The MDL court held, however, that we, as a non-settling defendant, lacked standing to object to the settlements but noted that it did not express any opinion as to the validity of BP's assignment of certain claims to the settlement class and that the settlements do not affect any of our procedural or substantive rights in the MDL. BP has been challenging certain provisions of its settlement of economic loss claims in the MDL court and before the Fifth Circuit. Appeals relating to the settlement of the medical claims have been dismissed, and that settlement is final as of February 2014. We are unable to predict at this time the effect that the settlements, or any challenge, modification, or overturning of the settlements, may have on claims against us.

The first phase of the MDL trial, which concluded in April 2013, covered issues arising out of the conduct and degree of culpability of various parties allegedly relevant to the loss of well control, the ensuing fire and explosion on and sinking of the Deepwater Horizon, and the initiation of the release of hydrocarbons from the Macondo well. At the conclusion of the plaintiffs' case, we and the other defendants each submitted a motion requesting the MDL court to dismiss certain claims. In March 2013, the MDL court denied our motion and declined to dismiss any claims, including those alleging gross negligence, against BP, Transocean and us. In addition, the MDL court dismissed all claims against M-I Swaco and claims alleging gross negligence against Cameron International Corporation (“Cameron”). In April 2013, the MDL court dismissed all remaining claims against Cameron, leaving BP, Transocean, and us as the remaining defendants with respect to the matters addressed during the first phase of the trial.

Also in March 2013, we advised the MDL court that we had recently found a rig sample of dry cement blend collected at another well that was cemented before the Macondo well using the same dry cement blend as used on the Macondo production casing. In April 2013, we advised the MDL parties that we had recently discovered some additional documents related to the Macondo well incident. BP and others have asked the court to impose sanctions and adverse findings against us because, according to their

allegations, we should have identified the cement sample in 2010 and the additional documents by October 2011. BP also reasserted its previous allegations that we destroyed evidence relating to post-incident testing of the foam cement slurry on the Deepwater Horizon. The MDL court has not ruled on the requests for sanctions and adverse findings. We believe that the discoveries were the result of simple misunderstandings or mistakes and do not involve any material evidence, and that sanctions are not warranted.

When our plea agreement with the DOJ was announced in July 2013, BP filed a motion requesting that the MDL court re-open the evidence for phase one of the MDL trial to take into account our guilty plea and re-urging their request for sanctions. After the plea was entered, the PSC and the States of Alabama and Louisiana (as coordinating counsel for the states involved in the MDL) filed a motion likewise seeking to admit the guilty plea agreement and other court filings into evidence and asking that the MDL court use that evidence as a basis for assessing punitive damages against us. We filed replies opposing both motions and setting forth our position that the deleted post-incident computer simulations were not evidence, were not relevant, and in any event were re-created. The MDL court has not ruled on the motions.

The second phase of the MDL trial was split into two parts, with testimony presented in October 2013. The first part covered attempts to collect, control, or halt the flow of hydrocarbons from the well, while the second part covered the quantification of hydrocarbons discharged from the well. The parties submitted proposed findings of fact and conclusions of law, post-trial briefs and responses during December 2013 and January 2014. According to a stipulation and post-trial filings, BP contends that 2.45 million barrels of oil were released into the Gulf of Mexico and the DOJ contends that a total of 4.2 million barrels were released. The MDL court has not issued a ruling on the questions that were the subject of the first two phases of the trial, although those rulings could be issued at any time.

Although the DOJ participated in the first two phases of the trial with regard to BP's conduct and the amount of hydrocarbons discharged from the well, the MDL court anticipates that the DOJ's civil action for the CWA violations, fines, and penalties will be addressed by the court in a third phase of the trial currently scheduled to begin in January 2015.

Damages for the cases tried in the MDL proceeding, including punitive damages, are expected to be tried following the issuance of the MDL court’s rulings regarding the first two phases of the MDL trial. Under ordinary MDL procedures, such cases would, unless waived by the respective parties, be tried in the courts from which they were transferred into the MDL. It remains unclear, however, what impact the overlay of the Limitation Action will have on where these matters are tried. The judge has indicated that he intends for the State of Alabama’s OPA and general maritime law compensatory damages claims to be tried as a test case, and that case could involve claims for punitive damages against any party that is found to have been grossly negligent.

We intend to vigorously defend any litigation, fines, and/or penalties relating to the Macondo well incident and to vigorously pursue any damages, remedies, or other rights available to us as a result of the Macondo well incident. We have incurred and expect to continue to incur significant legal fees and costs, some of which we expect to be covered by indemnity or insurance, as a result of the numerous investigations and lawsuits relating to the incident.

Indemnification and Insurance. Our contract with BP Exploration relating to the Macondo well generally provides for our indemnification by BP Exploration for certain potential claims and expenses relating to the Macondo well incident, including those resulting from pollution or contamination (other than claims by our employees, loss or damage to our property, and any pollution emanating directly from our equipment). Also, under our contract with BP Exploration, we have, among other things, generally agreed to indemnify BP Exploration and other contractors performing work on the well for claims for personal injury of our employees and subcontractors, as well as for damage to our property. In turn, we believe that BP Exploration was obligated to obtain agreement by other contractors performing work on the well to indemnify us for claims for personal injury of their employees or subcontractors, as well as for damages to their property. We have entered into separate indemnity agreements with Transocean and M-I Swaco, under which we have agreed to indemnify those parties for claims for personal injury of our employees and subcontractors and they have agreed to indemnify us for claims for personal injury of their employees and subcontractors.

In April 2011, we filed a lawsuit against BP Exploration in Harris County, Texas to enforce BP Exploration’s contractual indemnity and alleging BP Exploration breached certain terms of the contractual indemnity provision. BP Exploration removed that lawsuit to federal court in the Southern District of Texas, Houston Division. We filed a motion to remand the case to Harris County, Texas, and the lawsuit was transferred to the MDL.

BP Exploration, in connection with filing its claims with respect to the MDL proceeding, asked that court to declare that it is not liable to us in contribution, indemnification, or otherwise with respect to liabilities arising from the Macondo well incident. Other defendants in the litigation discussed above have generally denied any obligation to contribute to any liabilities arising from the Macondo well incident.

In January 2012, the court in the MDL proceeding entered an order in response to our and BP's motions for summary judgment regarding certain indemnification matters. The court held that BP is required to indemnify us for third-party compensatory claims, or actual damages, that arise from pollution or contamination that did not originate from our property or equipment located above the surface of the land or water, even if we are found to be grossly negligent. The court did not express an opinion as to whether our conduct amounted to gross negligence, but we do not believe the performance of our services on the Deepwater Horizon constituted gross negligence. The court also held, however, that BP does not owe us indemnity for punitive damages or for civil penalties under the CWA, if any, and that fraud could void the indemnity on public policy grounds, although the court stated that it was mindful that mere failure to perform contractual obligations as promised does not constitute fraud. As discussed above, the DOJ is not seeking civil penalties from us under the CWA, but BP has filed a claim for equitable contribution against us with respect to its liabilities. The court in the MDL proceeding deferred ruling on whether our indemnification from BP covers penalties or fines under the OCSLA, whether our alleged breach of our contract with BP Exploration would invalidate the indemnity, and whether we committed an act that materially increased the risk to or prejudiced the rights of BP so as to invalidate the indemnity. We do not believe that we breached our contract with BP Exploration or committed an act that would otherwise invalidate the indemnity. The court's rulings will be subject to appeal at the appropriate time.

The rulings in the MDL proceeding regarding the indemnities are based on maritime law and may not bind the determination of similar issues in lawsuits not comprising a part of the MDL proceeding. Accordingly, it is possible that different conclusions with respect to indemnities will be reached by other courts.

Indemnification for criminal fines or penalties, if any, may not be available if a court were to find such indemnification unenforceable as against public policy. In addition, certain state laws, if deemed to apply, would not allow for enforcement of indemnification for gross negligence, and may not allow for enforcement of indemnification of persons who are found to be negligent with respect to personal injury claims.

In addition to the contractual indemnities discussed above, we have a general liability insurance program of $600 million. Our insurance is designed to cover claims by businesses and individuals made against us in the event of property damage, injury, or death and, among other things, claims relating to environmental damage, as well as legal fees incurred in defending against those claims. We have received and expect to continue to receive payments from our insurers with respect to covered legal fees incurred in connection with the Macondo well incident. Through March 31, 2014, we have incurred legal fees and related expenses of approximately $278 million, of which $249 million has been reimbursed under or is expected to be covered by our insurance program. To the extent we incur any losses beyond those covered by indemnification, there can be no assurance that our insurance policies will cover all potential claims and expenses relating to the Macondo well incident. In addition, we may not be insured with respect to civil or criminal fines or penalties, if any, pursuant to the terms of our insurance policies. Insurance coverage can be the subject of uncertainties and, particularly in the event of large claims, potential disputes with insurance carriers, as well as other potential parties claiming insured status under our insurance policies.

BP's public filings indicate that BP has recognized in excess of $40 billion in pre-tax charges, excluding offsets for settlement payments received from certain defendants in the proceedings described above under "Litigation," as a result of the Macondo well incident. BP's public filings also indicate that the amount of, among other things, certain natural resource damages with respect to certain OPA claims, some of which may be included in such charges, cannot be reliably estimated as of the dates of those filings.

20.7.2 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 Securities and Exchange Commission ("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 was styled Archdiocese of Milwaukee Supporting Fund ("AMSF") v. Halliburton Company, et al. AMSF has changed its name to Erica P. John Fund, Inc. ("the Fund"). 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 our 1998 acquisition of Dresser Industries, Inc., including that we failed to timely disclose the resulting asbestos liability exposure.

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

In September 2007, the Fund filed a motion for class certification, and our response was filed in November 2007. The district court held a hearing in March 2008, and issued an order in November 2008 denying the motion for class certification. The Fund appealed the district court's order to the Fifth Circuit Court of Appeals. The Fifth Circuit affirmed the district court's order denying class certification. In May 2010, the Fund filed a writ of certiorari in the United States Supreme Court. In January 2011, the Supreme Court granted the writ of certiorari and accepted the appeal. The Court heard oral arguments in April 2011 and issued its decision in June 2011, reversing the Fifth Circuit ruling that the Fund needed to prove loss causation in order to obtain class certification. The Court's ruling was limited to the Fifth Circuit's loss causation requirement, and the case was returned to the Fifth Circuit for further consideration of our other arguments for denying class certification. The Fifth Circuit returned the case to the district court, and in January 2012 the court issued an order certifying the class. We filed a Petition for Leave to Appeal with the Fifth Circuit, which was granted. In April 2013, the Fifth Circuit issued an order affirming the District Court's order certifying the class.

We filed a writ of certiorari with the United States Supreme Court seeking an appeal of the Fifth Circuit decision. In November 2013, the Supreme Court granted our writ. Oral argument was held before the Supreme Court in March 2014. We expect the Supreme Court to issue its decision no later than June 2014. Fact discovery in this case has resumed. We cannot predict the outcome or consequences of this case, which we intend to vigorously defend.

20.7.3 Investigations

We are conducting internal investigations of certain areas of our operations in Angola and Iraq, focusing on compliance with certain company policies, including our Code of Business Conduct ("COBC"), and the FCPA and other applicable laws.

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

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

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

We expect to continue to have discussions with the DOJ and the SEC regarding the Angola and Iraq matters described above and have indicated that we would further update them as our investigations progress. We have engaged outside counsel and independent forensic accountants to assist us with these investigations.

During the second quarter of 2013, we received a civil investigative demand from the Antitrust Division of the DOJ regarding pressure pumping services. We have engaged in discussions with the DOJ on this matter and have provided responses to the DOJ's information requests. We understand there have been

others in our industry who have received similar correspondence from the DOJ, and we do not believe that we are being singled out for any particular scrutiny.

We intend to continue to cooperate with the DOJ's and the SEC's inquiries and requests in these investigations. Because these investigations are ongoing, we cannot predict their outcome or the consequences thereof.

20.7.4 Environmental

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

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

In addition to the federal laws and regulations, states and other countries where we do business often have numerous environmental, legal, and regulatory requirements by which we must abide. We evaluate and address the environmental impact of our operations by assessing and remediating contaminated properties in order to avoid future liabilities and comply with environmental, legal, and regulatory requirements. Our Health, Safety, and Environment group has several programs in place to maintain environmental leadership and to help prevent the occurrence of environmental contamination. On occasion, in addition to the matters relating to the Macondo well incident described above, we are involved in other environmental litigation and claims, including the remediation of properties we own or have operated, as well as efforts to meet or correct compliance-related matters. We do not expect costs related to those claims and remediation requirements to have a material adverse effect on our liquidity, consolidated results of operations, or consolidated financial position. Excluding our loss contingency for the Macondo well incident, our accrued liabilities for environmental matters were $60 million as of March 31, 2014 and $66 million as of December 31, 2013. Because our estimated liability is typically within a range and our accrued liability may be the amount on the low end of that range, our actual liability could eventually be well in excess of the amount accrued. Our total liability related to environmental matters covers numerous properties.

In November 2012, we received an Enforcement Notice from the Pennsylvania Department of Environmental Protection (“PADEP”) regarding an alleged improper disposal of oil field acid in or around Homer City, Pennsylvania between 1999 and 2011. In February 2014, we agreed to resolve this matter for $2 million to settle the PADEP's claim for civil penalties.

Additionally, we have subsidiaries that have been named as potentially responsible parties along with other third parties for nine federal and state Superfund sites for which we have established reserves. As of March 31, 2014, those nine sites accounted for approximately $4 million of our $60 million total environmental reserve. Despite attempts to resolve these Superfund matters, the relevant regulatory agency may at any time bring suit against us for amounts in excess of the amount accrued. With respect to some Superfund sites, we have been named a potentially responsible party by a regulatory agency; however, in each of those cases, we do not believe we have any material liability. We also could be subject to third-party claims with respect to environmental matters for which we have been named as a potentially responsible party.

20.7.5 KBR Tax sharing agreement

During 2007, we completed the separation of KBR, Inc. (“KBR”) from us by exchanging KBR common stock owned by us for our Common Stock. We entered into various agreements relating to the separation of KBR, including, among others, a Master Separation Agreement (“MSA”) and a Tax Sharing Agreement (“TSA”). We recorded a liability at that time reflecting the estimated fair value of the indemnities provided to KBR. Since the separation, we have recorded adjustments to reflect changes to our estimation of our remaining obligation. All such adjustments are recorded in “Income (loss) from discontinued operations, net of income tax (provision) benefit.” Amounts accrued relating to our KBR indemnity obligations were included in “Other liabilities” in our consolidated balance sheets and totaled $219 million as of December 31, 2012. During the first quarter of 2013, we paid $219 million to satisfy our obligation under a guarantee related to the Barracuda-Caratinga matter, a legacy KBR project. Accordingly, there were no amounts accrued for indemnities provided to KBR at March 31, 2014.

Tax sharing agreement

The TSA provides for the calculation and allocation of United States and certain other jurisdiction tax liabilities between KBR and us for the periods 2001 through the date of separation. The TSA is complex, and finalization of amounts owed between KBR and us under the TSA can occur only after income tax audits are completed by the taxing authorities and both parties have had time to analyze the results.

During the second quarter of 2012, we sent a notice under the TSA to KBR requesting the appointment of an arbitrator in accordance with the terms of the TSA. This request asked the arbitrator to find that KBR owed us a certain amount pursuant to the TSA. KBR denied that it owed us any amount and asserted instead that we owed KBR a certain amount under the TSA. KBR also asserted that it believes the MSA controls its defenses to our TSA claim and demanded arbitration of those defenses under the MSA. In July 2012, we filed suit in the District Court of Harris County, Texas, seeking to compel KBR to arbitrate the entire dispute in accordance with the provisions of the TSA, rather than the MSA. KBR filed a cross-motion seeking to compel arbitration of its defenses under the MSA. In September 2012, the court denied our motion and granted KBR's motion to compel arbitration under the MSA. We continue to believe that the TSA was intended to govern the entire matter and have appealed. The appeal is pending before the court of appeals.

In May 2013, KBR's defenses were arbitrated before a panel appointed pursuant to the MSA. In June 2013, the panel issued its decision, finding it had jurisdiction to hear the dispute and that a portion of our claims made under the TSA were barred by the time limitation provision in the MSA. In September 2013, we filed a motion and an application to vacate the panel's decision with the District Court of Harris County, Texas. The court has not ruled on the motion or application.

The MSA panel also ordered the parties to return to the TSA arbitrator for determination of the parties' remaining claims under the TSA. On October 9, 2013, the TSA arbitrator issued a report regarding the claims made by each party. The report found that KBR owes us a net amount of approximately $105 million, plus interest, with each party bearing its own costs related to the matter.

On October 21, 2013, KBR submitted a request for clarification and reconsideration of the TSA arbitrator's report. In December 2013, the TSA arbitrator issued a supplemental report that reaffirmed the award.

In January 2014, KBR filed a motion with the MSA panel to enforce the panel's June 2013 decision. KBR's motion claimed, among other things, that certain of our claims submitted to the TSA arbitrator were time-barred under the MSA and that the TSA arbitrator misinterpreted the TSA. In February 2014, we filed a response to KBR's motion with the MSA panel. In March 2014, the MSA panel denied KBR’s motion.

On February 3, 2014, we also filed an application to confirm the TSA arbitrator's award with the District Court of Harris County, Texas. On February 24, 2014, KBR filed its response and a cross-motion to vacate the TSA arbitrator’s award. A hearing on our application and KBR’s response was held in April 2014. The district court has taken the matters under advisement, but has indicated that it will not rule on them until the court of appeals has ruled on our appeal of the district court’s September 2012 decision to grant KBR’s motion to compel arbitration under the MSA.

Due to the uncertainty surrounding the ultimate determination of the parties' claims under the TSA, no material anticipated recovery amounts or liabilities related to this matter have been recognized in the condensed consolidated financial statements as of March 31, 2014.

20.8 Significant change in the issuer’s financial or trading position

No significant changes in the financial or trading position of the Group have occurred since the end of the last financial period for which financial information has been published, being March 31, 2014.

21. ADDITIONAL INFORMATION

21.1 Share Capital

As of March 31, 2014 and December 31, 2013, there were 928 million shares of Common Stock authorized but unissued. As of December 31, 2013, December 31, 2012 and December 31, 2011 the share capital of the Company was as follows:

		Number authorized but unissued in millions			Number issued in millions (fully paid)		
	Par Value	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2013	December 31, 2012	December 31, 2011
Common Stock	$2.50	928	927	927	1,072	1,073	1,073

All shares issued are fully paid.

The Company has no convertible securities or exchangeable securities outstanding. There are no outstanding warrants to subscribe or purchase any capital of the Company.

The shares in the Company under option are set out in paragraph 17 of this Prospectus. Details of the treasury stock held by the Company are set out in our audited consolidated balance sheet and in Note 10 to the consolidated financial statements contained in our Annual Report on Form 10-K included in Part III of this Prospectus.

21.2 Summaries of Certificate of Incorporation and By-laws

21.2.1 *Halliburton's Certificate of Incorporation:*

(a) Objects

The nature of the business, or objects, or purposes to be transacted, promoted or carried on are contained in the third Article of the Certificate of Incorporation and include the following:

(i) To acquire, own and hold United States and Foreign Letters patent; and Licenses thereunder, relating to the cementing and finishing of oil wells, gas wells and water wells, including processes and machines for mixing cement and other substances in an efficient manner and forcing same into such wells; and measuring devices used in the process of cementing wells; and under such patents and licenses and to conduct the business of cementing and finishing oil wells, gas and water wells, and to purchase, own and use all necessary and convenient tools, implements and appliances, including trucks, for the conduct of such business; also such real and personal property as may be needed for its operations. To transact any of its business in any part of the world.

(ii) To manufacture, sell, lease, use or service any and all kinds of supplies, tools, appliances, accessories, specialties, machinery and equipment relating to or useful in connection with the cementing, testing, drilling, completing, cleaning, repairing or operating oil wells, gas wells and water wells.

(iii) To acquire, own and operate such machinery, apparatus, appliances and equipment as may be necessary, proper or incidental to the cementing, testing, completing, repairing, cleaning and operating of oil wells, gas wells and water wells, or for any of the purposes for which Halliburton is organized.

(iv) To apply for, purchase or in any manner to acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage, or otherwise dispose of letters patent of the United States or any foreign country, patent rights, licenses and privileges, inventions, improvements, and processes, copyrights, trademarks, and trade names relating to or useful in connection with any business of Halliburton, and to work, operate or develop the same, and to carry on any business, manufacturing or otherwise, which may directly or indirectly effectuate these objects or any of them.

(v) In general, upon approval of the Board of Directors of Halliburton, to carry on any other business, including selling, leasing, manufacturing and servicing, even though unrelated to the objects and purposes enumerated in paragraphs (i) to (iv) above, and to have and exercise all the powers conferred by the laws of Delaware upon corporations, and to hold, purchase, mortgage and convey real and personal property out of the State of Delaware, and to do any or all of the things hereinbefore set forth to the same extent as natural persons might or could do.

(b) Common Stock

Dividends:

Subject to the rights of Preferred Stock as to the payment of preferential dividends, if any, and after compliance with the requirements for setting aside sinking or analogous funds as to any series of Preferred Stock, holders of the Common Stock are entitled to receive such dividends as may be declared from time to time by the Board of Directors out of any funds of Halliburton legally available.

Distributions:

Upon liquidation, dissolution or winding up, whether voluntary or involuntary, and after the full amounts, if any, to which the holders of outstanding Preferred Stock of each series are respectively preferentially

entitled have been distributed or set apart for distribution, all the remaining assets of Halliburton available for distribution shall be distributed pro rata to the holders of Common Stock.

Voting:

Except as may be otherwise required by law or provided by the Certificate of Incorporation, each holder of Common Stock has one vote in respect of each share of stock held by him on all matters voted upon by the stockholders.

(c) Preferred Stock

(i) Issue and designation:

Shares of the Preferred Stock may be issued in one or more series at such times and for such consideration as the Directors may determine. Authority is vested in the Directors by resolutions from time to time to establish and designate series, to issue shares of any such series and to fix the relative, participating, optional, or other rights, powers, privileges, preferences, and the qualifications, limitations or restrictions thereof, including, but not limited to, the following:

- The distinctive designation and number of shares comprising any series;

- The dividend rate on the shares of any series and the preference or preferences, if any, over any other series with respect to dividends;

- The terms, if any, upon, which the shares of any series shall be convertible into, or exchangeable for, shares of a different series of Preferred Stock or for Common Stock;

- Whether or not the shares of any series shall be subject to purchase or redemption, and the terms of any redemption;

- The obligation, if any, of Halliburton to purchase or redeem shares of any series pursuant to a sinking or other fund and the price or prices which, the period or periods within which and the terms and conditions upon which the shares of the series shall be redeemed in whole or in part pursuant to such fund;

- The rights to which the holders of shares of any series shall be entitled upon liquidation, dissolution of or winding up of Halliburton, whether the same be a voluntary or involuntary liquidation, dissolution or winding up of Halliburton;

- The voting powers to which the shares of any series shall be entitled in addition to those required by law; and

- Any other preferences, privileges and powers and relative, participating, optional or other rights and qualifications, limitations or restrictions thereof, of any series not inconsistent herewith or with applicable law.

(ii) Dividends:

The shares of each series of Preferred Stock entitle the holders to receive, when, as and if declared by the Board out of funds legally available for dividends, cash dividends at the rate, under the conditions and for the periods fixed by resolution or resolutions of the Board of Directors pursuant to authority granted in the relevant Article for each series, and no more, and so long as any Preferred Stock or any series thereof shall remain outstanding, no dividends shall be declared or paid upon any shares of the Common Stock, other than dividends payable in shares of any series or class subordinate to the Preferred Stock, unless dividends on all outstanding Preferred Stock of all series fixed by the Board of Directors in accordance with and pursuant to the authority granted in this Article for each series shall be paid or set apart for payment.

(iii) Liquidation:

In the event of any voluntary or involuntary liquidation, dissolution or winding up of Halliburton, the holders of the Preferred Stock of each series then outstanding shall be entitled to receive payment out of the net assets of Halliburton whether from capital or surplus or both of the liquidation price fixed for such series by the Board by resolution, if any is so fixed, at the time and under the circumstances applicable before any payment shall be made to the holders of shares of any series of lesser rank to such series or to holders of shares of Common Stock of Halliburton. If the stated amounts payable in

such event on the Preferred Stock of all series are not paid in full, the shares of all series of equal rank shall share ratably in any distribution of assets in accordance with the sums which would be payable on such distribution if all sums payable were discharged in full. Neither the merger nor the consolidation of Halliburton nor the voluntary sale or conveyance of Halliburton property as an entirety or any part thereof shall be deemed to be a liquidation, dissolution or winding up of Halliburton for the purposes of this paragraph (iii).

(iv) Voting:

Except as is otherwise required by law or as otherwise provided in a resolution by the Board in accordance with the provisions of this Article, the holders of any series of Preferred Stock shall not be entitled to vote at any meeting of the stockholders for the election of Directors or for any other purpose or otherwise to participate in any action taken by Halliburton or the stockholders thereof or to receive notice of any meeting of stockholders. If the holders of any series of Preferred Stock should become entitled to vote at any meeting of the stockholders for the election of Directors, no such holder shall have the right of cumulative voting.

(v) Each share of a series of Preferred Stock shall be equal in every respect to every other share of the same series.

(vi) Purchase, redemption, conversion:

Shares of Preferred Stock which have been purchased or redeemed, whether through the operation of a sinking fund or otherwise, or which, if convertible or exchangeable, have been converted into or exchanged for shares of stock of any other class or series shall have the status of authorized and unissued shares of Preferred Stock of the same series and may be reissued as a part of the series of which they were originally a part or may be reclassified and reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board or as part of any other series of Preferred Stock, unless otherwise provided with respect to any series in the resolution or resolutions adopted by the Board of Directors providing for the issuance of any series of Preferred Stock.

(d) Other provisions:

(i) Cumulative voting is not allowed. Each Stockholder is entitled, at all elections of Directors of Halliburton, to as many votes as shall equal the number of shares of stock held and owned by him and entitled to vote at such meeting under the Certificate of Incorporation for as many Directors as there are to be elected, unless such right to vote in such manner is limited or denied by other provisions of the Certificate of Incorporation.

(ii) The By-laws may be altered or repealed at any regular meeting of the Stockholders, or at any special meeting of the Stockholders at which a quorum is present or represented, provided notice of the proposed alteration or repeal be contained in the notice of such special meeting, by the affirmative vote of the majority of the Stockholders entitled to vote at such meeting and present or represented thereat, or by the affirmative vote of the majority of the Board of Directors at any regular meeting of the Board, or at any special meeting of the Board, if notice of the proposed alteration or repeal be contained in the notice of such special meeting; provided, however, that no change of the time or place of the meeting for the election of Directors shall be made within sixty (60) days next before the day on which such meeting is to be held, and that in case of any change of time or place, notice thereof shall be given to each Stockholder in person or by letter mailed to his last known post office address at least twenty (20) days before the meeting is held.

(iii) Halliburton is authorized to, and shall, indemnify directors, officers and employees of Halliburton and certain other parties in accordance with, *inter alia*, the following provisions:

- Halliburton shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of Halliburton) by reason of the fact that he is or was a director, officer, employee or agent of Halliburton, or is or was serving at the request of Halliburton as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses , including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of Halliburton, and, with respect to any criminal action or proceeding had no reasonable cause to believe his or her conduct was unlawful.

- Halliburton shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of Halliburton to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of Halliburton, or is or was serving at the request of Halliburton as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of Halliburton and except that no indemnification shall be made in respect of any claim, issue or matter as to which the person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to Halliburton unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

- Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by Halliburton in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by Halliburton as authorized.

(iv) Halliburton reserves the right to amend, alter, change or repeal any provision contained in the Certificate of Incorporation in the manner now or hereafter prescribed by statute and all rights conferred on Stockholders are subject to this reservation.

(v) No holder of any class of stock of Halliburton shall have any preemptive or preferential right of subscription or purchase with reference to the issuance or sale of any class of stock of Halliburton or of any securities or obligations convertible into or carrying or evidencing any right to purchase any class of stock of Halliburton.

(vi) No director shall be personally liable to Halliburton or any stockholder for monetary damages for breach of fiduciary duty by such director as a director; except for any matter in respect of which such director shall be liable under Section 174 of the Delaware General Corporation Law or any amendment thereto or successor provision thereof or shall be liable by reason that, in addition to any and all other requirements for such liability, such director (i) shall have breached the duty of loyalty to Halliburton or its stockholders, (ii) in acting or failing to act shall not have acted in good faith or shall have acted in a manner involving intentional misconduct or a knowing violation of law or (iii) shall have derived an improper personal benefit.

AI: 21.2.5 **21.2.2** ***Halliburton's By-laws:***

There are no provisions in the Articles of Incorporation or the By-laws that govern the ownership threshold above which shareholder ownership must be disclosed.

(a) Stockholders' Meetings

Annual Meetings: Annual meetings of the stockholders must be held on the third Wednesday in May each year if not a legal holiday, and if a legal holiday, then on the next succeeding business day, at 9:00 a.m., or at such other date and time as shall be designated, from time to time, by the Board of Directors and stated in the notice of meeting. At the annual meeting, the stockholders shall elect a Board of Directors and transact other business lawfully brought before the meeting.

The only business that can be conducted at an annual meeting of the stockholders is business that has, in accordance with Section 5 of the By-laws and the requirements of the Securities and Exchange Act of 1934, as amended, been properly brought before the meeting. The Chairman of an annual meeting may determine and declare to the meeting that the business was not properly brought before the meeting and, if he does so, the business not properly brought before the meeting shall not be transacted.

The holders of a majority of the issued and outstanding voting stock, present in person, or represented by proxy shall constitute a quorum at all meetings of the stockholders for the transaction of business.

At each meeting, every stockholder shall be entitled to vote in person or by proxy and shall have one vote for each share of voting stock registered in the stockholder's name on the stock books.

Special Meetings: Special meetings of the stockholders may be called by the Chairman of the Board, the Chief Executive Officer, the President (if a Director), or the Board of Directors. Special meetings may also be called by a stockholder owning at least ten percent of the company's issued and outstanding voting stock or two or more stockholders owning in the aggregate at least twenty-five percent of the company's issued and outstanding voting stock.

(b) Election of Directors

At the annual meeting, each Director shall be elected by the vote of the majority of the votes cast, provided that if the number of nominees exceeds the number of Directors to be elected, the Directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at the meeting and entitled to vote on the election of Directors. Directors shall hold office until the next annual meeting and until their successors shall be duly elected and qualified.

Cumulative voting shall not be allowed. Each stockholder shall be entitled, at all elections of Directors of Halliburton, to as many votes as shall equal the number of shares of stock held and owned by such stockholder and entitled to vote at such meeting for as many Directors as there are to be elected.

A person will only be eligible for election as a Director if nominated at a meeting of stockholders either by or at the direction of the Board of Directors (or nominating committee or person appointed by the Board), or by any stockholder of Halliburton who is entitled to vote for the election of Directors at the meeting in accordance with Section 6 of the By-laws and the requirements of the Securities and Exchange Act of 1934, as amended.

Vacancies caused by the death or resignation of any Director and newly created directorships resulting from any increase in the authorized number of Directors may be filled by a vote of at least a majority of the Directors then in office, though less than a quorum, and the Directors so chosen shall hold office until the next annual meeting of the stockholders.

(c) Directors

The property and business of Halliburton shall be managed by its Board of Directors. The number of Directors which shall constitute the whole Board shall not be less than eight nor more than twenty. Within these limits, the number of Directors shall be determined by resolution of the Board of Directors or by the stockholders at the annual meeting. Each Director shall be elected to serve until the next annual meeting and until the Director's successor shall be elected and shall qualify.

Each member of the Board shall be paid such fee as the Board of Directors may, from time to time, by resolution determine.

(d) Officers

The Board of Directors shall elect a President and a Secretary, and shall choose a Chairman of the Board from among its members. The Board of Directors may also elect one or more Vice Presidents (any one or more of whom may be designated Executive Vice President or Senior Vice President), one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers, and such other officers as the Board deems appropriate. Each such officer shall hold office after his or her election until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to Halliburton. The Board of Directors may remove any officer with or without cause at any time, but such removal shall be without prejudice to the contractual rights of such officer, if any, with Halliburton. Any number of offices may be held by the same person. Any vacancy occurring in any office of Halliburton by death, resignation, removal, or otherwise may be filled by the Board of Directors at any regular or special meeting.

The officers of Halliburton shall have such powers and duties in the management of Halliburton as may be prescribed in a resolution by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his or her duties.

(e) Capital Stock

Shares

The shares of Halliburton shall be represented by certificates or shall be uncertificated. Each registered holder of shares, upon request to Halliburton, shall be provided with a certificate of stock, representing the number of shares owned by such holder.

The Board of Directors shall have power and authority to make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of uncertificated shares or certificates for shares of stock of Halliburton.

Share certificates shall be in such form as shall be approved by the Board of Directors. All certificates shall be signed by the Chairman of the Board, the President, or any Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of Halliburton, and countersigned by an independent transfer agent and registered by an independent registrar.

Transfer of Shares

Upon surrender to Halliburton or the transfer agent of Halliburton of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, Halliburton shall issue or cause to be issued uncertificated shares or, if requested by the appropriate person, a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of proper transfer instructions from the registered owner of uncertificated shares, such uncertificated shares shall be cancelled, the issuance of new equivalent uncertificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of Halliburton.

(f) Dividends

Dividends upon the capital stock may be declared by the Board at any regular or special meeting.

(g) Amendment or Repeal of By-laws

The By-laws may be altered or repealed at any regular meeting of the stockholders, or at any special meeting of the stockholders at which a quorum is present or represented, provided notice of the proposed alteration or repeal be contained in the notice of such special meeting, by the affirmative vote of the majority of the stockholders entitled to vote at such meeting and present or represented thereat, or by the affirmative vote of the majority of the Board of Directors at any regular meeting of the Board, or at any special meeting of the Board, if notice of the proposed alteration or repeal be contained in the notice of such special meeting.

22. MATERIAL CONTRACTS

Other than as set out in this paragraph 22 below, (i) Halliburton has no material contracts, other than contracts entered into in the ordinary course of business, to which it or any member of the Group is a party, for the two years immediately preceding publication of this document, and (ii) there are no other contracts (not being a contract entered into in the ordinary course of business), which have been entered into by any member of the Group which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

Revolving Credit Agreement

On February 22, 2011, Halliburton entered into a Five Year Revolving Credit Agreement among Halliburton, as Borrower, the Banks party thereto, and Citibank, N.A. as Administrative Agent. The issuing banks are Citibank, N.A., The Royal Bank of Scotland plc, Deutsche Bank AG New York Branch, and HSBC Bank USA, National Association, and any of their respective Affiliates. In April 2013, we executed an amendment to our revolving credit facility, which increased the capacity from $2.0 billion to $3.0 billion and extended the maturity to 2018. The credit facility is unsecured and provides us with commercial paper support, general working capital, and credit for other corporate purposes. Annual commitment fees for the $3.0 billion credit facility are approximately $2.4 million. There were no borrowings and, therefore, no interest fees under this facility through March 31, 2014.

We have no financial covenants or material adverse change provisions in our bank arrangements.

23. STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

The statements and reports in this document are set out in the published annual report and audited accounts of the Company for the three financial years ended December 31, 2013, and in the published quarterly report and unaudited accounts of the Company for the quarter ended March 31, 2014. Where information has been sourced from a third party, such information has been accurately reproduced and, as

far as Halliburton is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The descriptions of the investigative reports relating to the Macondo well incident that are included in this Prospectus are only summaries of those reports, all of which are publicly available, and do not purport to be complete.

24. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection at the offices of Orrick, Herrington & Sutcliffe (Europe) LLP, 107 Cheapside, London, EC2V 6DN during normal business hours on any weekday (excluding Saturdays, Sundays and UK public holidays) from the date of this document until June 9, 2015:

24.1 the Restated Certificate of Incorporation of Halliburton and the By-laws of Halliburton;

24.2 Halliburton Company Stock and Incentive Plan;

24.3 Halliburton Company Non-Qualified Stock Purchase Plan;

24.4 First Amendment to Halliburton Company Non-Qualified Stock Purchase Plan dated February 10, 2011;

24.5 Second Amendment to Halliburton Company Non-Qualified Stock Purchase Plan dated December 11, 2012;

24.6 Halliburton Company Employee Stock Purchase Plan;

24.7 First Amendment to Halliburton Company Employee Stock Purchase Plan dated February 10, 2011;

24.8 Second Amendment to Halliburton Company Employee Stock Purchase Plan dated December 11, 2012;

24.9 Restricted Stock Agreement;

24.10 Non-statutory Stock Option Agreement;

24.11 Halliburton Company UK Employee Share Purchase Plan, available to employees in the UK;

24.12 Form 10-K for the year ended December 31, 2011;

24.13 Form 10-K for the year ended December 31, 2012;

24.14 Form 10-K for the year ended December 31, 2013;

24.15 Halliburton Company 2014 Proxy Statement for the 2014 Annual Meeting of Shareholders;

24.16 Form 10-Q for the quarter ended March 31, 2014; and

24.17 this Prospectus.

25. INFORMATION ON HOLDINGS

Halliburton is the ultimate parent company of a multi-national group of companies. Halliburton's significant subsidiaries, all of which are wholly owned within the Halliburton group, are as follows:

Name of subsidiary	State or Country of Incorporation
Baroid International Trading, LLC	United States, Delaware
Halliburton (Barbados) Investments SRL	Barbados

Name of subsidiary	State or Country of Incorporation
Halliburton Affiliates, LLC	United States, Delaware
Halliburton Canada Corp.	Canada, Alberta
Halliburton Canada Holdings B.V.	Netherlands
Halliburton Canada ULC	Canada, Alberta
Halliburton de Mexico, S. de R.L. de C.V.	Mexico
Halliburton Energy Cayman Islands Limited II	Cayman Islands
Halliburton Energy Services Limited	United Kingdom, Scotland
Halliburton Energy Services, Inc.	United States, Delaware
Halliburton Far East Pte Ltd	Singapore
Halliburton Global Affiliates Holdings B.V.	Netherlands
Halliburton Group Canada	Canada
Halliburton Holdings (No. 3)	United Kingdom, Scotland
Halliburton International, Inc.	United States, Delaware
Halliburton International Holdings	Bermuda
Halliburton Luxembourg Holdings S.à r.l.	Luxembourg
Halliburton Luxembourg Intermediate S.à r.l.	Luxembourg
Halliburton Manufacturing and Services Limited	United Kingdom, England & Wales
Halliburton Netherlands Holdings B.V.	Netherlands
Halliburton Netherlands Operations Coöperatie U.A.	Netherlands
Halliburton Norway Holdings C.V.	Netherlands
Halliburton Overseas Limited	Cayman Islands
Halliburton Partners Canada ULC	Canada, Alberta
Halliburton U.S. International Holdings, Inc.	United States, Delaware
Halliburton Worldwide GmbH	Switzerland
HES Corporation	United States, Nevada
HES Holding, Inc.	United States, Delaware
HESI Holdings B.V.	Netherlands
Kellogg Energy Services, Inc.	United States, Delaware
Landmark Graphics Corporation	United States, Delaware
Oilfield Telecommunications, LLC.	United States, Delaware

26. SHARE SECURITIES INFORMATION

The information set out in this paragraph 26 includes that required by Annex III of the Prospectus Rules.

26.1 Key information

26.1.1 Working capital

In the opinion of Halliburton, the working capital of the Group is sufficient for the Group's present requirements, and at least for the period of twelve months following the date of this document.

26.1.2 Capitalization and indebtedness

At March 31, 2014, we held cash and equivalents of $2.1 billion, compared to $2.4 billion at December 31, 2013, $2.5 billion at December 31, 2012, and $2.7 billion at December 31, 2011. At March 31, 2014, we also held $378 million of investments in fixed income securities compared to $373 million at December 31, 2013, $398 million at December 31, 2012, and $150 million at December 31, 2011. Please refer to paragraph 10 of this Prospectus for further information on Halliburton's capital resources and to paragraph 4 (Selected Financial Information) for a capitalization and indebtedness table.

26.1.3 Interests of natural and legal persons involved in the issue/offer

There are no interests, including conflicting ones, that are material to the offer.

26.1.4 Reasons for the offer and use of proceeds

The purpose of the Stock Plans is to encourage employee stock ownership by offering employees of Halliburton and participating Subsidiaries the ability to purchase Common Stock at discounted prices and without brokerage costs. By means of the Stock Plans, Halliburton seeks

to retain the services of its international employees and to provide incentives for such international employees to exert maximum efforts for the success of Halliburton.

We believe that the Stock Plans offer a convenient means for our employees who might not otherwise own our Common Stock to purchase and hold Common Stock and that the discounted sale feature of the Stock Plans offers a meaningful incentive to participate. We also believe that our employees' continuing economic interests as shareholders in our performance and success will further enhance our entrepreneurial spirit and can contribute to our potential for growth and profitability.

Halliburton is the issuer of the securities offered pursuant to the Stock Plans. The Common Stock we issue under the Stock Plans may be authorized but unissued shares or reacquired shares, bought on the open market or otherwise. The proceeds of any acquisition of Common Stock pursuant to the Prospectus, to the extent received by Halliburton or its Subsidiaries, will be used for general corporate purposes.

In May 2009, Halliburton shareholders approved proposals to amend and restate the 1993 Stock and Incentive Plan and the 2002 Employee Stock Purchase Plan. Amendments to these plans included renaming the plans and replenishing the pools of Common Stock available for issuance under the Stock Plans.

In May 2012, Halliburton shareholders approved an amended and restated Stock and Incentive Plan ("SIP") to add an additional 25 million shares for issuance under the SIP. There was no change in the number of shares previously approved under the Employee Stock Purchase Plan.

In May, 2013, Halliburton shareholders approved an amended and restated SIP, to add an additional 14.2 million shares for issuance under the SIP. There was no change in the number of shares previously approved under the Employee Stock Purchase Plan.

26.2 Information concerning the securities to be offered/admitted to trading

26.2.1 Only Common Stock will be issued pursuant to the Stock Plans. The ISIN (International Security Identification Number) of the Common Stock is US4062161017. The Common Stock is listed on the NYSE. All outstanding shares of Common Stock are fully paid.

26.2.2 The Common Stock is created and issued pursuant to the laws of the State of Delaware and in compliance with the federal laws of the USA.

26.2.3 The Common Stock is issued in registered form and in uncertificated form (or, upon request, certificated form). The records of the Company's stockholders are maintained by our registrar, Computershare Shareowner Services LLC, 480 Washington Blvd., Jersey City, New Jersey 07310, USA.

26.2.4 The Common Stock is denominated in U.S. Dollars.

26.2.5 A description of the rights attached to the Common Stock is set out in paragraph 21.2 of this Prospectus.

26.2.6 No takeover bids by third parties in respect of Halliburton's equity have occurred during the last financial year or the current financial year.

26.2.7 Dividends paid by US companies to non-US resident shareholders are subject to withholding tax at the rate of 30%. This is reduced to 15% under Article 10 of the US/UK double taxation treaty for UK resident individuals qualifying under the treaty. UK resident individuals are then subject to UK income tax at their marginal rate on the gross amount of the dividend plus the withholding. Credit is then given for the US tax withheld against the UK income tax liability on the distribution. No credit is given in relation to the underlying US tax suffered by the US company on its corporate profits. Any withholding tax under US law will be withheld by the US company which will be responsible for accounting to the relevant US fiscal authorities for the amounts withheld.

26.3 Terms and condition of the offer

The total amount of the offer under the Stock Plans is set out in each of the Stock Plans.

Halliburton Company Stock and Incentive Plan ("SIP"): Under the SIP, 172,000,000 shares of Common Stock have been reserved through December 31, 2013. Any individual holder may be granted rights under the SIP of up to 1,000,000 shares of Common Stock in any one year, and the cash value of any performance award may not exceed $20,000,000. At December 31, 2013, there were approximately 28,000,000 shares available for future grants under the SIP.

Other Stock Plans: Under the Halliburton Company Non-Qualified Stock Purchase Plan ("NQESPP"), Halliburton Company Employee Stock Purchase Plan ("ESPP"), and Halliburton Company UK Employee Share Purchase Plan, 44,000,000 shares of Common Stock have been reserved through December 31, 2013. The maximum number of shares that any individual participant may purchase in a purchase period is 10,000 shares under the NQESPP and ESPP. In addition there is an annual $25,000 individual limit per calendar year under the ESPP. Under the Halliburton Company UK Employee Share Purchase Plan, the Company may from time to time determine the maximum number of shares that may be awarded as Matching Shares or Free Shares. At December 31, 2013 there were approximately 11,000,000 shares available for future issuance under the Other Stock Plans.

26.3.1 The terms and conditions of the Stock Plans are set out in Part II of this document.

26.3.2 Withdrawal by Participants

Participants may withdraw from the relevant Stock Plans as described in Part II of this document by service of the required notice.

A supplementary prospectus must be published by the Company if a significant new factor arises or is noted which relates to the information included in the Prospectus or if a material mistake or inaccuracy arises or is noted which relates to the information included in the Prospectus. A "significant new factor" includes the filing of interim consolidated financial statements or annual audited consolidated financial statements for the Company with the SEC.

If a supplementary prospectus is published, there is a legal requirement under Section 87Q of the Financial Services and Markets Act 2000, and Article 16 of the Prospectus Directive and related legislation applying in the EEA, that Participants are given the right to withdraw (subject to the terms of such legislation) from participating in the relevant Stock Plan. This means that a Participant may provide notice to the Plan Administrator to withdraw his/her prior acceptance (represented by his/her prior participation form), and terminate future payroll deductions and thereby withdraw from the relevant Stock Plan, with effect from the date of such notice. Such notice may be served at any time during the period commencing on the date the interim consolidated financial statements or annual audited consolidated financial statements for the Company are filed with the SEC and published, and ending two working days after the supplementary prospectus has been approved by the UK Financial Conduct Authority. This statutory right of withdrawal is in addition to the Participant's right to withdraw under the Stock Plans.

To validly exercise the above statutory withdrawal rights, a Participant must serve notice of their withdrawal on or before the end of the period of two working days beginning on the first working day after the date on which any such supplementary prospectus is published pursuant to Section 87Q(4) of FSMA (the "withdrawal period")). A notice of withdrawal may only be served by the following methods:

UK Tax Residents:

A UK Tax Resident may withdraw from the UK Share Purchase Plan by sending an email to Computershare at Halliburton@computershare.co.uk. Contributions can be stopped for the current three-month accumulation period during month one and two of that particular accumulation period and the contributions withheld from the employee's pay will be refunded less income tax and National Insurance Contributions. An accumulation period is defined as the three-month period coinciding with each calendar quarter during which an employee makes contributions to purchase shares under the UK-ESPP.

Non-UK Tax Residents:

Withdrawal online: A Participant may withdraw from a Stock Plan at any time by accessing his/her account with the Company's shareholder services provider, Fidelity Investments, at www.netbenefits.fidelity.com and submitting a notice of withdrawal online.

Withdrawal by telephone: A Participant may withdraw from a Stock Plan at any time by telephoning one of the numbers below and making a declaration of withdrawal from the relevant Stock Plan. Participants will need their Employee ID (SAP/Payroll ID) and relevant PIN:

> +1-800-544-9354 (if telephoning from the United States during customer service hours of 4:00 p.m. Central Time on Sunday through 11:00 p.m. Central Time on Friday, excluding New York Stock Exchange holidays), or
>
> +00 1-800-544-9354 (if telephoning from outside the United States during customer service hours of 8:00 a.m. to 8:00 p.m. local time Monday through Friday, excluding New York Stock Exchange holidays)

If a Participant is in any doubt about the above statutory withdrawal rights, he/she should consult an independent financial adviser in the relevant country concerned before taking any action. The tax consequences associated with participation in a Stock Plan (and any withdrawal therefrom) can vary depending on the Participant's country of residence and other factors. Participants should consult their own tax advisers to understand how participation in, or withdrawal from, a Stock Plan will affect their tax situation.

26.4 Admission to trading and dealing arrangements

26.4.1 The Common Stock issued pursuant to the Stock Plans will not be the subject of an application for admission to trading on a regulated market in the EEA. It will be admitted to trading only on the NYSE, subject to application for any approval by that body. Admission to trading on the NYSE will not necessarily be approved.

26.4.2 Common Stock of the same class as the Common Stock to be issued to Participants under the Stock Plan is listed only on the NYSE.

26.5 Selling securities holders

While the Common Stock issued under the Stock Plan may be reacquired shares bought on the open market or otherwise, no selling shareholders have as at the date of this document been identified.

26.6 Expense of the issue/offer

26.6.1 The total net proceeds of any exercise of Purchase Rights during an Offering Period (each such capitalized term as defined in the relevant Stock Plans) will vary from Offering Period to Offering Period. Based on the volume of shares purchased by eligible employees in the 2013 financial year, we estimate that offers made under the Stock Plans during such period generated in aggregate proceeds of up to $2.1 million. It is not possible to estimate a reasonable or maximum level of acceptances that will result from eligible employees to the offers made under this Prospectus for the 2014 financial year, however, Halliburton is not aware of any material facts or circumstances to indicate that net proceeds from the offers made under the Stock Plans pursuant to this Prospectus will differ from the 2013 financial year to any material extent.

26.6.2 The estimated expenses in relation to the production, approval and passporting of the Prospectus (including estimated professional fees and translation fees) are approximately £150,000. Halliburton has not engaged a sponsor or financial adviser in relation to the preparation and approval of the Prospectus.

26.7 Dilution

The maximum number of shares of Common Stock available for future issuance under the Stock Plans, as of December 31, 2013, was 39 million shares of Common Stock. This number represents approximately 4.0% of the 1,072 million shares of Common Stock in issue on December 31, 2013. Also, some of the Common Stock purchased by Participants at the end of an Offering Period may be existing shares, which purchases would therefore have no dilutive effect on the number of shares of Common Stock in issue. Accordingly, no material dilution will take place pursuant to any issuance or purchase of Common Stock pursuant to the Stock Plans.

26.8 Additional information

There are no advisers connected with the issue of Common Stock mentioned in this document. No corporate finance adviser, sponsor or promoter has been engaged by Halliburton in relation to the Stock Plans.

June 10, 2014

PART II

INFORMATION ABOUT STOCK PLANS INCLUDING APPLICATION FORMS AND DIRECTIONS FOR COMPLETION

Part II contains information about the employee Stock Plans which Halliburton may operate in countries within the EEA. This information is either required by the Prospectus Directive or is information which we think you will find useful. The detailed information regarding specific offers or grants under any of the employee stock plans will be communicated directly to the employees concerned.

Please note, the employee Stock Plans are not offered to everybody. Some are discretionary plans and are not offered to employees generally. Others may be offered to all employees who meet the eligibility criteria.

Please note also that Halliburton is under no obligation to make awards under its employee Stock Plans – it is free to decide whether, when, where and how to operate any of its plans. It is also free to terminate any of its plans as regards future participation.

Employees based in the EEA may be eligible to participate in the following Halliburton Stock Plans (subject to their terms).

The tax consequences associated with participation in these plans can vary greatly depending on the participant's country of residence and other factors. Participants should consult their own tax advisers to understand how participation in the employee stock plans will affect their tax situation.

Halliburton Company Stock and Incentive Plan (as amended and restated February 20, 2013)

The Halliburton Company Stock and Incentive Plan ("SIP") is designed to give eligible employees the opportunity to own shares of Common Stock in the Company. The SIP allows for incentive and reward opportunities designed to assist in attracting, motivating and retaining key employees and to enhance the Company's long-term growth prospects. A further purpose of the Plan is to give the Company the ability to attract and retain highly qualified directors. The SIP is open to eligible employees in the EEA.

Eligibility: Employees or non-employee directors of the Company or any parent corporation or subsidiary of the Company are eligible for the SIP at the discretion of the Compensation Committee of the Board of Directors of Halliburton. No eligible employee will be deemed to have a right to participate. The SIP allows incentives to be structured in one or more different ways, described below.

***Grant Procedure*:** Participation under the SIP is at the discretion of the Compensation Committee. Participants are notified of their awards on an individual basis, either verbally or in writing. Participants must then access the relevant sections of the Company's intranet and print their individual award documentation. Corporate and ESG stock recipients should refer to:

http://halworld.corp.halliburton.com/hr/hr_hes/hr_hes_esgcomp/esgcomp_incentives_long.asp

http://sapportal.corp.halliburton.com/irj/servlet/prt/portal/prtroot/com.halliburton.esg.erp.zelc.stockempview.default

Such information contained on the Company's intranet shall not be incorporated by reference in this Prospectus. Those without intranet access can obtain hard copies by contacting the Company's Executive Compensation department. Participants are required to return a signed agreement within 60 days of receipt).

Limits: Under the SIP, 172,000,000 shares of Common Stock have been reserved through December 31, 2013. Any individual holder may be granted rights under the SIP up to 1,000,000 shares of Common Stock in any one year, and the cash value of any performance award may not exceed $20,000,000.

Stock Options ("Options"): Options to purchase stock are implemented using a stock option agreement (an example of which is set out below). The exercise period will be specified by the Compensation Committee, but must not exceed ten years from the date of grant. The Option price will be set by the Compensation Committee but will not be less than the fair market value (by reference to the closing price of Common Stock on the NYSE).

Stock Appreciation Rights ("SARs"): SARs consist of rights to receive an amount equal to the excess of the fair market value of a share of Common Stock on the date such right is exercised. The amount will be payable in cash or shares in Common Stock at the discretion of the Compensation Committee. Where SARs are granted alongside Options, any exercise of the SAR will result in the surrender of the Option to

which it relates. Where SARs are granted independently of Options, a stock appreciation rights agreement must be signed between the Company and the holder. The exercise price will be set by the Compensation Committee but will not be less than the fair market value (by reference to the closing price of Common Stock on the NYSE). The exercise period will be specified by the Compensation Committee, but must not exceed ten years from the date of grant.

Restricted Stock Awards ("RSAs"): RSAs are awards of Common Stock which have restrictions placed upon them, generally for at least three years from the date of grant. RSAs are implemented using a Restricted Stock Agreement (an example of which is set out below). During the restriction period, the holder is entitled to receive dividends and vote where applicable. The Company will normally retain custody of the stock during the restriction period so that the holder will not be entitled to sell, transfer, pledge, exchange or dispose of the stock during that time. The holder will not generally be required to make payment for the stock.

Restricted Stock Unit ("RSU") Awards: An RSU is a unit evidencing the right to receive one share of Common Stock or an equivalent value equal to the fair market value of a share of Common Stock that is restricted or subject to forfeiture provisions. RSUs are implemented using a Restricted Stock Unit Agreement (an example of which is set out below). During the restriction period, the holder may receive or accumulate cash dividend equivalent payments. The holder will not generally be required to make payment for the stock received pursuant to an RSU award.

Performance Awards: Performance Awards are subject to certain objective performance criteria measured over a specified period, in each case as specified by the Compensation Committee. The criteria may be based on measures such as earnings, cash flow, shareholder return, revenues, operating profits, net profits, earnings per share, stock price, cost reduction goals, debt to capital ratio, financial return ratios, profit margin/return and market share. Based on the achievement of the performance measures, the holder may receive payment in cash or Common Stock as determined by the Compensation Committee.

Stock Value Equivalent Awards ("SVEAs"): SVEAs are rights to receive a cash sum equal to the fair market value of Common Stock or any appreciation in such value over a specified period. Such awards do not require the holder to make payment of any sort except as required by operation of law.

Corporate Change: In the event of a corporate change (as defined in the Plan, including a third party acquiring a shareholding representing 20% or more of the combined voting power of the Company's then-outstanding security, certain changes in composition of the Board, certain mergers or consolidations or liquidation or dissolution) awards under the Plan are generally deemed to be vested, restrictions lapse and performance measures are deemed achieved.

***Termination of Service*:** Awards will generally be subject to lapse or forfeiture as a result of termination of employment, in which case vesting and the right to exercise stock options will cease pursuant to the terms set out in the award agreement, except in circumstances determined by the Compensation Committee, which may include normal retirement, death or disability.

Restrictions on Transfer: An award is not generally transferable other than by will or the laws of descent and distribution.

Amendment or Termination of the Plan: The Board may at its discretion terminate, alter or amend the Plan provided the holder's rights are not thereby impaired or, if they are, the holder's permission is obtained. Material amendments require the approval of Halliburton's stockholders.

***Governing Law*:** The Plan and all awards under it are governed by and construed in accordance with the laws of the State of Texas except where overridden by the General Corporation Law of the State of Delaware.

Dear Long-Term Incentive Award Recipient:

I am pleased to inform you that you have been granted a long-term incentive award authorized pursuant to the Halliburton Company Stock and Incentive Plan ("the Plan").

As you know, the Company has significant responsibilities to our employees, customers, suppliers, and local communities, but our primary responsibility is to our shareholders, who expect and deserve a fair return on their investment as well as increased value over time. In approving the Plan, the shareholders have provided an avenue for key Company employees to have the opportunity to share in the value of our Company's stock.

The Plan allows us to meet important compensation objectives and provides a means to reward employees with additional incentive and reward opportunities that are designed to encourage retention and commitment to making contributions that support the future growth and profitability of the Company. Long-term incentives are an important component of total compensation and provide reward opportunities based on the achievement of business results over a period of time exceeding one year. We use long-term incentives to achieve the following:

- reward the achievement of value creation and long-term operating results
- closely align leadership with shareholder interests
- encourage long-term perspectives and commitment

The market price of Halliburton stock reflects the investing public's perceptions about the Company. These perceptions are shaped by a number of factors that include earnings growth and return on capital as evidenced by cash value added, confidence in management, market and technological leadership and superior financial performance. Your award has been made to achieve the goal of fostering share ownership among employees who, in their current positions, have a significant effect on the Company's future.

Depending upon local law and practices, your award may be provided in one form or a combination of forms of long-term incentives such as stock options, restricted stock or restricted stock units.

In order to streamline the stock award process, we have implemented online grant acceptance of your stock awards with our stock plans administrator. You can view the terms of the stock agreement(s) and then accept or decline the agreement(s) via a secure web site. You are encouraged to action your award agreement(s) as soon as possible and to print a copy of the materials from the web site for your records.

Congratulations on being provided this opportunity!

Sincerely,

David J. Lesar

NONSTATUTORY STOCK OPTION AGREEMENT TERMS AND CONDITIONS

Grant Date: <<Grant Date>>

Grantee ("Employee") <<Participant Name>>

Aggregate Number of Shares Subject to Option: «Number of Stock_Options»

Option Price: $«Grant_Price»

Expiration: Ten (10) years

This **NONSTATUTORY STOCK OPTION AGREEMENT** ("Agreement") is made as of <<Grant Date>> between **HALLIBURTON COMPANY**, a Delaware corporation (the "Company"), **and <<Participant Name>>** ("Employee").

To carry out the purposes of the **HALLIBURTON COMPANY STOCK AND INCENTIVE PLAN** (the "Plan"), by affording Employee the opportunity to purchase shares of common stock of the Company (*"Stock"*), and in consideration of the mutual agreements and other matters set forth herein and in the Plan, the Company and Employee hereby agree as follows:

1.**Grant of Option**. The Company hereby irrevocably grants to Employee the right and option ("Option") to purchase all or any part of the number of shares of Stock set forth above at the option price indicated below, on the terms and conditions set forth herein and in the Plan, which Plan is incorporated herein by reference as a part of this Agreement. This Option shall not be treated as an incentive stock option within the meaning of section 422(b) of the Internal Revenue Code of 1986, as amended (the "Code").

2.**Option Price**. The purchase price of Stock to be paid by Employee pursuant to the exercise of this Option shall be «Grant_Price» per share, which has been determined to be not less than the fair market value of the Stock at the date of grant of this Option. For all purposes of this Agreement, fair market value of Stock shall be determined in accordance with the provisions of the Plan.

3.**Exercise of Option**. Subject to the earlier expiration of this Option as herein provided, this Option may be exercised, by notice to the Company at its principal executive office addressed to the attention of its Vice President and Secretary, or to the Company's agent administering the Plan, at any time and from time to time after the date of grant hereof, but, except as otherwise provided below, this Option shall not be exercisable for more than a percentage of the aggregate number of shares of Stock offered by this Option determined by the number of full years from the date of grant hereof to the date of such exercise, in accordance with the vesting details for this grant displayed in the Distribution Schedule in Net Benefits at www.NetBenefits.Fidelity.com and so long as Employee has not given or been given notice of termination.

This Option is not transferable otherwise than by will or the laws of descent and distribution or pursuant to a "qualified domestic relations order" as defined by the Code and may be exercised during Employee's lifetime only by Employee, Employee's guardian or legal representative or a transferee under a qualified domestic relations order. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Option or of such rights contrary to the provisions hereof or in the Plan, or upon the levy of any attachment or similar process upon this Option or such rights, this Option and such rights shall immediately become null and void. This Option may be exercised only while Employee remains an employee of the Company and so long as Employee has not given or been given notice of termination, subject to the following exceptions or as may otherwise be permitted by the Company in its sole discretion:

(a)If Employee's employment with the Company terminates by reason of disability (disability being defined as being physically or mentally incapable of performing either the Employee's usual duties as an Employee or any other duties as an Employee that the Company reasonably makes available and such condition is likely to remain continuously and permanently, as determined by the Company or employing subsidiary), this Option may be exercised in full by Employee (or Employee's estate or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of

Employee) at any time during the period ending on the earlier of the Expiration Date (as defined below) or the third anniversary of the date of Employee's termination of employment.

(b)If Employee dies while in the employ of the Company, Employee's estate, or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Employee, may exercise this Option in full at any time during the period ending on the earlier of the Expiration Date or the third anniversary of the date of Employee's death.

(c)If Employee's employment with the Company terminates by reason of retirement, applicable management of the Company and/or business unit may recommend to the Committee or its delegate, as applicable, that this Option be retained. In such event, the Committee or its delegate, as the case may be, shall consider such recommendation and may, in the Committee's or such delegate's sole discretion, approve the retention of this Option following such retirement, in which case the Option may be exercised by Employee at any time during the period ending on the Expiration Date, but only as to the number of shares of Stock Employee was entitled to purchase on the date of such exercise in accordance with the schedule set forth above. If, after retirement as set forth above, Employee should die, this Option may be exercised in full by Employee's estate (or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of the Employee) during the period ending on the earlier of the Expiration Date or the third anniversary of the date of Employee's death.

(d)If Employee's employment with the Company terminates for any reason other than those set forth in subparagraphs (a) through (c) above, this Option may be exercised by Employee only during the 90 calendar days following the date on which notice of such termination was provided (whether by Employee or the employer), which 90-day period shall not be extended by any notice period that may be specified under contract or applicable law with respect to such termination, including any "garden leave" or similar period, except as may otherwise be permitted by the Company in its sole discretion, or by Employee's estate (or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of the Employee) during a period of six months following Employee's death if Employee dies during such 90-day period, but in each case only as to the number of shares of Stock Employee was entitled to purchase hereunder upon exercise of this Option as of the date notice was provided of Employee's termination of employment unless otherwise be permitted by the Company in its sole discretion. Any Options not exercised during the applicable period shall be automatically forfeited.

(e) This Option shall not be exercisable in any event prior to the expiration of six months from the date of grant hereof or after the expiration of ten years from the date of grant hereof (the "Expiration Date") notwithstanding anything hereinabove contained. The purchase price of Stock for the exercised Option and any applicable taxes shall be paid in full at the time of exercise by any of the following methods unless otherwise specified by the Company in its sole discretion to comply with applicable laws or facilitate the administration of the Plan: (a) in cash (including check, bank draft or money order delivered to Halliburton's Stock Plan Administrator), (b) by delivering to the Company's Stock Plan Administrator shares of Stock having a fair market value equal to the purchase price and which Stock, if acquired from the Company, have been held by Employee for more than six months, or (c) by a combination of cash or Stock. Payment may also be made by providing instructions to the Company's Stock Plan Administrator to exercise an Option and to simultaneously sell a sufficient number of shares of Stock resulting from the exercised Option to cover the exercise price and any applicable withholdings or other charges; the Stock Plan Administrator will deliver directly to the Company that portion of the sales proceeds representing the exercise price and any applicable taxes, and other charges customarily withheld by the Company. No fraction of a share of Stock shall be issued by the Stock Plan Administrator upon exercise of an Option or accepted by the Administrator in payment of the purchase price thereof; rather, any remaining balance of sale proceeds over the exercise price and taxes and other charges withheld shall be paid to Employee, subject to any applicable laws. Unless and until such Stock shall have been issued by the Company's Stock Plan Administrator to Employee, Employee (or the person permitted to exercise this Option in the event of Employee's death) shall not be, or have any of the rights or privileges of, a shareholder of the Company with respect to Stock acquirable upon an exercise of this Option.

(f)Any cross-border remittance made to exercise this Option (or to transfer proceeds received upon the sale of Stock) must be made through a locally authorized financial institution or registered foreign exchange agency and may require Employee to provide to such entity certain information regarding

the transaction. Employee further understands and agrees that the Company and any related company are neither responsible for any foreign exchange fluctuations between Employee's local currency and the United States Dollar that may affect the value of this Option (or the calculation of income or taxes, social contributions, or other charges thereunder) nor liable for any decrease in the value of Stock or this Option.

4. **Withholding of Tax**. To the extent that the exercise of this Option or the disposition of shares of Stock acquired by exercise of this Option results in any applicable income tax, social contributions, or other charges, Employee shall deliver to the Company at the time of such exercise or disposition such amount of money or shares of Stock as the Company may require to meet its withholding obligation under applicable tax laws or regulations, and, if Employee fails to do so, the Company or the employer is authorized to withhold from any cash or Stock remuneration then or thereafter payable to Employee any tax required to be withheld. Upon an exercise of this Option, the Company is further authorized in its discretion to satisfy any such withholding requirement out of any cash or shares of Stock distributable to Employee upon such exercise. Regardless of any action the Company or employer may take with respect to any or all such taxes, social contributions, or other charges, Employee acknowledges that the ultimate liability for all such amounts is and remains Employee's responsibility and may exceed the amount actually withheld. Employee further acknowledges that the Company does not commit to and is under no obligation to structure the terms or any aspect of the Option to reduce or eliminate Employee's liability for such amounts or achieve any particular tax result. Also, if Employee has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant tax event, Employee acknowledges that the Company and/or employer (or former employer, as applicable) may be required to withhold or account for such amounts in more than one jurisdiction.

5. **Status of Stock**. The Company shall not be obligated to issue any Stock pursuant to any Option at any time, when the offering of the Stock covered by such Option has not been registered under the Securities Act of 1933, as amended (the "Act") and such other country, federal or state laws, rules or regulations as the Company deems applicable and, in the opinion of legal counsel for the Company, there is no exemption from the registration. The Company intends to use its best efforts to ensure that no such delay will occur. In the event exemption from registration under the Act is available upon an exercise of this Option, Employee (or the person permitted to exercise this Option in the event of Employee's death or incapacity), if requested by the Company to do so, will execute and deliver to the Company in writing an agreement containing such provisions as the Company may require to assure compliance with applicable securities laws.

Employee agrees that the shares of Stock which Employee may acquire by exercising this Option will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable securities laws. Employee also agrees (i) that the certificates representing the shares of Stock purchased under this Option may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws, (ii) that the Company may refuse to register the transfer of the shares of Stock purchased under this Option on the stock transfer records of the Company if such proposed transfer would in the opinion of counsel satisfactory to the Company constitute a violation of any applicable securities law and (iii) that the Company may give related instructions to its transfer agent, if any, to stop registration of the transfer of the Stock purchased under this Option.

6. **Employment Relationship**. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee of either the Company, a Parent Corporation or Subsidiary of the Company, or a corporation or a Parent Corporation or Subsidiary of such corporation assuming or substituting a new option for this Option and has not given or been given notice of termination. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee or its delegate, as appropriate, and such determination shall be final.

Nothing contained in this Agreement is intended to constitute or create a contract of employment, nor shall it constitute or create the right to remain associated with or in the employ of the Company or a related company for any particular period of time. This Agreement shall not interfere in any way with the Company or a related company's right to terminate Employee's employment at any time, subject to applicable law. Furthermore, this Agreement, the Plan, and any other Plan documents are not part of Employee's employment contract, if any, and do not guarantee either Employee's right to receive any future grants under such Agreement or Plan or the inclusion of the value of any grants in the calculation of severance payments, if any, upon termination of employment.

7.**Data Privacy**. In order to perform its obligations under the Plan or for the implementation and administration of such Plan, the Company may collect, transfer, use, process, or hold certain personal or sensitive data about Employee. Such data includes, but is not limited to Employee's name, nationality, citizenship, work authorization, date of birth, age, government or tax identification number, passport number, brokerage account information, address, compensation and equity award history, and beneficiaries' contact information. Employee explicitly consents to the collection, transfer (including to third parties in Employee's home country or the United States or other countries, such as but not limited to human resources personnel, legal and tax advisors, and brokerage administrators), use, processing, and holding, electronically or otherwise, of his/her personal information in connection with this or any other equity award. Employee understands that refusal or withdrawal of consent may affect Employee's ability to participate in the Plan or to realize benefits from the Option. At all times, the Company shall maintain the confidentiality of Employee's personal information, except to the extent the Company is required to provide such information to governmental agencies or other parties; such actions will be undertaken by the Company only in accordance with applicable law.

8. **Mode of Communications**. Employee agrees, to the fullest extent permitted by law, in lieu of receiving documents in paper format, to accept electronic delivery of any documents that the Company or related company may deliver in connection with this grant and any other grants offered by the Company, including prospectuses, grant notifications, account statements, annual or quarterly reports, and other communications. Electronic delivery of a document may be made via the Company's email system or by reference to a location on the Company's intranet or website or a website of the Company's agent administering the Plan.

To the extent Employee has been provided with a copy of this Agreement, the Plan, or any other documents relating to this Option in a language other than English, the English language documents will prevail in case of any ambiguities or divergences as a result of translation.

9.**Binding Effect**. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

10.**Compliance with Law.** Notwithstanding anything to the contrary herein, the Company shall not be obligated to issue any Stock pursuant to any Option, at any time, if the offering of the Stock covered by such Option, or the exercise of an Option by an Employee, violates or is not in compliance with any laws, rules or regulations of the United States or any state or country.

Furthermore, Employee understands that the laws of the country in which he/she is working or residing at the time of grant, holding, vesting, and/or exercise of this Option or at ownership or subsequent sale of shares of Stock granted to Employee under this Option (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent exercise of this Option or may subject Employee to additional terms and conditions or procedural or regulatory requirements he/she is solely responsible for and will have to independently fulfill in relation to this Option. The Company reserves the right to impose other requirements on Employee's participation in the Plan and any Stock acquired under the Plan to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate administration of the Plan. Such requirements and other terms and conditions to this Option may be described in but are not limited to the attached Country-Specific Addendum, which constitutes part of this Agreement.

11.**Governing Law and Forum.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas without regard to principles of conflict of laws, except to the extent that it implicates matters which are the subject of the General Corporation Law of the State of Delaware, which matters shall be governed by the latter law. For purposes of resolving any dispute that may arise directly or indirectly from this Agreement, the parties hereby agree that any such dispute that cannot be resolved by the parties shall be submitted for resolution through the Halliburton Dispute Resolution Program, which Program's last step is final and binding arbitration.

12.**Other Terms**. The provisions of this Agreement are severable and if any one or more of the provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

HALLIBURTON COMPANY
STOCK AND INCENTIVE PLAN (THE "PLAN")
STOCK OPTION GRANT AGREEMENT
COUNTRY-SPECIFIC ADDENDUM

This Addendum includes additional country-specific notices, disclaimers, and/or terms and conditions that may apply if you live or work in one of the countries listed below and that may be material to your participation in the Plan. This information is based on applicable securities, foreign exchange and other laws that may subject you to obligations that you solely are responsible for. However, such laws are often complex and change frequently, and the information provided is general in nature and may not apply to your specific situation. As such, the Company cannot assure you of any particular result, and you should seek your own professional legal and tax advice. Unless otherwise noted, capitalized terms shall take the definitions assigned to them under the Plan and your grant agreement. This Addendum forms part of your grant agreement and should be read in conjunction with the Plan.

Securities Law Notice: Unless otherwise noted, neither the Company nor the Shares are registered with any local stock exchange or under the control of any local securities regulator outside the U.S. This Agreement (of which this Addendum is a part), the Plan, and any other communications or materials that you may receive regarding participation in the Plan do not constitute advertising or a public offering of securities outside the U.S. The issuance of securities described in any Plan-related documents is not intended for offering or public circulation in your jurisdiction.

European Union	**Data Privacy** The following language supplements Section 5 of the Agreement: Employees understand that such personal data will be held only as long as is necessary to implement, administer, and manage Employee's participation in the Plan. Employee understands that he or she may, at any time, view his or her personal data, request additional information about the storage and processing of the personal data, require any necessary amendments to personal data or refuse or withdraw the consents herein, without cost, by contact in writing Employee's local human resources representative.
Angola	**Foreign Exchange Information** As a resident individual over age 18, you may freely remit up to US $15,000 in foreign currency per transaction. Please note that other transaction or annual restrictions may apply.
Argentina	**Foreign Exchange Information** US dollar transactions must be conducted through financial intermediaries authorized by the Argentine Central Bank. Under recent amendments in 2012 to Argentine foreign exchange restrictions, the transfer of funds outside Argentina is further restricted. Payment to exercise stock options will be subject to such restrictions (and it may be practically difficult for you to transfer funds to make such payment) unless you exercise your options via cashless exercise methods only. Furthermore, US dollar proceeds from the sale of stock by a participant, when remitted to Argentina, are subject to conversion to Argentine pesos at applicable exchange rates. Depending on the amount, you may also be required to provide certain documentary evidence regarding your sale of stock or otherwise place the funds in a non-interest-bearing US dollar-denominated mandatory deposit account for a holding period of 365 days. As the

restrictions may change, please confirm the foreign exchange requirements with your local bank before any transfer of funds in or out of Argentina.

Australia

Securities Law Notice

Any advice given to you in connection with the offer is general advice only, and you should consider obtaining your own financial product advice from an independent person who is licensed by ASIC to give such advice. You will receive a separate communication that provides you the relevant price and exchange rate information as of the date of this grant. The Company will make available at any time, upon your request, the Australian dollar equivalent of (as applicable) the current market price of the underlying stock subject to your Option.

Brazil

Foreign Ownership / Exchange Information

The regulations of the Central Bank of Brazil governing investments abroad are subject to change at any time, and such changes could affect your ability to exercise options or receive cash proceeds from option exercises or the sale of shares. Please check with your local equity coordinator about any currently effective restrictions before exercising your options. Additionally, you are required to report to the Central Bank of Brazil, on a yearly basis, the value of any and all assets held abroad (including Halliburton shares) if the value of such assets equals or exceeds US $100,000, as well as any capital gain, dividend or profit attributable to such assets.

Canada

Consent to Receive Information in English (Quebec Employees)

I acknowledge that it is the express wish of the parties that this agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be written in English.

Je reconnais que c'est mon souhait exprès d'avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaries intentées, directement ou indirectement, relativement à ou suite à la présente convention.

China

Foreign Exchange Information

Following the vesting of your Options, you may exercise any or all of your vested Options by providing irrevocable instructions to the Company's broker, which currently is Fidelity Stock Plan Services, LLC ("Fidelity"). Upon your instruction to exercise, Fidelity will simultaneously sell (out of the shares subject to the Options exercised) the number of shares that is sufficient to pay the exercise price of the Options you are exercising, as well as applicable brokerage fees.

You may immediately sell the remaining shares you receive upon the exercise of your Options or hold the shares in the Participant Trust to sell at a later date. However, you will not be permitted to move your shares out of the Participant Trust other than upon the sale of such shares.

Furthermore, you are not permitted to hold any Options or shares after 90 days following your termination of employment. This means that any vested Options must be exercised within 90 days following your termination. Any shares received from an exercise will be subject to sale by the 90th day after termination.

Due to foreign exchange restrictions in China, you are required to repatriate all proceeds that you receive from dividend payments (if any) and/or the above sale of shares to China through a domestic special-purpose foreign exchange account that Halliburton has established for this purpose. By accepting this award, you agree to this repatriation process. Fidelity will remit the proceeds from any sale of shares, less any commissions or other fees, directly to the Company's special-purpose foreign exchange account.

Under current Halliburton policy, the proceeds will then be distributed to your individual USD account, subject to Halliburton's determination that you have paid (through payroll

withholdings, direct reimbursement to your employer, net share withholding, sell-to-cover, or other method as specified by Halliburton) any tax amounts that are due. Halliburton also reserves the right to transfer a portion of or all sale proceeds to the local entity or to the tax authorities to pay any tax amounts that are due, as further described below. By accepting this award, you acknowledge and agree to the following:

I acknowledge that any award I receive under the Plan is taxable as per personal income tax law of China. I accept that paying personal income tax is the individual's legal responsibility and that the employer has the obligation to withhold related personal income tax in China. I understand and agree to the below procedures to be applied to the shares I may receive upon vesting of my RSUs and/or exercise of my options and the proceeds of the sale of such shares.

1. Exchange rate: The stock sales proceeds are processed in US Dollars. However, the calculation and submission of Personal Income Tax in China ("PIT") are required to be in Chinese Yuan. I agree that the exchange rate applicable to the calculation of PIT shall be the middle rate as published by the People's Bank of China on the first calendar day of the month in which stock sale is executed.

2. Tax process: The Company will submit a tax return and make a payment on behalf of the employee. I authorize the Company to deduct personal income tax payable through my monthly payroll. I agree to make immediate payment to the Company if the salary deduction is not sufficient for the required personal income tax withholding. In addition, I authorize the Company to withhold a sufficient number of shares under my award to cover the taxes due, to sell a sufficient number of shares under my award to cover the taxes due, or to take any other measures permitted under the Plan or my award agreement to cover the taxes due.

3. Bank account: I am responsible for providing a personal domestic bank account to receive the stock sale proceeds. I am responsible for the accuracy of the account information provided to the Company and for ensuring that the bank account is able to receive deposits in US Dollars.

I acknowledge that Halliburton China will not release a portion or all of the stock sale proceeds with accrued interest (according to bank's calculation) to my designated personal bank until my payment of the full amount of the PIT is received by the Company (as evidenced by a tax payment slip).

Your grant of Options is also subject to the separate Internal Control Policy for Employees in the People's Republic of China, which is provided by your Human Resources Department. You can contact the Human Resources Department for a copy of the policy.

Please note that the foreign exchange and tax processes that are deemed necessary or advisable by the Company in order to comply with the requirements of the State Administration Foreign Exchange and other PRC laws are subject to change. The Company may unilaterally change any of the above procedures if the Company in its sole discretion seems it necessary or advisable to make such change.

Colombia

Foreign Ownership Information

Prior approval from a government authority is not required to purchase and hold foreign securities or to receive an equity award. However, if the value of foreign investments, including the value of any equity awards, equals or exceeds US $500,000 in any year, then such investments must be registered with the Colombian Central Bank by June 30th of the year following the year in which the investments equaled or exceeded the threshold (and annually thereafter, provided the balance remains at or above US $500,000 at year-end).

Congo-Brazzaville

Foreign Exchange Information

If you intend to transfer money abroad in order to exercise your Options, you may be subject to reporting and/or other filing or other pre-approval requirements, as well as a bank

commission payment. It is strongly recommended that you consult your personal legal advisor with respect to such requirements.

Ecuador

Foreign Exchange Information

Please note that a remittance tax of 5% is applied to amounts remitted abroad exceeding US $1,000 in a two-week period (including for the purpose of exercising Options) by any person in Ecuador by any means.

France

Foreign Exchange Information

Residents of France with foreign account balances in excess of EUR 1 million or its equivalent must report monthly to the Bank of France.

India

Foreign Exchange Information

You shall take all reasonable steps to repatriate to India immediately all foreign exchange received by you as a consequence of your participation in Halliburton's stock incentive plan and in any case not later than 90 days from the date of sale of the stocks so acquired by you under the stock incentive plans. Further you shall in no case do, or refrain from doing anything, or take or refrain from taking any action, which has the effect of:

(a) Delaying the receipt by you of the whole or part of such foreign exchange; or

(b) Eliminating the foreign exchange in whole or in part to be receivable by you.

Upon receipt or realisation of the foreign exchange in India, including in relation to any dividend payments, you shall surrender the received or realised foreign exchange to an authorised person within a period of 180 days from the date of such receipt or realisation, as the case may be. Please note that you should keep the remittance certificate received from the bank where foreign currency is deposited in the event that the Reserve Bank of India, Halliburton or your employer requests proof of repatriation.

Italy

Foreign Exchange Information

You may be required to report on your annual tax return any transfer abroad in excess of EUR 10,000 and not delivered by an authorized Italian bank.

Data Privacy Consent

Pursuant to Legislative Decree no. 196/2003, the Controller of personal data processing is Halliburton Company, with registered offices at Houston, Texas, U.S.A., and its representative in Italy for privacy purposes is: Halliburton Italiana S.p.A, Contrada S. Elena s.n.c, Zona Industriale Ortona, Ortona (Chitei), Italy 66026.

I understand that data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/200.

The processing activity, including the communication and transfer of my data abroad, including outside of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require my consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. I understand that the use of my data will be minimized where it is not necessary for the implementation, administration and management of the Plan. I further understand that, pursuant to Section 7 of the Legislative Decree no. 196/2003, I have the right to, including but not limited to, access, delete, update, ask for rectification of my data and stop, for legitimate reason, the data processing. Furthermore, I am aware that my data will not be used for direct marketing purposes.

<table>
<tr><td>Japan</td><td>Foreign Exchange Information

If you acquire Shares valued at more than ¥100,000,000 in a single transaction, you must file a Securities Acquisition Report with the Ministry of Finance (“MOF”) through the Bank of Japan within 20 days of the exercise of the Shares.

In addition, if you pay more than ¥30,000,000 in a single transaction for the Shares at exercise of the Option, you must file a Payment Report with the MOF through the Bank of Japan by the 20th day of the month following the month in which the payment was made. The precise reporting requirements vary depending on whether the relevant payment is made through a bank in Japan.

A Payment Report is required independently of a Securities Acquisition Report. Consequently, if the total amount that you pay on a one-time basis at exercise of the Option exceeds ¥100,000,000, you must file both a Payment Report and a Securities Acquisition Report.</td></tr>
<tr><td>Kazakhstan</td><td>Foreign Exchange Information

Please note that by choosing to participate in the equity program, you hereby consent to your employer and Halliburton Company to be your agent to transfer and/or hold funds, shares, or sale proceeds for and on your behalf.

Assuming your purchase of shares upon exercise of an option is less than US $100,000, you will not be subject to notification or registration requirements in respect of the transfer of funds. However, please note that the Kazakh Law on Currency Regulation requires currency repatriation. Therefore, if you sell your shares, you must transfer the proceeds to an account(s) with a Kazakh bank.</td></tr>
<tr><td>Korea</td><td>Foreign Exchange Information

Please note that proceeds received from the sale of stock overseas must be repatriated to Korea within 18 months if such proceeds exceed US $500,000 per sale. Separate sales may be deemed a single sale if the sole purpose of separate sales was to avoid a sale exceeding the US $500,000 per sale threshold.</td></tr>
<tr><td>Kuwait</td><td>Securities Law Notice

The information contained herein is intended solely for your use; it is confidential and privileged and is not intended to be circulated to any other person or party other than eligible employees or published by any means. You may not rely on the information contained herein for any purpose other than in relation to this offer and any share purchase or award hereunder.

Foreign Exchange Information

The transfer of funds from Kuwait in excess of KWD 3,000 must be done via wire transfer through a Kuwait-licensed bank, investment company or exchange company in compliance with Kuwait anti-money laundering legislation.</td></tr>
<tr><td>Malaysia</td><td>Securities Law Notice

The grant of Halliburton stock incentive awards in Malaysia constitutes or relates to an ‘excluded offer,’ ‘excluded invitation,’ or ‘excluded issue’ pursuant to Section 229 and Section 230 of the CMSA, and as a consequence no prospectus is required to be registered with the Securities Commission of Malaysia. The award documents do not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Securities Commission in Malaysia under the CMSA.</td></tr>
</table>

Mexico **Labor Law Acknowledgment**

The invitation Halliburton is making under the Plan is unilateral and discretionary and is not related to the salary and other contractual benefits granted to you by your employer; therefore, benefits derived from the Plan will not under any circumstance be considered as an integral part of your salary . Halliburton reserves the absolute right to amend the Plan and discontinue it at any time without incurring any liability whatsoever. This invitation and, in your case, the acquisition of shares does not, in any way, establish a labor relationship between you and Halliburton, nor does it establish any rights between you and your employer.

La invitación que Halliburton hace en relación con el Plan es unilateral, discrecional y no se relaciona con el salario y otros beneficios que recibe actualmente de su actual empleador, por lo que cualquier beneficio derivado del Plan no será considerado bajo ninguna circunstancia como parte integral de su salario. Por lo anterior, Halliburton se reserva el derecho absoluto para modificar o terminar el mismo, sin incurrir en responsabilidad alguna. Esta invitación y, en su caso, la adquisición de acciones, de ninguna manera establecen relación laboral alguna entre usted y Halliburton y tampoco genera derecho alguno entre usted y su empleador.

New Zealand **Securities Law Notice**

The offer of stock options to New Zealand employees under the SIP in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002. This offer and related documentation has not been registered, filed or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand) and is, therefore, not a prospectus or an investment statement under New Zealand law and may not contain all the information that a prospectus or investment statement under New Zealand law is required to contain.

In addition to the terms of the offer as described in your Grant Agreement, this Addendum, and the Plan you are entitled to review Halliburton's most recent annual report and published financial statements. The annual report and financial statements may be found on Halliburton's website at www.halliburton.com. You may also obtain such information at no cost by contacting your Human Resources Department.

Nigeria **Foreign Exchange Information**

Your participation in the equity program and the transfer of funds abroad may be subject to documentation and reporting requirements with the bank handling the transfer and/or the Central Bank of Nigeria. It is your responsibility to fulfill any such requirements.

Pakistan **Exchange Control Information**

Your participation in the Plan may be subject to certain terms and conditions imposed by the State Bank of Pakistan, including specifically in relation to Halliburton's Plan, as well as general foreign exchange controls. You are required immediately to repatriate to Pakistan the proceeds from the sale of the Shares. You may be required to register ownership of foreign shares with the State Bank of Pakistan using the prescribed Form V-96. You should consult your personal advisor prior to repatriation of the sale proceeds and to ensure compliance with applicable exchange control regulations in Pakistan, as such regulations are subject to frequent change. Please note that you should keep copies of any documents, certificates or invoices involving foreign currency transactions connected in any way to your participation in the Plan. You are responsible for ensuring compliance with all exchange control laws in Pakistan.

Poland **Foreign Ownership Reporting**

If you hold more than PLN 7,000,000 in foreign securities at year-end, you are required to report quarterly to the National Bank of Poland regarding the number and value of such securities. Such reports are filed on special forms available on the website of the National

Bank of Poland.

Papua New Guinea	**Foreign Exchange Information** Before sending any money overseas to purchase shares and before receiving funds from the sale of any securities abroad, you will need to apply for and receive an Income Tax Clearance Certificate from the taxation authorities in Papua New Guinea, which you must then lodge with the appropriate Bank of Papua New Guinea notification form with the commercial bank in which the transaction takes place.
Russia	**Securities Law Notice** Neither this offer nor the distribution of related documentation, constitute the public circulation of securities in Russia. You will receive shares in a brokerage account held in your name outside of Russia, but a stock certificate will not be issued to you. You are not permitted to transfer any shares received under any Halliburton Company employee equity program into Russia.
Saudi Arabia	**Securities Law Notice** This document may not be distributed in the Kingdom except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document you should consult an authorised financial adviser.
Singapore	**Securities Law Notice** This grant of an Option and the Common Stock to be issued upon the exercise of such Option shall be made available only to an employee of the Company or its Subsidiary, in reliance of the prospectus exemption set out in Section 173(1)(f) of the Securities and Futures Act (Chapter 289) of Singapore. In addition, you agree, by your acceptance of this grant, not to sell any Common Stock within six months of the date of grant. Please note that neither this agreement nor any other document or material in connection with this offer of the Option and the Common Stock thereunder has been or will be lodged, registered or reviewed by any regulatory authority in Singapore.
Spain	**Exchange Control Information** If you are a Spanish resident, your acquisition, purchase, or sale of foreign-listed stock may be subject to ongoing annual reporting obligations with the General Directorate of International Economy and Foreign Transactions. If shares are kept abroad, you will need to submit a statistical report on an official Form D6 each January in relation to the preceding year. Additionally, a Form D8 must be submitted to the aforementioned authorities in certain circumstances. In addition, under a new law you may be required to report to the Spanish tax administration any foreign assets or investments over EUR 50,000.
Thailand	**Foreign Exchange Information** Please note that any dividends received from foreign stock owned and all proceeds from the sale of such stock must be remitted to Thailand and must be deposited or converted into Thai Baht with a commercial bank in Thailand within 360 days of receipt according to the Ministerial Regulation No. 26 dated 24 January 2009. In addition, please note that in case of cash exercise of stock options, you may be requested to submit certain supporting

documentation to your commercial bank in relation to your options; should you require copies of Plan or other documentation for this purpose, please contact your local Human Resources department. Furthermore, if the transfer of funds abroad exceeds US $1 million per annum, participants must obtain approval from the Bank of Thailand to such remittance.

United Arab Emirates

Securities Law Notice

This Plan has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This Plan is strictly private and confidential and has not been reviewed by, deposited or registered with the UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This Plan is being issued from outside the United Arab Emirates to a limited number of employees of Halliburton Company and affiliated companies and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the issue of any securities or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

Venezuela

Foreign Exchange Information

The Venezuelan exchange control regulations currently in force do not permit use of the cash purchase exercise method.

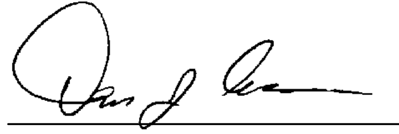
Vietnam

Foreign Exchange Information

Please note that all exercises of Options by Vietnam citizens must be limited to the cashless exercise method and proceeds received upon exercise should be repatriated immediately to Vietnam.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by its officer thereunto duly authorized, and Employee has executed this Agreement, all as of the day and year first above written.

HALLIBURTON COMPANY



By:

David J. Lesar

Chairman of the Board, President and
Chief Executive Officer

I HEREBY AGREE TO THE TERMS AND CONDITIONS, INCLUDING THE 90 DAY CONDITION SET FORTH IN SECTION 3(d), SET FORTH IN THIS NONSTATUTORY STOCK OPTION AGREEMENT DATED <<Grant Date>>.

<<Electronic Signature>>

<<Acceptance Date>>

Dear Long-Term Incentive Award Recipient:

I am pleased to inform you that you have been granted a long-term incentive award authorized pursuant to the Halliburton Company Stock and Incentive Plan ("the Plan").

As you know, the Company has significant responsibilities to our employees, customers, suppliers, and local communities, but our primary responsibility is to our shareholders, who expect and deserve a fair return on their investment as well as increased value over time. In approving the Plan, the shareholders have provided an avenue for key Company employees to have the opportunity to share in the value of our Company's stock.

The Plan allows us to meet important compensation objectives and provides a means to reward employees with additional incentive and reward opportunities that are designed to encourage retention and commitment to making contributions that support the future growth and profitability of the Company. Long-term incentives are an important component of total compensation and provide reward opportunities based on the achievement of business results over a period of time exceeding one year. We use long-term incentives to achieve the following:

- reward the achievement of value creation and long-term operating results
- closely align leadership with shareholder interests
- encourage long-term perspectives and commitment

The market price of Halliburton stock reflects the investing public's perceptions about the Company. These perceptions are shaped by a number of factors that include earnings growth and return on capital as evidenced by cash value added, confidence in management, market and technological leadership and superior financial performance. Your award has been made to achieve the goal of fostering share ownership among employees who, in their current positions, have a significant effect on the Company's future.

Depending upon local law and practices, your award may be provided in one form or a combination of forms of long-term incentives such as stock options, restricted stock or restricted stock units.

In order to streamline the stock award process, we have implemented online grant acceptance of your stock awards with our stock plans administrator. You can view the terms of the stock agreement(s) and then accept or decline the agreement(s) via a secure web site. You are encouraged to action your award agreement(s) as soon as possible and to print a copy of the materials from the web site for your records.

Congratulations on being provided this opportunity!

Sincerely,

David J. Lesar

NONSTATUTORY STOCK OPTION AGREEMENT TERMS AND CONDITIONS

Grant Date: <<Grant Date>>

Grantee ("Employee") <<Participant Name>>

Aggregate Number of Shares Subject to Option: «Number of Stock_Options»

Option Price: $«Grant_Price»

Expiration: Ten (10) years

This **NONSTATUTORY STOCK OPTION AGREEMENT** ("Agreement") is made as of <<Grant Date>> between **HALLIBURTON COMPANY**, a Delaware corporation (the "Company"), **and <<Participant Name >>** ("Employee").

To carry out the purposes of the **HALLIBURTON COMPANY STOCK AND INCENTIVE PLAN** (the "Plan"), by affording Employee the opportunity to purchase shares of common stock of the Company (*"Stock"*), and in consideration of the mutual agreements and other matters set forth herein and in the Plan, the Company and Employee hereby agree as follows:

1.**Grant of Option**. The Company hereby irrevocably grants to Employee the right and option ("Option") to purchase all or any part of the number of shares of Stock set forth above at the option price indicated below, on the terms and conditions set forth herein and in the Plan, which Plan is incorporated herein by reference as a part of this Agreement. This Option shall not be treated as an incentive stock option within the meaning of section 422(b) of the Internal Revenue Code of 1986, as amended (the "Code").

2.**Option Price**. The purchase price of Stock to be paid by Employee pursuant to the exercise of this Option shall be «Grant_Price» per share, which has been determined to be not less than the fair market value of the Stock at the date of grant of this Option. For all purposes of this Agreement, fair market value of Stock shall be determined in accordance with the provisions of the Plan.

3.**Exercise of Option**. Subject to the earlier expiration of this Option as herein provided, this Option may be exercised, by notice to the Company at its principal executive office addressed to the attention of its Vice President and Secretary, or to the Company's agent administering the Plan, at any time and from time to time after the date of grant hereof, but, except as otherwise provided below, this Option shall not be exercisable for more than a percentage of the aggregate number of shares of Stock offered by this Option determined by the number of full years from the date of grant hereof to the date of such exercise, in accordance with the vesting details for this grant displayed in the Distribution Schedule in Net Benefits at www.NetBenefits.Fidelity.com so long as Employee has not given or been given notice of termination.

This Option is not transferable otherwise than by will or the laws of descent and distribution or pursuant to a "qualified domestic relations order" as defined by the Code and may be exercised during Employee's lifetime only by Employee, Employee's guardian or legal representative or a transferee under a qualified domestic relations order. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Option or of such rights contrary to the provisions hereof or in the Plan, or upon the levy of any attachment or similar process upon this Option or such rights, this Option and such rights shall immediately become null and void. This Option may be exercised only while Employee remains an employee of the Company and has not given or been given notice of termination, subject to the following exceptions or as may otherwise be permitted by the Company in its sole discretion:

(a)If Employee's employment with the Company terminates by reason of disability (disability being defined as being physically or mentally incapable of performing either the Employee's usual duties as an Employee or any other duties as an Employee that the Company reasonably makes available and such condition is likely to remain continuously and permanently, as determined by the Company or employing subsidiary), this Option may be exercised in full by Employee (or Employee's estate or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of

the death of Employee) at any time during the period ending on the earlier of the Expiration Date (as defined below) or the third anniversary of the date of Employee's termination of employment.

(b)If Employee dies while in the employ of the Company, Employee's estate, or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Employee, may exercise this Option in full at any time during the period ending on the earlier of the Expiration Date or the third anniversary of the date of Employee's death.

(c)If Employee's employment with the Company terminates by reason of retirement, applicable management of the Company and/or business unit may recommend to the Committee or its delegate, as applicable, that this Option be retained. In such event, the Committee or its delegate, as the case may be, shall consider such recommendation and may, in the Committee's or such delegate's sole discretion, approve the retention of this Option following such retirement, in which case the Option may be exercised by Employee at any time during the period ending on the Expiration Date, but only as to the number of shares of Stock Employee was entitled to purchase on the date of such exercise in accordance with the schedule set forth above. If, after retirement as set forth above, Employee should die, this Option may be exercised in full by Employee's estate (or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of the Employee) during the period ending on the earlier of the Expiration Date or the third anniversary of the date of Employee's death.

(d)If Employee's employment with the Company terminates for any reason other than those set forth in subparagraphs (a) through (c) above, this Option may be exercised by Employee only during the 90 calendar days following the date on which notice of such termination was provided (whether by Employee or the employer), which 90-day period shall not be extended by any notice period that may be specified under contract or applicable law with respect to such termination, including any "garden leave" or similar period, except as may otherwise be permitted by the Company in its sole discretion, or by Employee's estate (or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of the Employee) during a period of six months following Employee's death if Employee dies during such 90-day period, but in each case only as to the number of shares of Stock Employee was entitled to purchase hereunder upon exercise of this Option as of the date notice was provided of Employee's termination of employment unless otherwise be permitted by the Company in its sole discretion. Any Options not exercised during the applicable period shall be automatically forfeited.

(e)This Option shall not be exercisable in any event prior to the expiration of six months from the date of grant hereof or after the expiration of ten years from the date of grant hereof (the "Expiration Date") notwithstanding anything hereinabove contained. The purchase price of Stock for the exercised Option and any applicable taxes shall be paid in full at the time the Company's Stock Plan Administrator processes the Employee's Option exercise request. Payment may only be made by the Employee providing instructions to the Company's Stock Plan Administrator to exercise an Option and to simultaneously sell a sufficient number of the shares of Stock resulting from the exercised Option to cover the purchase price and taxes and any other applicable withholdings; the Stock Plan Administrator will deliver directly to the Company that portion of the sales proceeds representing the exercise price and any applicable taxes or other charges customarily withheld by the Company. No fraction of a share of Stock shall be issued by the Stock Plan Administrator upon exercise of an Option or accepted by them in payment of the purchase price thereof; rather, any remaining balance of sale proceeds over the exercise price and taxes and any other applicable withholdings shall be paid to Employee, subject to any applicable laws. Unless and until such Stock shall have been issued by the Company's Stock Plan Administrator to Employee, Employee (or the person permitted to exercise this Option in the event of Employee's death) shall not be, or have any of the rights or privileges of, a shareholder of the Company with respect to Stock acquirable upon an exercise of this Option.

(f) Any cross-border remittance made to transfer proceeds received upon the sale of Stock as a result of the Option exercise must be made through a locally authorized financial institution or registered foreign exchange agency and may require Employee to provide to such entity certain information regarding the transaction. Employee further understands and agrees that the Company and any related company are neither responsible for any foreign exchange fluctuations between Employee's local currency and the United States Dollar that may affect the value of this Option (or the calculation of income or taxes, social contributions, or other charges thereunder) nor liable for any decrease in the value of Stock or this Option.

4.**Withholding of Tax**. To the extent that the exercise of this Option or the disposition of shares of Stock acquired by exercise of this Option results in any applicable income tax, social contribution, or other charges, Employee shall deliver to the Company at the time of such exercise or disposition such amount of money or shares of Stock as the Company may require to meet its withholding obligation under applicable tax laws or regulations, and, if Employee fails to do so, the Company or the employer is authorized to withhold from any cash or Stock remuneration then or thereafter payable to Employee any tax required to be withheld. Upon an exercise of this Option, the Company is further authorized in its discretion to satisfy any such withholding requirement out of any cash or shares of Stock distributable to Employee upon such exercise. Regardless of any action the Company or employer may take with respect to any or all such taxes, social contributions, or other charges, Employee acknowledges that the ultimate liability for all such amounts is and remains Employee's responsibility and may exceed the amount actually withheld. Employee further acknowledges that the Company does not commit to and is under no obligation to structure the terms or any aspect of the Option to reduce or eliminate Employee's liability for such amounts or achieve any particular tax result. Also, if Employee has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant tax event, Employee acknowledges that the Company and/or employer (or former employer, as applicable) may be required to withhold or account for such amounts in more than one jurisdiction.

5.**Status of Stock**. The Company shall not be obligated to issue any Stock pursuant to any Option at any time, when the offering of the Stock covered by such Option has not been registered under the Securities Act of 1933, as amended (the "Act") and such other country, federal or state laws, rules or regulations as the Company deems applicable and, in the opinion of legal counsel for the Company, there is no exemption from the registration. The Company intends to use its best efforts to ensure that no such delay will occur. In the event exemption from registration under the Act is available upon an exercise of this Option, Employee (or the person permitted to exercise this Option in the event of Employee's death or incapacity), if requested by the Company to do so, will execute and deliver to the Company in writing an agreement containing such provisions as the Company may require to assure compliance with applicable securities laws.

Employee agrees that the shares of Stock which Employee may acquire by exercising this Option will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable securities laws. Employee also agrees (i) that the certificates representing the shares of Stock purchased under this Option may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws, (ii) that the Company may refuse to register the transfer of the shares of Stock purchased under this Option on the stock transfer records of the Company if such proposed transfer would in the opinion of counsel satisfactory to the Company constitute a violation of any applicable securities law and (iii) that the Company may give related instructions to its transfer agent, if any, to stop registration of the transfer of the Stock purchased under this Option.

6.**Employment Relationship**. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee of either the Company, a Parent Corporation or Subsidiary of the Company, or a corporation or a Parent Corporation or Subsidiary of such corporation assuming or substituting a new option for this Option and has not given or been given notice of termination. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee or its delegate, as appropriate, and such determination shall be final.

Nothing contained in this Agreement is intended to constitute or create a contract of employment, nor shall it constitute or create the right to remain associated with or in the employ of the Company or a related company for any particular period of time. This Agreement shall not interfere in any way with the Company or a related company's right to terminate Employee's employment at any time, subject to applicable law. Furthermore, this Agreement, the Plan, and any other Plan documents are not part of Employee's employment contract, if any, and do not guarantee either Employee's right to receive any future grants under such Agreement or Plan or the inclusion of the value of any grants in the calculation of severance payments, if any, upon termination of employment.

7.Data Privacy. In order to perform its obligations under the Plan or for the implementation and administration of such Plan, the Company may collect, transfer, use, process, or hold certain personal or sensitive data about Employee. Such data includes, but is not limited to Employee's name, nationality, citizenship, work authorization, date of birth, age, government or tax identification number, passport number, brokerage account information, address, compensation and equity award history, and beneficiaries' contact information. Employee explicitly consents to the collection, transfer (including to third parties in Employee's home country or the United States or other countries, such as but not limited to human resources personnel,

legal and tax advisors, and brokerage administrators), use, processing, and holding, electronically or otherwise, of his/her personal information in connection with this or any other equity award. Employee understands that refusal or withdrawal of consent may affect Employee's ability to participate in the Plan or to realize benefits from the Option. At all times, the Company shall maintain the confidentiality of Employee's personal information, except to the extent the Company is required to provide such information to governmental agencies or other parties; such actions will be undertaken by the Company only in accordance with applicable law.

8. **Mode of Communications**. Employee agrees, to the fullest extent permitted by law, in lieu of receiving documents in paper format, to accept electronic delivery of any documents that the Company or related company may deliver in connection with this grant and any other grants offered by the Company, including prospectuses, grant notifications, account statements, annual or quarterly reports, and other communications. Electronic delivery of a document may be made via the Company's email system or by reference to a location on the Company's intranet or website or a website of the Company's agent administering the Plan.

To the extent Employee has been provided with a copy of this Agreement, the Plan, or any other documents relating to this Option in a language other than English, the English language documents will prevail in case of any ambiguities or divergences as a result of translation.

9.**Binding Effect**. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

10.**Compliance with Law.** Notwithstanding anything to the contrary herein, the Company shall not be obligated to issue any Stock pursuant to any Option, at any time, if the offering of the Stock covered by such Option, or the exercise of an Option by an Employee, violates or is not in compliance with any laws, rules or regulations of the United States or any state or country.

Furthermore, Employee understands that the laws of the country in which he/she is working or residing at the time of grant, holding, vesting, and/or exercise of this Option or at ownership or subsequent sale of shares of Stock granted to Employee under this Option (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent exercise of this Option or may subject Employee to additional terms and conditions or procedural or regulatory requirements he/she is solely responsible for and will have to independently fulfill in relation to this Option. The Company reserves the right to impose other requirements on Employee's participation in the Plan and any Stock acquired under the Plan to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate administration of the Plan. Such requirements and other terms and conditions to this Option may be described in but are not limited to the attached Country-Specific Addendum, which constitutes part of this Agreement.

11.**Governing Law and Forum.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas without regard to principles of conflict of laws, except to the extent that it implicates matters which are the subject of the General Corporation Law of the State of Delaware, which matters shall be governed by the latter law. For purposes of resolving any dispute that may arise directly or indirectly from this Agreement, the parties hereby agree that any such dispute that cannot be resolved by the parties shall be submitted for resolution through the Halliburton Dispute Resolution Program, which Program's last step is final and binding arbitration.

12.**Other Terms.** The provisions of this Agreement are severable and if any one or more of the provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

HALLIBURTON COMPANY
STOCK AND INCENTIVE PLAN (THE "PLAN")
STOCK OPTION GRANT AGREEMENT
COUNTRY-SPECIFIC ADDENDUM

This Addendum includes additional country-specific notices, disclaimers, and/or terms and conditions that may apply if you live or work in one of the countries listed below and that may be material to your participation in the Plan. This information is based on applicable securities, foreign exchange and other laws that may subject you to obligations that you solely are responsible for. However, such laws are often complex and change frequently, and the information provided is general in nature and may not apply to your specific situation. As such, the Company cannot assure you of any particular result, and you should seek your own professional legal and tax advice. Unless otherwise noted, capitalized terms shall take the definitions assigned to them under the Plan and your grant agreement. This Addendum forms part of your grant agreement and should be read in conjunction with the Plan.

Unless otherwise noted, neither the Company nor the Shares are registered with any local stock exchange or under the control of any local securities regulator outside the U.S. This Agreement (of which this Addendum is a part), the Plan, and any other communications or materials that you may receive regarding participation in the Plan do not constitute advertising or an offering of securities outside the U.S. The issuance of securities described in any Plan-related documents is not intended for offering or public circulation in your jurisdiction.

European Union

Data Privacy

The following language supplements Section 5 of the Agreement:

Employees understand that such personal data will be held only as long as is necessary to implement, administer, and manage Employee's participation in the Plan. Employee understands that he or she may, at any time, view his or her personal data, request additional information about the storage and processing of the personal data, require any necessary amendments to personal data or refuse or withdraw the consents herein, without cost, by contact in writing Employee's local human resources representative.

Angola

Foreign Exchange Information

As a resident individual over age 18, you may freely remit up to US $15,000 in foreign currency per transaction. Please note that other transaction or annual restrictions may apply.

Argentina

Foreign Exchange Information

US dollar transactions must be conducted through financial intermediaries authorized by the Argentine Central Bank. Under recent amendments in 2012 to Argentine foreign exchange restrictions, the transfer of funds outside Argentina is further restricted. Payment to exercise stock options will be subject to such restrictions (and it may be practically difficult for you to transfer funds to make such payment) unless you exercise your options via cashless exercise methods only. Furthermore, US dollar proceeds from the sale of stock by a participant, when remitted to Argentina, are subject to conversion to Argentine pesos at applicable exchange rates. Depending on the amount, you may also be required to provide certain documentary evidence regarding your sale of stock or otherwise place the funds in a non-interest-bearing US dollar-denominated mandatory deposit account for a holding period of 365 days. As the

restrictions may change, please confirm the foreign exchange requirements with your local bank before any transfer of funds in or out of Argentina.

Australia	**Securities Law Notice** Any advice given to you in connection with the offer is general advice only, and you should consider obtaining your own financial product advice from an independent person who is licensed by ASIC to give such advice. You will receive a separate communication that provides you the relevant price and exchange rate information as of the date of this grant. The Company will make available at any time, upon your request, the Australian dollar equivalent of (as applicable) the current market price of the underlying stock subject to your Option.
Brazil	**Foreign Ownership / Exchange Information** The regulations of the Central Bank of Brazil governing investments abroad are subject to change at any time, and such changes could affect your ability to exercise options or receive cash proceeds from option exercises or the sale of shares. Please check with your local equity coordinator about any currently effective restrictions before exercising your options. Additionally, you are required to report to the Central Bank of Brazil, on a yearly basis, the value of any and all assets held abroad (including Halliburton shares) if the value of such assets equals or exceeds US $100,000, as well as any capital gain, dividend or profit attributable to such assets.
Canada	**Consent to Receive Information in English (Quebec Employees)** I acknowledge that it is the express wish of the parties that this agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be written in English. Je reconnais que c'est mon souhait exprès d'avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaries intentées, directement ou indirectement, relativement à ou suite à la présente convention.
China	**Foreign Exchange Information** Following the vesting of your Options, you may exercise any or all of your vested Options by providing irrevocable instructions to the Company's broker, which currently is Fidelity Stock Plan Services, LLC ("Fidelity"). Upon your instruction to exercise, Fidelity will simultaneously sell (out of the shares subject to the Options exercised) the number of shares that is sufficient to pay the exercise price of the Options you are exercising, as well as applicable brokerage fees. You may immediately sell the remaining shares you receive upon the exercise of your Options or hold the shares in the Participant Trust to sell at a later date. However, you will not be permitted to move your shares out of the Participant Trust other than upon the sale of such shares. Furthermore, you are not permitted to hold any Options or shares after 90 days following your termination of employment. This means that any vested Options must be exercised within 90 days following your termination. Any shares received from an exercise will be subject to sale by the 90th day after termination. Due to foreign exchange restrictions in China, you are required to repatriate all proceeds that you receive from dividend payments (if any) and/or the above sale of shares to China through a domestic special-purpose foreign exchange account that Halliburton has established for this purpose. By accepting this award, you agree to this repatriation process. Fidelity will remit the proceeds from any sale of shares, less any commissions or other fees, directly to the Company's special-purpose foreign exchange account. Under current Halliburton policy, the proceeds will then be distributed to your individual USD account, subject to Halliburton's determination that you have paid (through payroll

withholdings, direct reimbursement to your employer, net share withholding, sell-to-cover, or other method as specified by Halliburton) any tax amounts that are due. Halliburton also reserves the right to transfer a portion of or all sale proceeds to the local entity or to the tax authorities to pay any tax amounts that are due, as further described below. By accepting this award, you acknowledge and agree to the following:

I acknowledge that any award I receive under the Plan is taxable as per personal income tax law of China. I accept that paying personal income tax is the individual's legal responsibility and that the employer has the obligation to withhold related personal income tax in China. I understand and agree to the below procedures to be applied to the shares I may receive upon vesting of my RSUs and/or exercise of my options and the proceeds of the sale of such shares.

3. Exchange rate: The stock sales proceeds are processed in US Dollars. However, the calculation and submission of Personal Income Tax in China ("PIT") are required to be in Chinese Yuan. I agree that the exchange rate applicable to the calculation of PIT shall be the middle rate as published by the People's Bank of China on the first calendar day of the month in which stock sale is executed.

4. Tax process: The Company will submit a tax return and make a payment on behalf of the employee. I authorize the Company to deduct personal income tax payable through my monthly payroll. I agree to make immediate payment to the Company if the salary deduction is not sufficient for the required personal income tax withholding. In addition, I authorize the Company to withhold a sufficient number of shares under my award to cover the taxes due, to sell a sufficient number of shares under my award to cover the taxes due, or to take any other measures permitted under the Plan or my award agreement to cover the taxes due.

4. Bank account: I am responsible for providing a personal domestic bank account to receive the stock sale proceeds. I am responsible for the accuracy of the account information provided to the Company and for ensuring that the bank account is able to receive deposits in US Dollars.

I acknowledge that Halliburton China will not release a portion or all of the stock sale proceeds with accrued interest (according to bank's calculation) to my designated personal bank until my payment of the full amount of the PIT is received by the Company (as evidenced by a tax payment slip).

Your grant of Options is also subject to the separate Internal Control Policy for Employees in the People's Republic of China, which is provided by your Human Resources Department. You can contact the Human Resources Department for a copy of the policy.

Please note that the foreign exchange and tax processes that are deemed necessary or advisable by the Company in order to comply with the requirements of the State Administration Foreign Exchange and other PRC laws are subject to change. The Company may unilaterally change any of the above procedures if the Company in its sole discretion seems it necessary or advisable to make such change.

Colombia

Foreign Ownership Information

Prior approval from a government authority is not required to purchase and hold foreign securities or to receive an equity award. However, if the value of foreign investments, including the value of any equity awards, equals or exceeds US $500,000 in any year, then such investments must be registered with the Colombian Central Bank by June 30th the year following the year in which the investments equaled or exceeded the threshold (and annually thereafter, provided the balance remains at or above US $500,000 at year-end).

Congo-Brazzaville

Foreign Exchange Information

If you intend to transfer money abroad in order to exercise your Options, you may be subject to reporting and/or other filing or other pre-approval requirements, as well as a bank

commission payment. It is strongly recommended that you consult your personal legal advisor with respect to such requirements.

Ecuador

Foreign Exchange Information

Please note that a remittance tax of 5% is applied to amounts remitted abroad exceeding US $1,000 in a two-week period (including for the purpose of exercising Options) by any person in Ecuador by any means.

France

Foreign Exchange Information

Residents of France with foreign account balances in excess of EUR 1 million or its equivalent must report monthly to the Bank of France.

India

Foreign Exchange Information

You shall take all reasonable steps to repatriate to India immediately all foreign exchange received by you as a consequence of your participation in Halliburton's stock incentive plan and in any case not later than 90 days from the date of sale of the stocks so acquired by you under the stock incentive plans. Further you shall in no case do, or refrain from doing anything, or take or refrain from taking any action, which has the effect of:

(c) Delaying the receipt by you of the whole or part of such foreign exchange; or

(d) Eliminating the foreign exchange in whole or in part to be receivable by you.

Upon receipt or realisation of the foreign exchange in India, including in relation to any dividend payments, you shall surrender the received or realised foreign exchange to an authorised person within a period of 180 days from the date of such receipt or realisation, as the case may be. Please note that you should keep the remittance certificate received from the bank where foreign currency is deposited in the event that the Reserve Bank of India, Halliburton or your employer requests proof of repatriation.

Italy

Foreign Exchange Information

You may be required to report on your annual tax return any transfer abroad in excess of EUR 10,000 and not delivered by an authorized Italian bank.

Data Privacy Consent

Pursuant to Legislative Decree no. 196/2003, the Controller of personal data processing is Halliburton Company, with registered offices at Houston, Texas, U.S.A., and its representative in Italy for privacy purposes is: Halliburton Italiana S.p.A, Contrada S. Elena s.n.c, Zona Industriale Ortona, Ortona (Chitei), Italy 66026.

I understand that data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/200.

The processing activity, including the communication and transfer of my data abroad, including outside of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require my consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. I understand that the use of my data will be minimized where it is not necessary for the implementation, administration and management of the Plan. I further understand that, pursuant to Section 7 of the Legislative Decree no. 196/2003, I have the right to, including but not limited to, access, delete, update, ask for rectification of my data and stop, for legitimate reason, the data processing. Furthermore, I am aware that my data will not be used for direct marketing purposes.

Japan	**Foreign Exchange Information** If you acquire Shares valued at more than ¥100,000,000 in a single transaction, you must file a Securities Acquisition Report with the Ministry of Finance ("MOF") through the Bank of Japan within 20 days of the exercise of the Shares. In addition, if you pay more than ¥30,000,000 in a single transaction for the Shares at exercise of the Option, you must file a Payment Report with the MOF through the Bank of Japan by the 20th day of the month following the month in which the payment was made. The precise reporting requirements vary depending on whether the relevant payment is made through a bank in Japan. A Payment Report is required independently of a Securities Acquisition Report. Consequently, if the total amount that you pay on a one-time basis at exercise of the Option exceeds ¥100,000,000, you must file both a Payment Report and a Securities Acquisition Report.
Kazakhstan	**Foreign Exchange Information** Please note that by choosing to participate in the equity program, you hereby consent to your employer and Halliburton Company to be your agent to transfer and/or hold funds, shares, or sale proceeds for and on your behalf. Assuming your purchase of shares upon exercise of an option is less than US $100,000, you will not be subject to notification or registration requirements in respect of the transfer of funds. However, please note that the Kazakh Law on Currency Regulation requires currency repatriation. Therefore, if you sell your shares, you must transfer the proceeds to an account(s) with a Kazakh bank.
Korea	**Foreign Exchange Information** Please note that proceeds received from the sale of stock overseas must be repatriated to Korea within 18 months if such proceeds exceed US $500,000 per sale. Separate sales may be deemed a single sale if the sole purpose of separate sales was to avoid a sale exceeding the US $500,000 per sale threshold.
Kuwait	**Securities Law Notice** The information contained herein is intended solely for your use; it is confidential and privileged and is not intended to be circulated to any other person or party other than eligible employees or published by any means. You may not rely on the information contained herein for any purpose other than in relation to this offer and any share purchase or award hereunder. **Foreign Exchange Information** The transfer of funds from Kuwait in excess of KWD 3,000 must be done via wire transfer through a Kuwait-licensed bank, investment company or exchange company in compliance with Kuwait anti-money laundering legislation.
Malaysia	**Securities Law Notice** The grant of Halliburton stock incentive awards in Malaysia constitutes or relates to an 'excluded offer,' 'excluded invitation,' or 'excluded issue' pursuant to Section 229 and Section 230 of the CMSA, and as a consequence no prospectus is required to be registered with the Securities Commission of Malaysia. The award documents do not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Securities Commission in Malaysia under the CMSA.

Mexico **Labor Law Acknowledgment**

The invitation Halliburton is making under the Plan is unilateral and discretionary and is not related to the salary and other contractual benefits granted to you by your employer; therefore, benefits derived from the Plan will not under any circumstance be considered as an integral part of your salary . Halliburton reserves the absolute right to amend the Plan and discontinue it at any time without incurring any liability whatsoever. This invitation and, in your case, the acquisition of shares does not, in any way, establish a labor relationship between you and Halliburton, nor does it establish any rights between you and your employer.

La invitación que Halliburton hace en relación con el Plan es unilateral, discrecional y no se relaciona con el salario y otros beneficios que recibe actualmente de su actual empleador, por lo que cualquier beneficio derivado del Plan no será considerado bajo ninguna circunstancia como parte integral de su salario. Por lo anterior, Halliburton se reserva el derecho absoluto para modificar o terminar el mismo, sin incurrir en responsabilidad alguna. Esta invitación y, en su caso, la adquisición de acciones, de ninguna manera establecen relación laboral alguna entre usted y Halliburton y tampoco genera derecho alguno entre usted y su empleador.

New Zealand **Securities Law Notice**

The offer of stock options to New Zealand employees under the SIP in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002. This offer and related documentation has not been registered, filed or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand) and is, therefore, not a prospectus or an investment statement under New Zealand law and may not contain all the information that a prospectus or investment statement under New Zealand law is required to contain.

In addition to the terms of the offer as described in your Grant Agreement, this Addendum, and the Plan you are entitled to review Halliburton's most recent annual report and published financial statements. The annual report and financial statements may be found on Halliburton's website at www.halliburton.com. You may also obtain such information at no cost by contacting your Human Resources Department.

Nigeria **Foreign Exchange Information**

Your participation in the equity program and the transfer of funds abroad may be subject to documentation and reporting requirements with the bank handling the transfer and/or the Central Bank of Nigeria. It is your responsibility to fulfill any such requirements.

Pakistan **Exchange Control Information**

Your participation in the Plan may be subject to certain terms and conditions imposed by the State Bank of Pakistan, including specifically in relation to Halliburton's Plan, as well as general foreign exchange controls. You are required immediately to repatriate to Pakistan the proceeds from the sale of the Shares. You may be required to register ownership of foreign shares with the State Bank of Pakistan using the prescribed Form V-96. You should consult your personal advisor prior to repatriation of the sale proceeds and to ensure compliance with applicable exchange control regulations in Pakistan, as such regulations are subject to frequent change. Please note that you should keep copies of any documents, certificates or invoices involving foreign currency transactions connected in any way to your participation in the Plan. You are responsible for ensuring compliance with all exchange control laws in Pakistan.

Poland **Foreign Ownership Reporting**

If you hold more than PLN 7,000,000 in foreign securities at year-end, you are required to report quarterly to the National Bank of Poland regarding the number and value of such securities. Such reports are filed on special forms available on the website of the National

Bank of Poland.

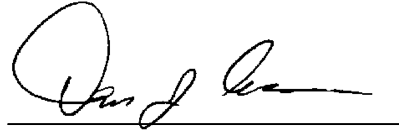
Papua New Guinea	**Foreign Exchange Information** Before sending any money overseas to purchase shares and before receiving funds from the sale of any securities abroad, you will need to apply for and receive an Income Tax Clearance Certificate from the taxation authorities in Papua New Guinea, which you must then lodge with the appropriate Bank of Papua New Guinea notification form with the commercial bank in which the transaction takes place.
Russia	**Securities Law Notice** Neither this offer nor the distribution of related documentation, constitute the public circulation of securities in Russia. You will receive shares in a brokerage account held in your name outside of Russia, but a stock certificate will not be issued to you. You are not permitted to transfer any shares received under any Halliburton Company employee equity program into Russia.
Saudi Arabia	**Securities Law Notice** This document may not be distributed in the Kingdom except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document you should consult an authorised financial adviser.
Singapore	**Securities Law Notice** This grant of an Option and the Common Stock to be issued upon the exercise of such Option shall be made available only to an employee of the Company or its Subsidiary, in reliance of the prospectus exemption set out in Section 173(1)(f) of the Securities and Futures Act (Chapter 289) of Singapore. In addition, you agree, by your acceptance of this grant, not to sell any Common Stock within six months of the date of grant. Please note that neither this agreement nor any other document or material in connection with this offer of the Option and the Common Stock thereunder has been or will be lodged, registered or reviewed by any regulatory authority in Singapore.
Spain	**Exchange Control Information** If you are a Spanish resident, your acquisition, purchase, or sale of foreign-listed stock may be subject to ongoing annual reporting obligations with the General Directorate of International Economy and Foreign Transactions. If shares are kept abroad, you will need to submit a statistical report on an official Form D6 each January in relation to the preceding year. Additionally, a Form D8 must be submitted to the aforementioned authorities in certain circumstances. In addition, under a new law you may be required to report to the Spanish tax administration any foreign assets or investments over EUR 50,000.
Thailand	**Foreign Exchange Information** Please note that any dividends received from foreign stock owned and all proceeds from the sale of such stock must be remitted to Thailand and must be deposited or converted into Thai Baht with a commercial bank in Thailand within 360 days of receipt according to the Ministerial Regulation No. 26 dated 24 January 2009. In addition, please note that in case of cash exercise of stock options, you may be requested to submit certain supporting

documentation to your commercial bank in relation to your options; should you require copies of Plan or other documentation for this purpose, please contact your local Human Resources department. Furthermore, if the transfer of funds abroad exceeds US $1 million per annum, participants must obtain approval from the Bank of Thailand to such remittance.

United Arab Emirates	**Securities Law Notice** This Plan has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This Plan is strictly private and confidential and has not been reviewed by, deposited or registered with the UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This Plan is being issued from outside the United Arab Emirates to a limited number of employees of Halliburton Company and affiliated companies and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the issue of any securities or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.
Venezuela	**Foreign Exchange Information** The Venezuelan exchange control regulations currently in force do not permit use of the cash purchase exercise method.
Vietnam	**Foreign Exchange Information** Please note that all exercises of Options by Vietnam citizens must be limited to the cashless exercise method and proceeds received upon exercise should be repatriated immediately to Vietnam.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by its officer thereunto duly authorized, and Employee has executed this Agreement, all as of the day and year first above written.

HALLIBURTON COMPANY



By:

David J. Lesar

Chairman of the Board, President and
Chief Executive Officer

I HEREBY AGREE TO THE TERMS AND CONDITIONS, INCLUDING THE 90 DAY CONDITION SET FORTH IN SECTION 3(d), SET FORTH IN THIS NONSTATUTORY STOCK OPTION AGREEMENT DATED <<Grant Date>>.

<<Electronic Signature>>

<<Acceptance Date>>

RESTRICTED STOCK AGREEMENT
Terms and Conditions for Section 16 Officers

Grant Date:	**Grant Date**
Grantee ("Employee"):	**«First_Name» «Last_Name»**
Aggregate Number of Shares Subject to Award:	**«Number_Restricted_Shares»**
Restriction Period	**5 year restriction period**

This **RESTRICTED STOCK AGREEMENT** ("Agreement") is made as of **Grant Date**, between **HALLIBURTON COMPANY**, a Delaware corporation (the "Company"), and «First_Name» «Last_Name» ("Employee").

1. **Award**.

(a)**Shares**. Pursuant to the Halliburton Company Stock and Incentive Plan (the "Plan") the aggregate number of shares subject to award set forth above (the "Restricted Shares") of the Company's common stock, par value $2.50 per share ("Stock"), shall be issued as hereinafter provided in Employee's name subject to certain restrictions thereon.

(b)**Issuance of Restricted Shares**. The Restricted Shares shall be issued upon acceptance hereof by Employee and upon satisfaction of the conditions of this Agreement.

(c)**Plan Incorporated**. Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Restricted Shares shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan.

2.**Restricted Shares**. Employee hereby accepts the Restricted Shares when issued and agrees with respect thereto as follows:

(a)**Forfeiture Restrictions**. The Restricted Shares may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of to the extent then subject to the Forfeiture Restrictions (as hereinafter defined), and in the event of termination of Employee's employment with the Company or employing subsidiary for any reason other than (i) death or (ii) disability as determined by the Company or employing subsidiary, or except as otherwise provided in the last sentence of subparagraph (b) of this Paragraph 2, Employee shall, for no consideration, forfeit to the Company all Restricted Shares to the extent then subject to the Forfeiture Restrictions. The prohibition against transfer and the obligation to forfeit and surrender Restricted Shares to the Company upon termination of employment are herein referred to as "Forfeiture Restrictions." The Forfeiture Restrictions shall be binding upon and enforceable against any transferee of Restricted Shares.

(b)**Lapse of Forfeiture Restrictions**. The Forfeiture Restrictions shall lapse as to the Restricted Shares in accordance with the vesting details for this grant displayed in the Distribution Schedule in Net Benefits at www.NetBenefits.Fidelity.com.

Notwithstanding the foregoing, the Forfeiture Restrictions shall lapse as to all of the Restricted Shares on the earlier of (i) the occurrence of a Corporate Change (as such term is defined in the Plan), or (ii) the date Employee's employment with the Company is terminated by reason of death, or disability (as determined by the Company or employing subsidiary). In the event Employee's employment is terminated for any other reason, including retirement with the approval of the Company or employing subsidiary, the Committee which administers the Plan (the "Committee") or its delegate, as appropriate, may, in the Committee's or such delegate's sole discretion, approve the lapse of Forfeiture Restrictions as to any or all Restricted Shares still subject to such restrictions, such lapse to be effective on the date of such approval or Employee's termination date, if later.

(c)**Certificates**. The Restricted Shares shall be represented by a stock certificate or book entry transaction registered in the name of a nominee of the Company. Employee shall have voting rights and shall be entitled to receive all dividends, as well as dividend equivalents (paid when Restricted Shares are authorized prior to the dividend payment date but issued after the record date), unless and until the Restricted Shares are forfeited pursuant to the provisions of this Agreement. The certificate shall bear a legend evidencing the nature of the Restricted Shares, and the Company may cause the certificate to be delivered upon issuance to the Secretary of the Company or to such other depository as may be designated by the Company as a depository

for safekeeping until the forfeiture occurs or the Forfeiture Restrictions lapse pursuant to the terms of the Plan and this award. Upon request of the Committee or its delegate, Employee shall deliver to the Company a stock power, endorsed in blank, relating to the Restricted Shares then subject to the Forfeiture Restrictions. Upon the lapse of the Forfeiture Restrictions without forfeiture, the Company shall cause a new certificate or certificates to be issued without legend or a book entry transaction registered in the name of Employee for the shares upon which Forfeiture Restrictions lapsed. Notwithstanding any other provisions of this Agreement, the issuance or delivery of any shares of Stock (whether subject to restrictions or unrestricted) may be postponed for such period as may be required to comply with applicable requirements of any national securities exchange or any requirements under any law or regulation applicable to the issuance or delivery of such shares. The Company shall not be obligated to issue or deliver any shares of Stock if the issuance or delivery thereof shall constitute a violation of any provision of any law or of any regulation of any governmental authority or any national securities exchange.

(d) **Compliance with Law**. Employee understands that the laws of the
country in which he/she is working at the time of grant or lapse of Forfeiture Restrictions of the Restricted Stock or at the subsequent sale of shares of Stock granted to Employee under this Award (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may subject Employee to additional procedural or regulatory requirements he/she is solely responsible for and will have to independently fulfill in relation to ownership or sale of such shares.

(e)**Value of Stock**. Employee further understands and agrees that the
Company and any related company are neither responsible for any foreign exchange fluctuations between Employee's local currency and the United States Dollar that may affect the value of Stock nor liable for any decrease in the value of Stock.

3.**Withholding of Tax**. To the extent that the receipt of the Restricted Shares or the lapse of any Forfeiture Restrictions results in income to Employee for federal or state income tax purposes, FICA or other applicable tax purposes, then in accordance with the Company's Business Practice, Employee shall deliver to the Company at the time of such receipt or lapse, as the case may be, such amount of shares of unrestricted Stock as the Company may require to meet its withholding obligation under applicable tax laws or regulations, and, if Employee fails to do so, the Company is hereby authorized by Employee to withhold from any cash or Stock remuneration then or thereafter payable to Employee, any tax required to be withheld by reason of such resulting compensation income.

4.**Status of Stock**. Employee agrees that the Restricted Shares will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable federal or state securities laws. Employee also agrees (i) that the certificates representing the Restricted Shares may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws, (ii) that the Company may refuse to register the transfer of the Restricted Shares on the stock transfer records of the Company if such proposed transfer would in the opinion of counsel satisfactory to the Company constitute a violation of any applicable securities law and (iii) that the Company may give related instructions to its transfer agent, if any, to stop registration of the transfer of the Restricted Shares.

5.**Employment Relationship**. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee of either the Company, any successor corporation or a parent or subsidiary corporation (as defined in section 424 of the Internal Revenue Code) of the Company or any successor corporation. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee, or its delegate, as appropriate, and its determination shall be final.

Nothing contained in this Agreement is intended to constitute or create a contract of employment, nor shall it constitute or create the right to remain associated with or in the employ of the Company or a related company for any particular period of time. This Agreement shall not interfere in any way with the Company or a related company's right to terminate Employee's employment at any time. Furthermore, this Agreement, the Plan, and any other Plan documents are not part of Employee's employment contract, if any, and do not guarantee either Employee's right to receive any future grants under such Agreement or Plan or the inclusion of the value of any grants in the calculation of severance payments, if any, upon termination of employment.

6.Data Privacy. In order to perform its obligations under the Plan or for the implementation and administration of such Plan, the Company may collect, transfer, use, process, or hold certain personal or sensitive data about Employee. Such data includes, but is not limited to Employee's name, nationality, citizenship, work authorization, date of birth, age, government or tax identification number, passport number, brokerage account information, address, compensation and equity award history, and beneficiaries' contact information. Employee explicitly consents to the collection, transfer (including to third parties in Employee's home country or the United States or other countries, such as but not limited to human resources personnel, legal and tax advisors, and brokerage administrators), use, processing, and

holding, electronically or otherwise, of his/her personal information in connection with this or any other equity award. At all times, the Company shall maintain the confidentiality of Employee's personal information, except to the extent the Company is required to provide such information to governmental agencies or other parties and such actions will be undertaken by the Company only in accordance with applicable law.

7. Mode of Communications. Employee agrees, to the fullest extent permitted by law, in lieu of receiving documents in paper format, to accept electronic delivery of any documents that the Company or related company may deliver in connection with this grant and any other grants offered by the Company, including prospectuses, grant notifications, account statements, annual or quarterly reports, and other communications. Electronic delivery of a document may be made via the Company's email system or by reference to a location on the Company's intranet or website or a website of the Company's agent administering the Plan.

To the extent Employee has been provided with a copy of this Agreement, the Plan, or any other documents relating to this Award in a language other than English, the English language documents will prevail in case of any ambiguities or divergences as a result of translation.

8.**Committee's Powers**. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Shares.

9.**Binding Effect**. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

10.**Governing Law and Forum**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas without regard to principles of conflict of laws, except to the extent that it implicates matters which are the subject of the General Corporation Law of the State of Delaware, which matters shall be governed by the latter law. For purposes of resolving any dispute that may arise directly or indirectly from this Agreement, the parties hereby agree that any such dispute that cannot be resolved by the parties shall be submitted for resolution through the Halliburton Dispute Resolution Program, which Program's last step is final and binding arbitration.

11.Other Terms. The provisions of this Agreement are severable and if any one or more of the provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized as of the date first above written.

HALLIBURTON COMPANY

By

/s/ David J. Lesar
Chairman of the Board, President
and Chief Executive Officer

Dear Long-Term Incentive Award Recipient:

I am pleased to inform you that you have been granted a long-term incentive award authorized pursuant to the Halliburton Company Stock and Incentive Plan ("the Plan").

As you know, the Company has significant responsibilities to our employees, customers, suppliers, and local communities, but our primary responsibility is to our shareholders, who expect and deserve a fair return on their investment as well as increased value over time. In approving the Plan, the shareholders have provided an avenue for key Company employees to have the opportunity to share in the value of our Company's stock.

The Plan allows us to meet important compensation objectives and provides a means to reward employees with additional incentive and reward opportunities that are designed to encourage retention and commitment to making contributions that support the future growth and profitability of the Company. Long-term incentives are an important component of total compensation and provide reward opportunities based on the achievement of business results over a period of time exceeding one year. We use long-term incentives to achieve the following:

- reward the achievement of value creation and long-term operating results
- closely align leadership with shareholder interests
- encourage long-term perspectives and commitment

The market price of Halliburton stock reflects the investing public's perceptions about the Company. These perceptions are shaped by a number of factors that include earnings growth and return on capital as evidenced by cash value added, confidence in management, market and technological leadership and superior financial performance. Your award has been made to achieve the goal of fostering share ownership among employees who, in their current positions, have a significant effect on the Company's future.

Depending upon local law and practices, your award may be provided in one form or a combination of forms of long-term incentives such as stock options, restricted stock or restricted stock units.

In order to streamline the stock award process, we have implemented online grant acceptance of your stock awards with our stock plans administrator. You can view the terms of the stock agreement(s) and then accept or decline the agreement(s) via a secure web site. You are encouraged to action your award agreement(s) as soon as possible and to print a copy of the materials from the web site for your records.

Congratulations on being provided this opportunity!

Sincerely,

David J. Lesar

RESTRICTED STOCK UNIT AGREEMENT

Grant Date: <<Grant Date>>

Grantee ("Employee"): <<Participant Name>>

Aggregate Number of Units Subject to Award:«Number _Restricted_Units»

This **RESTRICTED STOCK UNIT AGREEMENT** ("Agreement") is made as of <<Grant Date>>, between **HALLIBURTON COMPANY**, a Delaware corporation (the "Company"), and **<<Participant Name>>** ("Employee").

2. **Award**.

(a)**Units**. Pursuant to the Halliburton Company Stock and Incentive Plan (the "Plan"), Employee is hereby awarded the aggregate number of units subject to award set forth above (the "Restricted Stock Units") evidencing the right to receive an equivalent number of shares of the Company's common stock, par value $2.50 per share ("Stock"), subject to the conditions of the Plan and this Agreement.

(b)**Plan Incorporated**. Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Restricted Stock Units shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan.

2.**Terms of Restricted Stock Units**. Employee hereby accepts the Restricted Stock Units and agrees with respect thereto as follows:

(a)**Forfeiture of Restricted Stock Units**. In the event of termination of Employee's employment with the Company or employing Subsidiary for any reason other than (i) death or (ii) disability as determined by the Company or employing Subsidiary, or except as otherwise provided in subparagraph (c) of this Paragraph 2, Employee shall, for no consideration, forfeit all Restricted Stock Units to the extent they are not fully vested as of the date on which notice of such termination was provided (whether by Employee or employer), and no vesting shall continue during any notice period that may be specified under contract or applicable law with respect to such termination, including any "garden leave" or similar period, except as may otherwise be permitted in the Company's sole discretion.

(b)**Assignment of Restricted Stock Units Prohibited**. The Restricted Stock Units may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of.

(c)**Vesting Schedule**. The Restricted Stock Units shall vest in accordance with the in accordance with the vesting details for this grant displayed in the Distribution Schedule in Net Benefits at www.NetBenefits.Fidelity.com, provided that Employee has been continuously employed by the Company and has not given or been given notice of termination from the date of this Agreement through the applicable vesting date:

Notwithstanding the vesting details for this grant displayed in the Distribution Schedule in Net Benefits at www.NetBenefits.Fidelity.com, the Restricted Stock Units shall become fully vested on the earlier of (i) the occurrence of a Corporate Change (as such term is defined in the Plan), or (ii) the date Employee's employment with the Company is terminated by reason of death or disability (as determined by the Company or employing Subsidiary). In the event Employee's employment is terminated for any other reason, including retirement with the approval of the Company or employing Subsidiary, the Committee which administers the Plan (the "Committee") or its delegate, as appropriate, may, in the Committee's or such delegate's sole discretion, approve the acceleration of the vesting of any or all Restricted Stock Units not theretofore vested, such vesting to be effective on the date of such approval or Employee's termination date, if later.

(d)**Shareholder Rights**. The Employee shall have no rights to dividends, dividend equivalents or any other rights of a shareholder with respect to shares of Stock subject to this award of Restricted Stock Units unless and until such time as the award has been settled by the transfer of shares of Stock to the Employee.

(e)**Settlement and Delivery of Stock**. Payment of vested Restricted Stock Units shall be made as soon as administratively practicable after vesting. Settlement will be made by payment in shares of Stock or cash in accordance with the Plan. Notwithstanding the foregoing, the Company shall not be obligated to deliver any shares of Stock if counsel to the Company determines that such sale or delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Stock is listed or quoted. The Company shall in no event be obligated to take any affirmative action in order to cause the delivery of shares of Stock to comply with any such law, rule, regulation or agreement.

Furthermore, Employee understands that the laws of the country in which he/she is working or residing at the time of grant, holding, or vesting of the Restricted Stock Units or at ownership or the subsequent sale of shares of Stock granted to Employee under this Award (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may subject Employee to additional terms and conditions or procedural or regulatory requirements he/she is solely responsible for and will have to independently fulfill in relation to ownership or sale of such shares. The Company reserves the right to impose other requirements on Employee's participation in the Plan and any Stock acquired under the Plan to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate administration of the Plan. Such requirements and other terms and conditions to the Restricted Stock Units may be described in but are not limited to the attached Country-Specific Addendum, which constitutes part of this Agreement.

Any cross-border remittance made in relation to Restricted Stock Units (e.g., to transfer proceeds received upon the sale of Stock) must be made through a locally authorized financial institution or registered foreign exchange agency and may require Employee to provide to such entity certain information regarding the transaction. Employee further understands and agrees that the Company and any related company are neither responsible for any foreign exchange fluctuations between Employee's local currency and the United States Dollar that may affect the value of Stock (or the calculation of income or taxes, social contributions, or other charges thereunder) nor liable for any decrease in the value of Stock.

3.**Withholding of Tax**. The Committee may make such provisions as it may deem appropriate for the withholding of any taxes, social contributions, or any other charges which it determines is required in connection with this award of Restricted Stock Units, and, unless otherwise approved by the Committee, the Company shall either (i) reduce the number of shares of Stock that would have otherwise been delivered to Employee by a number of shares of Stock having a Fair Market Value equal to the amount required to be withheld, or (ii) withhold the appropriate amount of any taxes, social contributions, or other charges due in accordance with the Company's payroll procedures applicable to the Employee. Regardless of any action the Company or employer may take with respect to any or all such taxes, social contributions, or other charges, Employee acknowledges that the ultimate liability for all such amounts is and remains Employee's responsibility and may exceed the amount actually withheld. Employee further acknowledges that the Company does not commit to and is under no obligation to structure the terms or any aspect of the Restricted Stock Units to reduce or eliminate Employee's liability for such amounts or achieve any particular tax result. Also, if Employee has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant tax event, Employee acknowledges that the Company and/or employer (or former employer, as applicable) may be required to withhold or account for such amounts in more than one jurisdiction.

4.**Employment Relationship**. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee of the Company or any Subsidiary, or a corporation or a subsidiary of such corporation assuming or substituting a new award for this award of Restricted Stock Units, and has not given or been given notice of termination. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee, or its delegate, as appropriate, and its determination shall be final.

Nothing contained in this Agreement is intended to constitute or create a contract of employment, nor shall it constitute or create the right to remain associated with or in the employ of the Company or a related company for any particular period of time. This Agreement shall not interfere in any way with the Company or a related company's right to terminate Employee's employment at any time, subject to applicable law. Furthermore, this Agreement, the Plan, and any other Plan documents are not part of Employee's employment contract, if any, and do not guarantee either Employee's right to receive any future grants under such Agreement or Plan or the inclusion of the value of any grants in the calculation of severance payments, if any, upon termination of employment.

5. **Data Privacy**. In order to perform its obligations under the Plan or for the implementation and administration of such Plan, the Company may collect, transfer, use, process, or hold certain personal or sensitive data about Employee. Such data includes, but is not limited to Employee's name, nationality, citizenship, work authorization, date of birth, age, government or tax identification number, passport number, brokerage account information, address, compensation and equity award history, and beneficiaries' contact information. Employee explicitly consents to the collection, transfer (including to third parties in Employee's home country or the United States or other countries, such as but not limited to human resources personnel, legal and tax advisors, and brokerage administrators), use, processing, and holding, electronically or otherwise, of his/her personal information in connection with this or any other equity award. Employee understands that refusal or withdrawal of consent may affect Employee's ability to participate in the Plan or to realize benefits from the Restricted Stock Units. At all times, the Company shall maintain the confidentiality of Employee's personal information, except to the extent the Company is required to provide such information to governmental agencies or other parties; such actions will be undertaken by the Company only in accordance with applicable law.

6. **Mode of Communications**. Employee agrees, to the fullest extent permitted by law, in lieu of receiving documents in paper format, to accept electronic delivery of any documents that the Company or related company may deliver in connection with this grant and any other grants offered by the Company, including prospectuses, grant notifications, account statements, annual or quarterly reports, and other communications. Electronic delivery of a document may be made via the Company's email system or by reference to a location on the Company's intranet or website or website of the Company's agent administering the Plan.

To the extent Employee has been provided with a copy of this Agreement, the Plan, or any other documents relating to this Award in a language other than English, the English language documents will prevail in case of any ambiguities or divergences as a result of translation.

7. **Committee's Powers**. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Stock Units.

8. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

9. **Governing Law and Forum.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas without regard to principles of conflict of laws, except to the extent that it implicates matters which are the subject of the General Corporation Law of the State of Delaware, which matters shall be governed by the latter law. For purposes of resolving any dispute that may arise directly or indirectly from this Agreement, the parties hereby agree that any such dispute that cannot be resolved by the parties shall be submitted for resolution through the Halliburton Dispute Resolution Program, which Program's last step is final and binding arbitration.

10. **Other Terms**. The provisions of this Agreement are severable, and if any one or more of the provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

HALLIBURTON COMPANY
STOCK AND INCENTIVE PLAN (THE "PLAN")
RESTRICTED STOCK UNIT GRANT AGREEMENT
COUNTRY-SPECIFIC ADDENDUM

This Addendum includes additional country-specific notices, disclaimers, and/or terms and conditions that may apply if you live or work in one of the countries listed below and that may be material to your participation in the Plan. This information is based on applicable securities, foreign exchange and other laws that may subject you to obligations that you solely are responsible for. However, such laws are often complex and change frequently, and the information provided is general in nature and may not apply to your specific situation. As such, the Company cannot assure you of any particular result, and you should seek your own professional legal and tax advice. Unless otherwise noted, capitalized terms shall take the definitions assigned to them under the Plan and your grant agreement. This Addendum forms part of your grant agreement and should be read in conjunction with the Plan.

Securities Law Notice: Unless otherwise noted, neither the Company nor the Shares are registered with any local stock exchange or under the control of any local securities regulator outside the U.S. This Agreement (of which this Addendum is a part), the Plan, and any other communications or materials that you may receive regarding participation in the Plan do not constitute advertising or a public offering of securities outside the U.S. The issuance of securities described in any Plan-related documents is not intended for offering or public circulation in your jurisdiction.

European Union	**Data Privacy** The following language supplements Section 5 of the Agreement: Employees understand that such personal data will be held only as long as is necessary to implement, administer, and manage Employee's participation in the Plan. Employee understands that he or she may, at any time, view his or her personal data, request additional information about the storage and processing of the personal data, require any necessary amendments to personal data or refuse or withdraw the consents herein, without cost, by contact in writing Employee's local human resources representative.
Argentina	**Foreign Exchange Information** US dollar transactions must be conducted through financial intermediaries authorized by the Argentine Central Bank. Under recent amendments in 2012 to Argentine foreign exchange restrictions, the transfer of funds outside Argentina is further restricted. US dollar proceeds from the sale of stock by a participant, when remitted to Argentina, are subject to conversion to Argentine pesos at applicable exchange rates. Depending on the amount, you may also be required to provide certain documentary evidence regarding your sale of stock or otherwise place the funds in a non-interest-bearing US dollar-denominated mandatory deposit account for a holding period of 365 days. As the restrictions may change, please confirm the foreign exchange requirements with your local bank before any transfer of funds in or out of Argentina.

Australia	**Securities Law Notice** Any advice given to you in connection with the offer is general advice only, and you should consider obtaining your own financial product advice from an independent person who is licensed by ASIC to give such advice. You will receive a separate communication that provides you the relevant price and exchange rate information as of the date of this grant. The Company will make available at any time, upon your request, the Australian dollar equivalent of (as applicable) the current market price of the underlying stock subject to your restricted stock unit grant.
Brazil	**Foreign Ownership / Exchange Information** The regulations of the Central Bank of Brazil governing investments abroad are subject to change at any time and such changes could affect your ability to receive cash proceeds from your awards. Please check with your local equity coordinator about any currently effective restrictions. Additionally, you are required to report to the Central Bank of Brazil, on a yearly basis, the value of any and all assets held abroad (including Halliburton shares) if the value of such assets equals or exceeds US $100,000, as well as any capital gain, dividend or profit attributable to such assets.
Canada	**Consent to Receive Information in English (Quebec Employees)** I acknowledge that it is the express wish of the parties that this agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be written in English. Je reconnais que c'est mon souhait exprès d'avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaries intentées, directement ou indirectement, relativement à ou suite à la présente convention.
China	**Foreign Exchange Information** Upon vesting of your RSUs, shares will be issued to you and deposited in the Participant Trust. You may immediately sell such shares or hold the shares in the Participant Trust to sell at a later date. However, you will not be permitted to move your shares out of the Participant Trust other than upon the sale of such shares. Furthermore, you are not permitted to hold any RSUs or shares after 90 days following your termination of employment. If your employment with the Company or a Subsidiary terminates for any reason, your shares will be subject to sale by the 90th day after termination of your employment. Due to foreign exchange restrictions in China, you are required to repatriate all proceeds that you receive from dividend payments (if any) and/or the above sale of shares to China through a domestic special-purpose foreign exchange account that Halliburton has established for this purpose. By accepting this award, you agree to this repatriation process. Fidelity will remit the proceeds from any sale of shares, less any commissions or other fees, directly to the Company's special-purpose foreign exchange account. Under current Halliburton policy, the proceeds will then be distributed to your individual USD account, subject to Halliburton's determination that you have paid (through payroll withholdings, direct reimbursement to your employer, net share withholding, sell-to-cover, or other method as specified by Halliburton) any tax amounts that are due. Halliburton also reserves the right to transfer a portion of or all sale proceeds to the local entity or to the tax authorities to pay any tax amounts that are due, as further described below. By accepting this award, you acknowledge and agree to the following: I acknowledge that any award I receive under the Plan is taxable as per personal income tax law of China. I accept that paying personal income tax is the individual's legal responsibility and that the employer has the obligation to withhold related personal income tax in China. I understand and agree to the below procedures to be applied to the shares I may receive upon vesting of my RSUs and/or exercise of my options and the proceeds of the sale of such shares.

5. Exchange rate: The stock sales proceeds are processed in US Dollars. However, the calculation and submission of Personal Income Tax in China ("PIT") are required to be in Chinese Yuan. I agree that the exchange rate applicable to the calculation of PIT shall be the middle rate as published by the People's Bank of China on the first calendar day of the month in which stock sale is executed.

6. Tax process: The Company will submit a tax return and make a payment on behalf of the employee. I authorize the Company to deduct personal income tax payable through my monthly payroll. I agree to make immediate payment to the Company if the salary deduction is not sufficient for the required personal income tax withholding. In addition, I authorize the Company to withhold a sufficient number of shares under my award to cover the taxes due, to sell a sufficient number of shares under my award to cover the taxes due, or to take any other measures permitted under the Plan or my award agreement to cover the taxes due.

5. Bank account: I am responsible for providing a personal domestic bank account to receive the stock sale proceeds. I am responsible for the accuracy of the account information provided to the Company and for ensuring that the bank account is able to receive deposits in US Dollars.

I acknowledge that Halliburton China will not release a portion or all of the stock sale proceeds with accrued interest (according to bank's calculation) to my designated personal bank until my payment of the full amount of the PIT is received by the Company (as evidenced by a tax payment slip).

Your grant of RSUs is also subject to the separate Internal Control Policy for Employees in the People's Republic of China, which is provided by your Human Resources Department. You can contact the Human Resources Department for a copy of the policy.

Please note that the foreign exchange and tax processes that are deemed necessary or advisable by the Company in order to comply with the requirements of the State Administration Foreign Exchange and other PRC laws are subject to change. The Company may unilaterally change any of the above procedures if the Company in its sole discretion seems it necessary or advisable to make such change.

Colombia **Foreign Ownership Information**

Prior approval from a government authority is not required to hold foreign securities or to receive an equity award. However, if the value of foreign investments, including the value of any equity awards, equals or exceeds US $500,000 in any year, such investments must be registered with the Colombian Central Bank by June 30th of the year following the year in which the investment equaled or exceeded the threshold (and annually thereafter provided the balance remains at or above US $500,000 at year-end.

France **Foreign Ownership Information**

Residents of France with foreign account balances in excess of EUR 1 million or its equivalent must report monthly to the Bank of France.

India **Foreign Exchange Information**

You shall take all reasonable steps to repatriate to India immediately all foreign exchange received by you as a consequence of your participation in Halliburton's stock incentive plan and in any case not later than 90 days from the date of sale of the stocks so acquired by you under the stock incentive plans. Further you shall in no case do, or refrain from doing anything, or take or refrain from taking any action, which has the effect of:

(e) Delaying the receipt by you of the whole or part of such foreign exchange; or

(f) Eliminating the foreign exchange in whole or in part to be receivable by you.

Upon receipt or realisation of the foreign exchange in India, you shall surrender the received or realised foreign exchange to an authorised person within a period of 180 days from the date of such receipt or realisation, as the case may be. Please note that you should keep the remittance certificate received from the bank where foreign currency is deposited in the event that the Reserve Bank of India, Halliburton or your employer requests proof of repatriation.

Italy

Data Privacy Consent

Pursuant to Legislative Decree no. 196/2003, the Controller of personal data processing is Halliburton Company, with registered offices at Houston, Texas, U.S.A., and its representative in Italy for privacy purposes is: Halliburton Italiana S.p.A, Contrada S. Elena s.n.c, Zona Industriale Ortona, Ortona (Chieti), Italy 66026.

I understand that data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/200.

The processing activity, including the communication and transfer of my data abroad, including outside of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require my consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. I understand that the use of my data will be minimized where it is not necessary for the implementation, administration and management of the Plan. I further understand that, pursuant to Section 7 of the Legislative Decree no. 196/2003, I have the right to, including but not limited to, access; delete; update; ask for rectification of my data and stop, for legitimate reason, the data processing. Furthermore, I am aware that my data will not be used for direct marketing purposes.

Japan

Foreign Exchange Information

If you acquire Shares valued at more than ¥100,000,000 in a single transaction, you must file a Securities Acquisition Report with the Ministry of Finance ("MOF") through the Bank of Japan within 20 days of the exercise of the Shares.

Kazakhstan

Foreign Exchange Information

Please note that by choosing to participate in the equity program, you hereby consent to your employer and Halliburton Company to be your agent to transfer and/or hold funds, shares, or sale proceeds for and on your behalf. In addition, the Kazakh Law on Currency Regulation requires currency repatriation. Therefore, if you sell your shares, you must transfer the proceeds to an account(s) with a Kazakh bank.

Korea

Foreign Exchange Information

Please note that proceeds received from the sale of stock overseas must be repatriated to Korea within 18 months if such proceeds exceed US $500,000 per sale. Separate sales may be deemed a single sale if the sole purpose of separate sales was to avoid a sale exceeding the US $500,000 per sale threshold.

Kuwait

Securities Law Notice

The information contained herein is intended solely for your use; it is confidential and privileged and is not intended to be circulated to any other person or party other than eligible employees or published by any means. You may not rely on the information contained herein for any purpose other than in relation to this offer and any share purchase or award

hereunder.

Malaysia	**Securities Law Notice** The grant of Halliburton stock incentive awards in Malaysia constitutes or relates to an 'excluded offer,' 'excluded invitation,' or 'excluded issue' pursuant to Section 229 and Section 230 of the CMSA, and as a consequence no prospectus is required to be registered with the Securities Commission of Malaysia. The award documents do not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Securities Commission in Malaysia under the CMSA.
Mexico	**Labor Law Acknowledgment** The invitation Halliburton is making under the Plan is unilateral and discretionary and is not related to the salary and other contractual benefits granted to you by your employer; therefore, benefits derived from the Plan will not under any circumstance be considered as an integral part of your salary . Halliburton reserves the absolute right to amend the Plan and discontinue it at any time without incurring any liability whatsoever. This invitation and, in your case, the acquisition of shares does not, in any way, establish a labor relationship between you and Halliburton, nor does it establish any rights between you and your employer. La invitación que Halliburton hace en relación con el Plan es unilateral, discrecional y no se relaciona con el salario y otros beneficios que recibe actualmente de su actual empleador, por lo que cualquier beneficio derivado del Plan no será considerado bajo ninguna circunstancia como parte integral de su salario. Por lo anterior, Halliburton se reserva el derecho absoluto para modificar o terminar el mismo, sin incurrir en responsabilidad alguna. Esta invitación y, en su caso, la adquisición de acciones, de ninguna manera establecen relación laboral alguna entre usted y Halliburton y tampoco genera derecho alguno entre usted y su empleador.
New Zealand	**Securities Law Notice** The offer to employees under the SIP in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002. This offer and related documentation has not been registered, filed or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand) and is, therefore, not a prospectus or an investment statement under New Zealand law and may not contain all the information that a prospectus or investment statement under New Zealand law is required to contain. In addition to the terms of the offer as described in your Grant Agreement, this Addendum, and the Plan you are entitled to review Halliburton's most recent annual report and published financial statements. The annual report and financial statements may be found on Halliburton's website at www.halliburton.com. You may also obtain such information at no cost by contacting your Human Resources Department.
Pakistan	**Exchange Control Information** Your participation in the Plan may be subject to certain terms and conditions imposed by the State Bank of Pakistan, including specifically in relation to Halliburton's Plan, as well as general foreign exchange controls. You are required immediately to repatriate to Pakistan the proceeds from the sale of the Shares. You may be required to register ownership of foreign shares with the State Bank of Pakistan using the prescribed Form V-96. You should consult your personal advisor prior to repatriation of the sale proceeds and to ensure compliance with applicable exchange control regulations in Pakistan, as such regulations are subject to frequent change. Please note that you should keep copies of any documents, certificates or invoices involving foreign currency transactions connected in any way to your participation in the Plan.

You are responsible for ensuring compliance with all exchange control laws in Pakistan.

Papua New Guinea	**Foreign Exchange Information** Before receiving funds from the sale of any securities abroad, you will need to apply for and receive an Income Tax Clearance Certificate from the taxation authorities in Papua New Guinea, which you must then lodge with the appropriate Bank of Papua New Guinea notification form with the commercial bank in which the transaction takes place.
Poland	**Foreign Ownership Reporting** If you hold more than PLN 7,000,000 in foreign securities at year-end, you are required to report quarterly to the National Bank of Poland regarding the number and value of such securities. Such reports are filed on special forms available on the website of the National Bank of Poland.
Russia	**Securities Law Notice** Neither this offer nor the distribution of related documentation constitutes the public circulation of securities in Russia. You will receive shares in a brokerage account held in your name outside of Russia, but a stock certificate will not be issued to you. You are not permitted to transfer any shares received under any Halliburton Company employee equity program into Russia.
Saudi Arabia	**Securities Law Notice** Halliburton will not request payment for the par value of the stock with respect to restricted stock unit awards granted to employees in Saudi Arabia. For recipients working in Saudi Arabia, Section X(c) of the Plan is hereby replaced in its entirety by the following: (c) Payment for Restricted Stock Unit. A Holder shall not be required to make any payment for Common Stock received pursuant to a Restricted Stock Unit Award, except to the extent otherwise required by law.
Singapore	**Securities Law Notice** This grant of an Option or Restricted Stock Unit and the Common Stock to be issued upon the exercise or vesting of such Option or Restricted Stock Unit shall be made available only to an employee of the Company or its Subsidiary, in reliance of the prospectus exemption set out in Section 173(1) (f) of the Securities and Futures Act (Chapter 289) of Singapore. In addition, you agree, by your acceptance of this grant, not to sell any Common Stock within six months of the date of grant. Please note that neither this agreement nor any other document or material in connection with this offer of the Option or Restricted Stock Unit and the Common Stock thereunder has been or will be lodged, registered or reviewed by any regulatory authority in Singapore.
Spain	**Exchange Control Information** If you are a Spanish resident, your acquisition, purchase, or sale of foreign-listed stock may be subject to ongoing annual reporting obligations with the General Directorate of International Economy and Foreign Transactions. If shares are kept abroad, you will need to submit a statistical report on an official Form D6 each January in relation to the preceding year. Additionally, a Form D8 must be submitted to the aforementioned authorities in certain circumstances. In addition, under a new law you may be required to report to the Spanish tax administration any foreign assets or investments over EUR 50,000.

Thailand	**Foreign Exchange Information** Please note that any dividends received from foreign stock owned and all proceeds from the sale of such stock must be remitted to Thailand and must be deposited or converted into Thai Baht with a commercial bank in Thailand within 360 days of receipt according to the Ministerial Regulation No. 26 dated 24 January 2009.
United Arab Emirates	**Securities Law Notice** This Plan has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This Plan is strictly private and confidential and has not been reviewed by, deposited or registered with the UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This Plan is being issued from outside the United Arab Emirates to a limited number of employees of Halliburton Company and affiliated companies and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the issue of any securities or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.
Vietnam	**Foreign Exchange Information** Please note that all dividends or proceeds received from the sale of shares should be repatriated immediately to Vietnam.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized as of the date first above written.

HALLIBURTON COMPANY

By

David J. Lesar
Chairman of the Board, President
and Chief Executive Officer

I HEREBY AGREE TO THE TERMS AND CONDITIONS SET FORTH IN THIS RESTRICTED STOCK UNIT AGREEMENT DATED <<Grant Date>>.

<<Electronic Signature>>

<<Acceptance Date>>

Halliburton Company Non-Qualified Stock Purchase Plan
(as amended and restated February 11, 2009 and amended February 10, 2011 and amended December 11, 2012)

The Plan (referred to as "NQESPP") gives eligible employees of Halliburton's designated non-US subsidiaries the opportunity to buy Common Stock in the Company at a discounted price through payroll deductions. Eligible employees may invest up to 10% of their gross eligible base pay. This Plan is open to eligible employees in the EEA.

Eligibility: Eligible employees are those employees of participating companies, excluding those working less than twenty hours per week or less than five months in any calendar year, unless local law requires the inclusion of a broader range of employees. Participating companies include the Company and those subsidiaries that have been designated by the Compensation Committee.

Application process: Eligible employees have to apply to join the Plan. The administration of the Plan has been outsourced to Fidelity Investments, a firm which specializes in such matters. Eligible employees can enroll for the Plan and can manage or terminate their participation through Fidelity Investment's website (http: //www.netbenefits.fidelity.com) or by telephone (for employees outside the USA, the number is 001-800-544-0275). Enrolment normally occurs at three-month intervals, usually in March, June, September, and December. Eligible employees will be notified of the procedure and timings for each new enrolment period.

Limits**:** Subject to the applicable statutory conditions, a maximum of 44,000,000 shares of Halliburton Common Stock may be issued under NQESPP and ESPP (a summary of which is set out below), subject to adjustment for variations in Halliburton's capital structure. The maximum number of shares that any individual participant may purchase in a purchase period is 10,000 shares.

Purchase of shares: Deductions from salary are made monthly throughout each purchase period. Deductions continue automatically until the participant gives instructions to change or terminate them. At the end of the purchase period, the payroll contributions collected during the period are applied (without interest) in purchasing whole and fractional shares of Halliburton Common Stock on behalf of the participant. The price is not less than 85% of whichever is the lower of the closing price on the first trading day of the purchase period or the closing price on the last trading day of the purchase period. The Plan provides for withholding for income and social taxes in accordance with local law.

Dividends: The custodian appointed by the Committee to operate the Plan will automatically reinvest any cash dividends on the stock held for each individual participant received into that Participant's account, unless the Participant elects to receive dividends in cash.

Withdrawal of shares: A Participant may at any time direct the custodian to sell all or part of the shares held by the custodian in his or her account and deliver the proceeds, less applicable expenses. A Participant may also direct the custodian to deliver to him or her all or part of the shares held in his or her account.

Withdrawal from the Plan: Participants are entitled to withdraw from the Plan before the relevant purchase date relating to a particular purchase period, by delivering to the Company a notice of withdrawal. A participant also has the statutory withdrawal rights set out in paragraph 26.3.2 of this Prospectus.

Termination of Service**:** If a participant's employment within the Group terminates for any reason, his or her participation in the Plan is automatically terminated and amounts due will be refunded to the participant as soon as practicable.

Restrictions on transfer: Stock purchase rights of participants are not generally transferable and may be exercised only by the participant during his or her lifetime.

Corporate action: There is nothing in the Plan to prevent the Company or any subsidiary from taking any corporate action that is deemed by the Company or any subsidiary to be appropriate or in its best interest.

Amendment or termination of the plan: The Board may terminate the Plan at any time with respect to stock for which stock purchase rights have not been granted. The Board may not alter or amend the Plan as regards existing entitlements unless the change does not materially impair the stock purchase rights of the participant or the participant's consent has been obtained.

Governing law: The Plan is construed in accordance with the laws of Delaware except to the extent pre-empted by U.S. Federal law.

Halliburton Company Employee Stock Purchase Plan
(as amended and restated February 11, 2009 and amended February 10, 2011 and amended December 11, 2012)

The Plan (referred to as "ESPP") is designed to provide an incentive for eligible employees to purchase shares in the Company. The Plan is designed to enable U.S. participants to benefit from certain tax advantages under U.S. tax legislation. This Plan is not generally used for employees outside the USA. As with NQESPP, the Plan gives eligible employees the opportunity to buy shares in the Company at a discounted price, through convenient payroll deductions paid to the custodian which has been appointed by the Company to operate the Plan.

Eligibility: Each employee of the Company and/or its subsidiaries is eligible for the Plan except those employees serving in a country whose laws prohibit participation in the Plan or those employed for less than twenty hours per week or less than five months in any calendar year.

Application Process: The application process is via the Fidelity Investments website as summarized above in relation to the NQESPP. An example of the award documentation and instructions for the completion of such documentation is set out in Part II of this document.

Limits: The overall and individual limits are as for NQESPP, described above. In addition there is an annual $25,000 individual limit per calendar year.

Operation and Terms of the Plan**:** The operation and terms of the Plan are similar to the operation and terms of NQESPP, described above.

Amendment or termination of the Plan: The Board may terminate the Plan at any time with respect to stock for which stock purchase rights have not been granted. The Board may not alter or amend the Plan as regards existing entitlements unless the change does not materially impair the stock purchase rights of the participant or the participant's consent has been obtained.

Governing Law**:** The plan is construed in accordance with the laws of the State of Delaware except to the extent pre-empted by U.S. Federal law.

Halliburton Company UK Employee Share Purchase Plan

The Plan is a share incentive scheme approved by HM Revenue and Customs for UK tax purposes. The Plan is designed to enable employees of designated UK subsidiaries and jointly owned companies of the Company to obtain share benefits similar to those under NQESPP but with a more favorable UK tax treatment, subject to the applicable statutory conditions. This Plan is not generally used for employees outside the UK.

Employee Eligibility: The Plan allows share benefits to be structured in different ways, including allowing eligible employees to purchase shares of Halliburton Common Stock from their pre-tax salary ("Partnership Shares") and providing additional shares at the Company's cost, in proportion to those bought by employees ("Matching Shares"). Plan shares are held by Trustees on behalf of Participants, and the payroll deductions are paid to the Trustees.

The Compensation Committee has the discretion to decide when and how the Plan is operated. Whenever the Plan is operated, all eligible employees must have an opportunity to participate on similar terms. Eligible employees are UK-resident taxpayers who, at the relevant date, have been employed throughout the relevant qualifying period and such other employees as the Company may invite to participate.

Application Process: Invitations to join the Plan may be electronic or in writing and must specify the date by which the employee must complete and return the agreement governing his or her participation in the Plan. Eligible employees have to apply to join the Plan by entering into a Partnership Share Agreement agreeing to the Plan terms and authorizing the deductions from their salary. An example of the Plan award agreement is set out in Part II of this document.

There is a procedure in place for ensuring that in advance of each new accumulation period all eligible employees who are not then participants are given the opportunity to join. Currently, this takes place prior to each calendar quarter, in advance of the accumulation periods beginning 1 January, 1 April, 1 July, and 1 October.

The Partnership Share Agreements operate on a rolling basis until Participants change their instructions, or withdraw from the Plan, or until the Company decides to close the Plan.

Principal Features

Partnership Shares: The Company may invite eligible employees to acquire Partnership Shares through a Partnership Share Agreement which will bind the participating employee to allocate partnership share money by deduction from his or her salary for the purchase of Partnership Shares. The level of deductions is currently subject to a statutory maximum of £1,500 per tax year. The Company may determine that there shall be an accumulation period not exceeding 12 months during which the Trustees may accumulate deductions from a participant's salary pending the acquisition of Partnership Shares on his behalf. Participants may stop, re-start, vary or withdraw from the scheme by contacting Computershare. Currently, the Company operates 4 quarterly accumulation periods.

Matching Shares: The Company may on any issue of Partnership Shares, offer Matching Shares to eligible employees under a Partnership Share Agreement. The Company must specify a Matching Ratio and the circumstances and manner in which it may be changed by the Company. The ratio of Matching Shares to Partnership Shares cannot exceed 2:1. The ratio currently adopted by the Company is 1 Matching Share for every 6⅔ Partnership Shares. This has been calculated to be broadly in line with the discount available to employees outside the UK who participate in the NQESPP.

Dividend Shares: Within statutory limits the Company may give participants the option to reinvest cash dividends received on their Plan shares in the purchase of additional shares of Halliburton Common Stock. Currently dividends on Plan Shares must be reinvested through the Plan.

Free Shares: The Plan enables the Company to offer eligible employees the opportunity to acquire shares of Halliburton Common Stock within statutory limits at no cost and on a similar terms basis ("Free Shares"). Currently Halliburton does not offer Free Shares.

When awarding Free Shares to eligible employees under the Plan, the Company must issue an invitation specifying the basis on which they will be awarded and must enclose a Participation Contract including a deadline by which it must be completed. The initial market value of the Free Shares awarded to an eligible employee in any tax year is subject to a statutory maximum of £3,000. The Free Shares comprised in an award may be determined according to remuneration, length of service or hours worked. The Company may determine that some or all of the Free Shares may be awarded according to employee performance.

Termination of Service and Forfeiture: Forfeiture does not apply to Partnership Shares. However the Company may determine that Participants shall forfeit their entitlement to Free Shares and/or Matching Shares if they cease

to hold office or employment within the Group during the specified Holding Period other than by reason of death, injury, disability, redundancy, retirement on or after age 50 or the transfer outside the Group of the Company or business which employs the Participant. Currently, Halliburton specifies a Holding Period of 5 years.

Whatever the reason for leaving, participation in the Plan will terminate upon cessation of employment.

The Plan provides for payment of or disposal of shares of Common Stock to cover tax and social security amounts where applicable in accordance with UK law.

Overall Limits: The Company may from time to time determine the maximum number of shares that may be awarded under the Plan.

PART III

HALLIBURTON HISTORICAL FINANCIAL INFORMATION

There follows Part III of this document which comprises:

Section 1: a reproduction in its entirety of the Annual Report of Halliburton pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: Form 10-K for the year ended December 31, 2013.

Section 2: a reproduction in its entirety of the Annual Report of Halliburton pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: Form 10-K for the year ended December 31, 2012.

Section 3: a reproduction in its entirety of the Annual Report of Halliburton pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: Form 10-K for the year ended December 31, 2011.

Section 4: a reproduction in its entirety of the Halliburton Company Proxy Statement for the 2014 Annual Meeting of Stockholders on May 21, 2014.

Section 5: a reproduction in its entirety of the Quarterly Report of Halliburton pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: Form 10-Q for the quarter ended March 31, 2014.

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

(Mark One)

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2013

OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ______ to ______

Commission File Number 001-03492

HALLIBURTON COMPANY

(Exact name of registrant as specified in its charter)

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

3000 North Sam Houston Parkway East
Houston, Texas 77032
(Address of principal executive offices)
Telephone Number – Area code (281) 871-2699

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

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes [ ] No [X]

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
[X]

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]

The aggregate market value of Halliburton Company Common Stock held by nonaffiliates on June 30, 2013, determined using the per share closing price on the New York Stock Exchange Composite tape of $41.72 on that date, was approximately $38,003,000,000.

As of January 31, 2014, there were 850,866,860 shares of Halliburton Company Common Stock, $2.50 par value per share, outstanding.

Portions of the Halliburton Company Proxy Statement for our 2014 Annual Meeting of Stockholders (File No. 001-03492) are incorporated by reference into Part III of this report.

HALLIBURTON COMPANY
Index to Form 10-K
For the Year Ended December 31, 2013

PART I		**PAGE**
Item 1.	Business	1
Item 1(a).	Risk Factors	5
Item 1(b).	Unresolved Staff Comments	14
Item 2.	Properties	15
Item 3.	Legal Proceedings	16
Item 4.	Mine Safety Disclosures	16
PART II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities	17
Item 6.	Selected Financial Data	18
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 7(a).	Quantitative and Qualitative Disclosures About Market Risk	18
Item 8.	Financial Statements and Supplementary Data	18
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	18
Item 9(a).	Controls and Procedures	19
Item 9(b).	Other Information	19
MD&A AND FINANCIAL STATEMENTS		
Management's Discussion and Analysis of Financial Condition and Results of Operations		20
Management's Report on Internal Control Over Financial Reporting		39
Reports of Independent Registered Public Accounting Firm		40
Consolidated Statements of Operations		42
Consolidated Statements of Comprehensive Income		43
Consolidated Balance Sheets		44
Consolidated Statements of Cash Flows		45
Consolidated Statements of Shareholders' Equity		46
Notes to Consolidated Financial Statements		47
Selected Financial Data (Unaudited)		73
Quarterly Data and Market Price Information (Unaudited)		74
PART III		
Item 10.	Directors, Executive Officers, and Corporate Governance	75
Item 11.	Executive Compensation	75
Item 12(a).	Security Ownership of Certain Beneficial Owners	75
Item 12(b).	Security Ownership of Management	75
Item 12(c).	Changes in Control	75
Item 12(d).	Securities Authorized for Issuance Under Equity Compensation Plans	75
Item 13.	Certain Relationships and Related Transactions, and Director Independence	75
Item 14.	Principal Accounting Fees and Services	75
PART IV		
Item 15.	Exhibits	76
SIGNATURES		83

PART I

Item 1. Business.

General description of business

Halliburton Company's predecessor was established in 1919 and incorporated under the laws of the State of Delaware in 1924. We are a leading provider of services and products to the energy industry related to the exploration, development, and production of oil and natural gas. We serve major, national, and independent oil and natural gas companies throughout the world and operate under two divisions, which form the basis for the two operating segments we report, the Completion and Production segment and the Drilling and Evaluation segment:

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

See Note 2 to the consolidated financial statements for further financial information related to each of our business segments and a description of the services and products provided by each segment. We have significant manufacturing operations in various locations, including the United States, Canada, Malaysia, Singapore, and the United Kingdom.

Business strategy

Our business strategy is to secure a distinct and sustainable competitive position as an oilfield service company by delivering services and products that enable our customers to extract proven reserves and maximize recovery. Our objectives are to:

- create a balanced portfolio of services and products supported by global infrastructure and anchored by technological innovation to further differentiate our company;
- reach a distinguished level of operational excellence that reduces costs and creates real value;
- preserve a dynamic workforce by being a preferred employer to attract, develop, and retain the best global talent; and
- uphold our strong ethical and business standards, and maintain the highest standards of health, safety, and environmental performance.

Markets and competition

We are one of the world's largest diversified energy services companies. Our services and products are sold in highly competitive markets throughout the world. Competitive factors impacting sales of our services and products include:

- price;
- service delivery (including the ability to deliver services and products on an "as needed, where needed" basis);
- health, safety, and environmental standards and practices;
- service quality;
- global talent retention;
- understanding the geological characteristics of the hydrocarbon reservoir;
- product quality;
- warranty; and
- technical proficiency.

We conduct business worldwide in approximately 80 countries. The business operations of our divisions are organized around four primary geographic regions: North America, Latin America, Europe/Africa/CIS, and Middle East/Asia. In 2013, 2012, and 2011, based on the location of services provided and products sold, 49%, 53%, and 55% of our consolidated revenue was from the United States. No other country accounted for more than 10% of our consolidated revenue during these periods. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Business Environment and Results of Operations" and Note 2 to the consolidated financial statements for additional financial information about our geographic operations in the last three years. Because the markets for our services and products are vast and cross numerous geographic lines, it is not practicable to provide a meaningful estimate of the total number of our competitors. The industries we serve are highly competitive, and we have many substantial competitors. Most of our services and products are marketed through our servicing and sales organizations.

Operations in some countries may be adversely affected by unsettled political conditions, acts of terrorism, civil unrest, expropriation or other governmental actions, foreign currency exchange restrictions, and highly inflationary currencies, as well as other geopolitical factors. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country, other than the United States, would significantly impact the conduct of our operations taken as a whole.

Information regarding our exposure to foreign currency fluctuations, risk concentration, and financial instruments used to minimize risk is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Instrument Market Risk" and in Note 13 to the consolidated financial statements.

Customers

Our revenue from continuing operations during the past three years was derived from the sale of services and products to the energy industry. No customer represented more than 10% of our consolidated revenue in any period presented.

Raw materials

Raw materials essential to our business are normally readily available. Market conditions can trigger constraints in the supply of certain raw materials, such as proppants, hydrochloric acid, and gels, including guar gum (a blending additive used in our hydraulic fracturing process). We are always seeking ways to ensure the availability of resources, as well as manage costs of raw materials. Our procurement department uses our size and buying power to enhance our access to key materials at competitive prices.

Research and development costs

We maintain an active research and development program. The program improves products, processes, and engineering standards and practices that serve the changing needs of our customers, such as those related to high pressure and high temperature environments, and also develops new products and processes. Our expenditures for research and development activities were $588 million in 2013, $460 million in 2012, and $401 million in 2011. We sponsored over 95% of these expenditures in each year.

Patents

We own a large number of patents and have pending a substantial number of patent applications covering various products and processes. We are also licensed to utilize patents owned by others. We do not consider any particular patent to be material to our business operations.

Seasonality

Weather and natural phenomena can temporarily affect the performance of our services, but the widespread geographical locations of our operations mitigate those effects. Examples of how weather can impact our business include:

- the severity and duration of the winter in North America can have a significant impact on natural gas storage levels and drilling activity;
- the timing and duration of the spring thaw in Canada directly affects activity levels due to road restrictions;
- typhoons and hurricanes can disrupt coastal and offshore operations; and
- severe weather during the winter months normally results in reduced activity levels in the North Sea and Russia.

Additionally, customer spending patterns for software and various other oilfield services and products can result in higher activity in the fourth quarter of the year.

Employees

At December 31, 2013, we employed approximately 77,000 people worldwide compared to approximately 73,000 at December 31, 2012. At December 31, 2013, approximately 15% of our employees were subject to collective bargaining agreements. Based upon the geographic diversification of these employees, we do not believe any risk of loss from employee strikes or other collective actions would be material to the conduct of our operations taken as a whole.

Environmental regulation

We are subject to numerous environmental, legal, and regulatory requirements related to our operations worldwide. For further information related to environmental matters and regulation, see Note 8 to the consolidated financial statements and Item 1(a), "Risk Factors."

Hydraulic fracturing process

Hydraulic fracturing is 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. A significant portion of our Completion and Production segment provides hydraulic fracturing services to customers developing shale natural gas and shale oil. From time to time, questions arise about the scope of our operations in the shale natural gas and shale oil sectors, and the extent to which these operations may affect human health and the environment.

We generally design and implement a hydraulic fracturing operation to "stimulate" the well, at the direction of our customer, once the well has been drilled, cased, and cemented. Our customer is generally responsible for providing the base fluid (usually water) used in the hydraulic fracturing of a well. We supply the proppant (often sand) and any additives used in the overall fracturing fluid mixture. In addition, we mix the additives and proppant with the base fluid and pump the mixture down the wellbore to create the desired fractures in the target formation. The customer is responsible for disposing of any materials that are subsequently pumped out of the well, including flowback fluids and produced water.

As part of the process of constructing the well, the customer will take a number of steps designed to protect drinking water resources. In particular, the casing and cementing of the well are designed to provide "zonal isolation" so that the fluids pumped down the wellbore and the oil and natural gas and other materials that are subsequently pumped out of the well will not come into contact with shallow aquifers or other shallow formations through which those materials could potentially migrate to the surface.

The potential environmental impacts of hydraulic fracturing have been studied by numerous government entities and others. In 2004, the United States Environmental Protection Agency (EPA) conducted an extensive study of hydraulic fracturing practices, focusing on coalbed methane wells, and their potential effect on underground sources of drinking water. The EPA's study concluded that hydraulic fracturing of coalbed methane wells poses little or no threat to underground sources of drinking water. At the request of Congress, the EPA is currently undertaking another study of the relationship between hydraulic fracturing and drinking water resources that will focus on the fracturing of shale natural gas wells.

We have made detailed information regarding our fracturing fluid composition and breakdown available on our internet web site at www.halliburton.com. We also have proactively developed processes to provide our customers with the chemical constituents of our hydraulic fracturing fluids to enable our customers to comply with state laws as well as voluntary standards established by the Chemical Disclosure Registry, www.fracfocus.org.

At the same time, we have invested considerable resources in developing our CleanSuite™ hydraulic fracturing technologies, which offer our customers a variety of environment-friendly alternatives related to the use of hydraulic fracturing fluid additives and other aspects of our hydraulic fracturing operations. We created a hydraulic fracturing fluid system comprised of materials sourced entirely from the food industry. In addition, we have engineered a process to control the growth of bacteria in hydraulic fracturing fluids that uses ultraviolet light, allowing customers to minimize the use of chemical biocides. We are committed to the continued development of innovative chemical and mechanical technologies that allow for more economical and environmentally friendly development of the world's oil and natural gas reserves.

In evaluating any environmental risks that may be associated with our hydraulic fracturing services, it is helpful to understand the role that we play in the development of shale natural gas and shale oil. Our principal task generally is to manage the process of injecting fracturing fluids into the borehole to "stimulate" the well. Thus, based on the provisions in our contracts and applicable law, the primary environmental risks we face are potential pre-injection spills or releases of stored fracturing fluids and potential spills or releases of fuel or other fluids associated with pumps, blenders, conveyors, or other above-ground equipment used in the hydraulic fracturing process.

Although possible concerns have been raised about hydraulic fracturing operations, the circumstances described above have helped to mitigate those concerns. To date, we have not been obligated to compensate any indemnified party for any environmental liability arising directly from hydraulic fracturing, although there can be no assurance that such obligations or liabilities will not arise in the future.

Working capital

We fund our business operations through a combination of available cash and equivalents, short-term investments, and cash flow generated from operations. In addition, our revolving credit facility is available for additional working capital needs.

Web site access

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934 are made available free of charge on our internet web site at www.halliburton.com as soon as reasonably practicable after we have electronically filed the material with, or furnished it to, the Securities and Exchange Commission (SEC). The public may read and copy any materials we have filed with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains our reports, proxy and information statements, and our other SEC filings. The address of that web site is www.sec.gov. We have posted on our web site our Code of Business Conduct, which applies to all of our employees and Directors and serves as a code of ethics for our principal executive officer, principal financial officer, principal accounting officer, and other persons performing similar functions. Any amendments to our Code of Business Conduct or any waivers from provisions of our Code of Business Conduct granted to the specified officers above are disclosed on our web site within four business days after the date of any amendment or waiver pertaining to these officers. There have been no waivers from provisions of our Code of Business Conduct for the years 2013, 2012, or 2011. Except to the extent expressly stated otherwise, information contained on or accessible from our web site or any other web site is not incorporated by reference into this annual report on Form 10-K and should not be considered part of this report.

Executive Officers of the Registrant

The following table indicates the names and ages of the executive officers of Halliburton Company as of February 7, 2014, including all offices and positions held by each in the past five years:

Name and Age	Offices Held and Term of Office
James S. Brown (Age 59)	President, Western Hemisphere of Halliburton Company, since January 2008

	Name and Age	Offices Held and Term of Office
	Christian A. Garcia (Age 50)	Senior Vice President and Chief Accounting Officer of Halliburton Company, since January 2014 Senior Vice President and Treasurer of Halliburton Company, September 2011 to December 2013 Senior Vice President, Investor Relations of Halliburton Company, January 2011 to August 2011 Vice President, Investor Relations of Halliburton Company, December 2007 to December 2010
	Myrtle L. Jones (Age 54)	Senior Vice President, Tax of Halliburton Company, since March 2013 Senior Managing Director of Tax and Internal Audit, Service Corporation International, February 2008 to February 2013
*	David J. Lesar (Age 60)	Chairman of the Board, President, and Chief Executive Officer of Halliburton Company, since August 2000
*	Mark A. McCollum (Age 54)	Executive Vice President and Chief Financial Officer of Halliburton Company, since January 2008
	Timothy M. McKeon (Age 41)	Vice President and Treasurer of Halliburton Company, since January 2014 Assistant Treasurer of Halliburton Company, September 2011 to December 2013 Director of Finance, Drilling & Evaluation Division of Halliburton Company, February 2011 to August 2011 Director of Treasury Operations of Halliburton Company, March 2009 to January 2011 Senior Manager, Corporate Finance of Halliburton Company, August 2006 to February 2009
*	Jeffrey A. Miller (Age 50)	Executive Vice President and Chief Operating Officer of Halliburton Company, since September 2012 Senior Vice President, Global Business Development and Marketing of Halliburton Company, January 2011 to August 2012 Senior Vice President, Gulf of Mexico Region of Halliburton Company, January 2010 to December 2010 Vice President, Baroid, May 2006 to December 2009
*	Lawrence J. Pope (Age 45)	Executive Vice President of Administration and Chief Human Resources Officer of Halliburton Company, since January 2008
	Joe D. Rainey (Age 57)	President, Eastern Hemisphere of Halliburton Company, since January 2011 Senior Vice President, Eastern Hemisphere of Halliburton Company, January 2010 to December 2010 Vice President, Eurasia Pacific Region of Halliburton Company, January 2009 to December 2009
*	Robb L. Voyles (Age 56)	Executive Vice President and General Counsel of Halliburton Company, since January 2014 Senior Vice President, Law of Halliburton Company, September 2013 to December 2013 Partner, Baker Botts L.L.P., January 1989 to August 2013

* Members of the Policy Committee of the registrant.

There are no family relationships between the executive officers of the registrant or between any director and any executive officer of the registrant.

Item 1(a). Risk Factors.

The statements in this section describe the known material risks to our business and should be considered carefully.

We, among others, have been named as a defendant in numerous lawsuits and there have been numerous investigations relating to the Macondo well incident that could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

The semisubmersible drilling rig, Deepwater Horizon, sank on April 22, 2010 after an explosion and fire onboard the rig that began on April 20, 2010. The Deepwater Horizon was owned by Transocean Ltd. and had been drilling the Macondo exploration well in Mississippi Canyon Block 252 in the Gulf of Mexico for the lease operator, BP Exploration (BP Exploration), an indirect wholly owned subsidiary of BP p.l.c. (BP p.l.c., BP Exploration, and their affiliates, collectively, BP). There were eleven fatalities and a number of injuries as a result of the Macondo well incident. Crude oil escaping from the Macondo well site spread across thousands of square miles of the Gulf of Mexico and reached the United States Gulf Coast. We performed a variety of services for BP Exploration, including cementing, mud logging, directional drilling, measurement-while-drilling, and rig data acquisition services.

We are named along with other unaffiliated defendants in more than 1,800 complaints, most of which are alleged class-actions, involving pollution damage claims and at least eight personal injury lawsuits involving four decedents and at least 10 allegedly injured persons who were on the drilling rig at the time of the incident. At least six additional lawsuits naming us and others relate to alleged personal injuries sustained by those responding to the explosion and oil spill. Other defendants in the lawsuits have filed claims against us seeking subrogation, indemnification, including with respect to liabilities under the Oil Pollution Act of 1990 (OPA), contribution and direct damages, and alleging negligence, gross negligence, fraudulent conduct, willful misconduct, and fraudulent concealment. See Note 8 to the consolidated financial statements. Additional lawsuits may be filed against us, including civil actions under federal statutes and regulations, as well as criminal and civil actions under state statutes and regulations. Those statutes and regulations could result in criminal penalties, including fines and imprisonment, as well as civil fines, and the degree of the penalties and fines may depend on the type of conduct and level of culpability, including strict liability, negligence, gross negligence, and knowing violations of the statute or regulation.

In addition to the claims and lawsuits described above, several regulatory agencies and others have investigated or are investigating the cause of the explosion, fire, and resulting oil spill. Reports issued as a result of those investigations have been critical of BP, Transocean, and us, among others. For example, one or more of those reports have concluded that primary cement failure was a direct cause of the blowout, cement testing performed by an independent laboratory "strongly suggests" that the foam cement slurry used on the Macondo well was unstable, and that numerous other oversights and factors caused or contributed to the cause of the incident, including BP's failure to run a cement bond log, BP's and Transocean's failure to properly conduct and interpret a negative-pressure test, the failure of the drilling crew and our surface data logging specialist to recognize that an unplanned influx of oil, natural gas, or fluid into the well was occurring, communication failures among BP, Transocean, and us, and flawed decisions relating to the design, construction, and testing of barriers critical to the temporary abandonment of the well.

In October 2011, the Bureau of Safety and Environmental Enforcement (BSEE) issued a notification of Incidents of Noncompliance (INCs) to us for allegedly violating federal regulations relating to the failure to take measures to prevent the unauthorized release of hydrocarbons, the failure to take precautions to keep the Macondo well under control, the failure to cement the well in a manner that would, among other things, prevent the release of fluids into the Gulf of Mexico, and the failure to protect health, safety, property, and the environment as a result of a failure to perform operations in a safe and workmanlike manner. According to the BSEE's notice, we did not ensure an adequate barrier to hydrocarbon flow after cementing the production casing and did not detect the influx of hydrocarbons until they were above the blowout preventer stack. We understand that the regulations in effect at the time of the alleged violations provide for fines of up to $35,000 per day per violation. We have appealed the INCs to the Interior Board of Land Appeals (IBLA). In January 2012, the IBLA, in response to our and the BSEE's joint request, suspended the appeal pending certain proceedings in the multi-district litigation (MDL) trial. Once the MDL court issues a final decision in the trial, we expect to file a proposal for further action in the appeal. The BSEE has announced that the INCs will be reviewed for possible imposition of civil penalties once the appeal has ended. The BSEE has stated that this is the first time the Department of the Interior has issued INCs directly to a contractor that was not the well's operator.

Our contract with BP Exploration relating to the Macondo well generally provides for our indemnification by BP Exploration for certain potential claims and expenses relating to the Macondo well incident. BP Exploration, in connection with filing its claims with respect to the MDL proceeding, asked the court to declare that it is not liable to us in contribution, indemnification, or otherwise with respect to liabilities arising from the Macondo well incident. Other defendants in the litigation have generally denied any obligation to contribute to any liabilities arising from the Macondo well incident. In January 2012, the court in the MDL proceeding entered an order in response to our and BP's motions for summary judgment regarding certain indemnification matters. The court held that BP is required to indemnify us for third-party compensatory claims, or actual damages, that arise from pollution or contamination that did not originate from our property or equipment located above the surface of the land or water, even if we are found to be grossly negligent. The court also held that BP does not owe us indemnity for punitive damages or for civil penalties under the Clean Water Act (CWA), if any, and that fraud could void the indemnity on public policy grounds. The court in the MDL proceeding deferred ruling on whether our indemnification from BP covers penalties or fines under the Outer Continental Shelf Lands Act, whether our alleged breach of our contract with BP Exploration would invalidate the indemnity, and whether we committed an act that materially increased the risk to or prejudiced the rights of BP so as to invalidate the indemnity.

The rulings in the MDL proceeding regarding the indemnities are based on maritime law and may not bind the determination of similar issues in lawsuits not comprising a part of the MDL proceeding. Accordingly, it is possible that different conclusions with respect to indemnities will be reached by other courts.

Indemnification for criminal fines or penalties, if any, may not be available if a court were to find such indemnification unenforceable as against public policy. In addition, certain state laws, if deemed to apply, would not allow for enforcement of indemnification for gross negligence, and may not allow for enforcement of indemnification of persons who are found to be negligent with respect to personal injury claims. We may not be insured with respect to civil or criminal fines or penalties, if any, pursuant to the terms of our insurance policies.

BP's public filings indicate that BP has recognized in excess of $40 billion in pre-tax charges, excluding offsets for settlement payments received from certain defendants in the MDL, as a result of the Macondo well incident. BP's public filings also indicate that the amount of, among other things, certain natural resource damages with respect to certain OPA claims, some of which may be included in such charges, cannot be reliably estimated as of the dates of those filings.

We are currently unable to fully estimate the impact the Macondo well incident will have on us. We cannot predict the outcome of the many lawsuits and investigations relating to the Macondo well incident, including orders and rulings of the court that impact the MDL, the results of the MDL trial, the effect that the settlements between BP and the Plaintiffs' Steering Committee (PSC) in the MDL and other settlements may have on claims against us, or whether we might settle with one or more of the parties to any lawsuit or investigation. The first two phases of the MDL trial have concluded, and the MDL court could begin issuing rulings at any time. A determination that the performance of our services on the Deepwater Horizon constituted gross negligence could result in substantial liability to the numerous plaintiffs for punitive damages and potentially to BP with respect to its direct claims against us.

As of December 31, 2013, our loss contingency reserve for the Macondo well incident, relating to the MDL, remained at $1.3 billion, which represents a loss contingency that is probable and for which a reasonable estimate of loss can be made. We have participated in intermittent discussions with the PSC regarding the potential for a settlement that would resolve a substantial portion of the claims pending in the MDL trial. BP, however, has not participated in any recent settlement discussions with us.

Reaching a settlement involves a complex process, and there can be no assurance as to whether or when we may complete a settlement. In addition, the settlement discussions we have had to date do not cover all parties and claims relating to the Macondo well incident. Accordingly, there are additional loss contingencies relating to the Macondo well incident that are reasonably possible but for which we cannot make a reasonable estimate. Given the numerous potential developments relating to the MDL and other lawsuits and investigations, which could occur at any time, we may adjust our estimated loss contingency reserve in the future. Liabilities arising out of the Macondo well incident could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Certain matters relating to the Macondo well incident, including increased regulation of the United States offshore drilling industry, and similar catastrophic events could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

The Macondo well incident and the subsequent oil spill resulted in offshore drilling delays, temporary drilling bans, and increased federal regulation of our and our customers' operations, and more regulations and delays are possible. For example, the BSEE has:

- issued regulations that provide revised casing and cementing requirements, including integrity testing standards, that mandate independent third-party verifications, that impose blowout preventer capability, testing, and documentation obligations, and that outline standards for specific well control training for deepwater operations, among other requirements;
- issued revised regulations in 2013 to require, among other things, increased employee involvement in certain safety measures and third-party audits of operators' safety and environmental management systems;
- proposed stricter requirements for subsea drilling production equipment;
- stated that it intends to propose new standards for the design and maintenance of blowout preventers; and
- stated that it, together with the Bureau of Ocean Energy Management, is drafting new standards governing drilling in the Arctic.

In addition, the BSEE contends that it has the legal authority to extend its regulatory reach to include contractors, like us, in addition to operators, as evidenced by the INCs.

The increased regulation of the exploration and production industry as a whole that arises out of the Macondo well incident has and could continue to result in higher operating costs for us and our customers, extended permitting and drilling delays, and reduced demand for our services. We cannot predict to what extent increased regulation may be adopted in international or other jurisdictions or whether we and our customers will be required or may elect to implement responsive policies and procedures in jurisdictions where they may not be required.

In addition, the Macondo well incident negatively impacted and could continue to negatively impact the availability and cost of insurance coverage for us, our customers, and our and their service providers. Also, our relationships with BP and others involved in the Macondo well incident could be negatively affected. Our business may be adversely impacted by any negative publicity relating to the incident, any negative perceptions about us by our customers, any increases in insurance premiums or difficulty in obtaining coverage, and the diversion of management's attention from our operations to focus on matters relating to the incident.

As illustrated by the Macondo well incident, the services we provide for our customers are performed in challenging environments that can be dangerous. Catastrophic events such as a well blowout, fire, or explosion can occur, resulting in property damage, personal injury, death, pollution, and environmental damage. While we have agreements with certain customers that require them to indemnify us for these types of events and the resulting damages and injuries (except in some cases, claims by our employees, loss or damage to our property, and any pollution emanating directly from our equipment), we will be exposed to significant potential losses should such catastrophic events occur if adequate indemnification provisions or insurance arrangements are not in place, if indemnity or related release from liability provisions are determined by a court to be unenforceable or otherwise invalid, in whole or in part, or if our customers are unable or unwilling to satisfy any indemnity obligations.

The matters discussed above relating to the Macondo well incident and similar catastrophic events could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Our operations are subject to political and economic instability, risk of government actions, and cyber attacks that could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

We are exposed to risks inherent in doing business in each of the countries in which we operate. Our operations are subject to various risks unique to each country that could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. With respect to any particular country, these risks may include:

- political and economic instability, including:
  - civil unrest, acts of terrorism, force majeure, war, or other armed conflict;
  - inflation; and
  - currency fluctuations, devaluations, and conversion restrictions; and
- governmental actions that may:
  - result in expropriation and nationalization of our assets in that country;
  - result in confiscatory taxation or other adverse tax policies;
  - limit or disrupt markets, restrict payments, or limit the movement of funds;
  - result in the deprivation of contract rights; and
  - result in the inability to obtain or retain licenses required for operation.

For example, due to the unsettled political conditions in many oil-producing countries, our operations, revenue, and profits are subject to the adverse consequences of war, the effects of terrorism, civil unrest, strikes, currency controls, and governmental actions. These and other risks described above could result in the loss of our personnel or assets, cause us to evacuate our personnel from certain countries, cause us to increase spending on security worldwide, disrupt financial and commercial markets, including the supply of and pricing for oil and natural gas, and generate greater political and economic instability in some of the geographic areas in which we operate. Areas where we operate that have significant risk include, but are not limited to: the Middle East, North Africa, Angola, Argentina, Azerbaijan, Colombia, Indonesia, Kazakhstan, Mexico, Nigeria, Russia, and Venezuela. In addition, any possible reprisals as a consequence of military or other action, such as acts of terrorism in the United States or elsewhere, could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

Our operations are also subject to the risk of cyber attacks. If our systems for protecting against cybersecurity risks prove not to be sufficient, we could be adversely affected by, among other things, loss or damage of intellectual property, proprietary information, or customer data, having our business operations interrupted, and increased costs to prevent, respond to, or mitigate cybersecurity attacks. These risks could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

Our operations outside the United States require us to comply with a number of United States and international regulations, violations of which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

Our operations outside the United States require us to comply with a number of United States and international regulations. For example, our operations in countries outside the United States are subject to the United States Foreign Corrupt Practices Act (FCPA), which prohibits United States companies and their agents and employees from providing anything of value to a foreign official for the purposes of influencing any act or decision of these individuals in their official capacity to help obtain or retain business, direct business to any person or corporate entity, or obtain any unfair advantage. Our activities create the risk of unauthorized payments or offers of payments by our employees, agents, or joint venture partners that could be in violation of the FCPA, even though these parties are not subject to our control. We have internal control policies and procedures and have implemented training and compliance programs for our employees and agents with respect to the FCPA. However, we cannot assure that our policies, procedures, and programs always will protect us from reckless or criminal acts committed by our employees or agents. Allegations of violations of applicable anti-corruption laws, including the FCPA, may result in internal, independent, or government investigations. Violations of the FCPA may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. In addition, investigations by governmental authorities as well as legal, social, economic, and political issues in these countries could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. We are also subject to the risks that our employees, joint venture partners, and agents outside of the United States may fail to comply with other applicable laws.

Changes in, compliance with, or our failure to comply with laws in the countries in which we conduct business may negatively impact our ability to provide services in, make sales of equipment to, and transfer personnel or equipment among some of those countries and could have a material adverse effect on our business and consolidated results of operations.

In the countries in which we conduct business, we are subject to multiple and, at times, inconsistent regulatory regimes, including those that govern our use of radioactive materials, explosives, and chemicals in the course of our operations. Various national and international regulatory regimes govern the shipment of these items. Many countries, but not all, impose special controls upon the export and import of radioactive materials, explosives, and chemicals. Our ability to do business is subject to maintaining required licenses and complying with these multiple regulatory requirements applicable to these special products. In addition, the various laws governing import and export of both products and technology apply to a wide range of services and products we offer. In turn, this can affect our employment practices of hiring people of different nationalities because these laws may prohibit or limit access to some products or technology by employees of various nationalities. Changes in, compliance with, or our failure to comply with these laws may negatively impact our ability to provide services in, make sales of equipment to, and transfer personnel or equipment among some of the countries in which we operate and could have a material adverse effect on our business and consolidated results of operations.

The adoption of any future federal, state, or local laws or implementing regulations imposing reporting obligations on, or limiting or banning, the hydraulic fracturing process could make it more difficult to complete natural gas and oil wells and could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We are a leading provider of hydraulic fracturing services. Various federal legislative and regulatory initiatives have been undertaken which could result in additional requirements or restrictions being imposed on hydraulic fracturing operations. For example, the Department of Interior has issued proposed regulations that would apply to hydraulic fracturing operations on wells that are subject to federal oil and gas leases and that would impose requirements regarding the disclosure of chemicals used in the hydraulic fracturing process as well as requirements to obtain certain federal approvals before proceeding with hydraulic fracturing at a well site. These regulations, if adopted, would establish additional levels of regulation at the federal level that could lead to operational delays and increased operating costs. At the same time, legislation and/or regulations have been adopted in several states that require additional disclosure regarding chemicals used in the hydraulic fracturing process but that generally include protections for proprietary information. Legislation and/or regulations are being considered at the state and local level that could impose further chemical disclosure or other regulatory requirements (such as restrictions on the use of certain types of chemicals or prohibitions on hydraulic fracturing operations in certain areas) that could affect our operations. In addition, governmental authorities in various foreign countries where we have provided or may provide hydraulic fracturing services have imposed or are considering imposing various restrictions or conditions that may affect hydraulic fracturing operations.

The adoption of any future federal, state, local, or foreign laws or implementing regulations imposing reporting obligations on, or limiting or banning, the hydraulic fracturing process could make it more difficult to complete natural gas and oil wells and could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Liability for cleanup costs, natural resource damages, and other damages arising as a result of environmental laws could be substantial and could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We are exposed to claims under environmental requirements and, from time to time, such claims have been made against us. In the United States, environmental requirements and regulations typically impose strict liability. Strict liability means that in some situations we could be exposed to liability for cleanup costs, natural resource damages, and other damages as a result of our conduct that was lawful at the time it occurred or the conduct of prior operators or other third parties. Liability for damages arising as a result of environmental laws could be substantial and could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We are periodically notified of potential liabilities at federal and state superfund sites. These potential liabilities may arise from both historical Halliburton operations and the historical operations of companies that we have acquired. Our exposure at these sites may be materially impacted by unforeseen adverse developments both in the final remediation costs and with respect to the final allocation among the various parties involved at the sites. The relevant regulatory agency may bring suit against us for amounts in excess of what we have accrued and what we believe is our proportionate share of remediation costs at any superfund site. We also could be subject to third-party claims, including punitive damages, with respect to environmental matters for which we have been named as a potentially responsible party.

Failure on our part to comply with, and the costs of compliance with, applicable health, safety, and environmental requirements could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Our business is subject to a variety of health, safety, and environmental laws, rules, and regulations in the United States and other countries, including those covering hazardous materials and requiring emission performance standards for facilities. For example, our well service operations routinely involve the handling of significant amounts of waste materials, some of which are classified as hazardous substances. We also store, transport, and use radioactive and explosive materials in certain of our operations. Applicable regulatory requirements include, for example, those concerning:

- the containment and disposal of hazardous substances, oilfield waste, and other waste materials;
- the importation and use of radioactive materials;
- the use of underground storage tanks; and
- the use of underground injection wells.

These and other requirements generally are becoming increasingly strict. Sanctions for failure to comply with the requirements, many of which may be applied retroactively, may include:

- administrative, civil, and criminal penalties;
- revocation of permits to conduct business; and
- corrective action orders, including orders to investigate and/or clean up contamination.

Failure on our part to comply with applicable environmental requirements could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition. We are also exposed to costs arising from regulatory compliance, including compliance with changes in or expansion of applicable regulatory requirements, which could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Existing or future laws, regulations, treaties or international agreements related to greenhouse gases and climate change could have a negative impact on our business and may result in additional compliance obligations with respect to the release, capture, and use of carbon dioxide that could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Changes in environmental requirements related to greenhouse gases and climate change 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 demand for oil and natural gas. Likewise, such restrictions may result in additional compliance obligations with respect to the release, capture, sequestration, and use of carbon dioxide that could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Trends in oil and natural gas prices affect the level of exploration, development, and production activity of our customers and the demand for our services and products, which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

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. The level of exploration, development, and production activity 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 which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. Even the perception 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. Factors affecting the prices of oil and natural gas include:

- the level of supply and demand for oil and natural gas, especially demand for natural gas in the United States;
- governmental regulations, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves;
- 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; and
- potential acceleration of the development of alternative fuels.

Our business is dependent on capital spending by our customers, and reductions in capital spending could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

Our business is directly affected by changes in capital expenditures by our customers, and reductions in their capital spending could reduce demand for our services and products and have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. Some of the items that may impact our customer's capital spending include:

- oil and natural gas prices, including volatility of oil and natural gas prices and expectations regarding future prices;
- the inability of our customers to access capital on economically advantageous terms;
- the consolidation of our customers;
- customer personnel changes; and
- adverse developments in the business or operations of our customers, including write-downs of reserves and borrowing base reductions under customer credit facilities.

Our business could be materially and adversely affected by severe or unseasonable weather where we have operations.

Our business could be materially and adversely affected by severe weather, particularly in the Gulf of Mexico, Russia, and the North Sea. Some experts believe global climate change could increase the frequency and severity of extreme weather conditions. Repercussions of severe or unseasonable weather conditions may include:

- evacuation of personnel and curtailment of services;
- weather-related damage to offshore drilling rigs resulting in suspension of operations;
- weather-related damage to our facilities and project work sites;
- inability to deliver materials to jobsites in accordance with contract schedules;
- decreases in demand for natural gas during unseasonably warm winters; and
- loss of productivity.

Changes in or interpretation of tax law and currency/repatriation control could impact the determination of our income tax liabilities for a tax year.

We have operations in approximately 80 countries. Consequently, we are subject to the jurisdiction of a significant number of taxing authorities. The income earned in these various jurisdictions is taxed on differing bases, including net income actually earned, net income deemed earned, and revenue-based tax withholding. The final determination of our income tax liabilities involves the interpretation of local tax laws, tax treaties, and related authorities in each jurisdiction, as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in or interpretation of tax law and currency/repatriation controls, could impact the determination of our income tax liabilities for a tax year.

We are subject to foreign exchange risks and limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries or to repatriate assets from some countries.

A sizable portion of our consolidated revenue and consolidated operating expenses is in foreign currencies. As a result, we are subject to significant risks, including:

- foreign currency exchange risks resulting from changes in foreign currency exchange rates and the implementation of exchange controls; and
- limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries.

As an example, we conduct business in countries, such as Venezuela, that have non-traded or “soft” currencies that, because of their restricted or limited trading markets, may be more difficult to exchange for “hard” currency. We may accumulate cash in soft currencies, and we may be limited in our ability to convert our profits into United States dollars or to repatriate the profits from those countries. In addition, we may accumulate cash in foreign jurisdictions that may be subject to taxation if repatriated to the United States. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Business Environment and Results of Operations" and Note 9 to the Consolidated Financial Statements, "Income Taxes."

Our failure to protect our proprietary information and any successful intellectual property challenges or infringement proceedings against us could materially and adversely affect our competitive position.

We rely on a variety of intellectual property rights that we use in our services and products. We may not be able to successfully preserve these intellectual property rights in the future, and these rights could be invalidated, circumvented, or challenged. In addition, the laws of some foreign countries in which our services and products may be sold do not protect intellectual property rights to the same extent as the laws of the United States. Our failure to protect our proprietary information and any successful intellectual property challenges or infringement proceedings against us could materially and adversely affect our competitive position.

If we are not able to design, develop, and produce commercially competitive products and to implement commercially competitive services in a timely manner in response to changes in the market, customer requirements, competitive pressures, and technology trends, our business and consolidated results of operations could be materially and adversely affected, and the value of our intellectual property may be reduced.

The market for our services and products is characterized by continual technological developments to provide better and more reliable performance and services. If we are not able to design, develop, and produce commercially competitive products and to implement commercially competitive services in a timely manner in response to changes in the market, customer requirements, competitive pressures, and technology trends, our business and consolidated results of operations could be materially and adversely affected, and the value of our intellectual property may be reduced. Likewise, if our proprietary technologies, equipment, facilities, or work processes become obsolete, we may no longer be competitive, and our business and consolidated results of operations could be materially and adversely affected.

If our customers delay paying or fail to pay 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.

We depend on a limited number of significant customers. While none of these customers represented more than 10% of consolidated revenue in any period presented, the loss of one or more significant customers could have a material adverse effect on our business and our consolidated results of operations.

In most cases, 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 customers’ cash flow from operations and their access to the credit markets. If our customers delay paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Our business in Venezuela subjects us to actions by the Venezuelan government and delays in receiving payments, which could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We believe there are risks associated with our operations in Venezuela, including the possibility that the Venezuelan government could assume control over our operations and assets. We also continue to see a delay in receiving payment on our receivables from our primary customer in Venezuela. If our customer further delays 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.

The future results of our Venezuelan operations will be affected by many factors, including our ability to take actions to mitigate the effect of a devaluation of the Bolívar, the foreign currency exchange rate, actions of the Venezuelan government, and general economic conditions such as continued inflation and future customer payments and spending. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Business Environment and Results of Operations - International operations - Venezuela."

Some of our customers require bids for contracts in the form of long-term, fixed pricing contracts that may require us to assume additional risks associated with cost over-runs, operating cost inflation, labor availability and productivity, supplier and contractor pricing and performance, and potential claims for liquidated damages.

Some of our customers, primarily NOCs, may require bids for contracts in the form of long-term, fixed pricing contracts that may require us to provide integrated project management services outside our normal discrete business to act as project managers as well as service providers, and may require us to assume additional risks associated with cost over-runs. These customers may provide us with inaccurate information in relation to their reserves, which is a subjective process that involves location and volume estimation, that may result in cost over-runs, delays, and project losses. In addition, NOCs often operate in countries with unsettled political conditions, war, civil unrest, or other types of community issues. These issues may also result in cost over-runs, delays, and project losses.

Providing services on an integrated basis may also require us to assume additional risks associated with operating cost inflation, labor availability and productivity, supplier pricing and performance, and potential claims for liquidated damages. We rely on third-party subcontractors and equipment providers to assist us with the completion of these types of contracts. To the extent that we cannot engage subcontractors or acquire equipment or materials in a timely manner and on reasonable terms, our ability to complete a project in accordance with stated deadlines or at a profit may be impaired. If the amount we are required to pay for these goods and services exceeds the amount we have estimated in bidding for fixed-price work, we could experience losses in the performance of these contracts. These delays and additional costs may be substantial, and we may be required to compensate our customers for these delays. This may reduce the profit to be realized or result in a loss on a project.

Constraints in the supply of, prices for, and availability of transportation of raw materials can have a material adverse effect on our business and consolidated results of operations.

Raw materials essential to our business are normally readily available. High levels of demand for, or shortage of, raw materials, such as proppants, hydrochloric acid, and gels, including guar gum, can trigger constraints in the supply chain of those raw materials, particularly where we have a relationship with a single supplier for a particular resource. Many of the raw materials essential to our business require the use of rail, storage, and trucking services to transport the materials to our jobsites. These services, particularly during times of high demand, may cause delays in the arrival of or otherwise constrain our supply of raw materials. These constraints could have a material adverse effect on our business and consolidated results of operations. In addition, price increases imposed by our vendors for raw materials used in our business and the inability to pass these increases through to our customers could have a material adverse effect on our business and consolidated results of operations.

Our acquisitions, dispositions, and investments may not result in anticipated benefits and may present risks not originally contemplated, which may have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We continually seek opportunities to maximize efficiency and value through various transactions, including purchases or sales of assets, businesses, investments, or joint ventures. These transactions are intended to (but may not) result in the realization of savings, the creation of efficiencies, the offering of new products or services, the generation of cash or income, or the reduction of risk. Acquisition transactions may be financed by additional borrowings or by the issuance of our common stock. These transactions may also affect our liquidity, consolidated results of operations, and consolidated financial condition.

These transactions also involve risks, and we cannot ensure that:

- any acquisitions would result in an increase in income or provide an adequate return of capital or other anticipated benefits;
- any acquisitions would be successfully integrated into our operations and internal controls;
- the due diligence conducted prior to an acquisition would uncover situations that could result in financial or legal exposure, including under the FCPA, or that we will appropriately quantify the exposure from known risks;
- any disposition would not result in decreased earnings, revenue, or cash flow;
- use of cash for acquisitions would not adversely affect our cash available for capital expenditures and other uses;
- any dispositions, investments, acquisitions, or integrations would not divert management resources; or
- any dispositions, investments, acquisitions, or integrations would not have a material adverse effect on our liquidity, consolidated results of operations, or consolidated financial condition.

Actions of and disputes with our joint venture partners could have a material adverse effect on the business and results of operations of our joint ventures and, in turn, our business and consolidated results of operations.

We conduct some operations through joint ventures, where control may be shared with unaffiliated third parties. As with any joint venture arrangement, differences in views among the joint venture participants may result in delayed decisions or in failures to agree on major issues. We also cannot control the actions of our joint venture partners, including any nonperformance, default, or bankruptcy of our joint venture partners. These factors could have a material adverse effect on the business and results of operations of our joint ventures and, in turn, our business and consolidated results of operations.

Our ability to operate and our growth potential could be materially and adversely affected if we cannot employ and retain technical personnel at a competitive cost.

Many of the services that we provide and the products that we sell are complex and highly engineered and often must perform or be performed in harsh conditions. We believe that our success depends upon our ability to employ and retain technical personnel with the ability to design, utilize, and enhance these services and products. In addition, our ability to expand our operations depends in part on our ability to increase our skilled labor force. A significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or both. If either of these events were to occur, our cost structure could increase, our margins could decrease, and any growth potential could be impaired.

The loss or unavailability of any of our executive officers or other key employees could have a material adverse effect on our business.

We depend greatly on the efforts of our executive officers and other key employees to manage our operations. The loss or unavailability of any of our executive officers or other key employees could have a material adverse effect on our business.

Item 1(b). Unresolved Staff Comments.

None.

Item 2. Properties.

We own or lease numerous properties in domestic and foreign locations. Our principal properties include manufacturing facilities, research and development laboratories, technology centers, and corporate offices. All of our owned properties are unencumbered.

The following locations represent our major facilities by segment:

Completion and Production segment:	Arbroath, United Kingdom
	Johor, Malaysia
	Lafayette, Louisiana
	Singapore, Singapore
	Stavanger, Norway
	Tianjin, China
Drilling and Evaluation segment:	Alvarado, Texas
	Nisku, Canada
	Singapore, Singapore
	The Woodlands, Texas
Shared/corporate facilities:	Al-Khobar, Saudi Arabia
	Carrollton, Texas
	Denver, Colorado
	Dubai, United Arab Emirates
	Duncan, Oklahoma
	Houston, Texas
	Kuala Lumpur, Malaysia
	Panama City, Panama
	Pune, India
	Rio de Janeiro, Brazil
	San Antonio, Texas

In addition, we have 179 international and 124 United States field camps from which we deliver our services and products. We also have numerous small facilities that include sales, project, and support offices and bulk storage facilities throughout the world.

We believe all properties that we currently occupy are suitable for their intended use.

Item 3. Legal Proceedings.

Information related to Item 3. Legal Proceedings is included in Note 8 to the consolidated financial statements on page 55 of this annual report.

Item 4. Mine Safety Disclosures.

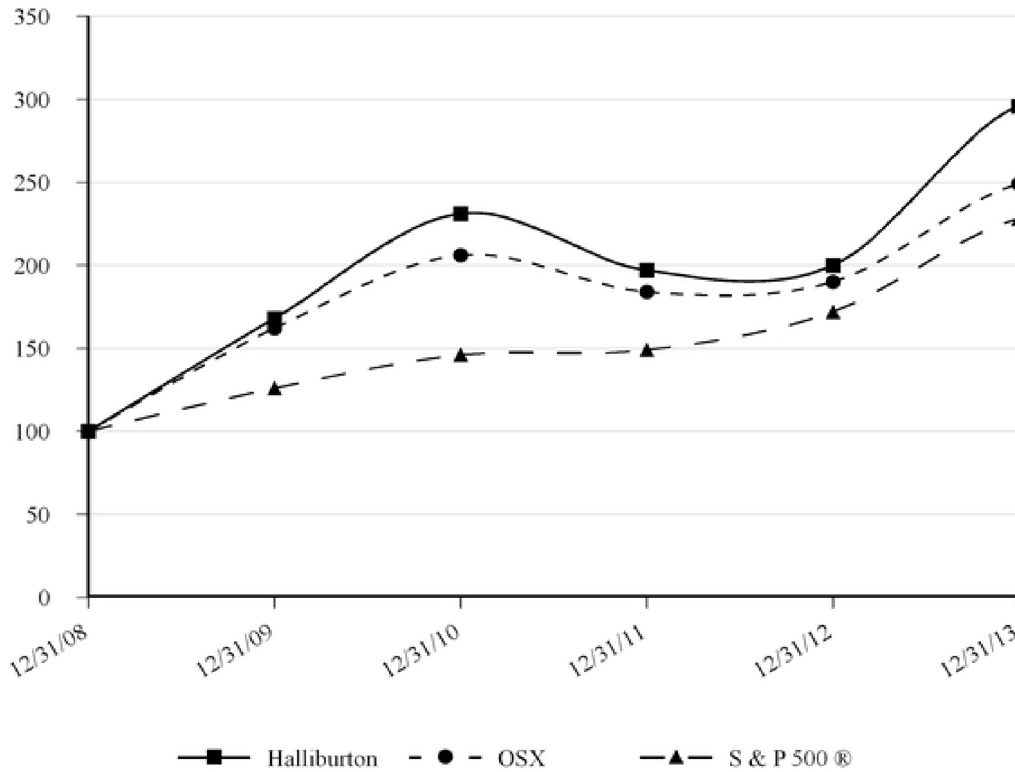
Our barite and bentonite mining operations, in support of our fluid services business, are subject to regulation by the federal Mine Safety and Health Administration under the Federal Mine Safety and Health Act of 1977. Information concerning mine safety violations or other regulatory matters required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

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities .

Halliburton Company's common stock is traded on the New York Stock Exchange. Information related to the high and low market prices of our common stock and quarterly dividend payments is included under the caption "Quarterly Data and Market Price Information" on page 74 of this annual report. Quarterly cash dividends on our common stock, which were paid in March, June, September, and December of each year, were $0.09 per share throughout 2012, $0.125 per share for the first three quarters of 2013, and $0.15 per share in the fourth quarter of 2013. The declaration and payment of future dividends will be at the discretion of the Board of Directors and will depend on, among other things, future earnings, general financial condition and liquidity, success in business activities, capital requirements, and general business conditions. Subject to Board of Directors approval, our intention is to pay dividends representing at least 15% to 20% of our net income on an annual basis.

The following graph and table compare total shareholder return on our common stock for the five-year period ended December 31, 2013, with the Philadelphia Oil Service Index (OSX) and the Standard & Poor's 500 ® Index over the same period. This comparison assumes the investment of $100 on December 31, 2008, and the reinvestment of all dividends. The shareholder return set forth is not necessarily indicative of future performance.



	December 31					
	2008	2009	2010	2011	2012	2013
Halliburton	$ 100.00	$ 168.12	$ 230.75	$ 196.85	$ 200.13	$ 296.19
Philadelphia Oil Service Index (OSX)	100.00	162.15	205.80	184.09	189.86	249.32
Standard & Poor's 500 ® Index	100.00	126.46	145.51	148.59	172.37	228.19

At January 31, 2014, there were 14,454 shareholders of record. In calculating the number of shareholders, we consider clearing agencies and security position listings as one shareholder for each agency or listing.

The following table is a summary of repurchases of our common stock during the three-month period ended December 31, 2013.

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased Under the Program (b)
October 1 - 31	73,993	$49.96	—	$1,693,971,527
November 1 - 30	80,870	$53.43	—	$1,693,971,527
December 1 - 31	140,739	$50.41	—	$1,693,971,527
Total	295,602	$51.12	—	

(a) All of the 295,602 shares purchased during the three-month period ended December 31, 2013 were acquired from employees in connection with the settlement of income tax and related benefit withholding obligations arising from vesting in restricted stock grants. These shares were not part of a publicly announced program to purchase common stock.

(b) Our Board of Directors has authorized a plan to repurchase our common stock from time to time. During the fourth quarter of 2013, we did not repurchase shares of our common stock pursuant to that plan. We have authorization remaining to repurchase up to a total of approximately $1.7 billion of our common stock.

Item 6. Selected Financial Data.

Information related to selected financial data is included on page 73 of this annual report.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations .

Information related to Management's Discussion and Analysis of Financial Condition and Results of Operations is included on pages 20 through 38 of this annual report.

Item 7(a). Quantitative and Qualitative Disclosures About Market Risk .

Information related to market risk is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Instrument Market Risk" on page 37 of this annual report and Note 13 to the consolidated financial statements on page 68 of this annual report.

Item 8. Financial Statements and Supplementary Data .

	Page No.
Management's Report on Internal Control Over Financial Reporting	39
Reports of Independent Registered Public Accounting Firm	40
Consolidated Statements of Operations for the years ended December 31, 2013, 2012, and 2011	42
Consolidated Statements of Comprehensive Income for the years ended December 31, 2013, 2012, and 2011	43
Consolidated Balance Sheets at December 31, 2013 and 2012	44
Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012, and 2011	45
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2013, 2012, and 2011	46
Notes to Consolidated Financial Statements	47
Selected Financial Data (Unaudited)	73
Quarterly Data and Market Price Information (Unaudited)	74

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure .

None.

Item 9(a). 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 December 31, 2013 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 December 31, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

See page 39 for Management's Report on Internal Control Over Financial Reporting and page 40 for Report of Independent Registered Public Accounting Firm on its assessment of our internal control over financial reporting.

Item 9(b). Other Information.

None.

HALLIBURTON COMPANY
Management's Discussion and Analysis of Financial Condition and Results of Operations

EXECUTIVE OVERVIEW

Financial results

During 2013, we produced revenue of $29.4 billion and operating income of $3.1 billion, reflecting an operating margin of 11%. Revenue increased $0.9 billion, or 3%, from 2012, mainly due to increased activity in all of our international regions and the Gulf of Mexico. We set new revenue records this year in all of our international regions and in both of our divisions. Additionally, during 2013, our revenue outside of North America comprised 48% of consolidated revenue. The percentage of our revenue that relates to our international operations has been steadily increasing and is representative of our ongoing strategy to grow our international business and balance our geographic mix. Our increase in international activity and revenue was partially offset by lower activity levels and pricing pressure in the United States land market, primarily for production enhancement services. Operating income in 2013 was negatively impacted by a $1.0 billion, pre-tax, Macondo-related loss contingency, as compared to a $300 million, pre-tax, Macondo-related loss contingency in 2012.

Business outlook

We continue to believe in the strength of the long-term fundamentals of our business. Energy demand is expected to increase over the long term driven by economic growth in developing countries despite current underlying downside risks in the industry, such as sluggish growth in developed countries and uncertainties associated with geopolitical tensions in the
Middle East and North Africa. Furthermore, development of new resources is expected to be more complex, resulting in
higher service intensity as our customers move increasingly to horizontal drilling.

In North America, we continue to experience pricing pressures, which have impacted our margins. However, we believe the current environment and our focus on efficient cost structure continues to favor us. As a result of the industry's activity shift from natural gas plays to oil and liquids-rich basins, operators have been allocating their budgets to basins with better economics. In addition, we are observing a meaningful switch to multi-well pad activity among our customer base, which is resulting in increased drilling and completion service efficiency. We believe the incremental efficiency gains provided by multi-well pad drilling will enable us to leverage our operational scale and expertise.

Outside of North America, both revenue and operating income increased in 2013 compared to 2012. We believe that international growth in 2014 will come from volume increases as we deploy resources on our recent contract wins and new projects, continued improvement in markets where we have made strategic investments, the introduction of new technology, and increased pricing and cost recovery on select contracts. We also believe that international unconventional oil and natural gas, mature field, and deepwater projects will contribute to activity improvements over the long term, and we plan to leverage our extensive experience in North America to capitalize on these opportunities. Consistent with our long-term strategy to grow our operations outside of North America, we also expect to continue to invest in capital equipment for our international operations. In Latin America, we expect 2014 to be a challenging year due to a decline in existing integrated project management work in Mexico as we begin transitioning to newly-tendered projects, and due to reduced activity in Brazil. However, this does not change our long-term outlook for Latin America, which we expect to contribute significantly to our future growth and profitability.

We continued to execute several key initiatives in 2013. These initiatives included increasing manufacturing capacity in the Eastern Hemisphere and repositioning our service delivery platform to lower our delivery costs. We plan to continue to invest in these initiatives in 2014. In addition, we plan to continue executing the following strategies:

- focusing on unconventional plays, mature fields, 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;
- exploring opportunities for acquisitions that will enhance or augment our current portfolio of services and products, including those with unique technologies or distribution networks in areas where we do not already have large operations;
- making key investments in technology and infrastructure to maximize growth opportunities. To that end, we are continuing to push our technology and manufacturing capacity, as well as our supply chain, closer to our customers in the Eastern Hemisphere;
- improving working capital, and managing our balance sheet to maximize our financial flexibility. We are deploying a global project to improve service delivery that we expect to result in, among other things, additional investments in our systems and significant improvements to our current order-to-cash and purchase-to-pay processes;
- growing our international revenues and margins by continuing to invest capital and resources in these markets;
- improving our North America margins by leveraging technologies and reducing costs through more efficient operations;
- continuing to seek ways to be one of the most cost efficient service providers in the industry by maintaining capital discipline and leveraging our scale and breadth of operations; and
- expanding our business with national oil companies.

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

Financial markets, liquidity, and capital resources

We believe we have invested our cash balances conservatively and secured sufficient financing to help mitigate any near-term negative impact on our operations from adverse market conditions. For additional information, see “Liquidity and Capital Resources” and “Business Environment and Results of Operations.”

LIQUIDITY AND CAPITAL RESOURCES

We ended 2013 with cash and equivalents of $2.4 billion compared to $2.5 billion at December 31, 2012. Additionally, at December 31, 2013, we held $373 million of investments in fixed income securities compared to $398 million at December 31, 2012, These securities are reflected in "Other current assets" and "Other assets" in our consolidated balance sheets. As of December 31, 2013, approximately $306 million of the $2.4 billion of cash and equivalents was held by our foreign subsidiaries, and would be subject to United States tax if repatriated. However, our intent is to permanently reinvest these funds outside of the United States and our current plans do not suggest a need to repatriate them to fund our United States operations.

Significant sources and uses of cash

Cash flows from operating activities were $4.4 billion in 2013.

In the third quarter of 2013, we issued $3.0 billion aggregate principal amount of senior notes and used the net proceeds, along with cash on hand, to fund the repurchase of approximately 68 million shares of our common stock at an aggregate cost of $3.3 billion pursuant to a modified Dutch auction cash tender offer. During 2013, we repurchased approximately 93 million shares of our common stock under our share repurchase program at a total cost of approximately $4.4 billion.

Capital expenditures were $2.9 billion in 2013. The capital expenditures in 2013 were predominantly made in our Production Enhancement, Sperry Drilling, Boots and Coots, Wireline and Perforating, and Cementing product service lines. We have also invested additional working capital to support the growth of our business.

We paid $465 million of dividends to our shareholders in 2013. We increased our quarterly dividend rate by $0.035 per share in the first quarter of 2013 and an additional $0.025 per share in the fourth quarter of 2013. Our current quarterly dividend rate is $0.15 per share, or approximately $129 million per quarter, which represents a 67% increase over the quarterly dividend rate during 2012.

During 2013, we sold $241 million of property, plant, and equipment.

Our primary components of net working capital (receivables, inventories and accounts payable) increased during the year by a net $229 million, primarily due to increased business activity.

In the first quarter of 2013, we made a $219 million payment under a guarantee we issued for the Barracuda-Caratinga project.

In the second quarter of 2013, we made a $172 million earn-out payment related to a prior year acquisition due to significantly better than expected operating performance.

Future sources and uses of cash

Capital spending for 2014 is currently expected to be approximately $3.0 billion. The capital expenditures plan for 2014 is primarily directed towards our Production Enhancement, Sperry Drilling, Cementing, Boots & Coots, and Wireline and Perforating product service lines, with an increasing amount dedicated to our international operations.

Subject to Board of Directors approval, our intention is to pay dividends representing at least 15% to 20% of our net income on an annual basis. We have approximately $1.7 billion remaining available under our share repurchase authorization, which may be used for open market and other share repurchases.

During 2013, the Congressional Joint Committee on Taxation approved a $135 million income tax refund, excluding interest, to us for agreed upon tax items for the tax years 2003 through 2009. We expect to receive the refund in 2014.

In the third quarter of 2013, we were awarded $105 million by an arbitrator regarding amounts owed by KBR, Inc. (KBR) related to our Tax Sharing Agreement with KBR. KBR is contesting the award and, although the arbitrator recently issued a supplemental report that reaffirmed the original award, there is uncertainty as to the ultimate timing and amount of any payment. See Note 7 to the consolidated financial statements for further information.

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

We had $209 million of gross unrecognized tax benefits at December 31, 2013, of which we estimate $146 million may require a cash payment. We estimate that $141 million of the cash payment will not be settled within the next 12 months. We are not able to reasonably estimate in which future periods any amounts will ultimately be settled and paid.

Contractual obligations

The following table summarizes our significant contractual obligations and other long-term liabilities as of December 31, 2013:

	Payments Due						
Millions of dollars	2014	2015	2016	2017	2018	Thereafter	Total
Long-term debt	$ —	$ —	$ 600	$ 45	$ 800	$ 6,389	$ 7,834
Interest on debt (a)	362	365	376	385	398	6,422	8,308
Operating leases	282	215	156	83	56	154	946
Purchase obligations (b)	2,382	450	315	225	76	96	3,544
Other long-term liabilities (c)	39	3	3	3	2	4	54
Total	$ 3,065	$ 1,033	$ 1,450	$ 741	$ 1,332	$ 13,065	$ 20,686

(a) Interest on debt includes 83 years of interest on $300 million of debentures at 7.6% interest that become due in 2096.

(b) Amount in 2014 primarily represents certain purchase orders for goods and services utilized in the ordinary course of our business.

(c) Includes capital lease obligations and pension funding obligations. Amounts for pension funding obligations, which include international plans and are based on assumptions that are subject to change, are only included for 2014 as we are currently not able to reasonably estimate our contributions for years after 2014.

Other factors affecting liquidity

Financial position in current market. As of December 31, 2013, we had $2.4 billion of cash and equivalents, $373 million in fixed income investments, and a total of $3.0 billion of available committed bank credit under our revolving credit facility. Reflecting the growth of our company, we executed an amendment to our revolving credit facility during 2013, which increased the capacity from $2.0 billion to $3.0 billion and extended the maturity to 2018. Furthermore, we have no financial covenants or material adverse change provisions in our bank agreements, and our debt maturities extend over a long period of time. Although a portion of earnings from our foreign subsidiaries is reinvested outside the United States indefinitely, we do not consider this to have a significant impact on our liquidity. We currently believe that capital expenditures, working capital investments, and dividends, if any, in 2014 can be fully funded through cash from operations.

As a result, we believe we have a reasonable amount of liquidity and, if necessary, additional financing flexibility given the current market environment to fund our potential contingent liabilities, if any. However, as discussed in Note 8 to the consolidated financial statements, there are numerous future developments that may arise as a result of the Macondo well incident that could have a material adverse effect on our liquidity.

Guarantee agreements. In the normal course of business, we have agreements with financial institutions under which approximately $2.1 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of December 31, 2013. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization.

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 to pay our invoices due to, among other reasons, a reduction in our customers’ cash flow from operations and their access to the credit markets as well as unsettled political conditions. If our customers delay paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition. See “Business Environment and Results of Operations – International operations – Venezuela” for further discussion related to Venezuela.

BUSINESS ENVIRONMENT AND RESULTS OF OPERATIONS

We operate in approximately 80 countries throughout the world to provide a comprehensive range of discrete and integrated services and products to the energy industry. A significant amount of our consolidated revenue is derived from the sale of services and products to major, national, and independent oil and natural gas companies worldwide. 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 industry we serve is highly competitive with many substantial competitors in each segment. In 2013, 2012, and 2011, based on the location of services provided and products sold, 49%, 53%, and 55% 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, foreign currency exchange restrictions, and highly inflationary currencies, as well as other geopolitical factors. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country, other than the United States, would be materially adverse to our consolidated results of operations.

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

Some of the more significant determinants of current and future spending levels of our customers are oil and natural gas prices, the world economy, the availability of credit, government regulation, 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. Additionally, due to improved drilling and completion efficiencies as more of our customers move to multi-well pad drilling, our financial performance is impacted by well count in the North America market.

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

	2013	2012	2011
Oil price - WTI (1)	$ 97.99	$ 94.15	$ 95.13
Oil price - Brent (1)	108.71	111.60	111.53
Natural gas price - Henry Hub (2)	3.73	2.81	4.09

(1) Oil price measured in dollars per barrel

(2) Natural gas price measured in dollars per thousand cubic feet, or Mcf

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

Land vs. Offshore	2013	2012	2011
United States:			
Land	1,705	1,872	1,843
Offshore (incl. Gulf of Mexico)	56	47	32
Total	1,761	1,919	1,875
Canada:			
Land	352	363	422
Offshore	2	1	1
Total	354	364	423
International (excluding Canada):			
Land	978	931	863
Offshore	318	303	304
Total	1,296	1,234	1,167
Worldwide total	3,411	3,517	3,465
Land total	3,035	3,166	3,128
Offshore total	376	351	337

Oil vs. Natural Gas	2013	2012	2011
United States (incl. Gulf of Mexico):			
Oil	1,375	1,359	984
Natural gas	386	560	891
Total	1,761	1,919	1,875
Canada:			
Oil	234	261	282
Natural gas	120	103	141
Total	354	364	423
International (excluding Canada):			
Oil	1,029	984	918
Natural gas	267	250	249
Total	1,296	1,234	1,167
Worldwide total	3,411	3,517	3,465
Oil total	2,638	2,604	2,184
Natural gas total	773	913	1,281

Drilling Type	2013	2012	2011
United States (incl. Gulf of Mexico):			
Horizontal	1,102	1,151	1,074
Vertical	435	552	571
Directional	224	216	230
Total	1,761	1,919	1,875

Our customers' cash flows, in most 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, while the opposite is true for higher oil and natural gas prices.

WTI oil prices, which generally influence customer spending in North America, fluctuated throughout 2013, ranging from a high of $111 per barrel in September to a low of $87 per barrel in April. Outside of North America, customer spending is heavily influenced by Brent oil prices, which fluctuated during 2013 from a high of $119 per barrel in February to a low of $97 per barrel in April. Oil prices were affected by production disruptions in Libya, Nigeria, and Iraq, offset by growing output by certain OPEC members. Global oil demand growth appears to have gradually gained momentum in the past 18 months and the International Energy Agency's January 2014 "Oil Market Report" forecasts a 1% increase in global petroleum demand from 2013 levels. This is driven by economic recovery in the developed world and an increase in all regions except for Europe, which is forecasted to remain flat.

Henry Hub natural gas prices in the United States have increased approximately 33% from 2012 as a result of an increase in storage withdrawals due to cooler temperatures in the early part and December of 2013. This, coupled with higher natural gas demand for industrial purposes, resulted in higher natural gas prices. Natural gas prices during 2013 ranged from a low of $3.08 per Mcf in January to a high of $4.52 per Mcf in December. The United States Energy Information Administration (EIA) January 2014 "Short Term Energy Outlook" forecast projects Henry Hub natural gas prices to average $3.89 per Mcf in 2014 compared to $3.73 per Mcf in 2013. Over the long term, the EIA expects natural gas consumption in the power sector to increase to offset the retirement of coal power plants.

There has been an increase in natural gas prices over the past year and the global economy continues to recover. We believe that, over the long-term, hydrocarbon demand will generally increase, and this, combined with 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 and products.

North America operations

Volatility in oil and natural gas prices can impact our customers' drilling and production activities. During 2013, the average natural gas-directed rig count in North America fell by 157 rigs, or 24%, from 2012 levels. The curtailment of natural gas drilling activity along with an influx of stimulation equipment into the industry has resulted in overcapacity and pricing pressure for hydraulic fracturing and other services. Despite the decreased rig count in the United States as compared to 2012, drilling efficiencies and the trend toward multi-well pads are driving a more robust well count. Additionally, operators have been, in some cases, increasing the numbers of hydraulic fracturing stages on horizontal wells.

We expect United States land rig count to modestly increase from 2013 levels, driven primarily by the continued shift to horizontal rigs in the Permian Basin. We are seeing higher well efficiencies due to increased pad drilling, more 24-hour operations, rig fleet upgrades, and significant advancements in drilling and completion technologies. In 2013, we saw average drilling days per horizontal well drop approximately 14% compared to 2012 and we anticipate continued efficiency improvements in 2014. We believe this continued shift towards efficiency will bode well for us in the coming years. In the long run, we believe the shift to unconventional oil and liquids-rich basins in North America will continue to drive increased service intensity and will require higher demand in fluid chemistry and other technologies required for these complex reservoirs which will have beneficial implications for our operations.

In the Gulf of Mexico, improvements in the performance of many of our product service lines was due to a 19% increase in the offshore rig count from 2012, in addition to the efficiencies and integrated solutions we offer that save our customers time and enhance productivity. Over the long term, the continued growth in the Gulf of Mexico is dependent on, among other things, governmental approvals for permits, our customers' actions, and new deepwater rigs entering the market.

International operations

The industry experienced steady volume increases during 2013, with the average international rig count improving 5% over 2012 levels. These volume increases have led to an absorption of equipment supply and we are seeing sporadic opportunities for price improvements in select geographies. We anticipate moderate margin improvements and gradual activity increases in the Eastern Hemisphere, although the operator spending outlook could be impacted by ongoing macroeconomic concerns. We believe 2014 will be a challenging year for Latin America, primarily in Brazil and Mexico. Over the long term, however, we expect both of these countries to be strong contributors to our growth and profitability.

We believe that international growth in 2014 will come from volume increases as we deploy resources on our recent contract and project wins, continued improvement in certain markets where we have made strategic investments, introduction of new technology, and increased pricing and cost recovery on select contracts. We also believe that international unconventional oil and natural gas, mature field, and deepwater projects will contribute to activity improvements over the long term, and we plan to leverage our extensive experience in North America to optimize these opportunities. Consistent with our long-term strategy to grow our operations outside of North America, we also expect to continue to invest in capital equipment for our international operations.

Venezuela. As of December 31, 2013, our total net investment in Venezuela was approximately $411 million, including net monetary assets of $124 million denominated in Bolívares. Also, at December 31, 2013 we had $192 million of surety bond guarantees outstanding relating to our Venezuelan operations.

We continue to experience delays in collecting payment on our receivables from our primary customer in Venezuela. These receivables are not disputed, and we have not historically had material write-offs relating to this customer. Additionally, we routinely monitor the financial stability of our customers. Our total outstanding trade receivables in Venezuela were $486 million, or approximately 8% of our gross trade receivables, as of December 31, 2013, compared to $491 million, or approximately 9% of our gross trade receivables, as of December 31, 2012. Of the $486 million of receivables in Venezuela as of December 31, 2013, $183 million has been classified as long-term and included within “Other assets” on our consolidated balance sheets. Of the $491 million receivables in Venezuela as of December 31, 2012, $143 million has been classified as long-term and included within “Other assets” on our consolidated balance sheets.

In February 2013, the Venezuelan government devalued the Bolívar, from the preexisting exchange rate of 4.3 Bolívares per United States dollar to 6.3 Bolívares per United States dollar, resulting in us incurring a foreign currency loss. The net foreign currency impact of Bolívar activity in the first quarter of 2013 was not material, although further devaluation of the Bolívar could impact our operations. For additional information, see Part I, Item 1(a), “Risk Factors” in this Form 10-K.

RESULTS OF OPERATIONS IN 2013 COMPARED TO 2012

REVENUE: *Millions of dollars*	2013	2012	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 17,506	$ 17,380	$ 126	1 %
Drilling and Evaluation	11,896	11,123	773	7
Total revenue	$ 29,402	$ 28,503	$ 899	3 %
By geographic region:				
Completion and Production:				
North America	$ 11,417	$ 12,157	$ (740)	(6)%
Latin America	1,586	1,415	171	12
Europe/Africa/CIS	2,391	2,099	292	14
Middle East/Asia	2,112	1,709	403	24
Total	17,506	17,380	126	1
Drilling and Evaluation:				
North America	3,795	3,847	(52)	(1)
Latin America	2,323	2,279	44	2
Europe/Africa/CIS	2,834	2,411	423	18
Middle East/Asia	2,944	2,586	358	14
Total	11,896	11,123	773	7
Total revenue by region:				
North America	15,212	16,004	(792)	(5)
Latin America	3,909	3,694	215	6
Europe/Africa/CIS	5,225	4,510	715	16
Middle East/Asia	5,056	4,295	761	18

OPERATING INCOME: *Millions of dollars*	2013	2012	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 2,875	$ 3,144	$ (269)	(9)%
Drilling and Evaluation	1,770	1,675	95	6
Corporate and other	(1,507)	(660)	(847)	128
Total operating income	$ 3,138	$ 4,159	$ (1,021)	(25)%
By geographic region:				
Completion and Production:				
North America	$ 1,916	$ 2,260	$ (344)	(15)%
Latin America	211	206	5	2
Europe/Africa/CIS	356	347	9	3
Middle East/Asia	392	331	61	18
Total	2,875	3,144	(269)	(9)
Drilling and Evaluation:				
North America	656	680	(24)	(4)
Latin America	307	393	(86)	(22)
Europe/Africa/CIS	334	246	88	36
Middle East/Asia	473	356	117	33
Total	1,770	1,675	95	6
Total operating income by region (excluding Corporate and other):				
North America	2,572	2,940	(368)	(13)
Latin America	518	599	(81)	(14)
Europe/Africa/CIS	690	593	97	16
Middle East/Asia	865	687	178	26

Consolidated revenue in 2013 increased 3% compared to 2012, primarily driven by activity growth across all international regions. This was partially offset by lower activity levels and pricing pressure in the United States land market. Revenue outside of North America was 48% of consolidated revenue in 2013 and 44% of consolidated revenue in 2012.

The $1.0 billion decrease in consolidated operating income compared to 2012 was primarily related to Macondo-related charges. Operating income in 2013 was impacted by the following pre-tax items: a $ 1.0 billion Macondo-related loss contingency, $92 million of restructuring charges related to severance and asset write-offs, and a $55 million charge related to a charitable contribution to the National Fish and Wildlife Foundation, partially offset by a $28 million value-added tax refund receivable in Brazil. Operating income in 2012 was impacted by the following pre-tax items: a $300 million Macondo-related loss contingency, along with a $48 million charge related to an earn-out adjustment due to significantly better than expected performance of a past acquisition, partially offset by a $20 million gain related to the settlement of a patent infringement lawsuit.

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

Completion and Production revenue increased slightly compared to 2012 due to strong international growth, which was partially offset by a decline in North America activity. North America revenue decreased 6%, primarily due to pricing pressures in the United States hydraulic fracturing market and lower activity in Canada. Latin America revenue was up 12% due to increased completion tools sales in Brazil and higher activity in most product service lines in Mexico and Argentina. Europe/Africa/CIS revenue grew 14%, driven by strong demand for cementing services in Norway, West Africa, and Russia and completion tools throughout the region. Middle East/Asia revenue improved 24% due to higher activity in most product service lines in Saudi Arabia, Australia, Indonesia, and China, increased completion tools sales in Malaysia, and higher demand for cementing services in Thailand. Revenue outside of North America was 35% of total segment revenue in 2013 and 30% of total segment revenue in 2012.

Completion and Production operating income decreased 9% compared to 2012, primarily due to the North America region, where operating income fell 15% due to pricing pressures in the United States hydraulic fracturing market and lower activity in Canada. Latin America operating income was up 2% as a result of higher demand for cementing services in Mexico and Venezuela and production enhancement services in Argentina. Europe/Africa/CIS operating income grew 3% compared to 2012, driven by higher completion tools activity in Angola and cementing activity in Norway. Middle East/Asia operating income increased 18% due to higher activity levels in Saudi Arabia and Iraq, higher direct sales in China, and improved profitability in Indonesia.

Drilling and Evaluation revenue increased 7% compared to 2012, driven by strong results in the Eastern Hemisphere. North America revenue was essentially flat, as lower demand for drilling and wireline services was partially offset by fluids activity across the United States land market and higher activity in the Gulf of Mexico. Latin America revenue was also relatively flat, as higher demand for all product lines in Mexico and fluids throughout the region were partially offset by lower drilling services activity in Colombia and wireline activity in Brazil. Europe/Africa/CIS revenue increased 18% due to improved fluids activity in Norway and Angola and higher drilling services activity in Eurasia, Norway, Egypt, and Angola. Middle East/Asia revenue rose 14% primarily due to strong demand in Saudi Arabia and Indonesia, higher drilling activity throughout the region, and higher wireline activity in Asia Pacific. Revenue outside of North America was 68% of total segment revenue in 2013 and 65% of total segment revenue in 2012.

Drilling and Evaluation operating income improved 6% compared to 2012, as increased activity in the Eastern Hemisphere was partially offset by higher costs in Latin America. North America operating income was down 4% from 2012, as a reduction in drilling and wireline services was partially offset by demand for fluids and consulting and project management. Latin America operating income declined 22% due to higher costs in Brazil and Venezuela and lower activity in Colombia. The Europe/Africa/CIS region operating income grew 36%, driven by fluids activity in Angola and Norway and drilling services in Eurasia. Middle East/Asia operating income increased 33% as a result of higher activity in Iraq, Indonesia, and Malaysia.

Corporate and other expenses were $1.5 billion in 2013 compared to $660 million in 2012. The significant increase was primarily due to a $ 1.0 billion Macondo-related loss contingency that was recorded in the first quarter of 2013, compared to a $300 million Macondo-related loss contingency recorded in the first quarter of 2012. Additionally, a $55 million charitable contribution to the National Fish and Wildlife Foundation was expensed in the second quarter of 2013, reflecting our commitment to making a positive environmental impact in our local communities.

NONOPERATING ITEMS

Effective tax rate. Our effective tax rate on continuing operations was 23.5% for 2013 and 32.3% for 2012. The 2013 effective tax rate on continuing operations was positively impacted by several items during the year, including federal tax benefits of approximately $50 million due to the reinstatement of certain tax benefits and credits related to the first quarter enactment of the American Taxpayer Relief Act of 2012. Also contributing to the lower tax rate in 2013 was a $1.0 billion loss contingency related to the Macondo well incident, which w as tax-effected at the United States statutory rate, as well as some favorable tax items in Latin America in the fourth quarter. Additionally, our effective tax rate was positively impacted by lower tax rates in certain foreign jurisdictions, as we continue to reposition our technology, supply chain, and manufacturing infrastructure to more effectively serve our customers internationally.

RESULTS OF OPERATIONS IN 2012 COMPARED TO 2011

REVENUE: *Millions of dollars*	2012	2011	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 17,380	$ 15,143	$ 2,237	15%
Drilling and Evaluation	11,123	9,686	1,437	15
Total revenue	$ 28,503	$ 24,829	$ 3,674	15%
By geographic region:				
Completion and Production:				
North America	$ 12,157	$ 10,907	$ 1,250	11%
Latin America	1,415	1,117	298	27
Europe/Africa/CIS	2,099	1,746	353	20
Middle East/Asia	1,709	1,373	336	24
Total	17,380	15,143	2,237	15
Drilling and Evaluation:				
North America	3,847	3,506	341	10
Latin America	2,279	1,865	414	22
Europe/Africa/CIS	2,411	2,210	201	9
Middle East/Asia	2,586	2,105	481	23
Total	11,123	9,686	1,437	15
Total revenue by region:				
North America	16,004	14,413	1,591	11
Latin America	3,694	2,982	712	24
Europe/Africa/CIS	4,510	3,956	554	14
Middle East/Asia	4,295	3,478	817	23

OPERATING INCOME: *Millions of dollars*	2012	2011	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 3,144	$ 3,733	$ (589)	(16)%
Drilling and Evaluation	1,675	1,403	272	19
Corporate and other	(660)	(399)	(261)	65
Total operating income	$ 4,159	$ 4,737	$ (578)	(12)%
By geographic region:				
Completion and Production:				
North America	$ 2,260	$ 3,341	$ (1,081)	(32)%
Latin America	206	159	47	30
Europe/Africa/CIS	347	48	299	623
Middle East/Asia	331	185	146	79
Total	3,144	3,733	(589)	(16)
Drilling and Evaluation:				
North America	680	641	39	6
Latin America	393	305	88	29
Europe/Africa/CIS	246	191	55	29
Middle East/Asia	356	266	90	34
Total	1,675	1,403	272	19
Total operating income by region (excluding Corporate and other):				
North America	2,940	3,982	(1,042)	(26)
Latin America	599	464	135	29
Europe/Africa/CIS	593	239	354	148
Middle East/Asia	687	451	236	52

The 15% increase in consolidated revenue in 2012 compared to 2011 was primarily due to higher activity in Latin America, Middle East/Asia, and North America. On a consolidated basis, all product service lines experienced revenue growth from 2011. Revenue outside of North America was 44% of consolidated revenue in 2012 and 42% of consolidated revenue in 2011.

The 12% decrease in consolidated operating income compared to 2011 was mainly due to higher costs, particularly of guar gum, and pricing pressure for production enhancement services in North America. Operating income in 2012 was negatively impacted by a $300 million, pre-tax, loss contingency related to the Macondo well incident reflected in Corporate and other expenses. Additionally, our results were impacted by a $48 million, pre-tax, charge related to an earn-out adjustment due to significantly better than expected performance of a past acquisition in the Latin America and North America regions as well as a $20 million, pre-tax, gain related to the settlement of a patent infringement lawsuit that was recorded in Corporate and other expense. Operating income in 2011 was adversely impacted by a $25 million, pre-tax, impairment charge on an asset held for sale in the Europe/Africa/CIS region, $11 million, pre-tax, of employee separation costs in the Eastern Hemisphere, and a $59 million, pre-tax, charge in Libya, to reserve for certain doubtful accounts receivable and inventory. During 2012, we received $42 million related to the Libya reserve that was established in 2011 for receivables.

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

Completion and Production revenue increased in all geographic regions compared to 2011, with strong international growth. North America revenue rose 11%, primarily due to increased cementing services and completions tools sales, as well as higher activity in production enhancement from an increased demand for hydraulic fracturing in the United States. Latin America revenue increased 27% due to improved activity in most product service lines in Mexico, Brazil, and Venezuela. Europe/Africa/CIS revenue increased 20%, driven by strong demand for completion tools across the region and increased cementing services in Mozambique and Nigeria. Middle East/Asia revenue grew 24% due to higher activity in all product service lines in Australia, Malaysia, and Indonesia, partially offset by lower completion tools sales in China and decreased activity in Singapore. Revenue outside of North America was 30% of total segment revenue in 2012 and 28% of total segment revenue in 2011.

The Completion and Production segment operating income decrease compared to 2011 was primarily due to the North America region, where operating income fell $1.1 billion as a result of pricing pressure in the production enhancement product service line and rising costs, particularly related to guar gum. Latin America operating income increased 30% due to higher demand for completion tools in Mexico and Brazil, partially offset by higher costs and pricing adjustments in Argentina and Colombia. Europe/Africa/CIS operating income grew $299 million compared to 2011 due to the recovery from activity disruptions in North Africa, including collections in 2012 of $29 million from the original $36 million Libya-related reserve recognized in 2011 for certain accounts receivable and inventory. Middle East/Asia operating income increased 79% due to cost controls in Iraq, higher activity levels in Oman, and increased demand for production enhancement and cementing services in Australia.

Drilling and Evaluation revenue increased 15% compared to 2011 as drilling activity improved across all regions, especially Middle East/Asia and Latin America. North America revenue grew 10% due to increased demand for drilling fluids. Latin America revenue increased 22% due to higher demand in most product services lines in Brazil, Mexico, Venezuela, and Colombia. Europe/Africa/CIS revenue increased 9% due to improved drilling service in Tanzania, Nigeria, and the United Kingdom, partially offset by service disruptions in Algeria. Middle East/Asia revenue rose 23% primarily due to the ongoing work in Iraq and Saudi Arabia, increased activity in Malaysia, and higher wireline direct sales. Revenue outside North America was 65% of total segment revenue in 2012 and 64% of total segment revenue in 2011.

Segment operating income compared to 2011 increased 19%, primarily due to increased activity in Middle East/Asia and Latin America. North America operating income increased 6% from increased demand for drilling fluids and wireline and perforating, which offset higher consulting and project management costs. Latin America operating income grew 29% as a result of activity increases in Mexico, Venezuela, and Brazil. The Europe/Africa/CIS region operating income grew 29% due to greater activity in Nigeria and the recovery in Libya where $13 million of the original $23 million reserve from 2011 mentioned above was collected in 2012, which more than offset higher costs in Norway. Middle East/Asia operating income increased 34% mainly due to increased activity in Malaysia and Saudi Arabia.

Corporate and other expenses were $660 million in 2012 compared to $399 million in 2011. The 65% increase was primarily due to a $300 million, pre-tax, loss contingency recorded in 2012 related to the Macondo well incident as well as additional expenses in 2012 associated with strategic investments in our operating model and creating competitive advantages by repositioning our technology, supply chain, and manufacturing infrastructure. These items were partially offset by, among other things, a $20 million, pre-tax, gain recorded in 2012 related to the settlement of a patent infringement lawsuit.

NONOPERATING ITEMS

Income (loss) from discontinued operations, net increased $224 million in 2012 compared to 2011, primarily due to a $163 million charge, after-tax, recognized in 2011 for an arbitration award against our former subsidiary, KBR, relating to the Barracuda-Caratinga project, a project for which we had provided a guarantee of KBR's obligations. In 2012, we recorded an $80 million tax benefit in discontinued operations related to the $219 million payment we made to Barracuda & Caratinga Leasing Company BV under that guarantee.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the use of judgments and estimates. Our critical accounting policies are described below to provide a better understanding of how we develop our assumptions and judgments about future events and related estimations and how they can impact our financial statements. A critical accounting estimate is one that requires our most difficult, subjective, or complex judgments and assessments and is fundamental to our results of operations. We identified our most critical accounting estimates to be:

- forecasting our effective income tax rate, including our future ability to utilize foreign tax credits and the realizability of deferred tax assets, and providing for uncertain tax positions;
- legal, environmental, and investigation matters;
- valuations of long-lived assets, including intangible assets and goodwill;
- purchase price allocation for acquired businesses;
- pensions;
- allowance for bad debts; and
- percentage-of-completion accounting for long-term, integrated project management contracts.

We base our estimates on historical experience and on various other assumptions we believe to be reasonable according to the current facts and circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We believe the following are the critical accounting policies used in the preparation of our consolidated financial statements, as well as the significant estimates and judgments affecting the application of these policies. This discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included in this report.

We have discussed the development and selection of these critical accounting policies and estimates with the Audit Committee of our Board of Directors, and the Audit Committee has reviewed the disclosure presented below.

Income tax accounting

We recognize the amount of taxes payable or refundable for the current year and use an asset and liability approach in recognizing the amount of deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our financial statements or tax returns. We apply the following basic principles in accounting for our income taxes:

- a current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the current year;
- a deferred tax liability or asset is recognized for the estimated future tax effects attributable to temporary differences and carryforwards;
- the measurement of current and deferred tax liabilities and assets is based on provisions of the enacted tax law, and the effects of potential future changes in tax laws or rates are not considered; and
- the value of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

We determine deferred taxes separately for each tax-paying component (an entity or a group of entities that is consolidated for tax purposes) in each tax jurisdiction. That determination includes the following procedures:

- identifying the types and amounts of existing temporary differences;
- measuring the total deferred tax liability for taxable temporary differences using the applicable tax rate;
- measuring the total deferred tax asset for deductible temporary differences and operating loss carryforwards using the applicable tax rate;
- measuring the deferred tax assets for each type of tax credit carryforward; and
- reducing the deferred tax assets by a valuation allowance if, based on available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Our methodology for recording income taxes requires a significant amount of judgment in the use of assumptions and estimates. Additionally, we use forecasts of certain tax elements, such as taxable income and foreign tax credit utilization, as well as evaluate the feasibility of implementing tax planning strategies. Given the inherent uncertainty involved with the use of such variables, there can be significant variation between anticipated and actual results. Unforeseen events may significantly impact these variables, and changes to these variables could have a material impact on our income tax accounts related to both continuing and discontinued operations.

We have operations in approximately 80 countries. Consequently, we are subject to the jurisdiction of a significant number of taxing authorities. No single jurisdiction has a disproportionately low tax rate. The income earned in these various jurisdictions is taxed on differing bases, including income actually earned, income deemed earned, and revenue-based tax withholding. The final determination of our income tax liabilities involves the interpretation of local tax laws, tax treaties, and related authorities in each jurisdiction. Changes in the operating environment, including changes in tax law and currency/repatriation controls, could impact the determination of our income tax liabilities for a tax year.

Tax filings of our subsidiaries, unconsolidated affiliates, and related entities are routinely examined in the normal course of business by tax authorities. These examinations may result in assessments of additional taxes, which we work to resolve with the tax authorities and through the judicial process. Predicting the outcome of disputed assessments involves some uncertainty. Factors such as the availability of settlement procedures, willingness of tax authorities to negotiate, and the operation and impartiality of judicial systems vary across the different tax jurisdictions and may significantly influence the ultimate outcome. We review the facts for each assessment, and then utilize assumptions and estimates to determine the most likely outcome and provide taxes, interest, and penalties as needed based on this outcome. We provide for uncertain tax positions pursuant to current accounting standards, which prescribe a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. The standards also provide guidance for derecognition classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Legal, environmental, and investigation matters

As discussed in Note 8 of our consolidated financial statements, as of December 31, 2013, we have accrued an estimate of the probable and estimable costs for the resolution of some of our legal, environmental, and investigation matters. For other matters for which the liability is not probable and reasonably estimable, we have not accrued any amounts. Attorneys in our legal department monitor and manage all claims filed against us and review all pending investigations. Generally, the estimate of probable costs related to these matters is developed in consultation with internal and outside legal counsel representing us. Our estimates are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. The accuracy of these estimates is impacted by, among other things, the complexity of the issues and the amount of due diligence we have been able to perform. We attempt to resolve these matters through settlements, mediation, and arbitration proceedings when possible. If the actual settlement costs, final judgments, or fines, after appeals, differ from our estimates, our future financial results may be adversely affected. We have in the past recorded significant adjustments to our initial estimates of these types of contingencies.

Value of long-lived assets, including intangible assets and goodwill

We carry a variety of long-lived assets on our balance sheet including property, plant and equipment, goodwill, and other intangibles. We conduct impairment tests on long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable and on intangible assets quarterly. Impairment is the condition that exists when the carrying amount of a long-lived asset exceeds its fair value, and any impairment charge that we record reduces our earnings. We review the carrying value of these assets based upon estimated future cash flows while taking into consideration assumptions and estimates including the future use of the asset, remaining useful life of the asset, and service potential of the asset.

Goodwill is the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. We test goodwill for impairment annually, during the third quarter, or if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. For purposes of performing the goodwill impairment test our reporting units are the same as our reportable segments, the Completion and Production division and the Drilling and Evaluation division. See Note 1 to the consolidated financial statements for our accounting policies related to long-lived assets and intangible assets, as well as the results of our goodwill impairment test.

Acquisitions-purchase price allocation

We allocate the purchase price of an acquired business to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill. We use all available information to estimate fair values, including quoted market prices, the carrying value of acquired assets, and widely accepted valuation techniques such as discounted cash flows. We engage third-party appraisal firms to assist in fair value determination of inventories, identifiable intangible assets, and any other significant assets or liabilities when appropriate. The judgments made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact our results of operations . Our acquisitions may also include contingent consideration, or earn-out provisions, which provide for additional consideration to be paid to the seller if certain future conditions are met. These earn-out provisions are estimated and recognized at fair value at the acquisition date based on projected earnings or other financial metrics over specified periods after the acquisition date. These estimates are reviewed during the specified period and adjusted based on actual results.

Pensions

Our pension benefit obligations and expenses are calculated using actuarial models and methods. Two of the more critical assumptions and estimates used in the actuarial calculations are the discount rate for determining the current value of benefit obligations and the expected long-term rate of return on plan assets used in determining net periodic benefit cost. Other critical assumptions and estimates used in determining benefit obligations and cost, including demographic factors such as retirement age, mortality, and turnover, are also evaluated periodically and updated accordingly to reflect our actual experience.

Discount rates are determined annually and are based on the prevailing market rate of a portfolio of high-quality debt instruments with maturities matching the expected timing of the payment of the benefit obligations. Expected long-term rates of return on plan assets are determined annually and are based on an evaluation of our plan assets and historical trends and experience, taking into account current and expected market conditions. Plan assets are comprised primarily of equity and debt

securities. As we have both domestic and international plans, these assumptions differ based on varying factors specific to each particular country or economic environment.

The discount rate utilized in 2013 to determine the projected benefit obligation at the measurement date for our United Kingdom pension plan, which constituted 81% of our international plans' pension obligations, was 4.5%, compared to a discount rate of 4.6% utilized in 2012. The expected long-term rate of return assumption used for our United Kingdom pension plan expense was 6.5% in 2013, compared to 6.7% in 2012.

The following table illustrates the sensitivity to changes in certain assumptions, holding all other assumptions constant, for our United Kingdom pension plan.

	Effect on	
Millions of dollars	Pretax Pension Expense in 2013	Pension Benefit Obligation at December 31, 2013
25-basis-point decrease in discount rate	$ 1	$ 55
25-basis-point increase in discount rate	(1)	(51)
25-basis-point decrease in expected long-term rate of return	2	NA
25-basis-point increase in expected long-term rate of return	(2)	NA

Our international defined benefit plans reduced pretax income by $32 million in 2013, $26 million in 2012, and $27 million in 2011. Included in these amounts was income from expected pension returns of $44 million in 2013, $45 million in 2012, and $47 million in 2011. Actual returns on international plan assets totaled $117 million in 2013, compared to $87 million in 2012. Our net actuarial loss, net of tax, related to international pension plans was $222 million at December 31, 2013 and $208 million at December 31, 2012. In our international plans where employees earn additional benefits for continued service, actuarial gains and losses will be recognized in operating income over a period of three to 17 years, which represents the estimated average remaining service of the participant group expected to receive benefits. In our international plans where benefits are not accrued for continued service, actuarial gains and losses will be recognized in operating income over a period of 17 to 33 years, which represents the estimated average remaining lifetime of the benefit obligations. These ranges reflect varying maturity levels among the plans.

During 2013, we made contributions of $26 million to fund our international defined benefit plans. We expect to make contributions of approximately $17 million to our international defined benefit plans in 2014.

The actuarial assumptions used in determining our pension benefit obligations may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates, and longer or shorter life spans of participants. While we believe that the assumptions used are appropriate, differences in actual experience or changes in assumptions may materially affect our financial position or results of operations. See Note 14 to the consolidated financial statements for further information related to defined benefit and other postretirement benefit plans.

Allowance for bad debts

We evaluate our accounts receivable through a continuous process of assessing our portfolio on an individual customer and overall basis. This process consists of a thorough review of historical collection experience, current aging status of the customer accounts, financial condition of our customers, and whether the receivables involve retainages. We also consider the economic environment of our customers, both from a marketplace and geographic perspective, in evaluating the need for an allowance. Based on our review of these factors, we establish or adjust allowances for specific customers and the accounts receivable portfolio as a whole. This process involves a high degree of judgment and estimation, and frequently involves significant dollar amounts. Accordingly, our results of operations can be affected by adjustments to the allowance due to actual write-offs that differ from estimated amounts. Our estimates of allowances for bad debts have historically been accurate. Over the last five years, our estimates of allowances for bad debts, as a percentage of notes and accounts receivable before the allowance, have ranged from 1.6% to 3.0%. At December 31, 2013, allowance for bad debts totaled $117 million, or 1.9% of notes and accounts receivable before the allowance. At December 31, 2012, allowance for bad debts totaled $92 million, or 1.6% of notes and accounts receivable before the allowance. A hypothetical 100 basis point change in our estimate of the collectability of our notes and accounts receivable balance as of December 31, 2013 would have resulted in a $62 million adjustment to 2013 total operating costs and expenses. See Note 3 to the consolidated financial statements for further information.

Percentage of completion

Revenue from certain long-term, integrated project management contracts to provide well construction and completion services is reported on the percentage-of-completion method of accounting. Progress is generally based upon physical progress related to contractually defined units of work. At the outset of each contract, we prepare a detailed analysis of our estimated cost to complete the project. Risks related to service delivery, usage, productivity, and other factors are considered in the estimation process. The recording of profits and losses on long-term contracts requires an estimate of the total profit or loss over the life of each contract. This estimate requires consideration of total contract value, change orders, and claims, less costs incurred and estimated costs to complete. Anticipated losses on contracts are recorded in full in the period in which they become evident. Profits are recorded based upon the total estimated contract profit times the current percentage complete for the contract.

At least quarterly, significant projects are reviewed in detail by senior management. There are many factors that impact future costs, including weather, inflation, labor and community disruptions, timely availability of materials, productivity, and other factors as outlined in Item 1(a), "Risk Factors." These factors can affect the accuracy of our estimates and materially impact our future reported earnings. See Note 1 to the consolidated financial statements for further information.

OFF BALANCE SHEET ARRANGEMENTS

At December 31, 2013, we had no material off balance sheet arrangements, except for operating leases. For information on our contractual obligations related to operating leases, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Contractual obligations."

FINANCIAL INSTRUMENT MARKET RISK

We are exposed to market risk from changes in foreign currency exchange rates and interest rates. We selectively manage these exposures through the use of derivative instruments, including forward foreign exchange contracts, foreign exchange options, and interest rate swaps. The objective of our risk management strategy is to minimize the volatility from fluctuations in foreign currency and interest rates. We do not use derivative instruments for trading purposes. The counterparties to our forward contracts, options, and interest rate swaps are global commercial and investment banks.

We use a sensitivity analysis model to measure the impact of a 10% adverse movement of foreign currency exchange rates against the United States dollar. A hypothetical 10% adverse change in the value of all our foreign currency positions relative to the United States dollar as of December 31, 2013 would result in an $89 million, pre-tax, loss for our net monetary assets denominated in currencies other than United States dollars.

With respect to interest rates sensitivity, after consideration of the impact from the interest rate swaps, a hypothetical 100 basis point increase in the LIBOR rate would result in approximately an additional $10 million of interest charges for the year ended December 31, 2013.

There are certain limitations inherent in the sensitivity analyses presented, primarily due to the assumption that interest rates and exchange rates change instantaneously in an equally adverse fashion. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled. While this is our best estimate of the impact of the various scenarios, these estimates should not be viewed as forecasts.

For further information regarding foreign currency exchange risk, interest rate risk, and credit risk, see Note 13 to the consolidated financial statements.

ENVIRONMENTAL MATTERS

We are subject to numerous environmental, legal, and regulatory requirements related to our operations worldwide. For information related to environmental matters, see Note 8 to the consolidated financial statements and Part I, Item 1(a), "Risk Factors."

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-K are forward-looking and use words like "may," "may not," "believes," "do not believe," "plans," "estimates," "intends," "expects," "do not expect," "anticipates," "do not anticipate," "should," "likely," and other expressions. We may also provide oral or written forward-looking information in other materials we release to the public. Forward-looking information involves risk and uncertainties and reflects our best judgment based on current information. Our results of operations can be affected by inaccurate assumptions we make or by known or unknown risks and uncertainties. In addition, other factors may affect the accuracy of our forward-looking information. As a result, no forward-looking information can be guaranteed. Actual events and 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.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Halliburton Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in the Securities Exchange Act Rule 13a-15(f).

Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation to assess the effectiveness of our internal control over financial reporting as of December 31, 2013 based upon criteria set forth in the Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, we believe that, as of December 31, 2013, our internal control over financial reporting is effective.

The effectiveness of Halliburton's internal control over financial reporting as of December 31, 2013 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report that is included herein.

HALLIBURTON COMPANY

by

/s/ David J. Lesar	/s/ Mark A. McCollum
David J. Lesar	Mark A. McCollum
Chairman of the Board,	Executive Vice President and
President, and Chief Executive Officer	Chief Financial Officer

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Halliburton Company:

We have audited the accompanying consolidated balance sheets of Halliburton Company and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of operations, shareholders' equity, comprehensive income, and cash flows for each of the years in the three -year period ended December 31, 2013. These consolidated financial statements are the responsibility of Halliburton Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Halliburton Company and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three -year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Halliburton Company's internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 7, 2014 expressed an unqualified opinion on the effectiveness of Halliburton Company's internal control over financial reporting.

/s/ KPMG LLP
Houston, Texas
February 7, 2014

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Halliburton Company:

We have audited Halliburton Company's internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Halliburton Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on Halliburton Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Halliburton Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Halliburton Company and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of operations, shareholders' equity, comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2013, and our report dated February 7, 2014 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Houston, Texas
February 7, 2014

HALLIBURTON COMPANY
Consolidated Statements of Operations

Millions of dollars and shares except per share data	Year Ended December 31 2013	2012	2011
Revenue:			
Services	$ 22,257	$ 22,196	$ 19,692
Product sales	7,145	6,307	5,137
Total revenue	29,402	28,503	24,829
Operating costs and expenses:			
Cost of services	18,959	18,447	15,432
Cost of sales	5,972	5,322	4,379
Loss contingency for Macondo well incident	1,000	300	—
General and administrative	333	275	281
Total operating costs and expenses	26,264	24,344	20,092
Operating income	3,138	4,159	4,737
Interest expense, net of interest income of $8, $7, and $5	(331)	(298)	(263)
Other, net	(43)	(39)	(25)
Income from continuing operations before income taxes	2,764	3,822	4,449
Provision for income taxes	(648)	(1,235)	(1,439)
Income from continuing operations	2,116	2,587	3,010
Income (loss) from discontinued operations, net of income tax benefit (provision) of $1, $82, and $(18)	19	58	(166)
Net income	$ 2,135	$ 2,645	$ 2,844
Noncontrolling interest in net income of subsidiaries	(10)	(10)	(5)
Net income attributable to company	$ 2,125	$ 2,635	$ 2,839
Amounts attributable to company shareholders:			
Income from continuing operations	$ 2,106	$ 2,577	$ 3,005
Income (loss) from discontinued operations, net	19	58	(166)
Net income attributable to company	$ 2,125	$ 2,635	$ 2,839
Basic income per share attributable to company shareholders:			
Income from continuing operations	$ 2.35	$ 2.78	$ 3.27
Income (loss) from discontinued operations, net	0.02	0.07	(0.18)
Net income per share	$ 2.37	$ 2.85	$ 3.09
Diluted income per share attributable to company shareholders:			
Income from continuing operations	$ 2.33	$ 2.78	$ 3.26
Income (loss) from discontinued operations, net	0.03	0.06	(0.18)
Net income per share	$ 2.36	$ 2.84	$ 3.08
Basic weighted average common shares outstanding	898	926	918
Diluted weighted average common shares outstanding	902	928	922

See notes to consolidated financial statements.

HALLIBURTON COMPANY
Consolidated Statements of Comprehensive Income

Millions of dollars	Year Ended December 31 2013	2012	2011
Net income	$ 2,135	$ 2,645	$ 2,844
Other comprehensive income, net of income taxes:			
Defined benefit and other postretirement plans adjustments	—	(33)	(34)
Other	2	(3)	—
Other comprehensive income (loss), net of income taxes	2	(36)	(34)
Comprehensive income	$ 2,137	$ 2,609	$ 2,810
Comprehensive income attributable to noncontrolling interest	(10)	(10)	(4)
Comprehensive income attributable to company shareholders	$ 2,127	$ 2,599	$ 2,806

See notes to consolidated financial statements.

HALLIBURTON COMPANY
Consolidated Balance Sheets

Millions of dollars and shares except per share data	December 31 2013	2012
Assets		
Current assets:		
Cash and equivalents	$ 2,356	$ 2,484
Receivables (less allowance for bad debts of $117 and $92)	6,181	5,787
Inventories	3,305	3,186
Prepaid expenses	737	608
Current deferred income taxes	388	351
Other current assets	737	670
Total current assets	13,704	13,086
Property, plant, and equipment, net of accumulated depreciation of $9,480 and $8,056	11,322	10,257
Goodwill	2,168	2,135
Other assets	2,029	1,932
Total assets	$ 29,223	$ 27,410
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 2,365	$ 2,041
Accrued employee compensation and benefits	1,029	930
Deferred revenue	350	307
Loss contingency for Macondo well incident	278	—
Other current liabilities	1,004	1,474
Total current liabilities	5,026	4,752
Long-term debt	7,816	4,820
Loss contingency for Macondo well incident	1,022	300
Employee compensation and benefits	584	607
Other liabilities	1,160	1,141
Total liabilities	15,608	11,620
Shareholders' equity:		
Common shares, par value $2.50 per share (authorized 2,000 shares, issued 1,072 and 1,073 shares)	2,680	2,682
Paid-in capital in excess of par value	415	486
Accumulated other comprehensive loss	(307)	(309)
Retained earnings	18,842	17,182
Treasury stock, at cost (223 and 144 shares)	(8,049)	(4,276)
Company shareholders' equity	13,581	15,765
Noncontrolling interest in consolidated subsidiaries	34	25
Total shareholders' equity	13,615	15,790
Total liabilities and shareholders' equity	$ 29,223	$ 27,410

See notes to consolidated financial statements.

HALLIBURTON COMPANY
Consolidated Statements of Cash Flows

Millions of dollars	Year Ended December 31 2013	2012	2011
Cash flows from operating activities:			
Net income	$ 2,135	$ 2,645	$ 2,844
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation, depletion, and amortization	1,900	1,628	1,359
Loss contingency for Macondo well incident	1,000	300	—
Provision (benefit) for deferred income taxes, continuing operations	(132)	165	(30)
(Income) loss from discontinued operations, net	(19)	(58)	166
Other changes:			
Receivables	(449)	(682)	(1,218)
Accounts payable	327	200	649
Payment of Barracuda-Caratinga obligation	(219)	—	—
Inventories	(107)	(611)	(564)
Other	11	67	478
Total cash flows from operating activities	4,447	3,654	3,684
Cash flows from investing activities:			
Capital expenditures	(2,934)	(3,566)	(2,953)
Sales of investment securities	356	258	1,001
Purchases of investment securities	(329)	(506)	(501)
Sales of property, plant, and equipment	241	395	160
Acquisitions of business assets, net of cash acquired	(94)	(214)	(880)
Other investing activities	(110)	(55)	(17)
Total cash flows from investing activities	(2,870)	(3,688)	(3,190)
Cash flows from financing activities:			
Payments to reacquire common stock	(4,356)	—	—
Proceeds from long-term borrowings, net of offering costs	2,968	—	978
Dividends to shareholders	(465)	(333)	(330)
Proceeds from exercises of stock options	277	107	160
Other financing activities	(178)	54	25
Total cash flows from financing activities	(1,754)	(172)	833
Effect of exchange rate changes on cash	49	(8)	(27)
Increase (decrease) in cash and equivalents	(128)	(214)	1,300
Cash and equivalents at beginning of year	2,484	2,698	1,398
Cash and equivalents at end of year	$ 2,356	$ 2,484	$ 2,698
Supplemental disclosure of cash flow information:			
Cash payments during the period for:			
Interest	$ 293	$ 294	$ 261
Income taxes	$ 913	$ 1,098	$ 1,285

See notes to consolidated financial statements.

HALLIBURTON COMPANY
Consolidated Statements of Shareholders' Equity

Millions of dollars	Company Shareholders' Equity: Common Shares	Paid-in Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling interest in Consolidated Subsidiaries	Total
Balance at December 31, 2010	$ 2,674	$ 339	$ (4,771)	$ 12,371	$ (240)	$ 14	$ 10,387
Comprehensive income (loss):							
Net income	—	—	—	2,839	—	5	2,844
Other comprehensive loss	—	—	—	—	(33)	(1)	(34)
Cash dividends ($0.36 per share)	—	—	—	(330)	—	—	(330)
Stock plans	9	82	224	—	—	—	315
Other	—	34	—	—	—	—	34
Balance at December 31, 2011	$ 2,683	$ 455	$ (4,547)	$ 14,880	$ (273)	$ 18	$ 13,216
Comprehensive income (loss):							
Net income	—	—	—	2,635	—	10	2,645
Other comprehensive loss	—	—	—	—	(36)	—	(36)
Cash dividends ($0.36 per share)	—	—	—	(333)	—	—	(333)
Stock plans	(1)	25	271	—	—	—	295
Other	—	6	—	—	—	(3)	3
Balance at December 31, 2012	$ 2,682	$ 486	$ (4,276)	$ 17,182	$ (309)	$ 25	$ 15,790
Comprehensive income:							
Net income	—	—	—	2,125	—	10	2,135
Other comprehensive income	—	—	—	—	2	—	2
Common shares repurchased	—	—	(4,356)	—	—	—	(4,356)
Stock plans	(2)	(97)	583	—	—	—	484
Cash dividends ($0.525 per share)	—	—	—	(465)	—	—	(465)
Other	—	26	—	—	—	(1)	25
Balance at December 31, 2013	$ 2,680	$ 415	$ (8,049)	$ 18,842	$ (307)	$ 34	$ 13,615

See notes to consolidated financial statements.

HALLIBURTON COMPANY
Notes to Consolidated Financial Statements

Note 1. Description of Company and Significant Accounting Policies

Description of Company

Halliburton Company's predecessor was established in 1919 and incorporated under the laws of the State of Delaware in 1924. We are one of the world's largest oilfield services companies. Our two business segments are the Completion and Production segment and the Drilling and Evaluation segment. We provide a comprehensive range of services and products for the exploration, development, and production of oil and natural gas around the world.

Use of estimates

Our financial statements are prepared in conformity with United States generally accepted accounting principles, requiring 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.

We believe the most significant estimates and assumptions are associated with the forecasting of our effective income tax rate and the valuation of deferred taxes, legal and environmental reserves, long-lived asset valuations, purchase price allocations, pensions, allowance for bad debts, and percentage-of-completion accounting for long-term contracts. Ultimate results could differ from our estimates.

Basis of presentation

The consolidated financial statements include the accounts of our company and all of our subsidiaries that we control or variable interest entities for which we have determined that we are the primary beneficiary. All material intercompany accounts and transactions are eliminated. Investments in companies in which we have significant influence are accounted for using the equity method of accounting. If we do not have significant influence, we use the cost method of accounting.

In 2013, we adopted the provisions of a new accounting standard. See Note 15 for further information. All periods presented reflect these changes.

Revenue recognition

Overall. Our services and products are generally sold based upon purchase orders or contracts with our customers that include fixed or determinable prices but do not include right of return provisions or other significant post-delivery obligations. Our products are produced in a standard manufacturing operation, even if produced to our customer's specifications. We recognize revenue from product sales when title passes to the customer, the customer assumes risks and rewards of ownership, collectability is reasonably assured, and delivery occurs as directed by our customer. Service revenue, including training and consulting services, is recognized when the services are rendered and collectability is reasonably assured. Rates for services are typically priced on a per day, per meter, per man-hour, or similar basis.

Software sales. Sales of perpetual software licenses, net of any deferred maintenance and support fees, are recognized as revenue upon shipment. Sales of time-based licenses are recognized as revenue over the license period. Maintenance and support fees are recognized as revenue ratably over the contract period, usually a one-year duration.

Percentage of completion. Revenue from certain long-term, integrated project management contracts to provide well construction and completion services is reported on the percentage-of-completion method of accounting. Progress is generally based upon physical progress related to contractually defined units of work. Physical percent complete is determined as a combination of input and output measures as deemed appropriate by the circumstances. All known or anticipated losses on contracts are provided for when they become evident. Cost adjustments that are in the process of being negotiated with customers for extra work or changes in the scope of work are included in revenue when collection is deemed probable.

Research and development

Research and development costs are expensed as incurred. Research and development costs were $588 million in 2013, $460 million in 2012, and $401 million in 2011.

Cash equivalents

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. Cost represents invoice or production cost for new items and original cost less allowance for condition for used material returned to stock. Production cost includes material, labor, and manufacturing overhead. Some domestic manufacturing and field service finished products and parts inventories for drill bits, completion products, and bulk materials are recorded using the last-in, first-out method. The remaining inventory is recorded on the average cost method. We regularly review inventory quantities on hand and record provisions for excess or obsolete inventory based primarily on historical usage, estimated product demand, and technological developments.

Allowance for bad debts

We establish an allowance for bad debts through a review of several factors, including historical collection experience, current aging status of the customer accounts, and financial condition of our customers. Our policy is to write off bad debts when the customer accounts are determined to be uncollectible.

Property, plant, and equipment

Other than those assets that have been written down to their fair values due to impairment, property, plant, and equipment are reported at cost less accumulated depreciation, which is generally provided on the straight-line method over the estimated useful lives of the assets. Accelerated depreciation methods are used for tax purposes, wherever permitted. Upon sale or retirement of an asset, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized. Planned major maintenance costs are generally expensed as incurred. Expenditures for additions, modifications, and conversions are capitalized when they increase the value or extend the useful life of the asset.

Goodwill and other intangible assets

We record as goodwill the excess purchase price over the fair value of the tangible and identifiable intangible assets acquired. Changes in the carrying amount of goodwill are detailed below by reportable segment.

Millions of dollars	Completion and Production	Drilling and Evaluation	Total
Balance at December 31, 2011:	$ 1,215	$ 561	$ 1,776
Current year acquisitions	100	62	162
Purchase price adjustments for previous acquisitions	196	1	197
Balance at December 31, 2012:	$ 1,511	$ 624	$ 2,135
Current year acquisitions	43	10	53
Purchase price adjustments for previous acquisitions	(21)	1	(20)
Balance at December 31, 2013:	$ 1,533	$ 635	$ 2,168

The reported amounts of goodwill for each reporting unit are reviewed for impairment on an annual basis, during the third quarter, and more frequently should negative conditions such as significant current or projected operating losses exist. In 2012 and 2011, we elected to perform a qualitative assessment for our annual goodwill impairment test. If a qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we would be required to perform a quantitative impairment test for goodwill. In 2013, we elected to bypass the qualitative assessment and perform a quantitative impairment test. This two-step process involves comparing the estimated fair value of each reporting unit to the reporting unit's carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered impaired, and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test would be performed to measure the amount of impairment loss to be recorded, if any. Our goodwill impairment assessment for 2013 indicated the fair value of each of our reporting units exceeded its carrying amount by a significant margin. Based on our qualitative assessment of goodwill in 2012 and 2011, we concluded that it was more likely than not that the fair value of each of our reporting units was greater than their carrying amount, and therefore no further testing was required. In addition, there were no triggering events that occurred in 2013, 2012, or 2011 requiring us to perform additional impairment reviews. As such, there were no impairments of goodwill recorded in the three-year period ended December 31, 2013.

We amortize other identifiable intangible assets with a finite life on a straight-line basis over the period which the asset is expected to contribute to our future cash flows, ranging from three to twenty years. The components of these other intangible assets generally consist of patents, license agreements, non-compete agreements, trademarks, and customer lists and contracts.

Evaluating impairment of long-lived assets

When events or changes in circumstances indicate that long-lived assets other than goodwill may be impaired, an evaluation is performed. For an asset classified as held for use, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to fair value is required. When an asset is classified as held for sale, the asset's book value is evaluated and adjusted to the lower of its carrying amount or fair value less cost to sell. In addition, depreciation and amortization is ceased while it is classified as held for sale.

Income taxes

We recognize the amount of taxes payable or refundable for the year. In addition, deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been recognized in the financial statements or tax returns. A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will not be realized.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that we will realize the benefits of these deductible differences, net of the existing valuation allowances.

We recognize interest and penalties related to unrecognized tax benefits within the provision for income taxes on continuing operations in our consolidated statements of operations.

We generally do not provide income taxes on the undistributed earnings of non-United States subsidiaries because such earnings are intended to be reinvested indefinitely to finance foreign activities. These additional foreign earnings could be subject to additional tax if remitted, or deemed remitted, as a dividend; however, it is not practicable to estimate the additional amount, if any, of taxes payable. Taxes are provided as necessary with respect to earnings that are not permanently reinvested.

Derivative instruments

At times, we enter into derivative financial transactions to hedge existing or projected exposures to changing foreign currency exchange rates and interest rates. We do not enter into derivative transactions for speculative or trading purposes. We recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges are adjusted to fair value and reflected through the results of operations. If the derivative is designated as a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against:

- the change in fair value of the hedged assets, liabilities, or firm commitments through earnings; or
- recognized in other comprehensive income until the hedged item is recognized in earnings.

The ineffective portion of a derivative’s change in fair value is recognized in earnings. Recognized gains or losses on derivatives entered into to manage foreign currency exchange risk are included in “Other, net” on the consolidated statements of operations. Gains or losses on interest rate derivatives are included in “Interest expense, net.”

Foreign currency translation

Foreign entities whose functional currency is the United States dollar translate monetary assets and liabilities at year-end exchange rates, and nonmonetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the year, except for depreciation, cost of product sales and revenue, and expenses associated with nonmonetary balance sheet accounts, which are translated at historical rates. Gains or losses from changes in exchange rates are recognized in our consolidated statements of operations in “Other, net” in the year of occurrence.

Stock-based compensation

Stock-based compensation cost is measured at the date of grant, based on the calculated fair value of the award, and is recognized as expense over the employee’s service period, which is generally the vesting period of the equity grant. Additionally, compensation cost is recognized based on awards ultimately expected to vest, therefore, we have reduced the cost for estimated forfeitures based on historical forfeiture rates. Forfeitures are estimated at the time of grant and revised in subsequent periods to reflect actual forfeitures. See Note 11 for additional information related to stock-based compensation.

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.

Completion and Production delivers cementing, stimulation, intervention, pressure control, specialty chemicals, artificial lift, and completion services. The segment consists of Production Enhancement, Cementing, Completion Tools, Halliburton Boots & Coots, Multi-Chem, and Halliburton Artificial Lift.

Production Enhancement services include stimulation services and sand control services. Stimulation services optimize oil and natural gas reservoir production through a variety of pressure pumping services, nitrogen services, and chemical processes, commonly known as hydraulic fracturing and acidizing. Sand control services include fluid and chemical systems and pumping services for the prevention of formation sand production.

Cementing services involve bonding the well and well casing while isolating fluid zones and maximizing wellbore stability. Our cementing service line also provides casing equipment.

Completion Tools provides downhole solutions and services to our customers to complete their wells, including well completion products and services, intelligent well completions, liner hanger systems, sand control systems, and service tools.

Halliburton Boots & Coots includes well intervention services, pressure control, equipment rental tools and services, and pipeline and process services.

Multi-Chem includes oilfield production and completion chemicals and services that address production, processing, and transportation challenges.

Halliburton Artificial Lift offers electrical submersible pumps, including the associated surface package for power, control, and monitoring of the entire lift system, and provides installation, maintenance, repair, and testing services. The objective of these services is to maximize reservoir and wellbore recovery by applying lifting technology and intelligent field management solutions throughout the life of the well.

Drilling and Evaluation provides field and reservoir modeling, drilling, evaluation, and precise wellbore placement solutions that enable customers to model, measure, drill, and optimize their well construction activities. The segment consists of Drill Bits and Services, Wireline and Perforating, Testing and Subsea, Baroid, Sperry Drilling, Landmark Software and Services, and Consulting and Project Management.

Drill Bits and Services provides roller cone rock bits, fixed cutter bits, hole enlargement, and related downhole tools and services used in drilling oil and natural gas wells. In addition, coring equipment and services are provided to acquire cores of the formation drilled for evaluation.

Wireline and Perforating services include open-hole logging services that provide information on formation evaluation and reservoir fluid analysis, including formation lithology, rock properties, and reservoir fluid properties. Also offered are cased-hole and slickline services, which provide perforating, pipe recovery services, through-casing formation evaluation and reservoir monitoring, casing and cement integrity measurements, and well intervention services. Borehole seismic services include downhole seismic operations check-shots and vertical seismic profiles, and provide the link between surface seismic and the wellbore. Finally, formation and reservoir solutions transform formation evaluation data into reservoir insight through geoscience solutions.

Testing and Subsea services provide acquisition and analysis of dynamic reservoir information and reservoir optimization solutions to the oil and natural gas industry through a broad portfolio of test tools, data acquisition services, fluid sampling, surface well testing, and subsea safety systems.

Baroid provides drilling fluid systems, performance additives, completion fluids, solids control, specialized testing equipment, and waste management services for oil and natural gas drilling, completion, and workover operations.

Sperry Drilling provides drilling systems and services. These services include directional and horizontal drilling, measurement-while-drilling, logging-while-drilling, surface data logging, multilateral systems, underbalanced applications, and rig site information systems. Our drilling systems offer directional control for precise wellbore placement while providing important measurements about the characteristics of the drill string and geological formations while drilling wells. Real-time operating capabilities enable the monitoring of well progress and aid decision-making processes.

Landmark Software and Services is a supplier of integrated exploration, drilling and production software, and related professional and data management services for the upstream oil and natural gas industry.

Consulting and Project Management provides oilfield project management and integrated solutions to independent, integrated, and national oil companies. These offerings make use of all of our oilfield services, products, technologies, and project management capabilities to assist our customers in optimizing the value of their oil and natural gas assets.

Corporate and other includes expenses related to support functions and corporate executives and is primarily composed of cash and equivalents, deferred tax assets, and investment securities. Also included are certain gains, losses and costs not attributable to a particular business segment (such as the loss contingencies related to the Macondo well incident recorded during the first quarters of 2013 and 2012 and the $55 million charitable contribution expensed during the second quarter of 2013).

Intersegment revenue and revenue between geographic areas are immaterial. Our equity in earnings and losses of unconsolidated affiliates that are accounted for under the equity method of accounting is included in revenue and operating income of the applicable segment.

The following tables present information on our business segments.

Operations by business segment

	Year Ended December 31		
Millions of dollars	2013	2012	2011
Revenue:			
Completion and Production	$ 17,506	$ 17,380	$ 15,143
Drilling and Evaluation	11,896	11,123	9,686
Total revenue	$ 29,402	$ 28,503	$ 24,829
Operating income:			
Completion and Production	$ 2,875	$ 3,144	$ 3,733
Drilling and Evaluation	1,770	1,675	1,403
Total operations	4,645	4,819	5,136
Corporate and other	(1,507)	(660)	(399)
Total operating income	$ 3,138	$ 4,159	$ 4,737
Interest expense, net of interest income	$ (331)	$ (298)	$ (263)
Other, net	(43)	(39)	(25)
Income from continuing operations before income taxes	$ 2,764	$ 3,822	$ 4,449
Capital expenditures:			
Completion and Production	$ 1,676	$ 2,177	$ 1,669
Drilling and Evaluation	1,210	1,318	1,231
Corporate and other	48	71	53
Total	$ 2,934	$ 3,566	$ 2,953
Depreciation, depletion, and amortization:			
Completion and Production	$ 1,013	$ 843	$ 680
Drilling and Evaluation	873	783	676
Corporate and other	14	2	3
Total	$ 1,900	$ 1,628	$ 1,359

	December 31	
Millions of dollars	2013	2012
Total assets:		
Completion and Production	$ 14,203	$ 13,313
Drilling and Evaluation	10,010	9,290
Shared assets	1,351	1,376
Corporate and other	3,659	3,431
Total	$ 29,223	$ 27,410

Not all assets are associated with specific segments. Those assets specific to segments include receivables, inventories, certain identified property, plant, and equipment (including field service equipment), equity in and advances to related companies, and goodwill. The remaining assets, such as cash and equivalents, are considered to be shared among the segments.

Revenue by country is determined based on the location of services provided and products sold.

Operations by geographic area

	Year Ended December 31		
Millions of dollars	2013	2012	2011
Revenue:			
United States	$ 14,311	$ 15,057	$ 13,548
Other countries	15,091	13,446	11,281
Total	$ 29,402	$ 28,503	$ 24,829

	December 31	
Millions of dollars	2013	2012
Net property, plant, and equipment:		
United States	$ 5,368	$ 5,096
Other countries	5,954	5,161
Total	$ 11,322	$ 10,257

Note 3. Receivables

Our trade receivables are generally not collateralized. At December 31, 2013 and December 31, 2012, 34% and 36% of our gross trade receivables were from customers in the United States. No other country or single customer accounted for more than 10% of our gross trade receivables at these dates.

We continue to experience delays in collecting payment on our receivables from our primary customer in Venezuela. These receivables are not disputed, and we have not historically had material write-offs relating to this customer. Our total outstanding trade receivables in Venezuela were $486 million, or approximately 8% of our gross trade receivables, as of December 31, 2013, compared to $491 million, or approximately 9% of our gross trade receivables, as of December 31, 2012. Of the $486 million receivables in Venezuela as of December 31, 2013, $183 million has been classified as long-term and included within "Other assets" on our consolidated balance sheets. Of the $491 million receivables in Venezuela as of December 31, 2012, $143 million has been classified as long-term and included within "Other assets" on our consolidated balance sheets.

The following table presents a rollforward of our allowance for bad debts for 2011, 2012, and 2013.

Millions of dollars	Balance at Beginning of Period	Charged to Costs and Expenses	Write-Offs	Balance at End of Period
Year ended December 31, 2011	$ 91	$ 53	$ (7)	$ 137
Year ended December 31, 2012	137	(40)	(5)	92
Year ended December 31, 2013	92	39	(14)	117

Note 4. 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 and totaled $157 million at December 31, 2013 and $139 million at December 31, 2012. If the average cost method had been used, total inventories would have been $35 million higher than reported at December 31, 2013 and $41 million higher than reported at December 31, 2012. The cost of the remaining inventory was recorded on the average cost method. Inventories consisted of the following:

	December 31	
Millions of dollars	2013	2012
Finished products and parts	$ 2,445	$ 2,264
Raw materials and supplies	720	793
Work in process	140	129
Total	$ 3,305	$ 3,186

Finished products and parts are reported net of obsolescence reserves of $130 million at December 31, 2013 and $114 million at December 31, 2012.

Note 5. Property, Plant, and Equipment

Property, plant, and equipment were composed of the following:

Millions of dollars	December 31 2013	2012
Land	$ 213	$ 145
Buildings and property improvements	2,685	1,861
Machinery, equipment, and other	17,904	16,307
Total	20,802	18,313
Less accumulated depreciation	9,480	8,056
Net property, plant, and equipment	$ 11,322	$ 10,257

Classes of assets, excluding oil and natural gas investments, are depreciated over the following useful lives:

	Buildings and Property Improvements	
	2013	2012
1 - 10 years	13%	14%
11 - 20 years	43%	46%
21 - 30 years	20%	14%
31 - 40 years	24%	26%

	Machinery, Equipment, and Other	
	2013	2012
1 - 5 years	22%	20%
6 - 10 years	72%	74%
11 - 20 years	6%	6%

Note 6. Debt

Long-term debt consisted of the following:

Millions of dollars	December 31 2013	2012
3.5% senior notes due August 2023	$ 1,098	$ —
6.15% senior notes due September 2019	997	997
7.45% senior notes due September 2039	995	995
4.75% senior notes due August 2043	898	—
6.7% senior notes due September 2038	800	800
1.0% senior notes due August 2016	600	—
3.25% senior notes due November 2021	498	498
4.5% senior notes due November 2041	498	498
2.0% senior notes due August 2018	400	—
5.9% senior notes due September 2018	400	400
7.6% senior debentures due August 2096	293	293
8.75% senior debentures due February 2021	184	184
Other	155	155
Total long-term debt	$ 7,816	$ 4,820

Senior debt

All of our senior notes and debentures rank equally with our existing and future senior unsecured indebtedness, have semiannual interest payments, and have no sinking fund requirements. We may redeem all of our senior notes from time to time or all of the notes of each series at any time at the applicable redemption prices, plus accrued and unpaid interest. Our 7.6% and 8.75% senior debentures may not be redeemed prior to maturity.

Revolving credit facilities

We have an unsecured $3.0 billion revolving credit facility expiring in 2018. The purpose of the facility is to provide general working capital and credit for other corporate purposes. The full amount of the revolving credit facility was available as of December 31, 2013.

Debt maturities

Our long-term debt matures as follows: $600 million in 2016, $45 million in 2017, $800 million in 2018, and the remainder in 2019 and thereafter.

Note 7. 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. We entered into various agreements relating to the separation of KBR, including, among others, a Master Separation Agreement (MSA) and a Tax Sharing Agreement (TSA). We recorded a liability at that time reflecting the estimated fair value of the indemnities provided to KBR. Since the separation, we have recorded adjustments to reflect changes to our estimation of our remaining obligation. All such adjustments are recorded in "Income (loss) from discontinued operations, net of income tax (provision) benefit." Amounts accrued relating to our KBR indemnity obligations were included in "Other liabilities" in our consolidated balance sheets and totaled $219 million as of December 31, 2012. In 2013, we paid $219 million to satisfy our obligation under a guarantee related to the Barracuda-Caratinga matter, a legacy KBR project. Accordingly, there were no amounts accrued for indemnities provided to KBR at December 31, 2013.

Tax sharing agreement

The TSA provides for the calculation and allocation of United States and certain other jurisdiction tax liabilities between KBR and us for the periods 2001 through the date of separation. The TSA is complex, and finalization of amounts owed between KBR and us under the TSA can occur only after income tax audits are completed by the taxing authorities and both parties have had time to analyze the results.

During the second quarter of 2012, we sent a notice under the TSA to KBR requesting the appointment of an arbitrator in accordance with the terms of the TSA. This request asked the arbitrator to find that KBR owed us a certain amount pursuant to the TSA. KBR denied that it owed us any amount and asserted instead that we owed KBR a certain amount under the TSA. KBR also asserted that it believes the MSA controls its defenses to our TSA claim and demanded arbitration of those defenses under the MSA. In July 2012, we filed suit in the District Court of Harris County, Texas, seeking to compel KBR to arbitrate the entire dispute in accordance with the provisions of the TSA, rather than the MSA. KBR filed a cross-motion seeking to compel arbitration of its defenses under the MSA. In September 2012, the court denied our motion and granted KBR's motion to compel arbitration under the MSA. We continue to believe that the TSA was intended to govern the entire matter and have appealed. The appeal is pending.

In May 2013, KBR's defenses were arbitrated before a panel appointed pursuant to the MSA. In June 2013, the panel issued its decision, finding it had jurisdiction to hear the dispute and that a portion of our claims made under the TSA were barred by the time limitation provision in the MSA. In September 2013, we filed a motion and an application to vacate the panel's decision with the District Court of Harris County, Texas. The court has not ruled on the motion or application.

The MSA panel also ordered the parties to return to the TSA arbitrator for determination of the parties' remaining claims under the TSA. On October 9, 2013, the TSA arbitrator issued a report regarding the claims made by each party. The report found that KBR owes us a net amount of approximately $105 million, plus interest, with each party bearing its own costs related to the matter.

On October 21, 2013, KBR submitted a request for clarification and reconsideration of the TSA arbitrator's report. In December 2013, the TSA arbitrator issued a supplemental report that reaffirmed the award.

In January 2014, KBR filed a motion with the MSA panel to enforce the panel's June 2013 decision. KBR's motion claimed, among other things, that certain of our claims submitted to the TSA arbitrator were time-barred under the MSA and that the TSA arbitrator misinterpreted the TSA. On February 3, 2014, we filed a response to KBR's motion and an application to confirm the TSA arbitrator's award with the District Court of Harris County, Texas. Due to the uncertainty surrounding the ultimate determination of the parties' claims under the TSA, no material anticipated recovery amounts or liabilities related to this matter have been recognized in the consolidated financial statements as of December 31, 2013.

Note 8. Commitments and Contingencies

Macondo well incident

Overview. The semisubmersible drilling rig, Deepwater Horizon, sank on April 22, 2010 after an explosion and fire onboard the rig that began on April 20, 2010. The Deepwater Horizon was owned by Transocean Ltd. and had been drilling the Macondo exploration well in Mississippi Canyon Block 252 in the Gulf of Mexico for the lease operator, BP Exploration & Production, Inc. (BP Exploration), an indirect wholly owned subsidiary of BP p.l.c. We performed a variety of services for BP Exploration, including cementing, mud logging, directional drilling, measurement-while-drilling, and rig data acquisition services. Crude oil flowing from the well site spread across thousands of square miles of the Gulf of Mexico and reached the United States Gulf Coast. Efforts to contain the flow of hydrocarbons from the well were led by the United States government and by BP p.l.c., BP Exploration, and their affiliates (collectively, BP). There were eleven fatalities and a number of injuries as a result of the Macondo well incident.

We are currently unable to fully estimate the impact the Macondo well incident will have on us. The multi-district litigation (MDL) proceeding referred to below is ongoing. We cannot predict the outcome of the many lawsuits and investigations relating to the Macondo well incident, including orders and rulings of the court that impact the MDL, the results of the MDL trial, the effect that the settlements between BP and the Plaintiffs' Steering Committee (PSC) in the MDL and other settlements may have on claims against us, or whether we might settle with one or more of the parties to any lawsuit or investigation. The first two phases of the MDL trial have concluded, and the MDL court could begin issuing rulings at any time. A determination that the performance of our services on the Deepwater Horizon constituted gross negligence could result in substantial liability to the numerous plaintiffs for punitive damages and potentially to BP with respect to its direct claims against us.

As of December 31, 2013, our loss contingency reserve for the Macondo well incident, relating to the MDL, remained at $1.3 billion, consisting of a current portion of $278 million and a non-current portion of $1.0 billion. This reserve represents a loss contingency that is probable and for which a reasonable estimate of a loss can be made, although we continue to believe that we have substantial legal arguments and defenses against any liability and that BP's indemnity obligation protects us as described below. This loss contingency reserve does not include potential recoveries from our insurers.

We have participated in intermittent discussions with the PSC regarding the potential for a settlement that would resolve a substantial portion of the claims pending in the MDL trial. BP, however, has not participated in any recent settlement discussions with us. Reaching a settlement involves a complex process, and there can be no assurance as to whether or when we may complete a settlement. In addition, the settlement discussions we have had to date do not cover all parties and claims relating to the Macondo well incident. Accordingly, there are additional loss contingencies relating to the Macondo well incident that are reasonably possible but for which we cannot make a reasonable estimate. Given the numerous potential developments relating to the MDL and other lawsuits and investigations, which could occur at any time, we may adjust our estimated loss contingency reserve in the future. Liabilities arising out of the Macondo well incident could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Investigations and Regulatory Action. Several regulatory agencies and others, including the specially constituted National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling (National Commission), conducted investigations of the Macondo well incident, and reports issued as a result of those investigations have been critical of BP, Transocean, and us, among others. For example, one or more of those reports have concluded that primary cement failure was a direct cause of the blowout, that cement testing performed by an independent laboratory “strongly suggests” that the foam cement slurry used on the Macondo well was unstable, and that numerous other oversights and factors caused or contributed to the cause of the incident, including BP's failure to run a cement bond log, BP's and Transocean's failure to properly conduct and interpret a negative-pressure test, the failure of the drilling crew and our surface data logging specialist to recognize that an unplanned influx of oil, natural gas, or fluid into the well was occurring, communication failures among BP, Transocean, and us, and flawed decisions relating to the design, construction, and testing of barriers critical to the temporary abandonment of the well. The U.S. Chemical Safety and Hazard Investigation Board is also conducting an investigation of the incident.

In October 2011, the Bureau of Safety and Environmental Enforcement (BSEE) issued a notification of Incidents of Noncompliance (INCs) to us for allegedly violating federal regulations relating to the failure to take measures to prevent the unauthorized release of hydrocarbons, the failure to take precautions to keep the Macondo well under control, the failure to cement the well in a manner that would, among other things, prevent the release of fluids into the Gulf of Mexico, and the failure to protect health, safety, property, and the environment as a result of a failure to perform operations in a safe and workmanlike manner. According to the BSEE's notice, we did not ensure an adequate barrier to hydrocarbon flow after cementing the production casing and did not detect the influx of hydrocarbons until they were above the blowout preventer stack. We understand that the regulations in effect at the time of the alleged violations provide for fines of up to $35,000 per day per violation. We have appealed the INCs to the Interior Board of Land Appeals (IBLA). In January 2012, the IBLA, in response to our and the BSEE's joint request, suspended the appeal pending certain proceedings in the MDL trial. Once the MDL court issues a final decision in the trial, we expect to file a proposal for further action in the appeal within

60 days. The BSEE has announced that the INCs will be reviewed for possible imposition of civil penalties once the appeal has ended. The BSEE has stated that this is the first time the Department of the Interior has issued INCs directly to a contractor that was not the well's operator.

The Cementing Job and Reaction to Reports . We disagree with the reports referred to above regarding many of their findings and characterizations with respect to our cementing and surface data logging services, as applicable, on the Deepwater Horizon. We have provided information to the National Commission, its staff, and representatives of other investigatory bodies that we believe has been overlooked or omitted from their reports, as applicable. We intend to continue to vigorously defend ourselves in any investigation relating to our involvement with the Macondo well that we believe inaccurately evaluates or depicts our services on the Deepwater Horizon.

The cement slurry on the Deepwater Horizon was designed and prepared pursuant to well condition data provided by BP. Regardless of whether alleged weaknesses in cement design and testing are or are not ultimately established, and regardless of whether the cement slurry was utilized in similar applications or was prepared consistent with industry standards, we believe that had BP and Transocean properly interpreted a negative-pressure test, this test would have revealed any problems with the cement. In addition, had BP designed the Macondo well to allow a full cement bond log test or if BP had conducted even a partial cement bond log test, the test likely would have revealed any problems with the cement. BP, however, elected not to conduct any cement bond log tests, and with Transocean misinterpreted the negative-pressure test, both of which could have resulted in remedial action, if appropriate, with respect to the cementing services. Also, we believe that BP knew or should have known about a critical, additional hydrocarbon zone in the well that BP failed to disclose to us prior to the design of the cement program for the Macondo well.

At this time we cannot predict the impact of the investigations or reports referred to above, or the conclusions or impact of future investigations or reports. We also cannot predict whether any investigations or reports will have an influence on or result in us being named as a party in any action alleging liability or violation of a statute or regulation. We intend to continue to cooperate fully with all hearings, investigations, and requests for information relating to the Macondo well incident. We cannot predict the outcome of, or the costs to be incurred in connection with, any of these hearings or investigations, and therefore we cannot predict the potential impact they may have on us.

DOJ Investigations and Actions. On June 1, 2010, the United States Attorney General announced that the United States Department of Justice (DOJ) was launching civil and criminal investigations into the Macondo well incident to closely examine the actions of those involved, and that the DOJ was working with attorneys general of states affected by the Macondo well incident. The DOJ announced that it was reviewing, among other traditional criminal statutes, possible violations of and liabilities under The Clean Water Act (CWA), The Oil Pollution Act of 1990 (OPA), and the Endangered Species Act of 1973 (ESA).

The CWA provides authority for civil penalties for discharges of oil into or upon navigable waters of the United States, adjoining shorelines, or in connection with the Outer Continental Shelf Lands Act (OCSLA) in quantities that are deemed harmful. A single discharge event may result in the assertion of numerous violations under the CWA. Civil proceedings under the CWA can be commenced against an “owner, operator, or person in charge of any vessel, onshore facility, or offshore facility from which oil or a hazardous substance is discharged” in violation of the CWA. The civil penalties that can be imposed against responsible parties range from up to $1,100 per barrel of oil discharged in the case of those found strictly liable to $4,300 per barrel of oil discharged in the case of those found to have been grossly negligent.

The OPA establishes liability for discharges of oil from vessels, onshore facilities, and offshore facilities into or upon the navigable waters of the United States. Under the OPA, the “responsible party” for the discharging vessel or facility is liable for removal and response costs as well as for damages, including recovery costs to contain and remove discharged oil and damages for injury to natural resources and real or personal property, lost revenues, lost profits, and lost earning capacity. The cap on liability under the OPA is the full cost of removal of the discharged oil plus up to $75 million for damages, except that the $75 million cap does not apply in the event the damage was proximately caused by gross negligence or the violation of certain federal safety, construction or operating standards. The OPA defines the set of responsible parties differently depending on whether the source of the discharge is a vessel or an offshore facility. Liability for vessels is imposed on owners and operators; liability for offshore facilities is imposed on the holder of the permit or lessee of the area in which the facility is located.

The ESA establishes liability for injury and death to wildlife. The ESA provides for civil penalties for knowing violations that can range up to $25,000 per violation.

On December 15, 2010, the DOJ filed a civil action seeking damages and injunctive relief against BP Exploration, Anadarko Petroleum Corporation and Anadarko E&P Company LP (together, Anadarko), which had an approximate 25% interest in the Macondo well, certain subsidiaries of Transocean Ltd., and others for violations of the CWA and the OPA. The DOJ's complaint seeks an action declaring that the defendants are strictly liable under the CWA as a result of harmful discharges of oil into the Gulf of Mexico and upon United States shorelines as a result of the Macondo well incident. The complaint also seeks an action declaring that the defendants are strictly liable under the OPA for the discharge of oil that has resulted in, among other things, injury to, loss of, loss of use of, or destruction of natural resources and resource services in and around the Gulf of Mexico and the adjoining United States shorelines and resulting in removal costs and damages to the United States far exceeding $75 million. BP Exploration has been designated, and has accepted the designation, as a responsible party for the pollution under the CWA and the OPA. Others have also been named as responsible parties, and all responsible parties may be held jointly and severally liable for any damages under the OPA. A responsible party may make a claim for contribution against any other responsible party or against third parties it alleges contributed to or caused the oil spill. In connection with the proceedings discussed below under "Litigation," in April 2011 BP Exploration filed a claim against us for equitable contribution with respect to liabilities incurred by BP Exploration under the OPA or another law, which subsequent court filings have indicated may include the CWA, and requested a judgment that the DOJ assert its claims for OPA financial liability directly against us. We filed a motion to dismiss BP Exploration's claim, and that motion is pending. In July 2013, we also filed a motion for summary judgment requesting a court order that we are not liable to BP or Transocean for equitable indemnification or contribution with regard to any CWA fines and penalties that have been assessed or may be assessed against BP or Transocean. That motion is also pending.

We were not named as a responsible party under the CWA or the OPA in the DOJ civil action, and we do not believe we are a responsible party under the CWA or the OPA. While we were not included in the DOJ's civil complaint, there can be no assurance that federal governmental authorities will not bring a civil action against us under the CWA, the OPA, and/or other statutes or regulations.

In July 2013, we reached an agreement with the DOJ to conclude the federal government's criminal investigation of us in relation to the Macondo well incident. Pursuant to a cooperation guilty plea agreement, Halliburton Energy Services, Inc., our wholly owned subsidiary (HESI), agreed to plead guilty to one misdemeanor violation of federal law concerning the deletion of certain computer files created after the occurrence of the Macondo well incident. Pursuant to the plea agreement, HESI agreed to pay a criminal fine of $0.2 million within five days of sentencing and agreed to three years' probation. The DOJ has agreed that it will not pursue further criminal prosecution of us (including our subsidiaries) for any conduct relating to or arising out of the Macondo well incident. We have agreed to continue to cooperate with the DOJ in any ongoing investigation related to or arising from the incident. In September 2013, our guilty plea was entered and approved by a federal district court judge on the terms and conditions of the plea agreement, and the DOJ closed its criminal investigation of us in relation to the Macondo well incident.

In November 2012, BP announced that it reached an agreement with the DOJ to resolve all federal criminal charges against it stemming from the Macondo well incident. BP agreed to plead guilty to 14 criminal charges, with 13 of those charges based on the negligent misinterpretation of the negative-pressure test conducted on the Deepwater Horizon. BP also agreed to pay $4.0 billion, including approximately $1.3 billion in criminal fines, to take actions to further enhance the safety of drilling operations in the Gulf of Mexico, to a term of five years' probation, and to the appointment of two monitors with four-year terms, one relating to process safety and risk management procedures concerning deepwater drilling in the Gulf of Mexico and one relating to the improvement, implementation, and enforcement of BP's code of conduct.

In January 2013, Transocean announced that it reached an agreement with the DOJ to resolve certain claims for civil penalties and potential criminal claims against it arising from the Macondo well incident. Transocean agreed to plead guilty to one misdemeanor violation of the CWA for negligent discharge of oil into the Gulf of Mexico, to pay $1.0 billion in CWA penalties and $400 million in fines and recoveries, to implement certain measures to prevent a recurrence of an uncontrolled discharge of hydrocarbons, and to a term of five years' probation.

Litigation. Since April 21, 2010, plaintiffs have been filing lawsuits relating to the Macondo well incident. Generally, those lawsuits allege either (1) damages arising from the oil spill pollution and contamination (*e.g.*, diminution of property value, lost tax revenue, lost business revenue, lost tourist dollars, inability to engage in recreational or commercial activities) or (2) wrongful death or personal injuries. We are named along with other unaffiliated defendants in more than 1,800 complaints, most of which are alleged class actions, involving pollution damage claims and at least eight personal injury lawsuits involving four decedents and at least 10 allegedly injured persons who were on the drilling rig at the time of the incident. At least six additional lawsuits naming us and others relate to alleged personal injuries sustained by those responding to the explosion and oil spill.

The pollution complaints generally allege, among other things, negligence and gross negligence, property damages, taking of protected species, and potential economic losses as a result of environmental pollution, and generally seek awards of unspecified economic, compensatory, and punitive damages, as well as injunctive relief. Plaintiffs in these pollution cases have brought suit under various legal provisions, including the OPA, the CWA, The Migratory Bird Treaty Act of 1918, the ESA, the OCSLA, the Longshoremen and Harbor Workers Compensation Act, general maritime law, state common law, and various state

environmental and products liability statutes. Furthermore, the pollution complaints include suits brought against us by governmental entities, including all of the coastal states of the Gulf of Mexico, numerous local governmental entities, the Mexican State of Yucatan, and the United Mexican States.

The wrongful death and other personal injury complaints generally allege negligence and gross negligence and seek awards of compensatory damages, including unspecified economic damages, and punitive damages. We have retained counsel and are investigating and evaluating the claims, the theories of recovery, damages asserted, and our respective defenses to all of these claims.

Plaintiffs originally filed the lawsuits described above in federal and state courts throughout the United States. Except for a relatively small number of lawsuits not yet consolidated, the Judicial Panel on Multi-District Litigation ordered all of the lawsuits against us consolidated in the MDL proceeding before Judge Carl Barbier in the United States Eastern District of Louisiana.

Judge Barbier is also presiding over a separate proceeding filed by Transocean under the Limitation of Liability Act (Limitation Action). In the Limitation Action, Transocean seeks to limit its liability for claims arising out of the Macondo well incident to the value of the rig and its freight. While the Limitation Action has been formally consolidated into the MDL, the court is nonetheless, in some respects, treating the Limitation Action as an associated but separate proceeding. In February 2011, Transocean tendered us, along with all other defendants, into the Limitation Action. As a result of the tender, we and all other defendants are being treated as direct defendants to the plaintiffs' claims as if the plaintiffs had sued us and the other defendants directly. In the Limitation Action, the judge intends to determine the allocation of liability among all defendants in the hundreds of lawsuits associated with the Macondo well incident, including those in the MDL proceeding that are pending in his court. Specifically, the judge intends to determine the liability, limitation, exoneration, and fault allocation with regard to all of the defendants in a trial, which to date has occurred in two phases. We do not believe that a single determination of liability in the Limitation Action is properly applied, particularly with respect to gross negligence and punitive damages, to the hundreds of lawsuits pending in the MDL proceeding.

The defendants in the proceedings described above have filed numerous cross claims and third party claims against certain other defendants. Claims against us seek subrogation, contribution, indemnification, including with respect to liabilities under the OPA, and direct damages, and allege negligence, gross negligence, fraudulent conduct, willful misconduct, fraudulent concealment, comparative fault, and breach of warranty of workmanlike performance. Additional civil lawsuits may be filed against us. In addition to the claims against us, generally the defendants in the proceedings described above, including us, filed claims, including for liabilities under the OPA and other claims similar to those described above, against the other defendants. Our claims against the other defendants seek contribution and indemnification, and allege negligence, gross negligence and willful misconduct. Several of the parties have settled claims among themselves, and claims against some parties have been dismissed. We have also filed an answer to Transocean's Limitation petition denying Transocean's right to limit its liability, denying all claims and responsibility for the incident, seeking contribution and indemnification, and alleging negligence and gross negligence.

Judge Barbier has issued an order, among others, clarifying certain aspects of law applicable to the lawsuits pending in his court. The court ruled that: (1) general maritime law will apply, and therefore all claims brought under state law causes of action were dismissed; (2) general maritime law claims may be brought directly against defendants who are non-“responsible parties” under the OPA with the exception of pure economic loss claims by plaintiffs other than commercial fishermen; (3) all claims for damages, including pure economic loss claims, may be brought under the OPA directly against responsible parties; and (4) punitive damage claims can be brought against both responsible and non-responsible parties under general maritime law. As discussed above, with respect to the ruling that claims for damages may be brought under the OPA against responsible parties, we have not been named as a responsible party under the OPA, but BP Exploration has filed a claim against us for contribution with respect to liabilities incurred by BP Exploration under the OPA. The rulings in the court's order remain subject to each applicable party's right to appeal. Certain parishes in Louisiana are currently appealing the dismissal of their state law claims under the order.

In April 2012, BP announced that it had reached definitive settlement agreements with the PSC to resolve the substantial majority of eligible private economic loss and medical claims stemming from the Macondo well incident. The PSC acts on behalf of individuals and business plaintiffs in the MDL. According to BP, the settlements do not include claims against BP made by the DOJ or other federal agencies or by states and local governments. In addition, the settlements provide that, to the extent permitted by law, BP will assign to the settlement class certain of its claims, rights, and recoveries against Transocean and us for damages, including BP's alleged direct damages such as damages for clean-up expenses and damage to the well and reservoir. We do not believe that our contract with BP Exploration permits the assignment of certain claims to the settlement class without our consent. The MDL court has since confirmed certification of the classes for both settlements and granted final approval of the settlements. We objected to the settlements on the grounds set forth above, among other reasons. The MDL court held, however, that we, as a non-settling defendant, lacked standing to object to the settlements but noted that it did not express any opinion as to the validity of BP's assignment of certain claims to the settlement class and that the settlements do not affect any of our procedural or substantive rights in the MDL. BP has been challenging certain provisions of its settlement of economic loss claims in the MDL court and before the United States Fifth Circuit Court of Appeals. We are unable to predict at

this time the effect that the settlements, or any challenge, modification, or overturning of the settlements, may have on claims against us.

The MDL court has dismissed: (1) claims by or on behalf of owners, lessors, and lessees of real property that allege to have suffered a reduction in the value of real property even though the property was not physically touched by oil and the property was not sold; (2) claims for economic losses based solely on consumers' decisions not to purchase fuel or goods from BP fuel stations and stores based on consumer animosity toward BP; and (3) claims by or on behalf of recreational fishermen, divers, beachgoers, boaters and others that allege damages such as loss of enjoyment of life from their inability to use portions of the Gulf of Mexico for recreational and amusement purposes. In dismissing those claims, the MDL court also noted that we are not liable with respect to those claims under the OPA because we are not a "responsible party" under OPA. A group of plaintiffs appealed the order, but the Fifth Circuit dismissed the appeal.

The first phase of the MDL trial, which concluded in April 2013, covered issues arising out of the conduct and degree of culpability of various parties allegedly relevant to the loss of well control, the ensuing fire and explosion on and sinking of the Deepwater Horizon, and the initiation of the release of hydrocarbons from the Macondo well. At the conclusion of the plaintiffs' case, we and the other defendants each submitted a motion requesting the MDL court to dismiss certain claims. In March 2013, the MDL court denied our motion and declined to dismiss any claims, including those alleging gross negligence, against BP, Transocean and us. In addition, the MDL court dismissed all claims against M-I Swaco and claims alleging gross negligence against Cameron International Corporation (Cameron). In April 2013, the MDL court dismissed all remaining claims against Cameron, leaving BP, Transocean, and us as the remaining defendants with respect to the matters addressed during the first phase of the trial.

Also in March 2013, we advised the MDL court that we recently found a rig sample of dry cement blend collected at another well that was cemented before the Macondo well using the same dry cement blend as used on the Macondo production casing. In April 2013, we advised the MDL parties that we recently discovered some additional documents related to the Macondo well incident. BP and others have asked the court to impose sanctions and adverse findings against us because, according to their allegations, we should have identified the cement sample in 2010 and the additional documents by October 2011. BP also reasserted its previous allegations that we destroyed evidence relating to post-incident testing of the foam cement slurry on the Deepwater Horizon. The MDL court has not ruled on the requests for sanctions and adverse findings. We believe that the discoveries were the result of simple misunderstandings or mistakes and do not involve any material evidence, and that sanctions are not warranted.

When our plea agreement with the DOJ was announced in July 2013, BP filed a motion requesting that the MDL court re-open the evidence for phase one of the MDL trial to take into account our guilty plea and re-urging their request for sanctions. After the plea was entered, the PSC and the States of Alabama and Louisiana (as coordinating counsel for the states involved in the MDL) filed a motion likewise seeking to admit the guilty plea agreement and other court filings into evidence and asking that the MDL court use that evidence as a basis for assessing punitive damages against us. We filed replies opposing both motions and setting forth our position that the deleted post-incident computer simulations were not evidence, were not relevant, and in any event were re-created. The MDL court has not ruled on the motions.

The second phase of the MDL trial was split into two parts, with testimony presented in October 2013. The first part covered attempts to collect, control, or halt the flow of hydrocarbons from the well, while the second part covered the quantification of hydrocarbons discharged from the well. The parties submitted proposed findings of fact and conclusions of law, post-trial briefs and responses during December 2013 and January 2014. According to a stipulation and post-trial filings, BP contends that 2.45 million barrels of oil were released into the Gulf of Mexico and the DOJ contends that a total of 4.2 million barrels were released. The MDL court has not issued a ruling on the questions that were the subject of the first two phases of the trial, although those rulings could be issued at any time.

Subsequent proceedings would be held to the extent triable issues remain unresolved by the first two phases of the trial, settlements, motion practice, or stipulation. Although the DOJ participated in the first two phases of the trial with regard to BP's conduct and the amount of hydrocarbons discharged from the well, the MDL court anticipates that the DOJ's civil action for the CWA violations, fines, and penalties will be addressed by the court in a third phase of the trial to the extent necessary.

Damages for the cases tried in the MDL proceeding, including punitive damages, are expected to be tried following the issuance of the MDL court's rulings regarding the phases of the trial described above. Under ordinary MDL procedures, such cases would, unless waived by the respective parties, be tried in the courts from which they were transferred into the MDL. It remains unclear, however, what impact the overlay of the Limitation Action will have on where these matters are tried. The judge has indicated that he intends for the State of Alabama's OPA compensatory damages claims against BP be tried as a test case.

We intend to vigorously defend any litigation, fines, and/or penalties relating to the Macondo well incident and to vigorously pursue any damages, remedies, or other rights available to us as a result of the Macondo well incident. We have incurred and expect to continue to incur significant legal fees and costs, some of which we expect to be covered by indemnity or insurance, as a result of the numerous investigations and lawsuits relating to the incident.

Indemnification and Insurance. Our contract with BP Exploration relating to the Macondo well generally provides for our indemnification by BP Exploration for certain potential claims and expenses relating to the Macondo well incident, including those resulting from pollution or contamination (other than claims by our employees, loss or damage to our property, and any pollution emanating directly from our equipment). Also, under our contract with BP Exploration, we have, among other things, generally agreed to indemnify BP Exploration and other contractors performing work on the well for claims for personal injury of our employees and subcontractors, as well as for damage to our property. In turn, we believe that BP Exploration was obligated to obtain agreement by other contractors performing work on the well to indemnify us for claims for personal injury of their employees or subcontractors, as well as for damages to their property. We have entered into separate indemnity agreements with Transocean and M-I Swaco, under which we have agreed to indemnify those parties for claims for personal injury of our employees and subcontractors and they have agreed to indemnify us for claims for personal injury of their employees and subcontractors.

In April 2011, we filed a lawsuit against BP Exploration in Harris County, Texas to enforce BP Exploration's contractual indemnity and alleging BP Exploration breached certain terms of the contractual indemnity provision. BP Exploration removed that lawsuit to federal court in the Southern District of Texas, Houston Division. We filed a motion to remand the case to Harris County, Texas, and the lawsuit was transferred to the MDL.

BP Exploration, in connection with filing its claims with respect to the MDL proceeding, asked that court to declare that it is not liable to us in contribution, indemnification, or otherwise with respect to liabilities arising from the Macondo well incident. Other defendants in the litigation discussed above have generally denied any obligation to contribute to any liabilities arising from the Macondo well incident.

In January 2012, the court in the MDL proceeding entered an order in response to our and BP's motions for summary judgment regarding certain indemnification matters. The court held that BP is required to indemnify us for third-party compensatory claims, or actual damages, that arise from pollution or contamination that did not originate from our property or equipment located above the surface of the land or water, even if we are found to be grossly negligent. The court did not express an opinion as to whether our conduct amounted to gross negligence, but we do not believe the performance of our services on the Deepwater Horizon constituted gross negligence. The court also held, however, that BP does not owe us indemnity for punitive damages or for civil penalties under the CWA, if any, and that fraud could void the indemnity on public policy grounds, although the court stated that it was mindful that mere failure to perform contractual obligations as promised does not constitute fraud. As discussed above, the DOJ is not seeking civil penalties from us under the CWA, but BP has filed a claim for equitable contribution against us with respect to its liabilities. The court in the MDL proceeding deferred ruling on whether our indemnification from BP covers penalties or fines under the OCSLA, whether our alleged breach of our contract with BP Exploration would invalidate the indemnity, and whether we committed an act that materially increased the risk to or prejudiced the rights of BP so as to invalidate the indemnity. We do not believe that we breached our contract with BP Exploration or committed an act that would otherwise invalidate the indemnity. The court's rulings will be subject to appeal at the appropriate time.

The rulings in the MDL proceeding regarding the indemnities are based on maritime law and may not bind the determination of similar issues in lawsuits not comprising a part of the MDL proceeding. Accordingly, it is possible that different conclusions with respect to indemnities will be reached by other courts.

Indemnification for criminal fines or penalties, if any, may not be available if a court were to find such indemnification unenforceable as against public policy. In addition, certain state laws, if deemed to apply, would not allow for enforcement of indemnification for gross negligence, and may not allow for enforcement of indemnification of persons who are found to be negligent with respect to personal injury claims.

In addition to the contractual indemnities discussed above, we have a general liability insurance program of $600 million. Our insurance is designed to cover claims by businesses and individuals made against us in the event of property damage, injury, or death and, among other things, claims relating to environmental damage, as well as legal fees incurred in defending against those claims. We have received and expect to continue to receive payments from our insurers with respect to covered legal fees incurred in connection with the Macondo well incident. Through December 31, 2013, we have incurred legal fees and related expenses of approximately $264 million, of which $235 million has been reimbursed under or is expected to be covered by our insurance program. To the extent we incur any losses beyond those covered by indemnification, there can be no assurance that our insurance policies will cover all potential claims and expenses relating to the Macondo well incident. In addition, we may not be insured with respect to civil or criminal fines or penalties, if any, pursuant to the terms of our insurance policies. Insurance coverage can be the subject of uncertainties and, particularly in the event of large claims, potential disputes with insurance carriers, as well as other potential parties claiming insured status under our insurance policies.

BP's public filings indicate that BP has recognized in excess of $40 billion in pre-tax charges, excluding offsets for settlement payments received from certain defendants in the proceedings described above under "Litigation," as a result of the Macondo well incident. BP's public filings also indicate that the amount of, among other things, certain natural resource damages with respect to certain OPA claims, some of which may be included in such charges, cannot be reliably estimated as of the dates of those filings.

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 Securities and Exchange Commission (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 was styled *Archdiocese of Milwaukee Supporting Fund (AMSF) v. Halliburton Company, et al*. AMSF has changed its name to Erica P. John Fund, Inc. (the Fund). 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 our 1998 acquisition of Dresser Industries, Inc., including that we failed to timely disclose the resulting asbestos liability exposure.

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

In September 2007, the Fund filed a motion for class certification, and our response was filed in November 2007. The district court held a hearing in March 2008, and issued an order November 3, 2008 denying the motion for class certification. The Fund appealed the district court’s order to the Fifth Circuit Court of Appeals. The Fifth Circuit affirmed the district court’s order denying class certification. On May 13, 2010, the Fund filed a writ of certiorari in the United States Supreme Court. In January 2011, the Supreme Court granted the writ of certiorari and accepted the appeal. The Court heard oral arguments in April 2011 and issued its decision in June 2011, reversing the Fifth Circuit ruling that the Fund needed to prove loss causation in order to obtain class certification. The Court’s ruling was limited to the Fifth Circuit’s loss causation requirement, and the case was returned to the Fifth Circuit for further consideration of our other arguments for denying class certification. The Fifth Circuit returned the case to the district court, and in January 2012 the court issued an order certifying the class. We filed a Petition for Leave to Appeal with the Fifth Circuit, which was granted. In April 2013, the Fifth Circuit issued an order affirming the District Court's order certifying the class.

We filed a writ of certiorari with the United States Supreme Court seeking an appeal of the Fifth Circuit decision. In November 2013, the Supreme Court granted our writ. Oral argument is scheduled to be held before the Supreme Court on March 5, 2014. Fact discovery in this case has resumed. We cannot predict the outcome or consequences of this case, which we intend to vigorously defend.

Investigations

We are conducting internal investigations of certain areas of our operations in Angola and Iraq, focusing on compliance with certain company policies, including our Code of Business Conduct (COBC), and the FCPA and other applicable laws.

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

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

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

We expect to continue to have discussions with the DOJ and the SEC regarding the Angola and Iraq matters described above and have indicated that we would further update them as our investigations progress. We have engaged outside counsel and independent forensic accountants to assist us with these investigations.

During the second quarter of 2013, we received a civil investigative demand from the Antitrust Division of the DOJ regarding pressure pumping services. We have engaged in discussions with the DOJ on this matter and have provided responses

to the DOJ's information requests. We understand there have been others in our industry who have received similar correspondence from the DOJ, and we do not believe that we are being singled out for any particular scrutiny.

We intend to continue to cooperate with the DOJ's and the SEC's inquiries and requests in these investigations. Because these investigations are ongoing, we cannot predict their outcome or the consequences thereof.

Environmental

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

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

In addition to the federal laws and regulations, states and other countries where we do business often have numerous environmental, legal, and regulatory requirements by which we must abide. We evaluate and address the environmental impact of our operations by assessing and remediating contaminated properties in order to avoid future liabilities and comply with environmental, legal, and regulatory requirements. Our Health, Safety, and Environment group has several programs in place to maintain environmental leadership and to help prevent the occurrence of environmental contamination. On occasion, in addition to the matters relating to the Macondo well incident described above, we are involved in other environmental litigation and claims, including the remediation of properties we own or have operated, as well as efforts to meet or correct compliance-related matters. We do not expect costs related to those claims and remediation requirements to have a material adverse effect on our liquidity, consolidated results of operations, or consolidated financial position. Excluding our loss contingency for the Macondo well incident, our accrued liabilities for environmental matters were $66 million as of December 31, 2013 and $72 million as of December 31, 2012. Because our estimated liability is typically within a range and our accrued liability may be the amount on the low end of that range, our actual liability could eventually be well in excess of the amount accrued. Our total liability related to environmental matters covers numerous properties.

In November 2012, we received an Enforcement Notice from the Pennsylvania Department of Environmental Protection (PADEP) regarding an alleged improper disposal of oil field acid in or around Homer City, Pennsylvania between 1999 and 2011. In February 2014, we agreed to resolve this matter for $2 million to settle the PADEP's claim for civil penalties.

Additionally, we have subsidiaries that have been named as potentially responsible parties along with other third parties for nine federal and state Superfund sites for which we have established reserves. As of December 31, 2013, those nine sites accounted for approximately $5 million of our $66 million total environmental reserve. Despite attempts to resolve these Superfund matters, the relevant regulatory agency may at any time bring suit against us for amounts in excess of the amount accrued. With respect to some Superfund sites, we have been named a potentially responsible party by a regulatory agency; however, in each of those cases, we do not believe we have any material liability. We also could be subject to third-party claims with respect to environmental matters for which we have been named as a potentially responsible party.

Guarantee arrangements

In the normal course of business, we have agreements with financial institutions under which approximately $2.1 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of December 31, 2013, including $192 million of surety bond guarantees related to our Venezuelan operations. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization.

Leases

We are party to numerous operating leases, principally for the use of land, offices, equipment, manufacturing and field facilities, and warehouses. Total rentals on our operating leases, net of sublease rentals, were $958 million in 2013, $850 million in 2012, and $735 million in 2011.

Future total rentals on our noncancellable operating leases are $946 million in the aggregate, which includes the following: $282 million in 2014; $215 million in 2015; $156 million in 2016; $83 million in 2017; $56 million in 2018; and $154 million thereafter.

Note 9. Income Taxes

The components of the (provision)/benefit for income taxes on continuing operations were:

	Year Ended December 31		
Millions of dollars	2013	2012	2011
Current income taxes:			
Federal	$ (245)	$ (695)	$ (1,026)
Foreign	(485)	(328)	(334)
State	(49)	(47)	(109)
Total current	(779)	(1,070)	(1,469)
Deferred income taxes:			
Federal	4	(168)	(28)
Foreign	125	15	57
State	2	(12)	1
Total deferred	131	(165)	30
Provision for income taxes	$ (648)	$ (1,235)	$ (1,439)

The United States and foreign components of income from continuing operations before income taxes were as follows:

	Year Ended December 31		
Millions of dollars	2013	2012	2011
United States	$ 1,070	$ 2,826	$ 4,040
Foreign	1,694	996	409
Total	$ 2,764	$ 3,822	$ 4,449

Reconciliations between the actual provision for income taxes on continuing operations and that computed by applying the United States statutory rate to income from continuing operations before income taxes were as follows:

	Year Ended December 31		
	2013	2012	2011
United States statutory rate	35.0 %	35.0 %	35.0 %
Impact of foreign income taxed at different rates	(9.3)	(2.5)	(0.5)
Domestic manufacturing deduction	(2.0)	(2.2)	(2.1)
State income taxes	1.7	1.6	1.6
Adjustments of prior year taxes	(1.3)	(0.6)	(1.5)
Other impact of foreign operations	(0.2)	(0.5)	(0.4)
Other items, net	(0.4)	1.5	0.2
Total effective tax rate on continuing operations	23.5 %	32.3 %	32.3 %

Our effective tax rate on continuing operations was 23.5% for 2013 and 32.3% for 2012 and 2011. The 2013 effective tax rate on continuing operations was positively impacted by several items during the year, including federal tax benefits of approximately $ 50 million due to the reinstatement of certain tax benefits and credits related to the first quarter enactment of the American Taxpayer Relief Act of 2012. Also contributing to the lower tax rate in 2013 was a $1.0 billion loss contingency related to the Macondo well incident, which was tax-effected at the United States statutory rate, as well as some favorable tax items in Latin America in the fourth quarter. Additionally, our effective tax rate was positively impacted by lower tax rates in certain foreign jurisdictions, as we continue to reposition our technology, supply chain, and manufacturing infrastructure to more effectively serve our customers internationally.

We have not provided United States income taxes and foreign withholding taxes on the undistributed earnings of foreign subsidiaries as of December 31, 2013 because we intend to permanently reinvest such earnings outside the United States. If these foreign earnings were to be repatriated in the future, the related United States tax liability may be reduced by any foreign income taxes previously paid on these earnings. As of December 31, 2013, the cumulative amount of earnings upon which United States income taxes have not been provided is approximately $6.1 billion. It is not practicable to estimate the amount of unrecognized deferred tax liability related to these earnings at this time.

The primary components of our deferred tax assets and liabilities were as follows:

Millions of dollars	December 31 2013	2012
Gross deferred tax assets:		
Net operating loss carryforwards	$ 481	$ 474
Accrued liabilities	600	329
Employee compensation and benefits	351	375
Other	162	160
Total gross deferred tax assets	1,594	1,338
Gross deferred tax liabilities:		
Depreciation and amortization	1,185	859
Other	81	137
Total gross deferred tax liabilities	1,266	996
Valuation allowances – net operating loss carryforwards	374	395
Net deferred income tax asset (liability)	$ (46)	$ (53)

At December 31, 2013, we had $1.6 billion of net operating loss carryforwards, of which $161 million will expire from 2014 through 2017, $295 million will expire from 2018 through 2022, and $53 million will expire from 2023 through 2033. The remaining balance will not expire.

The following table presents a rollforward of our unrecognized tax benefits and associated interest and penalties.

Millions of dollars	Unrecognized Tax Benefits	Interest and Penalties
Balance at January 1, 2011	$ 177	$ 32
Change in prior year tax positions	38	41
Change in current year tax positions	5	1
Cash settlements with taxing authorities	(12)	(3)
Lapse of statute of limitations	(3)	(2)
Balance at December 31, 2011	$ 205	$ 69
Change in prior year tax positions	16	(1)
Change in current year tax positions	14	1
Cash settlements with taxing authorities	(3)	—
Lapse of statute of limitations	(4)	(1)
Balance at December 31, 2012	$ 228 (a)	$ 68
Change in prior year tax positions	(53)	(9)
Change in current year tax positions	30	1
Cash settlements with taxing authorities	(21)	(17)
Lapse of statute of limitations	(9)	(9)
Balance at December 31, 2013	$ 175 (a)(b)	$ 34

(a) Includes $27 million as of December 31, 2013 and $59 million as of December 31, 2012 in foreign unrecognized tax benefits that would give rise to a United States tax credit. The remaining balance of $138 million, which excludes $10 million of unrecognized tax benefits covered by an indemnification asset, as of December 31, 2013 and $169 million as of December 31, 2012, if resolved in our favor, would positively impact the effective tax rate and, therefore, be recognized as additional tax benefits in our statement of operations.

(b) Includes $3 million that could be resolved within the next 12 months.

We file income tax returns in the United States federal jurisdiction and in various states and foreign jurisdictions. In most cases, we are no longer subject to state, local, or non-United States income tax examination by tax authorities for years before 2005. Tax filings of our subsidiaries, unconsolidated affiliates, and related entities are routinely examined in the normal course of business by tax authorities. Currently, our United States federal tax filings for the tax year 2012 is open for review, 2003 through 2009 are under appeal for tax items not agreed, and 2010 through 2011 are under examination by the Internal Revenue Service. During 2013, the Congressional Joint Committee on Taxation approved a $135 million income tax refund, excluding interest, to us for tax items agreed upon for the tax years 2003 through 2009.

Note 10. Shareholders' Equity

Shares of common stock

The following table summarizes total shares of common stock outstanding:

	December 31	
Millions of shares	2013	2012
Issued	1,072	1,073
In treasury	(223)	(144)
Total shares of common stock outstanding	849	929

In July 2013, our Board of Directors increased the authorization to purchase Halliburton common stock under our stock repurchase program by $4.3 billion, to a new total repurchase capacity of $5.0 billion. In August 2013, we repurchased approximately 68 million shares of our common stock for an aggregate cost of $3.3 billion at a purchase price of $48.50 per share, excluding fees and expenses, pursuant to a modified Dutch auction cash tender offer. Including the shares purchased pursuant to the tender offer, during the year ended December 31, 2013, we repurchased approximately 93 million shares of our common stock for a total cost of approximately $4.4 billion at an average price of $47.02 per share.

As of December 31, 2013, approximately $1.7 billion of purchase authorization remained available under the stock repurchase program. The program does not require a specific number of shares to be purchased and the program may be effected through solicited or unsolicited transactions in the market or in privately negotiated transactions. The program may be terminated or suspended at any time. From the inception of this program in February 2006 through December 31, 2013, we repurchased approximately 188 million shares of our common stock for approximately $7.6 billion at an average price per share of $40.52.

Preferred stock

Our preferred stock consists of five million total authorized shares at December 31, 2013, of which none are issued.

Accumulated other comprehensive loss

Accumulated other comprehensive loss consisted of the following:

	December 31	
Millions of dollars	2013	2012
Defined benefit and other postretirement liability adjustments (a)	$ (241)	$ (241)
Cumulative translation adjustment	(69)	(69)
Other	3	1
Total accumulated other comprehensive loss	$ (307)	$ (309)

(a) Included net actuarial losses for our international pension plans of $222 million at December 31, 2013 and $208 million at December 31, 2012.

Amounts reclassified out of accumulated other comprehensive loss and the tax effects allocated to each component of other comprehensive income were not material for the year ended December 31, 2013 or 2012.

Note 11. Stock-based Compensation

The following table summarizes stock-based compensation costs for the years ended December 31, 2013, 2012, and 2011.

	Year Ended December 31		
Millions of dollars	2013	2012	2011
Stock-based compensation cost	$ 264	$ 217	$ 198
Tax benefit	(81)	(67)	(61)
Stock-based compensation cost, net of tax	$ 183	$ 150	$ 137

Our Stock and Incentive Plan, as amended (Stock Plan), provides for the grant of any or all of the following types of stock-based awards:

- stock options, including incentive stock options and nonqualified stock options;
- restricted stock awards;
- restricted stock unit awards;
- stock appreciation rights; and
- stock value equivalent awards.

There are currently no stock appreciation rights, stock value equivalent awards, or incentive stock options outstanding.

Under the terms of the Stock Plan, approximately 172 million shares of common stock have been reserved for issuance to employees and non-employee directors. At December 31, 2013, approximately 28 million shares were available for future grants under the Stock Plan. The stock to be offered pursuant to the grant of an award under the Stock Plan may be authorized but unissued common shares or treasury shares.

In addition to the provisions of the Stock Plan, we also have stock-based compensation provisions under our Restricted Stock Plan for Non-Employee Directors and our Employee Stock Purchase Plan (ESPP).

Each of the active stock-based compensation arrangements is discussed below.

Stock options

The majority of our options are generally issued during the second quarter of the year. All stock options under the Stock Plan are granted at the fair market value of our common stock at the grant date. Employee stock options vest ratably over a three- or four-year period and generally expire 10 years from the grant date. Compensation expense for stock options is generally recognized on a straight line basis over the entire vesting period. No further stock option grants are being made under the stock plans of acquired companies.

The following table represents our stock options activity during 2013.

	Number of Shares (in millions)	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2013	18.1	$ 32.23		
Granted	5.4	43.06		
Exercised	(4.7)	27.35		
Forfeited/expired	(0.7)	37.37		
Outstanding at December 31, 2013	18.1	$ 36.57	7.1	$ 256
Exercisable at December 31, 2013	9.0	$ 33.48	5.3	$ 156

The total intrinsic value of options exercised was $93 million in 2013, $12 million in 2012, and $102 million in 2011. As of December 31, 2013, there was $83 million of unrecognized compensation cost, net of estimated forfeitures, related to nonvested stock options, which is expected to be recognized over a weighted average period of approximately two years.

Cash received from option exercises was $277 million during 2013, $107 million during 2012, and $160 million during 2011.

The fair value of options at the date of grant was estimated using the Black-Scholes option pricing model. The expected volatility of options granted was a blended rate based upon implied volatility calculated on actively traded options on our common stock and upon the historical volatility of our common stock. The expected term of options granted was based upon historical observation of actual time elapsed between date of grant and exercise of options for all employees. The assumptions and resulting fair values of options granted were as follows:

	Year Ended December 31		
	2013	2012	2011
Expected term (in years)	5.27	5.21	5.20
Expected volatility	40%	46%	40%
Expected dividend yield	0.94 - 1.33%	0.99 – 1.24%	0.69 – 1.01%
Risk-free interest rate	0.77 - 1.73%	0.65 – 1.15%	0.93 – 2.29%
Weighted average grant-date fair value per share	$14.34	$11.99	$15.61

Restricted stock

Restricted shares issued under the Stock Plan are restricted as to sale or disposition. These restrictions lapse periodically over an extended period of time not exceeding 10 years. Restrictions may also lapse for early retirement and other conditions in accordance with our established policies. Upon termination of employment, shares on which restrictions have not lapsed must be returned to us, resulting in restricted stock forfeitures. The fair market value of the stock on the date of grant is amortized and charged to income on a straight-line basis over the requisite service period for the entire award.

Our Restricted Stock Plan for Non-Employee Directors (Directors Plan) allows for each non-employee director to receive an annual award of 800 restricted shares of common stock or, beginning in 2012, an annual award of 800 restricted stock units representing the right to receive shares of common stock as a part of their compensation. These awards have a minimum restriction period of six months, and, with respect to the restricted share awards, the restrictions lapse upon the earlier of mandatory director retirement at age 72 or early retirement from the Board after four years of service. With respect to the restricted stock unit awards, the restrictions lapse 25% annually over four years of service. If the non-employee director has made a timely election to defer receipt of the shares upon vesting, then the shares are distributed at the end of January in the year following the year of the non-employee director's mandatory retirement at age 72 or early retirement from the Board after four years of service in a single distribution or in annual installments over a 5- or 10-year period as elected by the director.

The fair market value of the stock on the date of grant is amortized over the lesser of the time from the grant date to age 72 or the time from the grant date to completion of four years of service on the Board. We reserved 200,000 shares of common stock for issuance to non-employee directors, which may be authorized but unissued common shares or treasury shares. At December 31, 2013, 39,200 restricted shares and 13,506 restricted stock units were issued and outstanding under the Directors Plan. In addition, during 2013, our non-employee directors were awarded 29,797 restricted stock units under the Stock Plan with the same terms and conditions as those described above for the Directors Plan.

The following table represents our Stock Plan and Directors Plan restricted stock awards and restricted stock units granted, vested, and forfeited during 2013.

	Number of Shares (in millions)	Weighted Average Grant-Date Fair Value per Share
Nonvested shares at January 1, 2013	14.8	$ 33.17
Granted	6.6	42.93
Vested	(4.7)	32.14
Forfeited	(1.0)	35.65
Nonvested shares at December 31, 2013	15.7	$ 37.43

The weighted average grant-date fair value of shares granted during 2012 was $32.17 and during 2011 was $43.35. The total fair value of shares vested during 2013 was $208 million, during 2012 was $126 million, and during 2011 was $165 million. As of December 31, 2013, there was $420 million of unrecognized compensation cost, net of estimated forfeitures, related to nonvested restricted stock, which is expected to be recognized over a weighted average period of four years.

Employee Stock Purchase Plan

Under the ESPP, eligible employees may have up to 10% of their earnings withheld, subject to some limitations, to be used to purchase shares of our common stock. For the years ended December 31, 2012 and 2011, the ESPP contained two six-month offering periods commencing on January 1 and July 1. Beginning in 2013, the ESPP contained four three-month offering periods commencing on January 1, April 1, July 1, and October 1 of each year. The price at which common stock may be purchased under the ESPP is equal to 85% of the lower of the fair market value of the common stock on the commencement date or last trading day of each offering period. Under this plan, 44 million shares of common stock have been reserved for issuance. The stock to be offered may be authorized but unissued common shares or treasury shares. As of December 31, 2013, 33 million shares have been sold through the ESPP and 11 million shares are available for future issuance.

The fair value of ESPP shares was estimated using the Black-Scholes option pricing model. The expected volatility was a one-year historical volatility of our common stock. The assumptions and resulting fair values were as follows:

	Year Ended December 31		
	2013	2012	2011
Expected volatility	27%	49%	38%
Expected dividend yield	1.12%	1.16%	0.78%
Risk-free interest rate	0.06%	0.11%	0.14%
Weighted average grant-date fair value per share	$ 8.40	$ 8.93	$ 11.88

Note 12. 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. Differences between basic and diluted weighted average common shares outstanding for all periods presented resulted from the dilutive effect of awards granted under our stock incentive plans.

Excluded from the computation of diluted income per share are options to purchase three million shares of common stock that were outstanding in 2013, seven million shares of common stock that were outstanding in 2012, and three million shares of common stock that were outstanding in 2011. These options were outstanding during these years but were excluded because they were antidilutive, as the option exercise price was greater than the average market price of the common shares.

Note 13. Financial Instruments and Risk Management

At December 31, 2013, we held $373 million of investments in fixed income securities with maturities that extend through November 2016 compared to $398 million of investments in fixed income securities held at December 31, 2012. These securities are accounted for as available-for-sale and recorded at fair value as follows:

	December 31, 2013			December 31, 2012		
Millions of dollars	Level 1	Level 2	Total	Level 1	Level 2	Total
Fixed Income Securities:						
U.S. treasuries (a)	$ 100	—	$ 100	$ 150	$ —	$ 150
Other (b)	—	273	273	—	248	248
Total	$ 100	$ 273	$ 373	$ 150	$ 248	$ 398

(a) These securities are classified as "Other current assets" in our consolidated balance sheets.

(b) Of these securities, $139 million are classified as “Other current assets” and $134 million are classified as “Other assets” on our consolidated balance sheets as of December 31, 2013, compared to $120 million classified as "Other current assets" and $128 million classified as "Other assets" as of December 31, 2012. These securities consist primarily of municipal bonds, corporate bonds, and other debt instruments.

Our Level 1 asset fair values are based on quoted prices in active markets and our Level 2 asset fair values are based on quoted prices for identical assets in less active markets. We have no financial instruments measured at fair value using unobservable inputs (Level 3). The carrying amount of cash and equivalents, receivables, and accounts payable, as reflected in the consolidated balance sheets, approximates fair value due to the short maturities of these instruments.

The carrying amount and fair value of our long-term debt is as follows:

	December 31, 2013				December 31, 2012			
Millions of dollars	Level 1	Level 2	Total fair value	Carrying value	Level 1	Level 2	Total fair value	Carrying value
Long-term debt	$ 8,405	$ 292	$ 8,697	$ 7,816	$ 1,112	$ 5,272	$ 6,384	$ 4,820

Our Level 1 debt fair values are calculated using quoted prices in active markets for identical liabilities with transactions occurring on the last two days of year-end. Our Level 2 debt fair values are calculated using significant observable inputs for similar liabilities where estimated values are determined from observable data points on our other bonds and on other similarly rated corporate debt or from observable data points of transactions occurring prior to two days from year-end and adjusting for changes in market conditions. We have no debt measured at fair value using unobservable inputs (Level 3).

We are exposed to market risk from changes in foreign currency exchange rates and interest rates. We selectively manage these exposures through the use of derivative instruments, including forward foreign exchange contracts, foreign exchange options, and interest rate swaps. The objective of our risk management strategy is to minimize the volatility from fluctuations in foreign currency and interest rates. We do not use derivative instruments for trading purposes. The fair value of our forward contracts, options, and interest rate swaps was not material as of December 31, 2013 or December 31, 2012. The counterparties to our derivatives are global commercial and investment banks.

Foreign currency exchange risk

We have operations in many international locations and are involved in transactions denominated in currencies other than the United States dollar, our functional currency, which exposes us to foreign currency exchange rate risk. Techniques in managing foreign currency exchange risk include, but are not limited to, foreign currency borrowing and investing and the use of currency exchange instruments, some of which are designed to mitigate the impact of foreign currency risks related to the Venezuelan bolívar. We attempt to selectively manage significant exposures to potential foreign currency exchange losses based on current market conditions, future operating activities, and the associated cost in relation to the perceived risk of loss. The purpose of our foreign currency risk management activities is to minimize the risk that our cash flows from the sale and purchase of services and products in foreign currencies will be adversely affected by changes in exchange rates.

We use forward contracts and options to manage our exposure to fluctuations in the currencies of the countries in which we do the majority of our international business. These instruments are not treated as hedges for accounting purposes, generally have an expiration date of one year or less, and are not exchange traded. While these instruments are subject to fluctuations in value, the fluctuations are generally offset by the value of the underlying exposures being managed. The use of some of these instruments may limit our ability to benefit from favorable fluctuations in foreign currency exchange rates.

Derivatives are not utilized to manage exposures in some currencies due primarily to the lack of available markets or cost considerations (non-traded currencies). We attempt to manage our working capital position to minimize foreign currency exposure in non-traded currencies and recognize that pricing for the services and products offered in these countries should account for the cost of exchange rate devaluations. We have historically incurred transaction losses in non-traded currencies.

The notional amounts of open foreign exchange derivatives were $769 million at December 31, 2013 and $324 million at December 31, 2012. The notional amounts of these instruments do not generally represent amounts exchanged by the parties, and thus are not a measure of our exposure or of the cash requirements related to these contracts. As such, cash flows related to these contracts are typically not material. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the contracts, such as exchange rates.

Interest rate risk

We are subject to interest rate risk on our long-term debt and some of our long-term investments in fixed income securities. Our short-term borrowings and short-term investments in fixed income securities do not give rise to significant interest rate risk due to their short-term nature. We had fixed rate long-term debt totaling $7.8 billion at December 31, 2013 and $4.8 billion at December 31, 2012, with none maturing before 2016. We also had $134 million of long-term investments in fixed income securities at December 31, 2013 with maturities that extend through November 2016.

We maintain an interest rate management strategy that is intended to mitigate the exposure to changes in interest rates in the aggregate for our investment portfolio. We hold a series of interest rate swaps relating to three of our debt instruments with a total notional amount of $1.5 billion at a weighted-average, LIBOR-based, floating rate of 3.8% as of December 31, 2013. We utilize interest rate swaps to effectively convert a portion of our fixed rate debt to floating rates. These interest rate swaps, which expire when the underlying debt matures, are designated as fair value hedges of the underlying debt and are determined to be highly effective. The fair value of our interest rate swaps is included in “Other assets” in our consolidated balance sheets as of December 31, 2013 and December 31, 2012. The fair value of our interest rate swaps was determined using an income approach model with inputs, such as the notional amount, LIBOR rate spread, and settlement terms that are observable in the market or can be derived from or corroborated by observable data (Level 2). These derivative instruments are marked to market with gains and losses recognized currently in interest expense to offset the respective gains and losses recognized on changes in the fair value of the hedged debt. At December 31, 2013, we had fixed rate debt aggregating $6.3 billion and variable rate debt aggregating $1.5 billion, after taking into account the effects of the interest rate swaps.

Credit risk

Financial instruments that potentially subject us to concentrations of credit risk are primarily cash equivalents, investments in fixed income securities, and trade receivables. It is our practice to place our cash equivalents and investments in fixed income securities in high quality investments with various institutions. We derive the majority of our revenue from selling products and providing services to the energy industry. Within the energy industry, our trade receivables are generated from a broad and diverse group of customers. As of December 31, 2013, 34% of our gross trade receivables were in the United States and 8% were in Venezuela, compared to 36% in the United States and 9% in Venezuela at December 31, 2012. We maintain an allowance for losses based upon the expected collectability of all trade accounts receivable.

We do not have any significant concentrations of credit risk with any individual counterparty to our derivative contracts. We select counterparties to those contracts based on our belief that each counterparty’s profitability, balance sheet, and capacity for timely payment of financial commitments is unlikely to be materially adversely affected by foreseeable events.

Note 14. Retirement Plans

Our company and subsidiaries have various plans that cover a significant number of our employees. These plans include defined contribution plans, defined benefit plans, and other postretirement plans:

- our defined contribution plans provide retirement benefits in return for services rendered. These plans provide an individual account for each participant and have terms that specify how contributions to the participant's account are to be determined rather than the amount of pension benefits the participant is to receive. Contributions to these plans are based on pretax income and/or discretionary amounts determined on an annual basis. Our expense for the defined contribution plans for continuing operations totaled $313 million in 2013, $293 million in 2012, and $245 million in 2011;
- our defined benefit plans, which include both funded and unfunded pension plans, define an amount of pension benefit to be provided, usually as a function of age, years of service, and/or compensation. The unfunded obligations and net periodic benefit cost of our United States defined benefit plans were not material for the periods presented; and
- our postretirement plans other than pensions are offered to specific eligible employees. The accumulated benefit obligations and net periodic benefit cost for these plans were not material for the periods presented.

Funded status

For our international pension plans, at December 31, 2013, the projected benefit obligation was $1.2 billion and the fair value of plan assets was $887 million, which resulted in an unfunded obligation of $268 million. At December 31, 2012, the projected benefit obligation was $1.0 billion and the fair value of plan assets was $754 million, which resulted in an unfunded obligation of $276 million. The accumulated benefit obligation for our international plans was $1.1 billion at December 31, 2013 and $961 million at December 31, 2012.

The following table presents additional information about our international pension plans.

	December 31	
Millions of dollars	2013	2012
Amounts recognized on the Consolidated Balance Sheets		
Accrued employee compensation and benefits	$ 17	$ 10
Employee compensation and benefits	251	266
Pension plans in which projected benefit obligation exceeded plan assets		
Projected benefit obligation	$ 1,123	$ 1,004
Fair value of plan assets	854	727
Pension plans in which accumulated benefit obligation exceeded plan assets		
Accumulated benefit obligation	$ 1,046	$ 935
Fair value of plan assets	854	726

Fair value measurements of plan assets

The following table sets forth by level within the fair value hierarchy the fair value of assets held by our international pension plans.

Millions of dollars		Level 1	Level 2	Level 3	Total
Common/collective trust funds (a)					
Equity funds	$	— $	247 $	— $	247
Bond funds		—	118	—	118
Balanced funds		—	13	—	13
Non-United States equity securities		165	—	—	165
United States equity securities		139	—	—	139
Corporate bonds		—	110	—	110
Other assets		2	59	34	95
Fair value of plan assets at December 31, 2013	$	306 $	547 $	34 $	887
Common/collective trust funds (a)					
Equity funds	$	— $	204 $	— $	204
Bond funds		—	112	—	112
Balanced funds		—	13	—	13
Non-United States equity securities		130	—	—	130
United States equity securities		110	—	—	110
Corporate bonds		—	107	—	107
Other assets		27	16	35	78
Fair value of plan assets at December 31, 2012	$	267 $	452 $	35 $	754

(a) Strategies are generally to invest in equity or debt securities, or a combination thereof, that match or outperform certain predefined indices.

Our Level 1 plan asset fair values are based on quoted prices in active markets for identical assets, our Level 2 plan asset fair values are based on significant observable inputs for similar assets, and our Level 3 plan asset fair values are based on significant unobservable inputs.

Equity securities are traded in active markets and valued based on their quoted fair value by independent pricing vendors. Corporate bonds are valued using quotes from independent pricing vendors based on recent trading activity and other relevant information, including other observable inputs such as market interest rate curves, referenced credit spreads, and estimated prepayment rates. Common/collective trust funds are valued at the net asset value of units held by the plans at year-end.

Our investment strategy varies by country depending on the circumstances of the underlying plan. Typically, less mature plan benefit obligations are funded by using more equity securities, as they are expected to achieve long-term growth while exceeding inflation. More mature plan benefit obligations are funded using more fixed income securities, as they are expected to produce current income with limited volatility. The fixed income allocation is generally invested with a similar maturity profile to that of the benefit obligations to ensure that changes in interest rates are adequately reflected in the assets of the plan. Risk management practices include diversification by issuer, industry, and geography, as well as the use of multiple asset classes and investment managers within each asset class.

For our United Kingdom pension plan, which constituted 81% of our international pension plans' projected benefit obligation at December 31, 2013, the target asset allocation during 2013 and 2012 was 65% equity securities and 35% fixed income securities. Beginning in 2014, we are implementing a de-risking program intended to improve the funded status, with the plan's assets increasingly invested over time in low-risk fixed income securities.

Net periodic benefit cost

Net periodic benefit cost for our international pension plans was $32 million in 2013, $26 million in 2012, and $27 million in 2011.

Actuarial assumptions

Certain weighted-average actuarial assumptions used to determine benefit obligations of our international pension plans at December 31 were as follows:

	2013	2012
Discount rate	4.8%	4.8%
Rate of compensation increase	5.5%	5.5%

Certain weighted-average actuarial assumptions used to determine net periodic benefit cost of our international pension plans for the years ended December 31 were as follows:

	2013	2012	2011
Discount rate	4.8%	5.2%	7.1%
Expected long-term return on plan assets	6.4%	6.5%	5.7%
Rate of compensation increase	5.5%	5.4%	6.2%

Assumed long-term rates of return on plan assets, discount rates for estimating benefit obligations, and rates of compensation increases vary by plan according to local economic conditions. Discount rates were determined based on the prevailing market rates of a portfolio of high-quality debt instruments with maturities matching the expected timing of the payment of the benefit obligations. Expected long-term rates of return on plan assets were determined based upon an evaluation of our plan assets and historical trends and experience, taking into account current and expected market conditions.

Other information

Contributions. Funding requirements for each plan are determined based on the local laws of the country where such plan resides. In certain countries the funding requirements are mandatory, while in other countries they are discretionary. We currently expect to contribute $17 million to our international pension plans in 2014.

Benefit payments. Expected benefit payments over the next 10 years are approximately $40 million annually for our international pension plans.

Note 15. Accounting Standards Recently Adopted

In February 2013, the Financial Accounting Standards Board issued an update to existing guidance on the presentation of comprehensive income. This update requires companies to report the effect of significant reclassifications out of accumulated other comprehensive income (AOCI) by component. For significant items reclassified out of AOCI to net income in their entirety during the reporting period, companies must report the effect on the line items in the statement where net income is presented. For significant items not reclassified to net income in their entirety during the period, companies must provide cross-references in the notes to other disclosures that already provide information about those amounts. We adopted this update effective January 1, 2013, and it did not have a material impact on our consolidated financial statements.

HALLIBURTON COMPANY
Selected Financial Data
(Unaudited)

Millions of dollars and shares except per share and employee data	Year ended December 31 2013	2012	2011	2010	2009
Total revenue	$ 29,402	$ 28,503	$ 24,829	$ 17,973	$ 14,675
Total operating income	$ 3,138	$ 4,159	$ 4,737	$ 3,009	$ 1,994
Nonoperating expense, net	(374)	(337)	(288)	(354)	(312)
Income from continuing operations before income taxes	2,764	3,822	4,449	2,655	1,682
Provision for income taxes	(648)	(1,235)	(1,439)	(853)	(518)
Income from continuing operations	$ 2,116	$ 2,587	$ 3,010	$ 1,802	$ 1,164
Income (loss) from discontinued operations, net	19	58	(166)	40	(9)
Net income	$ 2,135	$ 2,645	$ 2,844	$ 1,842	$ 1,155
Noncontrolling interest in net income of subsidiaries	(10)	(10)	(5)	(7)	(10)
Net income attributable to company	$ 2,125	$ 2,635	$ 2,839	$ 1,835	$ 1,145
Amounts attributable to company shareholders:					
Income from continuing operations	$ 2,106	$ 2,577	$ 3,005	$ 1,795	$ 1,154
Income (loss) from discontinued operations, net	19	58	(166)	40	(9)
Net income	2,125	2,635	2,839	1,835	1,145
Basic income per share attributable to shareholders:					
Income from continuing operations	$ 2.35	$ 2.78	$ 3.27	$ 1.98	$ 1.28
Net income	2.37	2.85	3.09	2.02	1.27
Diluted income per share attributable to shareholders:					
Income from continuing operations	2.33	2.78	3.26	1.97	1.28
Net income	2.36	2.84	3.08	2.01	1.27
Cash dividends per share	0.525	0.36	0.36	0.36	0.36
Return on average shareholders’ equity	14.45%	18.17%	24.06%	19.17%	13.88%
Financial position:					
Net working capital	$ 8,678	$ 8,334	$ 7,456	$ 6,129	$ 5,749
Total assets	29,223	27,410	23,677	18,297	16,538
Property, plant, and equipment, net	11,322	10,257	8,492	6,842	5,759
Long-term debt (including current maturities)	7,816	4,820	4,820	3,824	4,574
Total shareholders’ equity	13,615	15,790	13,216	10,387	8,757
Total capitalization	21,569	20,764	18,097	14,241	13,331
Basic weighted average common shares outstanding	898	926	918	908	900
Diluted weighted average common shares outstanding	902	928	922	911	902
Other financial data:					
Capital expenditures	$ 2,934	$ 3,566	$ 2,953	$ 2,069	$ 1,864
Long-term borrowings (repayments), net	2,968	—	978	(790)	1,944
Depreciation, depletion, and amortization	1,900	1,628	1,359	1,119	931
Payroll and employee benefits	8,421	7,722	6,756	5,370	4,783
Number of employees	77,000	73,000	68,000	58,000	51,000

HALLIBURTON COMPANY
Quarterly Data and Market Price Information
(Unaudited)

Millions of dollars except per share data	Quarter				
	First [1]	Second	Third	Fourth	Year
2013					
Revenue	$ 6,974	$ 7,317	$ 7,472	$ 7,639	$ 29,402
Operating income (loss)	(98)	984	1,108	1,144	3,138
Net income (loss)	(16)	648	708	795	2,135
Amounts attributable to company shareholders:					
Income (loss) from continuing operations	(13)	642	707	770	2,106
Income (loss) from discontinued operations	(5)	2	(1)	23	19
Net income (loss) attributable to company	(18)	644	706	793	2,125
Basic income per share attributable to company shareholders:					
Income (loss) from continuing operations	(0.01)	0.69	0.79	0.91	2.35
Income (loss) from discontinued operations	(0.01)	0.01	—	0.02	0.02
Net income (loss)	(0.02)	0.70	0.79	0.93	2.37
Diluted income per share attributable to company shareholders:					
Income (loss) from continuing operations	(0.01)	0.69	0.79	0.90	2.33
Income (loss) from discontinued operations	(0.01)	—	—	0.03	0.03
Net income (loss)	(0.02)	0.69	0.79	0.93	2.36
Cash dividends paid per share	0.125	0.125	0.125	0.15	0.525
Common stock prices [2]					
High	43.96	45.75	50.50	56.52	56.52
Low	35.07	36.77	41.86	47.99	35.07
2012					
Revenue	$ 6,868	$ 7,234	$ 7,111	$ 7,290	$ 28,503
Operating income	1,023	1,201	954	981	4,159
Net income	630	739	604	672	2,645
Amounts attributable to company shareholders:					
Income from continuing operations	635	745	608	589	2,577
Income (loss) from discontinued operations	(8)	(8)	(6)	80	58
Net income attributable to company	627	737	602	669	2,635
Basic income per share attributable to company shareholders:					
Income from continuing operations	0.69	0.81	0.66	0.63	2.78
Income (loss) from discontinued operations	(0.01)	(0.01)	(0.01)	0.09	0.07
Net income	0.68	0.80	0.65	0.72	2.85
Diluted income per share attributable to company shareholders:					
Income from continuing operations	0.69	0.80	0.65	0.63	2.78
Income (loss) from discontinued operations	(0.01)	(0.01)	—	0.09	0.06
Net income	0.68	0.79	0.65	0.72	2.84
Cash dividends paid per share	0.09	0.09	0.09	0.09	0.36
Common stock prices [2]					
High	39.19	35.32	38.00	36.00	39.19
Low	32.02	26.28	27.62	29.83	26.28

(1) Includes a $1.0 billion, pre-tax, charge in the first quarter of 2013, and a $300 million, pre-tax, charge in the first quarter of 2012 related to the Macondo well incident.
(2) New York Stock Exchange – composite transactions high and low intraday price.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance.

The information required for the directors of the Registrant is incorporated by reference to the Halliburton Company Proxy Statement for our 2014 Annual Meeting of Stockholders (File No. 001-03492) under the captions "Election of Directors" and "Involvement in Certain Legal Proceedings." The information required for the executive officers of the Registrant is included under Part I on pages 3 through 4 of this annual report. The information required for a delinquent form required under Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference to the Halliburton Company Proxy Statement for our 2014 Annual Meeting of Stockholders (File No. 001-03492) under the caption "Section 16(a) Beneficial Ownership Reporting Compliance," to the extent any disclosure is required. The information for our code of ethics is incorporated by reference to the Halliburton Company Proxy Statement for our 2014 Annual Meeting of Stockholders (File No. 001-03492) under the caption "Corporate Governance." The information regarding our Audit Committee and the independence of its members, along with information about the audit committee financial expert(s) serving on the Audit Committee, is incorporated by reference to the Halliburton Company Proxy Statement for our 2014 Annual Meeting of Stockholders (File No. 001-03492) under the caption "The Board of Directors and Standing Committees of Directors."

Item 11. Executive Compensation.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2014 Annual Meeting of Stockholders (File No. 001-03492) under the captions "Compensation Discussion and Analysis," "Compensation Committee Report," "Summary Compensation Table," "Grants of Plan-Based Awards in Fiscal 2013," "Outstanding Equity Awards at Fiscal Year End 2013," "2013 Option Exercises and Stock Vested," "2013 Nonqualified Deferred Compensation," "Employment Contracts and Change-in-Control Arrangements," "Post-Termination or Change-in-Control Payments," "Equity Compensation Plan Information," and "Directors' Compensation."

Item 12(a). Security Ownership of Certain Beneficial Owners.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2014 Annual Meeting of Stockholders (File No. 001-03492) under the caption "Stock Ownership of Certain Beneficial Owners and Management."

Item 12(b). Security Ownership of Management.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2014 Annual Meeting of Stockholders (File No. 001-03492) under the caption "Stock Ownership of Certain Beneficial Owners and Management."

Item 12(c). Changes in Control.

Not applicable.

Item 12(d). Securities Authorized for Issuance Under Equity Compensation Plans.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2014 Annual Meeting of Stockholders (File No. 001-03492) under the caption "Equity Compensation Plan Information."

Item 13. Certain Relationships and Related Transactions, and Director Independence.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2014 Annual Meeting of Stockholders (File No. 001-03492) under the caption "Corporate Governance" to the extent any disclosure is required and under the caption "The Board of Directors and Standing Committees of Directors."

Item 14. Principal Accounting Fees and Services.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2014 Annual Meeting of Stockholders (File No. 001-03492) under the caption "Fees Paid to KPMG LLP."

PART IV

Item 15. Exhibits.

1. Financial Statements:
The reports of the Independent Registered Public Accounting Firm and the financial statements of Halliburton Company as required by Part II, Item 8, are included on pages 40 and 41 and pages 42 through 72 of this annual report. See index on page (i).

2. Financial Statement Schedules:
The schedules listed in Rule 5-04 of Regulation S-X (17 CFR 210.5-04) have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits:

Exhibit Number	Exhibits
3.1	Restated Certificate of Incorporation of Halliburton Company filed with the Secretary of State of Delaware on May 30, 2006 (incorporated by reference to Exhibit 3.1 to Halliburton's Form 8-K filed June 5, 2006, File No. 001-03492).
3.2	By-laws of Halliburton Company revised effective July 18, 2013 (incorporated by reference to Exhibit 3.1 to Halliburton's Form 8-K filed July 19, 2013, File No. 001-03492).
4.1	Form of debt security of 8.75% Debentures due February 12, 2021 (incorporated by reference to Exhibit 4(a) to the Form 8-K of Halliburton Company, now known as Halliburton Energy Services, Inc. (the Predecessor), dated as of February 20, 1991, File No. 001-03492).
4.2	Senior Indenture dated as of January 2, 1991 between the Predecessor and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee (incorporated by reference to Exhibit 4(b) to the Predecessor's Registration Statement on Form S-3 (Registration No. 33-38394) originally filed with the Securities and Exchange Commission on December 21, 1990), as supplemented and amended by the First Supplemental Indenture dated as of December 12, 1996 among the Predecessor, Halliburton and the Trustee (incorporated by reference to Exhibit 4.1 of Halliburton's Registration Statement on Form 8-B dated December 12, 1996, File No. 001-03492).
4.3	Resolutions of the Predecessor's Board of Directors adopted at a meeting held on February 11, 1991 and of the special pricing committee of the Board of Directors of the Predecessor adopted at a meeting held on February 11, 1991 and the special pricing committee's consent in lieu of meeting dated February 12, 1991 (incorporated by reference to Exhibit 4(c) to the Predecessor's Form 8-K dated as of February 20, 1991, File No. 001-03492).
4.4	Second Senior Indenture dated as of December 1, 1996 between the Predecessor and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee, as supplemented and amended by the First Supplemental Indenture dated as of December 5, 1996 between the Predecessor and the Trustee and the Second Supplemental Indenture dated as of December 12, 1996 among the Predecessor, Halliburton and the Trustee (incorporated by reference to Exhibit 4.2 of Halliburton's Registration Statement on Form 8-B dated December 12, 1996, File No. 001-03492).
4.5	Third Supplemental Indenture dated as of August 1, 1997 between Halliburton and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee, to the Second Senior Indenture dated as of December 1, 1996 (incorporated by reference to Exhibit 4.7 to Halliburton's Form 10-K for the year ended December 31, 1998, File No. 001-03492).

4.6	Fourth Supplemental Indenture dated as of September 29, 1998 between Halliburton and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee, to the Second Senior Indenture dated as of December 1, 1996 (incorporated by reference to Exhibit 4.8 to Halliburton's Form 10-K for the year ended December 31, 1998, File No. 001-03492).
4.7	Resolutions of Halliburton's Board of Directors adopted by unanimous consent dated December 5, 1996 (incorporated by reference to Exhibit 4(g) of Halliburton's Form 10-K for the year ended December 31, 1996, File No. 001-03492).
4.8	Form of debt security of 6.75% Notes due February 1, 2027 (incorporated by reference to Exhibit 4.1 to Halliburton's Form 8-K dated as of February 11, 1997, File No. 001-03492).
4.9	Copies of instruments that define the rights of holders of miscellaneous long-term notes of Halliburton Company and its subsidiaries have not been filed with the Commission. Halliburton Company agrees to furnish copies of these instruments upon request.
4.10	Form of debt security of 7.53% Notes due May 12, 2017 (incorporated by reference to Exhibit 4.4 to Halliburton's Form 10-Q for the quarter ended March 31, 1997, File No. 001-03492).
4.11	Form of Indenture dated as of April 18, 1996 between Dresser and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee (incorporated by reference to Exhibit 4 to Dresser's Registration Statement on Form S-3/A filed on April 19, 1996, Registration No. 333-01303), as supplemented and amended by Form of First Supplemental Indenture dated as of August 6, 1996 between Dresser and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), Trustee, for 7.60% Debentures due 2096 (incorporated by reference to Exhibit 4.1 to Dresser's Form 8-K filed on August 9, 1996, File No. 1-4003).
4.12	Second Supplemental Indenture dated as of October 27, 2003 between DII Industries, LLC and The Bank of New York Trust Company, N.A. (as successor to JPMorgan Chase Bank), as Trustee, to the Indenture dated as of April 18, 1996 (incorporated by reference to Exhibit 4.15 to Halliburton's Form 10-K for the year ended December 31, 2003, File No. 001-03492).
4.13	Third Supplemental Indenture dated as of December 12, 2003 among DII Industries, LLC, Halliburton Company and The Bank of New York Trust Company, N.A. (as successor to JPMorgan Chase Bank), as Trustee, to the Indenture dated as of April 18, 1996, (incorporated by reference to Exhibit 4.16 to Halliburton's Form 10-K for the year ended December 31, 2003, File No. 001-03492).
4.14	Indenture dated as of October 17, 2003 between Halliburton Company and The Bank of New York Trust Company, N.A. (as successor to JPMorgan Chase Bank), as Trustee (incorporated by reference to Exhibit 4.1 to Halliburton's Form 10-Q for the quarter ended September 30, 2003, File No. 001-03492).
4.15	Second Supplemental Indenture dated as of December 15, 2003 between Halliburton Company and The Bank of New York Trust Company, N.A. (as successor to JPMorgan Chase Bank), as Trustee, to the Senior Indenture dated as of October 17, 2003 (incorporated by reference to Exhibit 4.27 to Halliburton's Form 10-K for the year ended December 31, 2003, File No. 001-03492).
4.16	Form of note of 7.6% debentures due 2096 (included as Exhibit A to Exhibit 4.15 above).
4.17	Fourth Supplemental Indenture, dated as of September 12, 2008, between Halliburton Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, to the Senior Indenture dated as of October 17, 2003 (incorporated by reference to Exhibit 4.2 to Halliburton's Form 8-K filed September 12, 2008, File No. 001-03492).
4.18	Form of Global Note for Halliburton's 5.90% Senior Notes due 2018 (included as part of Exhibit 4.17).

	4.19	Form of Global Note for Halliburton’s 6.70% Senior Notes due 2038 (included as part of Exhibit 4.17).
	4.20	Fifth Supplemental Indenture, dated as of March 13, 2009, between Halliburton Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, to the Senior Indenture dated as of October 17, 2003 (incorporated by reference to Exhibit 4.2 to Halliburton’s Form 8-K filed March 13, 2009, File No. 001-03492).
	4.21	Form of Global Note for Halliburton’s 6.15% Senior Notes due 2019 (included as part of Exhibit 4.20).
	4.22	Form of Global Note for Halliburton’s 7.45% Senior Notes due 2039 (included as part of Exhibit 4.20).
	4.23	Sixth Supplemental Indenture, dated as of November 14, 2011, between Halliburton Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, to the Senior Indenture dated as of October 17, 2003 (incorporated by reference to Exhibit 4.2 to Halliburton’s Form 8-K filed November 14, 2011, File No. 001-03492).
	4.24	Form of Global Note for Halliburton’s 3.25% Senior Notes due 2021 (included as part of Exhibit 4.23).
	4.25	Form of Global Note for Halliburton’s 4.50% Senior Notes due 2041 (included as part of Exhibit 4.23).
	4.26	Seventh Supplemental Indenture, dated as of August 5, 2013, between Halliburton Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank (incorporated by reference to Exhibit 4.2 of Halliburton’s Form 8-K filed August 5, 2013, File No. 001-03492).
	4.27	Form of Global Note for Halliburton’s 1.00% Senior Notes due 2016 (included as part of Exhibit 4.26).
	4.28	Form of Global Note for Halliburton’s 2.00% Senior Notes due 2018 (included as part of Exhibit 4.26).
	4.29	Form of Global Note for Halliburton’s 3.50% Senior Notes due 2023 (included as part of Exhibit 4.26).
	4.30	Form of Global Note for Halliburton’s 4.75% Senior Notes due 2043 (included as part of Exhibit 4.26).
†	10.1	Halliburton Company Restricted Stock Plan for Non-Employee Directors (incorporated by reference to Appendix B of the Predecessor’s proxy statement dated March 23, 1993, File No. 001-03492).
†	10.2	Dresser Industries, Inc. Deferred Compensation Plan, as amended and restated effective January 1, 2000 (incorporated by reference to Exhibit 10.16 to Halliburton’s Form 10-K for the year ended December 31, 2000, File No. 001-03492).
†	10.3	ERISA Excess Benefit Plan for Dresser Industries, Inc., as amended and restated effective June 1, 1995 (incorporated by reference to Exhibit 10.7 to Dresser’s Form 10-K for the year ended October 31, 1995, File No. 1-4003).
†	10.4	ERISA Compensation Limit Benefit Plan for Dresser Industries, Inc., as amended and restated effective June 1, 1995 (incorporated by reference to Exhibit 10.8 to Dresser’s Form 10-K for the year ended October 31, 1995, File No. 1-4003).
†	10.5	Employment Agreement (David J. Lesar) (incorporated by reference to Exhibit 10(n) to the Predecessor’s Form 10-K for the year ended December 31, 1995, File No. 001-03492).

†	10.6	Employment Agreement (Mark A. McCollum) (incorporated by reference to Exhibit 10.1 to Halliburton's Form 10-Q for the quarter ended September 30, 2003, File No. 001-03492).
†	10.7	Halliburton Company Performance Unit Program (incorporated by reference to Exhibit 10.2 to Halliburton's Form 10-Q for the quarter ended September 30, 2001, File No. 001-03492).
	10.8	Form of Indemnification Agreement for Officers (incorporated by reference to Exhibit 10.1 to Halliburton's Form 8-K filed August 3, 2007, File No. 001-03492).
	10.9	Form of Indemnification Agreement for Directors (incorporated by reference to Exhibit 10.2 to Halliburton's Form 8-K filed August 3, 2007, File No. 001-03492).
	10.10	Form of Indemnification Agreement for Officers (first elected after January 1, 2013) (incorporated by reference to Exhibit 10.2 to Halliburton's Form 10-Q for the quarter ended March 31, 2013, File No. 001-03492).
	10.11	Form of Indemnification Agreement for Directors (first elected after January 1, 2013) (incorporated by reference to Exhibit 10.1 of Halliburton's Form 8-K filed March 22, 2013, File No. 001-03492).
†	10.12	2008 Halliburton Elective Deferral Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.3 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 001-03492).
†	10.13	Halliburton Company Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.4 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 001-03492).
†	10.14	Halliburton Company Benefit Restoration Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.5 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 001-03492).
†	10.15	Halliburton Company Pension Equalizer Plan, as amended and restated effective March 1, 2007 (incorporated by reference to Exhibit 10.8 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 001-03492).
†	10.16	Halliburton Company Directors' Deferred Compensation Plan, as amended and restated effective as of May 16, 2012 (incorporated by reference to Exhibit 10.5 to Halliburton's Form 10-Q for the quarter ended June 30, 2012, File No. 001-03492).
†	10.17	Retirement Plan for the Directors of Halliburton Company, as amended and restated effective July 1, 2007 (incorporated by reference to Exhibit 10.10 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 001-03492).
†	10.18	Employment Agreement (James S. Brown) (incorporated by reference to Exhibit 10.36 to Halliburton's Form 10-K for the year ended December 31, 2007, File No. 001-03492).
†	10.19	Executive Agreement (Lawrence J. Pope) (incorporated by reference to Exhibit 10.1 to Halliburton's Form 8-K filed December 12, 2008, File No. 001-03492).
†	10.20	Halliburton Company Stock and Incentive Plan, as amended and restated effective February 20, 2013 (incorporated by reference to Appendix B of Halliburton's proxy statement filed April 2, 2013, File No. 001-03492).

†	10.21	Halliburton Company Employee Stock Purchase Plan, as amended and restated effective February 11, 2009 (incorporated by reference to Appendix C of Halliburton’s proxy statement filed April 6, 2009, File No. 001-03492).
†	10.22	Form of Nonstatutory Stock Option Agreement (incorporated by reference to Exhibit 10.4 of Halliburton’s Form 10-Q for the quarter ended September 30, 2009, File No. 001-03492).
†	10.23	Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.5 of Halliburton’s Form 10-Q for the quarter ended September 30, 2009, File No. 001-03492).
†	10.24	Form of Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.6 of Halliburton’s Form 10-Q for the quarter ended September 30, 2009, File No. 001-03492).
†	10.25	Form of Non-Employee Director Restricted Stock Unit Agreement (Director Plan) (incorporated by reference to Exhibit 99.8 of Halliburton's Form S-8 filed June 22, 2012, Registration No. 333-182284).
†	10.26	First Amendment to Halliburton Company Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.1 to Halliburton’s Form 8-K filed September 21, 2009, File No. 001-03492).
†	10.27	Amendment No. 1 to Halliburton Company Benefit Restoration Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.2 to Halliburton’s Form 8-K filed September 21, 2009, File No. 001-03492).
†	10.28	Halliburton Annual Performance Pay Plan, as amended and restated effective January 1, 2010 (incorporated by reference to Exhibit 10.3 to Halliburton’s Form 8-K filed September 21, 2009, File No. 001-03492).
†	10.29	Amendment to Executive Employment Agreement (James S. Brown) (incorporated by reference to Exhibit 10.39 to Halliburton’s Form 10-K for the year ended December 31, 2008, File No. 001-03492).
†	10.30	Amendment to Executive Employment Agreement (Mark A. McCollum) (incorporated by reference to Exhibit 10.43 to Halliburton’s Form 10-K for the year ended December 31, 2008, File No. 001-03492).
†	10.31	Amendment No. 1 to 2008 Halliburton Elective Deferral Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.41 to Halliburton’s Form 10-K for the year ended December 31, 2010, File No. 001-03492).
†	10.32	Executive Agreement (Joe D. Rainey) (incorporated by reference to Exhibit 10.43 to Halliburton’s Form 10-K for the year ended December 31, 2010, File No. 001-03492).
	10.33	U.S. $2,000,000,000 Five Year Revolving Credit Agreement among Halliburton Company, as Borrower, the Banks party thereto, and Citibank, N.A., as Agent (incorporated by reference to Exhibit 10.1 to Halliburton’s Form 8-K filed February 23, 2011, File No. 001-03492).
†	10.34	First Amendment dated February 10, 2011 to Halliburton Company Employee Stock Purchase Plan, as amended and restated effective February 11, 2009 (incorporated by reference to Exhibit 10.2 to Halliburton’s Form 10-Q for the quarter ended March 31, 2011, File No. 001-03492).
†	10.35	First Amendment to the Retirement Plan for the Directors of Halliburton Company, effective September 1, 2007 (incorporated by reference to Exhibit 10.3 to Halliburton’s Form 10-Q for the quarter ended March 31, 2011, File No. 001-03492).

†	10.36	Executive Agreement (Christian A. Garcia) (incorporated by reference to Exhibit 10.40 to Halliburton’s Form 10-K for the year ended December 31, 2011, File No. 001-03492).
†	10.37	First Amendment to Halliburton Company Restricted Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.41 to Halliburton’s Form 10-K for the year ended December 31, 2011, File No. 001-03492).
†	10.38	Form of Restricted Stock Agreement (Section 16 officers) (incorporated by reference to Exhibit 10.42 to Halliburton’s Form 10-K for the year ended December 31, 2011, File No. 001-03492).
†	10.39	Form of Non-Employee Director Restricted Stock Unit Agreement (Stock and Incentive Plan) (incorporated by reference to Exhibit 99.9 of Halliburton's Form S-8 filed June 22, 2012, Registration No. 333-182284).
†	10.40	Second Amendment to Restricted Stock Plan for Non-Employee Directors of Halliburton Company (incorporated by reference to Exhibit 10.4 to Halliburton's Form 10-Q for the quarter ended June 30, 2012, File No. 001-03492).
†	10.41	Third Amendment to Restricted Stock Plan for Non-Employee Directors of Halliburton Company effective December 1, 2012 (incorporated by reference to Exhibit 10.44 to Halliburton’s Form 10-K for the year ended December 31, 2012, File No. 001-03492).
†	10.42	First Amendment dated December 1, 2012 to Halliburton Company Directors' Deferred Compensation Plan, as amended and restated effective May 16, 2012 (incorporated by reference to Exhibit 10.45 to Halliburton’s Form 10-K for the year ended December 31, 2012, File No. 001-03492).
†	10.43	Executive Agreement (Jeffrey A. Miller) (incorporated by reference to Exhibit 10.1 to Halliburton's Form 8-K filed September 21, 2012, File No. 001-03492).
†	10.44	Second Amendment dated December 11, 2012 to Halliburton Company Employee Stock Purchase Plan, as amended and restated effective February 11, 2009 (incorporated by reference to Exhibit 10.47 to Halliburton’s Form 10-K for the year ended December 31, 2012, File No. 001-03492).
†	10.45	Executive Agreement (Myrtle L. Jones) (incorporated by reference to Exhibit 10.1 to Halliburton's Form 10-Q for the quarter ended March 31, 2013, File No. 001-03492).
†	10.46	First Amendment dated April 23, 2013 of the Five Year Revolving Credit Agreement among Halliburton Company, as Borrower, the Banks party thereto, and Citibank, N.A., as Agent effective February 22, 2011 (incorporated by reference to Exhibit 10.4 to Halliburton's Form 10-Q for the quarter ended March 31, 2013, File No. 001-03492).
	10.47	Underwriting Agreement, dated July 29, 2013, among Halliburton Company and Citigroup Global Markets Inc., Deutsche Bank Securities Inc., HSBC Securities (USA) Inc., RBS Securities Inc. and the several other underwriters identified therein (incorporated by reference to Exhibit 1.1 of Halliburton’s Form 8-K filed August 1, 2013, File No. 001-03492).
*†	10.48	Executive Agreement (Robb L. Voyles).
*†	10.49	Executive Agreement (Timothy McKeon).
*	12.1	Statement of Computation of Ratio of Earnings to Fixed Charges.
*	21.1	Subsidiaries of the Registrant.
*	23.1	Consent of KPMG LLP.

*	24.1	Powers of attorney for the following directors signed in January 2014: Alan M. Bennett James R. Boyd Milton Carroll Nance K. Dicciani Murry S. Gerber José C. Grubisich Abdallah S. Jum'ah Robert A. Malone J. Landis Martin Debra L. Reed
*	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.
*	9 5	Mine Safety Disclosures.
*	101.INS	XBRL Instance Document
*	101.SCH	XBRL Taxonomy Extension Schema Document
*	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*	101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

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

SIGNATURES

As required by Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has authorized this report to be signed on its behalf by the undersigned authorized individuals on this 7th day of February, 2014.

HALLIBURTON COMPANY

By /s/ David J. Lesar
David J. Lesar
Chairman of the Board,
President, and Chief Executive Officer

As required by the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities indicated on this 7th day of February, 2014.

Signature	Title
/s/ David J. Lesar David J. Lesar	Chairman of the Board, President, Chief Executive Officer, and Director
/s/ Mark A. McCollum Mark A. McCollum	Executive Vice President and Chief Financial Officer
/s/ Christian A. Garcia Christian A. Garcia	Senior Vice President and Chief Accounting Officer

Signature	Title
* Alan M. Bennett Alan M. Bennett	Director
* James R. Boyd James R. Boyd	Director
* Milton Carroll Milton Carroll	Director
* Nance K. Dicciani Nance K. Dicciani	Director
* Murry S. Gerber Murry S. Gerber	Director
* José C. Grubisich José C. Grubisich	Director
* Abdallah S. Jum’ah Abdallah S. Jum’ah	Director
* Robert A. Malone Robert A. Malone	Director
* J. Landis Martin J. Landis Martin	Director
* Debra L. Reed Debra L. Reed	Director

/s/ Christina M. Ibrahim

*By Christina M. Ibrahim, Attorney-in-fact

EXECUTIVE AGREEMENT

This Executive Agreement ("***Agreement***") is entered into by and between Robb L. Voyles ("***Employee***") and Halliburton Company, for and on behalf of itself, its subsidiaries, and its affiliated companies (collectively, "***Employer***" or "***Company***"), as of September 1, 2013 (the "***Effective Date***").

RECITALS

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

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

ARTICLE 1: EMPLOYMENT AND DUTIES:

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

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

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

1.4 Employee shall, during the period of Employee's employment by Employer, devote Employee's full business time, energy, and best efforts to the business and affairs of Employer. Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of Employee's duties hereunder, is contrary to the interest of Employer or any of its affiliated companies (collectively, the "***Halliburton Entities***" or, individually, a "***Halliburton Entity***"), or requires any significant portion of Employee's business time. The foregoing notwithstanding, the parties recognize and agree that Employee may engage in passive personal investments and other business activities which do not conflict with the business and affairs of the Halliburton Entities or interfere with Employee's performance of his duties hereunder. Employee may not serve on the board of directors of any entity other

than a Halliburton Entity while employed by Employer without the approval thereof in accordance with Employer's policies and procedures regarding such service. Employee shall be permitted to retain any compensation received for approved service on any unaffiliated corporation's board of directors to the extent permitted under a Halliburton Entity's policies and procedures.

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

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

ARTICLE 2: COMPENSATION AND BENEFITS:

2.1 Employee's base salary as of the Effective Date will be six hundred twenty five thousand dollars ($625,000) per annum, which shall be paid in accordance with the Employer's standard payroll practice for its executives. Employee's base salary may thereafter be increased from time to time with the approval of Halliburton Company's Board of Directors (the " ***Board of Directors***"), its Compensation Committee (the "***Compensation Committee***"), or its delegate, as applicable. Such increased base salary shall become the minimum base salary under this Agreement and may not be decreased thereafter without the written consent of Employee, unless comparable reductions in salary are effective for all similarly situated executives of Employer.

2.2 Employee shall participate in the Annual Performance Pay Plan, or any successor annual incentive plan approved by the Compensation Committee; provided, however, that all determinations relating to Employee's participation, including, without limitation, those relating to the performance goals applicable to Employee and Employee's level of participation and payout opportunity, shall be made in the sole discretion of the person or committee to whom such authority has been granted pursuant to such plan's terms. A nomination recommendation has been approved by the Compensation Committee, or its delegate, as applicable, for Employee's participation for the 2013 plan year on a pro-rata basis with a plan level of 75% and challenge level at 150% of Employee's base salary, as adjusted for the partial plan year.

2.3 Employee shall be nominated for participation in the Performance Unit Program, or any similar successor long-term incentive program approved by the Compensation Committee; provided, however, that all determinations relating to Employee's participation, including, without limitation, those relating to the performance goals applicable to Employee and Employee's level of participation and incentive opportunity

shall be made in accordance with applicable guidelines in place at the time of nomination, and Employee's participation shall further be subject to such other terms and conditions as set forth in the Performance Unit Program Terms and Conditions and other underlying documentation. A nomination recommendation has been approved by the Compensation Committee, or its delegate, as applicable, for Employee's participation for the 2013 - 2015 Cycle on a pro-rata basis with a target level opportunity of $800,000 and challenge level opportunity of $1,600,000, as adjusted for the partial cycle.

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

2.5 Employee shall be allowed to participate, on the same basis generally as other executive employees of Employer, in all general employee benefit plans and programs, including improvements or modifications of the same, which on the Effective Date or thereafter are made available by Employer to all or substantially all of Employer's similarly situated executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and qualified and non-qualified retirement plans. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to increase or alter in any way the rights, participation, coverage, or benefits under such benefit plans or programs provided to similarly-situated executive employees pursuant to the terms and conditions of such benefit plans and programs. While employed by Employer, Employee shall be eligible to receive awards under the Halliburton Company Stock and Incentive Plan (" ***SIP***") or any successor stock-related plan adopted by the Board of Directors. As soon as practicable following the Effective Date, subject to the terms and conditions of the SIP and the applicable award agreements, Employee shall be nominated for an award of (i) 55,000 shares of Halliburton Company restricted stock to vest 20% annually over a five (5) year period, (ii) nonqualified stock options to purchase 100,000 shares of Halliburton Company common stock to vest 1/3 annually over a three (3) year period, and (iii) a restoration stock grant of 100,000 shares of Halliburton Company restricted stock to vest 100% after a three (3) year period. Employee agrees that the foregoing shall not be construed as a guarantee with respect to the type, amount or frequency of future awards, if any, such decisions being solely within the discretion of the Compensation Committee, or its delegate, as applicable.

2.6 Employee shall be nominated to participate in the Halliburton Company Supplemental Executive Retirement Plan for the 2013 Allocation Year in accordance with the terms and conditions of such plan.

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

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

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

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

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

(i) Death.

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

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

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

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

(vi) Termination for Substantial Participation in a Significant Violation or Failure to Supervise. Termination of Employee's employment by Employer following a determination, in accordance with the terms and procedures set out in Company Policy 3-90050, that (a) in connection with the performance of Employee's duties as an officer, Employee Substantially

Participated in a Significant Violation or both (A) had direct supervisory responsibility over an employee who Substantially Participated in such a violation and (B) Recklessly disregarded Employee's own supervisory responsibilities, and (b) Employee's conduct warrants termination.

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

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

(i) A single lump sum cash payment equal to two (2) years of Employee's base salary as in effect at the date of Employee's termination of employment. Such benefit shall be paid as soon as administratively practicable, but no later than the sixtieth (60th) calendar day following Employee's termination of employment.

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

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

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

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

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

3.6 In consideration of the access to the confidential information contained in Article 4, Employee agrees that, for a period of two (2) years following separation of employment, the Employee will not directly or indirectly (a) solicit, induce to terminate or reduce its business, or (b) agree to provide products and/or services that compete directly with the material products and services provided, marketed, and/or under development by the Employer at any time during the three (3) years preceding the Employee's separation

from employment with Employer for any person or entity who paid or engaged Employer for products and/or services, or who received the benefit of Employer's products and/or services, or with whom the Employee had any substantial dealings, while Employee was employed by Employer, during the three (3) years preceding the Employee's separation from employment with Employer. However, this restriction applies only to those products and/or services that the Employee was personally involved in.

3.7 Employee further agrees that Employee will not, during the two (2) year period following separation of employment, solicit, directly or indirectly, or cause or permit others to solicit, directly or indirectly, any person (i) formerly employed by Employer during the six (6) month period immediately preceding or following Employee's termination of employment (" ***Former Employee***") or (ii) employed by Employer ("***Current Employee***"). The term "***solicit***" includes, but is not limited to, the following (regardless of whether done directly or indirectly): (a) requesting that a Former or Current Employee change employment; (b) informing a Former or Current Employee that an opening exists elsewhere; (c) assisting a Former or Current Employee in finding employment elsewhere; (d) inquiring if a Former or Current Employee "knows of anyone who might be interested" in a position elsewhere; (e) inquiring if a Former or Current Employee might have an interest in employment elsewhere; (f) informing others of the name or status of, or other information about, a Former or Current Employee; or (g) any other similar conduct, the intended or actual effect of which is that a Former Employee affiliates with another employer or a Current Employee leaves the employment of Employer.

3.8 (a) In consideration of the access to confidential information and so as to enforce the confidentiality obligations contained in Article 4, the Employee specifically agrees that, for a period of two (2) years following separation of employment, except as permitted by Section 3.8(b) below, Employee will not engage, directly or indirectly, either as proprietor, stockholder, partner, officer, member, employee, consultant, or otherwise, in any existing or future business or in any existing or future division or unit of a commercially diverse business enterprise, that is owned in whole or in part or effectively controlled by any of the following companies:

Baker Hughes Inc.; Cameron International Corporation; Diamond Offshore Drilling, Inc.; Ensco International, Inc.; Exterran Holdings, Inc.; General Electric Company; Helmerich & Payne, Inc.; Nabors Industries, Ltd.; National Oilwell Varco, Inc.; Noble Corporation; Oceaneering International, Inc.; Rowan Companies; Schlumberger Ltd.; Tidewater Inc.; Transocean, Ltd.; Weatherford International, Ltd.

(b) The above Section 3.8(a) notwithstanding, nothing in this Section 3.8 shall prohibit Employee and his affiliates from owning, as passive investors, in the aggregate not more than five (5) percent of equity securities of any of the companies listed in such Section 3.8(a).

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

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

4.1 All information, ideas, concepts, improvements, discoveries, works of authorship, and inventions, whether patentable or copyrightable or not, which are conceived, reduced to practice, authored, made, developed or acquired by Employee, individually or in conjunction with others, in the scope of Employee's employment by Employer or any of its affiliates, and/or during the term of Employee's employment (whether during business hours or otherwise and whether on Employer's premises or otherwise) which relate to the business, products or services of Employer or its affiliates (including, without limitation,

all such information relating to any corporate opportunities, research, financial and sales data, pricing and trading terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names, and marks), and all documents, things, writings and items of any type or in any media embodying any of the foregoing (collectively, "***Developments***"), and any and all proprietary rights of any kind thereto, including without limitation all rights relating to patents, copyrights, trade secrets, and trademarks, shall be the sole and exclusive property of Employer or its affiliates, as the case may be. Employee hereby assigns to Employer any and all rights Employee might otherwise have in and to any such Developments, and any and all proprietary rights of any kind thereto, including without limitation all rights relating to patents, copyrights, trade secrets, and trademarks.

4.2 In connection with its employment of Employee, Employer shall provide to Employee such Confidential Information of Employer as is reasonably necessary for Employee to perform Employee's obligations hereunder. Employee agrees that "***Confidential Information***" as used herein shall include, without limitation, Employer's trade secrets, confidential information concerning the businesses of Employer and its affiliates, and their strategies, methods, products, software, books, records, data and technical information concerning their products, equipment, services, and processes, procurement procedures and pricing techniques, and the names of and other information (such as credit and financial data) concerning their vendors, customers and business affiliates. Employee agrees that such Confidential Information constitutes valuable, special, and unique assets which Employer or its affiliates use in their business to obtain a competitive advantage over their competitors. Employee further agrees that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to Employer and its affiliates in maintaining their competitive position. Employee shall not, at any time during or after the term of employment, use or disclose any Confidential Information of Employer or its affiliates, except to the extent needed to carry out Employee's obligations hereunder. Confidential Information shall not include information in the public domain (but only if the same becomes part of the public domain through a means other than a use or disclosure prohibited hereunder). The above notwithstanding, a disclosure shall not be unauthorized to the extent (i) it is required by law or by a court of competent jurisdiction or (ii) it is required in connection with any judicial, arbitration, dispute resolution or other legal proceeding in which Employee's legal rights and obligations as an employee or under this Agreement are at issue; provided, however, that Employee shall, to the extent practicable and lawful in any such event, give prior notice to Employer of Employee's intent to disclose any such confidential business information in such context so as to allow Employer or its affiliates an opportunity (which Employee will not oppose) to obtain such protective orders or similar relief with respect thereto as may be deemed appropriate, and that Employee shall limit any such disclosure to that required by the foregoing circumstances.

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

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

ARTICLE 5: POST-EMPLOYMENT COVENANTS

5.1 In consideration of the access to the Confidential Information (as described in Article 4) provided by Employer, and in consideration of the payment made under Section 3.4(ii) to protect Employer's Confidential Information, and the goodwill, customer base, and contractual relationships of Employer, Employee agrees to the provisions of Sections 5.2, 5.3 and 5.4. Employee further agrees that the provisions in Sections 5.2, 5.3 and 5.4, and the provisions in Article 4, shall survive the termination of Employee's employment regardless of the reason for or circumstances of such termination (and regardless of whether such termination of employment is voluntary or involuntary on Employee's part).

5.2 Employee agrees that, for a period of two (2) years following the termination of Employee's employment for any reason, Employee shall not, anywhere in the world, directly or indirectly, either (a) solicit, encourage, or induce to terminate or reduce its business with Employer, any person or entity who paid or engaged Employer for products and/or services, or who received the benefit of Employer's products and/or services, or with whom the Employee had any substantial dealings while Employee was employed by Employer, during the three (3) years preceding the termination of Employee's employment, or (b) provide any products and/or services, that compete directly with products and/or services provided, marketed, and/or under development by Employer at any time during the three (3) years preceding the termination of Employee's employment, to any person or entity who paid or engaged Employer for products and/or services, or who received the benefit of Employer's products and/or services, or with whom the Employee had any substantial dealings while Employee was employed by Employer, during the three (3) years preceding the termination of Employee's employment; provided, however, that the foregoing restrictions in Section 5.2(b) apply only to those products and/or services of Employer with respect to which the Employee was directly involved or knowledgeable.

5.3 Employee further agrees that, for a period of two (2) years following the termination of Employee's employment for any reason, Employee shall not, anywhere in the world, solicit, directly or indirectly, or cause or permit others to solicit, directly or indirectly, any Former or Current Employee. The term "***solicit***" as used in this Section 5.3 shall have the same meaning provided for such term in Section 3.7 above.

5.4 Employee further agrees that, for a period of two (2) years following the termination of Employee's employment for any reason, Employee shall not, anywhere in the world, engage, directly or indirectly, either as proprietor, stockholder, partner, officer, member, employee, consultant, or otherwise, in any business, or in any division or unit of a commercially diverse business enterprise listed in Section 3.8(a) above, except as qualified by Section 3.8(b) above.

5.5 Employee agrees that (a) the covenants contained in Sections 5.2, 5.3 and 5.4 hereof are necessary for the protection of Employer's business, goodwill and Confidential Information, and (b) the compensation and other consideration received by Employee, including access to Confidential Information, are based on the parties' agreement to such covenants. Employee represents and warrants that the time, scope of activity and geographic area restricted by Sections 5.2, 5.3 and 5.4 are reasonable, especially in view of the worldwide scope of the business operations of Employer and the nature of the Confidential Information, that the enforcement of those restrictions contained in Sections 5.2, 5.3 and 5.4 would not be unduly burdensome to or impose any undue hardship on Employee, and that Employee will be able to earn a reasonable living while abiding by such covenants. Employee agrees that the restraints and provisions of Sections 5.2, 5.3 and 5.4 are no greater than necessary, and are as narrowly drafted as reasonably possible, to protect the legitimate interests of Employer, including the Confidential Information of Employer, including without limitation its trade secrets. Employee irrevocably waives all defenses to the strict enforcement of the covenants contained in Sections 5.2, 5.3 and 5.4, and agrees that the breach or violation, or threat thereof,

of the obligations and covenants set forth in any of such Sections shall entitle Employer, as a matter of right, to an injunction without the requirement of a bond, restraining any further or continued breach or violation of said obligations and covenants. The parties agree and acknowledge that the nature of Employer's business, including the locations of its projects, vendors, customers, and potential customers, is global in nature. Accordingly, the parties expressly agree that the foregoing restrictions on Employee need to be global in territorial scope to adequately protect Employer's Confidential Information and goodwill, and that such global territorial restriction is reasonable in view of Employer's business, Employee's position and responsibilities with Employer, and Employee's access to the Confidential Information of Employer. If the scope of any restriction contained in Sections 5.2, 5.3 or 5.4 is deemed by a court to be broader than reasonable, which the parties agree should not be the case, then such restriction shall be enforced to the maximum extent permitted by law, and Employee and Employer hereby agree that such scope may be judicially modified accordingly in any proceeding brought to enforce such restriction.

5.6 Employee agrees that the terms and conditions of this Agreement 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 Agreement or its terms and conditions. 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 Agreement to his immediate family, attorneys and financial advisors provided he informs them of this confidentiality provision and they agree to abide by it.

ARTICLE 6: MISCELLANEOUS:

6.1 Except as otherwise provided in Section 4.4 hereof, for purposes of this Agreement, the terms " ***affiliate***" or "***affiliated***" means an entity who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with a Halliburton Entity or in which a Halliburton Entity has a 50% or more equity interest.

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

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

If to Employee, to his last known personal residence.

6.3 This Agreement shall be governed by and construed and enforced, in all respects in accordance with the law of the State of Texas, without regard to principles of conflicts of law, unless preempted by federal law, in which case federal law shall govern; provided, however, that the Dispute Resolution Plan and the Federal Arbitration Act shall govern in all respects with regard to the resolution of disputes hereunder. Employee and Employer further agree that any lawsuit, arbitration, or other proceeding arising out of or related in any way to this Agreement or their relationship shall be commenced and maintained only in the federal or state courts or before an arbitrator in Harris County, Texas, and each party waives any current or

future objection to such venue and hereby further agrees to submit to the jurisdiction of any duly authorized court or arbitrator in Harris County, Texas with respect to any such proceeding.

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

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

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

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

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

by each party whose rights hereunder are affected thereby, provided that any such modification must be authorized or approved by the Compensation Committee or its delegate, as appropriate.

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

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

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

[SIGNATURE PAGE FOLLOWS]

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

HALLIBURTON COMPANY

By: /s/ Lawrence J. Pope
Name: Lawrence J. Pope

Title: Executive Vice President - Administration and Chief Human Resources Officer

EMPLOYEE

/s/ Robb L. Voyles
Name: Robb L. Voyles

EXECUTIVE AGREEMENT

This Executive Agreement ("***Agreement***") is entered into by and between Timothy McKeon ("***Employee***") and Halliburton Company, for and on behalf of itself, its subsidiaries, and its affiliated companies (collectively, "***Employer***" or "***Company***"), as of January 1, 2014 (the "***Effective Date***").

RECITALS

WHEREAS, Employee is currently employed by Employer; and

WHEREAS, Employer desires to continue the employment of Employee after the Effective Date pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee desires to continue employment by Employer pursuant to such terms and conditions and for such consideration.

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

ARTICLE 1: EMPLOYMENT AND DUTIES:

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

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

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

1.4 Employee shall, during the period of Employee's employment by Employer, devote Employee's full business time, energy, and best efforts to the business and affairs of Employer. Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of Employee's duties hereunder, is contrary to the interest of Employer or any of its affiliated companies (collectively, the "***Halliburton Entities***" or, individually, a "***Halliburton Entity***"), or requires any significant portion of Employee's business time. The foregoing notwithstanding, the parties recognize and agree that Employee may engage in passive personal investments and other business activities

which do not conflict with the business and affairs of the Halliburton Entities or interfere with Employee's performance of his duties hereunder. Employee may not serve on the board of directors of any entity other than a Halliburton Entity while employed by Employer without the approval thereof in accordance with Employer's policies and procedures regarding such service. Employee shall be permitted to retain any compensation received for approved service on any unaffiliated corporation's board of directors to the extent permitted under a Halliburton Entity's policies and procedures.

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

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

ARTICLE 2: COMPENSATION AND BENEFITS:

2.1 Employee's base salary as of the Effective Date is two hundred seventy five thousand dollars ($275,000) per annum, which shall be paid in accordance with the Employer's standard payroll practice for its executives. Employee's base salary may thereafter be increased from time to time with the approval of Halliburton Company's Board of Directors (the " ***Board of Directors***"), its Compensation Committee (the "***Compensation Committee***"), or its delegate, as applicable. Such increased base salary shall become the minimum base salary under this Agreement and may not be decreased thereafter without the written consent of Employee, unless comparable reductions in salary are effective for all similarly situated executives of Employer.

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

2.3 Employee shall be nominated for participation in the Performance Unit Program, or any similar successor long-term incentive program approved by the Compensation Committee; provided, however, that all determinations relating to Employee's participation, including, without limitation, those relating to the performance goals applicable to Employee and Employee's level of participation and incentive opportunity shall be made in accordance with applicable guidelines in place at the time of nomination, and Employee's

participation shall further be subject to such other terms and conditions as set forth in the Performance Unit Program Terms and Conditions and other underlying documentation.

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

2.5 Employee shall be allowed to participate, on the same basis generally as other executive employees of Employer, in all general employee benefit plans and programs, including improvements or modifications of the same, which on the Effective Date or thereafter are made available by Employer to all or substantially all of Employer's similarly situated executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and qualified and non-qualified retirement plans. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to increase or alter in any way the rights, participation, coverage, or benefits under such benefit plans or programs than provided to similarly-situated executive employees pursuant to the terms and conditions of such benefit plans and programs. While employed by Employer, Employee shall be eligible to receive awards under the Halliburton Company Stock and Incentive Plan or any successor stock-related plan adopted by the Board of Directors.

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

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

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

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

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

(i) Death.

(ii) Retirement. “***Retirement***” shall mean either (a) Employee's retirement at or after normal retirement age (either voluntarily or pursuant to the applicable Halliburton Entity's retirement

policy) or (b) the voluntary termination of Employee's employment by Employee in accordance with Employer's early retirement policy for other than Good Reason (as defined below).

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

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

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

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

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

3.4 If Employee's employment is terminated by Employee for Good Reason or by Employer for

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

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

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

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

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

3.5 (a) The benefits paid to Employee pursuant to Section 3.4(i) shall be in consideration of Employee's continuing obligations hereunder after such termination, including, without limitation, Employee's obligations under Article 4. Further, as a condition to the receipt of such benefits, Employer, in its sole discretion, shall require Employee to first execute a release, in the form established by Employer, releasing Employer and all other Halliburton Entities, and their officers, directors, employees, and agents, from any and all claims and from any and all causes of action of any kind or character, including, but not limited to, all claims and causes of action arising out of Employee's employment with Employer and any other Halliburton Entities or the termination of such employment. The release must be executed by Employee within a period designated by Employer, which shall begin no earlier than the date of Employee's termination

of employment and will end no later than the date that is fifty (50) calendar days after the date of Employee's termination of employment. The performance of Employer's obligations under Section 3.4(i) and the receipt of the benefits provided thereunder by Employee shall constitute full settlement of all such claims and causes of action. Such release shall also include the restrictions contained in Sections 3.6 - 3.9. Employee shall not be under any duty or obligation to seek or accept other employment following a termination of employment pursuant to which a benefit payment under Section 3.4(i) is owing and the amounts due Employee pursuant to Section 3.4(i) shall not be reduced or suspended if Employee accepts subsequent employment or earns any amounts as a self-employed individual. Employee's rights under Section 3.4(i) are Employee's sole and exclusive rights against the Employer or its affiliates and the Employer's sole and exclusive liability to Employee under this Agreement, in contract, tort, under statute or otherwise, for the termination of his employment relationship with Employer.

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

3.6 In consideration of the access to the confidential information contained in Article 4, Employee agrees that, for a period of one (1) year following separation of employment, the Employee will not directly or indirectly (a) solicit, induce to terminate or reduce its business, or (b) agree to provide products and/or services that compete directly with the material products and services provided, marketed, and/or under development by the Employer at any time during the three (3) years preceding the Employee's separation from employment with Employer for any person or entity who paid or engaged Employer for products and/or services, or who received the benefit of Employer's products and/or services, or with whom the Employee had any substantial dealings, while Employee was employed by Employer, during the three (3) years preceding the Employee's separation from employment with Employer. However, this restriction applies only to those products and/or services that the Employee was personally involved in.

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

effect of which is that a Former Employee affiliates with another employer or a Current Employee leaves the employment of Employer.

3.8 (a) In consideration of the access to confidential information and so as to enforce the confidentiality obligations contained in Article 4, the Employee specifically agrees that, for a period of one (1) year following separation of employment, except as permitted by Section 3.8(b) below, Employee will not engage, directly or indirectly, either as proprietor, stockholder, partner, officer, member, employee, consultant, or otherwise, in any existing or future business or in any existing or future division or unit of a commercially diverse business enterprise, that is owned in whole or in part or effectively controlled by any of the following companies:

Baker Hughes Inc.; Cameron International Corporation; Diamond Offshore Drilling, Inc.; Ensco International, Inc.; Exterran Holdings, Inc.; General Electric; Helmerich & Payne, Inc.; Nabors Industries, Ltd.; National Oilwell Varco, Inc.; Noble Corporation; Oceaneering International, Inc.; Rowan Companies; Schlumberger Ltd.; Tidewater Inc.; Transocean, Ltd.; Weatherford International, Ltd.

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

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

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

4.1 All information, ideas, concepts, improvements, discoveries, works of authorship, and inventions, whether patentable or copyrightable or not, which are conceived, reduced to practice, authored, made, developed or acquired by Employee, individually or in conjunction with others, in the scope of Employee's employment by Employer or any of its affiliates, and/or during the term of Employee's employment (whether during business hours or otherwise and whether on Employer's premises or otherwise) which relate to the business, products or services of Employer or its affiliates (including, without limitation, all such information relating to any corporate opportunities, research, financial and sales data, pricing and trading terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names, and marks), and all documents, things, writings and items of any type or in any media embodying any of the foregoing (collectively, " ***Developments***"), and any and all proprietary rights of any kind thereto, including without limitation all rights relating to patents, copyrights, trade secrets, and trademarks, shall be the sole and exclusive property of Employer or its affiliates, as the case may be. Employee hereby assigns to Employer any and all rights Employee might otherwise have in and to any such Developments, and any and all proprietary rights of any kind thereto, including without limitation all rights relating to patents, copyrights, trade secrets, and trademarks.

4.2 In connection with its employment of Employee, Employer shall provide to Employee such Confidential Information of Employer as is reasonably necessary for Employee to perform Employee's obligations hereunder. Employee agrees that "***Confidential Information***" as used herein shall include, without limitation, Employer's trade secrets, confidential information concerning the businesses of Employer and its affiliates, and their strategies, methods, products, software, books, records, data and technical

information concerning their products, equipment, services, and processes, procurement procedures and pricing techniques, and the names of and other information (such as credit and financial data) concerning their vendors, customers and business affiliates. Employee agrees that such Confidential Information constitutes valuable, special, and unique assets which Employer or its affiliates use in their business to obtain a competitive advantage over their competitors. Employee further agrees that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to Employer and its affiliates in maintaining their competitive position. Employee shall not, at any time during or after the term of employment, use or disclose any Confidential Information of Employer or its affiliates, except to the extent needed to carry out Employee's obligations hereunder. Confidential Information shall not include information in the public domain (but only if the same becomes part of the public domain through a means other than a use or disclosure prohibited hereunder). The above notwithstanding, a disclosure shall not be unauthorized to the extent (i) it is required by law or by a court of competent jurisdiction or (ii) it is required in connection with any judicial, arbitration, dispute resolution or other legal proceeding in which Employee's legal rights and obligations as an employee or under this Agreement are at issue; provided, however, that Employee shall, to the extent practicable and lawful in any such event, give prior notice to Employer of Employee's intent to disclose any such confidential business information in such context so as to allow Employer or its affiliates an opportunity (which Employee will not oppose) to obtain such protective orders or similar relief with respect thereto as may be deemed appropriate, and that Employee shall limit any such disclosure to that required by the foregoing circumstances.

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

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

ARTICLE 5: POST-EMPLOYMENT COVENANTS

5.1 In consideration of the access to the Confidential Information (as described in Article 4) provided by Employer, and in consideration of the payment made under Section 3.4(ii) to protect Employer's Confidential Information, and the goodwill, customer base, and contractual relationships of Employer, Employee agrees to the provisions of Sections 5.2, 5.3 and 5.4. Employee further agrees that the provisions in Sections 5.2, 5.3 and 5.4, and the provisions in Article 4, shall survive the termination of Employee's employment regardless of the reason for or circumstances of such termination (and regardless of whether such termination of employment is voluntary or involuntary on Employee's part).

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

or who received the benefit of Employer's products and/or services, or with whom the Employee had any substantial dealings while Employee was employed by Employer, during the three (3) years preceding the termination of Employee's employment; provided, however, that the foregoing restrictions in Section 5.2(b) apply only to those products and/or services of Employer with respect to which the Employee was directly involved or knowledgeable.

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

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

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

5.6 Employee agrees that the terms and conditions of this Agreement 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 Agreement or its terms and conditions. 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 Agreement to his immediate family, attorneys and financial advisors provided he informs them of this confidentiality provision and they agree to abide by it.

ARTICLE 6: MISCELLANEOUS:

6.1 Except as otherwise provided in Section 4.4 hereof, for purposes of this Agreement, the terms " ***affiliate***" or "***affiliated***" means an entity who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with a Halliburton Entity or in which a Halliburton Entity has a 50% or more equity interest.

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

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

If to Employee, to his last known personal residence.

6.3 This Agreement shall be governed by and construed and enforced, in all respects in accordance with the law of the State of Texas, without regard to principles of conflicts of law, unless preempted by federal law, in which case federal law shall govern; provided, however, that the Dispute Resolution Plan and the Federal Arbitration Act shall govern in all respects with regard to the resolution of disputes hereunder. Employee and Employer further agree that any lawsuit, arbitration, or other proceeding arising out of or related in any way to this Agreement or their relationship shall be commenced and maintained only in the federal or state courts or before an arbitrator in Harris County, Texas, and each party waives any current or future objection to such venue and hereby further agrees to submit to the jurisdiction of any duly authorized court or arbitrator in Harris County, Texas with respect to any such proceeding.

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

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

6.6 It is the mutual intention of the parties to have any dispute concerning this Agreement resolved out of court. Accordingly, the parties agree that any such dispute shall, as the sole and exclusive remedy, be submitted for resolution through the Dispute Resolution Plan; provided, however, that the Employer, on its own behalf and on behalf of any of the Halliburton Entities, shall be entitled to seek a restraining order or

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

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

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

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

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

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

[SIGNATURE PAGE FOLLOWS]

Signature Page to
Executive Agreement

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

HALLIBURTON COMPANY

By: /s/ Lawrence J. Pope
Name: Lawrence J. Pope

Title: Executive Vice President, Administration & Chief Human Resources Officer

EMPLOYEE

/s/ Timothy McKeon
Name: Timothy McKeon

Exhibit 12.1

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

	Year Ended December 31				
	2013	2012	2011	2010	2009
Earnings available for fixed charges:					
Income from continuing operations before income taxes	$ 2,764	$ 3,822	$ 4,449	$ 2,655	$ 1,682
Add:					
Distributed earnings from equity in unconsolidated affiliates	19	4	13	13	17
Fixed charges	511	445	384	402	361
Subtotal	3,294	4,271	4,846	3,070	2,060
Less:					
Equity in earnings of unconsolidated affiliates	9	14	20	20	16
Total earnings available for fixed charges	$ 3,285	$ 4,257	$ 4,826	$ 3,050	$ 2,044
Fixed charges:					
Interest expense	$ 339	$ 305	$ 268	$ 308	$ 297
Rental expense representative of interest	172	140	116	94	64
Total fixed charges	$ 511	$ 445	$ 384	$ 402	$ 361
Ratio of earnings to fixed charges	6.4	9.6	12.6	7.6	5.7

Exhibit 21.1

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2013

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
Baroid International Trading, LLC	United States, Delaware
Halliburton (Barbados) Investments SRL	Barbados
Halliburton Affiliates, LLC	United States, Delaware
Halliburton Canada Corp.	Canada, Alberta
Halliburton Canada Holdings B.V.	Netherlands
Halliburton Canada ULC	Canada, Alberta
Halliburton de Mexico, S. de R.L. de C.V.	Mexico
Halliburton Energy Cayman Islands Limited II	Cayman Islands
Halliburton Energy Services Limited	United Kingdom, Scotland
Halliburton Energy Services, Inc.	United States, Delaware
Halliburton Far East Pte Ltd	Singapore
Halliburton Global Affiliates Holdings B.V.	Netherlands
Halliburton Group Canada	Canada
Halliburton Holdings (No.3)	United Kingdom, Scotland
Halliburton International, Inc.	United States, Delaware
Halliburton International Holdings	Bermuda
Halliburton Luxembourg Holdings S.à r.l.	Luxembourg
Halliburton Luxembourg Intermediate S.à r.l.	Luxembourg
Halliburton Manufacturing and Services Limited	United Kingdom, England & Wales
Halliburton Netherlands Holdings B.V.	Netherlands
Halliburton Netherlands Operations Coöperatie U.A.	Netherlands
Halliburton Norway Holdings C.V.	Netherlands
Halliburton Overseas Limited	Cayman Islands
Halliburton Partners Canada ULC	Canada, Alberta
Halliburton U.S. International Holdings, Inc.	United States, Delaware
Halliburton Worldwide GmbH	Switzerland
HES Corporation	United States, Nevada
HES Holding, Inc.	United States, Delaware
HESI Holdings B.V.	Netherlands
Kellogg Energy Services, Inc.	United States, Delaware
Landmark Graphics Corporation	United States, Delaware
Oilfield Telecommunications, LLC.	United States, Delaware

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Halliburton Company:

We consent to the incorporation by reference in the registration statements (No. 333-177811) on Form S-3, (No. 333-166656) on Form S-4, and (Nos. 333-76496, 333-159394, 333-162648, 333-182284, and 333-188674) on Form S-8 of Halliburton Company of our reports dated February 7, 2014 with respect to the consolidated balance sheets of Halliburton Company as of December 31, 2013 and 2012, and the related consolidated statements of operations, shareholders' equity, comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2013, and the effectiveness of internal control over financial reporting as of December 31, 2013, which reports appear in the December 31, 2013 Annual Report on Form 10-K of Halliburton Company.

/s/ KPMG LLP
Houston, Texas
February 7, 2014

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2013 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of January, 2014.

/s/ Alan M. Bennett
Alan M. Bennett

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2013 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of January, 2014.

/s/ James R. Boyd
James R. Boyd

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2013 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of January, 2014.

/s/ Milton Carroll
Milton Carroll

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2013 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of January, 2014.

/s/ Nance K. Dicciani
Nance K. Dicciani

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2013 (the “Form 10-K”), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of January, 2014.

/s/ Murry S. Gerber
Murry S. Gerber

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2013 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of January, 2014.

/s/ José C. Grubisich
José C. Grubisich

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2013 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of January, 2014.

/s/ Abdallah S. Jum'ah
Abdallah S. Jum'ah

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2013 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of January, 2014.

/s/ Robert A. Malone
Robert A. Malone

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2013 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of January, 2014.

/s/ J. Landis Martin
J. Landis Martin

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2013 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of January, 2014.

/s/ Debra L. Reed
Debra L. Reed

Exhibit 31.1

Section 302 Certification

I, David J. Lesar, certify that:

1. I have reviewed this annual report on Form 10-K for the year 2013 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: February 7, 2014

/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 annual report on Form 10-K for the year 2013 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: February 7, 2014

/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 Annual Report on Form 10-K for the period ended December 31, 2013 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: February 7, 2014

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 Annual Report on Form 10-K for the period ended December 31, 2013 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: February 7, 2014

Exhibit 95

Mine Safety Disclosures

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, each operator of a mine is required to include certain mine safety results in its periodic reports filed with the SEC. The operation of our mines is subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (Mine Act). Below, we present the following items regarding certain mining safety and health matters for the year ended December 31, 2013:

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

HALLIBURTON COMPANY
Mine Safety Disclosures
Year Ended December 31, 2013:
(Unaudited)
(Whole dollars)

Operation/ MSHA Identification Number[1]	Section 104 Citations	Section 104(b) Orders	104(d)Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Proposed MSHA Assessments[2]	Fatalities	Pending Legal Actions
BPM Colony Mill/4800070	2	—	—	—	—	$ 1,660	—	—
BPM Colony Mine/4800889	—	—	—	—	—	—	—	—
BPM Lovell Mill/4801405	2	—	—	—	—	1,236	—	—
BPM Lovell Mine/4801016	—	—	—	—	—	—	—	—
Corpus Christi Grinding Plant/4104010	—	—	—	—	—	—	—	—
Dunphy Mill/2600412	1	—	—	—	1	4,400	—	—
Lake Charles Plant/1601032	—	—	—	—	—	—	—	—
Larose Grinding Plant/1601504	—	—	—	—	—	—	—	—
Rossi Jig Plant/2602239	—	—	—	—	—	—	—	—
Total	5	—	—	—	1	$ 7,296	—	—

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

(2) Amounts included are the total dollar value of proposed or outstanding assessments received from MSHA on or before January 6, 2014 regardless of whether the assessment has been challenged or appealed, for citations and orders occurring during the year ended December 31, 2013.

In addition, as required by the reporting requirements regarding mine safety included in §1503(a)(2) of the Dodd-Frank Act, the following is a list for the year ended December 31, 2013, of each mine of which we or a subsidiary of ours is an operator, that has received written notice from MSHA of:

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

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

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

(Mark One)

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2012

OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ______ to ______

Commission File Number 001-03492

HALLIBURTON COMPANY

(Exact name of registrant as specified in its charter)

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

3000 North Sam Houston Parkway East
Houston, Texas 77032
(Address of principal executive offices)
Telephone Number – Area code (281) 871-2699

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

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes [ ] No [X]

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
[X]

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]

The aggregate market value of Common Stock held by nonaffiliates on June 30, 2012, determined using the per share closing price on the New York Stock Exchange Composite tape of $28.39 on that date, was approximately $26,216,000,000.

As of February 1, 2013, there were 931,813,112 shares of Halliburton Company Common Stock, $2.50 par value per share, outstanding.

Portions of the Halliburton Company Proxy Statement for our 2013 Annual Meeting of Stockholders (File No. 001-03492) are incorporated by reference into Part III of this report.

HALLIBURTON COMPANY
Index to Form 10-K
For the Year Ended December 31, 2012

PART I		**PAGE**
Item 1.	Business	1
Item 1(a).	Risk Factors	6
Item 1(b).	Unresolved Staff Comments	15
Item 2.	Properties	16
Item 3.	Legal Proceedings	17
Item 4.	Mine Safety Disclosures	26
PART II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities	27
Item 6.	Selected Financial Data	28
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	28
Item 7(a).	Quantitative and Qualitative Disclosures About Market Risk	28
Item 8.	Financial Statements and Supplementary Data	28
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	28
Item 9(a).	Controls and Procedures	29
Item 9(b).	Other Information	29
MD&A AND FINANCIAL STATEMENTS		
Management's Discussion and Analysis of Financial Condition and Results of Operations		30
Management's Report on Internal Control Over Financial Reporting		50
Reports of Independent Registered Public Accounting Firm		51
Consolidated Statements of Operations		53
Consolidated Statements of Comprehensive Income		54
Consolidated Balance Sheets		55
Consolidated Statements of Cash Flows		56
Consolidated Statements of Shareholders' Equity		57
Notes to Consolidated Financial Statements		58
Selected Financial Data (Unaudited)		86
Quarterly Data and Market Price Information (Unaudited)		87
PART III		
Item 10.	Directors, Executive Officers, and Corporate Governance	88
Item 11.	Executive Compensation	88
Item 12(a).	Security Ownership of Certain Beneficial Owners	88
Item 12(b).	Security Ownership of Management	88
Item 12(c).	Changes in Control	88
Item 12(d).	Securities Authorized for Issuance Under Equity Compensation Plans	88
Item 13.	Certain Relationships and Related Transactions, and Director Independence	88
Item 14.	Principal Accounting Fees and Services	88
PART IV		
Item 15.	Exhibits	89
SIGNATURES		96

PART I

Item 1. Business.

General description of business

Halliburton Company's predecessor was established in 1919 and incorporated under the laws of the State of Delaware in 1924. We are a leading provider of services and products to the energy industry related to the exploration, development, and production of oil and natural gas. We serve major, national, and independent oil and natural gas companies throughout the world and operate under two divisions, which form the basis for the two operating segments we report, the Completion and Production segment and the Drilling and Evaluation segment:

- our Completion and Production segment delivers cementing, stimulation, intervention, pressure control, specialty chemicals, artificial lift, and completion services. The segment consists of Halliburton Production Enhancement, Cementing, Completion Tools, Boots & Coots, and Multi-Chem. Effective January 1, 2013, Halliburton Artificial Lift will be included as a product service line within this segment.
- our Drilling and Evaluation segment provides field and reservoir modeling, drilling, evaluation, and wellbore placement solutions that enable customers to model, measure, and optimize their well construction activities. The segment consists of Halliburton Drill Bits and Services, Wireline and Perforating, Testing and Subsea, Baroid, Sperry Drilling, Landmark Software and Services, and Halliburton Consulting and Project Management.

See Note 2 to the consolidated financial statements for further financial information related to each of our business segments and a description of the services and products provided by each segment. We have significant manufacturing operations in various locations, including the United States, Canada, Malaysia, Mexico, Singapore, and the United Kingdom.

Business strategy

Our business strategy is to secure a distinct and sustainable competitive position as an oilfield service company by delivering services and products to our customers that maximize their production and recovery and realize proven reserves from difficult environments. Our objectives are to:

- create a balanced portfolio of services and products supported by global infrastructure and anchored by technological innovation with a well-integrated digital strategy to further differentiate our company;
- reach a distinguished level of operational excellence that reduces costs and creates real value from everything we do;
- preserve a dynamic workforce by being a preferred employer to attract, develop, and retain the best global talent; and
- uphold the ethical and business standards of the company and maintain the highest standards of health, safety, and environmental performance.

Markets and competition

We are one of the world's largest diversified energy services companies. Our services and products are sold in highly competitive markets throughout the world. Competitive factors impacting sales of our services and products include:

- price;
- service delivery (including the ability to deliver services and products on an "as needed, where needed" basis);
- health, safety, and environmental standards and practices;
- service quality;
- global talent retention;
- understanding the geological characteristics of the hydrocarbon reservoir;
- product quality;
- warranty; and
- technical proficiency.

We conduct business worldwide in approximately 80 countries. The business operations of our divisions are organized around four primary geographic regions: North America, Latin America, Europe/Africa/CIS, and Middle East/Asia. In 2012, 2011, and 2010, based on the location of services provided and products sold, 53%, 55%, and 46% of our consolidated revenue was from the United States. No other country accounted for more than 10% of our consolidated revenue during these periods. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Business Environment and Results of Operations" and Note 2 to the consolidated financial statements for additional financial information about our geographic operations in the last three years. Because the markets for our services and products are vast and cross numerous geographic lines, a meaningful estimate of the total number of competitors cannot be made. The industries we serve are highly competitive, and we have many substantial competitors. Most of our services and products are marketed through our servicing and sales organizations.

Operations in some countries may be adversely affected by unsettled political conditions, acts of terrorism, civil unrest, expropriation or other governmental actions, foreign currency exchange restrictions, and highly inflationary currencies, as well as other geopolitical factors. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country, other than the United States, would be material to the conduct of our operations taken as a whole.

Information regarding our exposure to foreign currency fluctuations, risk concentration, and financial instruments used to minimize risk is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Instrument Market Risk" and in Note 13 to the consolidated financial statements.

Customers

Our revenue from continuing operations during the past three years was derived from the sale of services and products to the energy industry. No customer represented more than 10% of our consolidated revenue in any period presented.

Raw materials

Raw materials essential to our business are normally readily available. Market conditions can trigger constraints in the supply of certain raw materials, such as proppants, hydrochloric acid, and gels, including guar gum (a blending additive used in our hydraulic fracturing process). We are always seeking ways to ensure the availability of resources, as well as manage costs of raw materials. Our procurement department uses our size and buying power to enhance our access to key materials at competitive prices.

Research and development costs

We maintain an active research and development program. The program improves products, processes, and engineering standards and practices that serve the changing needs of our customers, such as those related to high pressure and high temperature environments, and also develops new products and processes. Our expenditures for research and development activities were $460 million in 2012, $401 million in 2011, and $366 million in 2010. These expenditures were over 95% company-sponsored in each year.

Patents

We own a large number of patents and have pending a substantial number of patent applications covering various products and processes. We are also licensed to utilize patents owned by others. We do not consider any particular patent to be material to our business operations.

Seasonality

Weather and natural phenomena can temporarily affect the performance of our services, but the widespread geographical locations of our operations mitigate those effects. Examples of how weather can impact our business include:

- the severity and duration of the winter in North America can have a significant impact on natural gas storage levels and drilling activity;
- the timing and duration of the spring thaw in Canada directly affects activity levels due to road restrictions;
- typhoons and hurricanes can disrupt coastal and offshore operations; and
- severe weather during the winter months normally results in reduced activity levels in the North Sea and Russia.

Additionally, customer spending patterns for software and various other oilfield services and products can result in higher activity in the fourth quarter of the year.

Employees

At December 31, 2012, we employed approximately 73,000 people worldwide compared to approximately 68,000 at December 31, 2011. At December 31, 2012, approximately 16% of our employees were subject to collective bargaining agreements. Based upon the geographic diversification of these employees, we do not believe any risk of loss from employee strikes or other collective actions would be material to the conduct of our operations taken as a whole.

Environmental regulation

We are subject to numerous environmental, legal, and regulatory requirements related to our operations worldwide. For further information related to environmental matters and regulation, see Note 8 to the consolidated financial statements, Item 1(a), "Risk Factors," and Item 3, "Legal Proceedings."

Hydraulic fracturing process

Hydraulic fracturing is 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. A significant portion of our Completion and Production segment provides hydraulic fracturing services to customers developing shale natural gas and shale oil. From time to time, questions arise about the scope of our operations in the shale natural gas and shale oil sectors, and the extent to which these operations may affect human health and the environment.

We generally design and implement a hydraulic fracturing operation to “stimulate” the well, at the direction of our customer, once the well has been drilled, cased, and cemented. Our customer is generally responsible for providing the base fluid (usually water) used in the hydraulic fracturing of a well. We supply the proppant (often sand) and any additives used in the overall fracturing fluid mixture. In addition, we mix the additives and proppant with the base fluid and pump the mixture down the wellbore to create the desired fractures in the target formation. The customer is responsible for disposing of any materials that are subsequently pumped out of the well, including flowback fluids and produced water.

As part of the process of constructing the well, the customer will take a number of steps designed to protect drinking water resources. In particular, the casing and cementing of the well are designed to provide “zonal isolation” so that the fluids pumped down the wellbore and the oil and natural gas and other materials that are subsequently pumped out of the well will not come into contact with shallow aquifers or other shallow formations through which those materials could potentially migrate to the surface.

The potential environmental impacts of hydraulic fracturing have been studied by numerous government entities and others. In 2004, the United States Environmental Protection Agency (EPA) conducted an extensive study of hydraulic fracturing practices, focusing on coalbed methane wells, and their potential effect on underground sources of drinking water. The EPA’s study concluded that hydraulic fracturing of coalbed methane wells poses little or no threat to underground sources of drinking water. At the request of Congress, the EPA is currently undertaking another study of the relationship between hydraulic fracturing and drinking water resources that will focus on the fracturing of shale natural gas wells.

We have made detailed information regarding our fracturing fluid composition and breakdown available on our internet web site at www.halliburton.com. We also have proactively developed processes to provide our customers with the chemical constituents of our hydraulic fracturing fluids to enable our customers to comply with state laws as well as voluntary standards established by the Chemical Disclosure Registry, www.fracfocus.org.

At the same time, we have invested considerable resources in developing our CleanSuite™ hydraulic fracturing technologies, which offer our customers a variety of environment-friendly alternatives related to the use of hydraulic fracturing fluid additives and other aspects of our hydraulic fracturing operations. We created a hydraulic fracturing fluid system comprised of materials sourced entirely from the food industry. In addition, we have engineered a process to control the growth of bacteria in hydraulic fracturing fluids that uses ultraviolet light, allowing customers to minimize the use of chemical biocides. We are committed to the continued development of innovative chemical and mechanical technologies that allow for more economical and environmentally friendly development of the world’s oil and natural gas reserves.

In evaluating any environmental risks that may be associated with our hydraulic fracturing services, it is helpful to understand the role that we play in the development of shale natural gas and shale oil. Our principal task generally is to manage the process of injecting fracturing fluids into the borehole to “stimulate” the well. Thus, based on the provisions in our contracts and applicable law, the primary environmental risks we face are potential pre-injection spills or releases of stored fracturing fluids and spills or releases of fuel or other fluids associated with pumps, blenders, conveyors, or other above-ground equipment used in the hydraulic fracturing process.

Although possible concerns have been raised about hydraulic fracturing operations, the circumstances described above have helped to mitigate those concerns. To date, we have not been obligated to compensate any indemnified party for any environmental liability arising directly from hydraulic fracturing, although there can be no assurance that such obligations or liabilities will not arise in the future.

Working capital

We fund our business operations through a combination of available cash and equivalents, short-term investments, and cash flow generated from operations. In addition, our revolving credit facility is available for additional working capital needs.

Web site access

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934 are made available free of charge on our internet web site at www.halliburton.com as soon as reasonably practicable after we have electronically filed the material with, or furnished it to, the Securities and Exchange Commission (SEC). The public may read and copy any materials we have filed with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains our reports, proxy and information statements, and our other SEC filings. The address of that web site is www.sec.gov. We have posted on our web site our Code of Business Conduct, which applies to all of our employees and Directors and serves as a code of ethics for our principal executive officer, principal financial officer, principal accounting officer, and other persons performing similar functions. Any amendments to our Code of Business Conduct or any waivers from provisions of our Code of Business Conduct granted to the specified officers above are disclosed on our web site within four business days after the date of any amendment or waiver pertaining to these officers. There have been no waivers from provisions of our Code of Business Conduct for the years 2012, 2011, or 2010. Except to the extent expressly stated otherwise, information contained on or accessible from our web site or any other web site is not incorporated by reference into this annual report on Form 10-K and should not be considered part of this report.

Executive Officers of the Registrant

The following table indicates the names and ages of the executive officers of Halliburton Company as of February 11, 2013, including all offices and positions held by each in the past five years:

	Name and Age	Offices Held and Term of Office
	Evelyn M. Angelle (Age 45)	Senior Vice President and Chief Accounting Officer of Halliburton Company, since January 2011
		Vice President, Corporate Controller, and Principal Accounting Officer of Halliburton Company, January 2008 to January 2011
	James S. Brown (Age 58)	President, Western Hemisphere of Halliburton Company, since January 2008
*	Albert O. Cornelison, Jr. (Age 63)	Executive Vice President and General Counsel of Halliburton Company, since December 2002
	Christian A. Garcia (Age 49)	Senior Vice President and Treasurer of Halliburton Company, since September 2011
		Senior Vice President, Investor Relations of Halliburton Company, January 2011 to August 2011
		Vice President, Investor Relations of Halliburton Company, December 2007 to December 2010
*	David J. Lesar (Age 59)	Chairman of the Board, President, and Chief Executive Officer of Halliburton Company, since August 2000
*	Mark A. McCollum (Age 53)	Executive Vice President and Chief Financial Officer of Halliburton Company, since January 2008
*	Jeffrey A. Miller (Age 49)	Executive Vice President and Chief Operating Officer of Halliburton Company, since September 2012
		Senior Vice President, Global Business Development and Marketing of Halliburton Company, January 2011 to August 2012
		Senior Vice President, Gulf of Mexico Region of Halliburton Company, January 2010 to December 2010
		Vice President, Baroid, May 2006 to December 2009

Name and Age	Offices Held and Term of Office
* Lawrence J. Pope (Age 44)	Executive Vice President of Administration and Chief Human Resources Officer of Halliburton Company, since January 2008
* Timothy J. Probert (Age 61)	President, Strategy and Corporate Development of Halliburton Company, since January 2011
	President, Global Business Lines and Corporate Development of Halliburton Company, January 2010 to January 2011
	President, Drilling and Evaluation Division and Corporate Development of Halliburton Company, March 2009 to December 2009
	Executive Vice President, Strategy and Corporate Development of Halliburton Company, January 2008 to March 2009
Joe D. Rainey (Age 56)	President, Eastern Hemisphere of Halliburton Company, since January 2011
	Senior Vice President, Eastern Hemisphere of Halliburton Company, January 2010 to December 2010
	Vice President, Eurasia Pacific Region of Halliburton Company, January 2009 to December 2009
	Vice President, Asia Pacific Region of Halliburton Company, February 2005 to December 2008

* Members of the Policy Committee of the registrant.

There are no family relationships between the executive officers of the registrant or between any director and any executive officer of the registrant.

Item 1(a). Risk Factors.

The statements in this section describe the known material risks to our business and should be considered carefully.

We, among others, have been named as a defendant in numerous lawsuits and there have been numerous investigations relating to the Macondo well incident that could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

The semisubmersible drilling rig, Deepwater Horizon, sank on April 22, 2010 after an explosion and fire onboard the rig that began on April 20, 2010. The Deepwater Horizon was owned by Transocean Ltd. and had been drilling the Macondo exploration well in Mississippi Canyon Block 252 in the Gulf of Mexico for the lease operator, BP Exploration & Production, Inc. (BP Exploration), an indirect wholly owned subsidiary of BP p.l.c. (BP p.l.c., BP Exploration, and their affiliates, collectively, BP). There were eleven fatalities and a number of injuries as a result of the Macondo well incident. Crude oil escaping from the Macondo well site spread across thousands of square miles of the Gulf of Mexico and reached the United States Gulf Coast. We performed a variety of services for BP Exploration, including cementing, mud logging, directional drilling, measurement-while-drilling, and rig data acquisition services.

We are named along with other unaffiliated defendants in more than 400 complaints, most of which are alleged class-actions, involving pollution damage claims and at least seven personal injury lawsuits involving four decedents and at least 10 allegedly injured persons who were on the drilling rig at the time of the incident. At least six additional lawsuits naming us and others relate to alleged personal injuries sustained by those responding to the explosion and oil spill. BP Exploration and one of its affiliates have filed claims against us seeking subrogation and contribution, including with respect to liabilities under the Oil Pollution Act of 1990 (OPA), and direct damages, and alleging negligence, gross negligence, fraudulent conduct, and fraudulent concealment. Certain other defendants in the lawsuits have filed claims against us seeking, among other things, indemnification and contribution, including with respect to liabilities under the OPA, and alleging, among other things, negligence and gross negligence. See Item 3, “Legal Proceedings.” Additional lawsuits may be filed against us, including criminal and civil charges under federal and state statutes and regulations. Those statutes and regulations could result in criminal penalties, including fines and imprisonment, as well as civil fines, and the degree of the penalties and fines may depend on the type of conduct and level of culpability, including strict liability, negligence, gross negligence, and knowing violations of the statute or regulation.

In addition to the claims and lawsuits described above, numerous industry participants, governmental agencies, and Congressional committees have investigated or are investigating the cause of the explosion, fire, and resulting oil spill. Reports issued as a result of those investigations have been critical of BP, Transocean, and us, among others. For example, one or more of those reports have concluded that primary cement failure was a direct cause of the blowout, cement testing performed by an independent laboratory “strongly suggests” that the foam cement slurry used on the Macondo well was unstable, and that numerous other oversights and factors caused or contributed to the cause of the incident, including BP's failure to run a cement bond log, BP's and Transocean's failure to properly conduct and interpret a negative-pressure test, the failure of the drilling crew and our surface data logging specialist to recognize that an unplanned influx of oil, natural gas, or fluid into the well was occurring, communication failures among BP, Transocean, and us, and flawed decisions relating to the design, construction, and testing of barriers critical to the temporary abandonment of the well.

In October 2011, the Bureau of Safety and Environmental Enforcement (BSEE) issued a notification of Incidents of Noncompliance (INCs) to us for allegedly violating federal regulations relating to the failure to take measures to prevent the unauthorized release of hydrocarbons, the failure to take precautions to keep the Macondo well under control, the failure to cement the well in a manner that would, among other things, prevent the release of fluids into the Gulf of Mexico, and the failure to protect health, safety, property, and the environment as a result of a failure to perform operations in a safe and workmanlike manner. According to the BSEE's notice, we did not ensure an adequate barrier to hydrocarbon flow after cementing the production casing and did not detect the influx of hydrocarbons until they were above the blowout preventer stack. We understand that the regulations in effect at the time of the alleged violations provide for fines of up to $35,000 per day per violation. We have appealed the INCs to the Interior Board of Land Appeals (IBLA). In January 2012, the IBLA, in response to our and the BSEE's joint request, suspended the appeal and ordered us and the BSEE to file notice within 15 days after the conclusion of the multi-district litigation (MDL) and, within 60 days after the MDL court issues a final decision, to file a proposal for further action in the appeal. The BSEE has announced that the INCs will be reviewed for possible imposition of civil penalties once the appeal has ended. The BSEE has stated that this is the first time the Department of the Interior has issued INCs directly to a contractor that was not the well's operator.

In addition, as part of its criminal investigation, the Department of Justice (DOJ) is examining certain aspects of our conduct after the incident, including with respect to record-keeping, record retention, post-incident testing and modeling and the retention thereof, securities filings, and public statements by us or our employees, to evaluate whether there has been any violation of federal law.

Our contract with BP Exploration relating to the Macondo well generally provides for our indemnification by BP Exploration for certain potential claims and expenses relating to the Macondo well incident. BP Exploration, in connection with filing its claims with respect to the MDL proceeding, asked that court to declare that it is not liable to us in contribution, indemnification, or otherwise with respect to liabilities arising from the Macondo well incident. Other defendants in the litigation have generally denied any obligation to contribute to any liabilities arising from the Macondo well incident. In January 2012, the court in the MDL proceeding entered an order in response to our and BP's motions for summary judgment regarding certain indemnification matters. The court held that BP is required to indemnify us for third-party compensatory claims, or actual damages, that arise from pollution or contamination that did not originate from our property or equipment located above the surface of the land or water, even if we are found to be grossly negligent. The court also held that BP does not owe us indemnity for punitive damages or for civil penalties under the Clean Water Act (CWA), if any, and that fraud could void the indemnity on public policy grounds. The court in the MDL proceeding deferred ruling on whether our indemnification from BP covers penalties or fines under the Outer Continental Shelf Lands Act, whether our alleged breach of our contract with BP Exploration would invalidate the indemnity, and whether we committed an act that materially increased the risk to or prejudiced the rights of BP so as to invalidate the indemnity.

The rulings in the MDL proceeding regarding the indemnities are based on maritime law and may not bind the determination of similar issues in lawsuits not comprising a part of the MDL proceeding. Accordingly, it is possible that different conclusions with respect to indemnities will be reached by other courts.

Indemnification for criminal fines or penalties, if any, may not be available if a court were to find such indemnification unenforceable as against public policy. In addition, certain state laws, if deemed to apply, would not allow for enforcement of indemnification for gross negligence, and may not allow for enforcement of indemnification of persons who are found to be negligent with respect to personal injury claims. We may not be insured with respect to civil or criminal fines or penalties, if any, pursuant to the terms of our insurance policies.

BP's public filings indicate that BP has recognized in excess of $40 billion in pre-tax charges, excluding offsets for settlement payments received from certain defendants in the MDL, as a result of the Macondo well incident. BP's public filings also indicate that the amount of, among other things, certain natural resource damages with respect to certain OPA claims, some of which may be included in such charges, cannot be reliably estimated as of the dates of those filings.

We are currently unable to fully estimate the impact the Macondo well incident will have on us. We cannot predict the outcome of the many lawsuits and investigations relating to the Macondo well incident, including orders and rulings of the court that impact the MDL, whether the MDL will proceed to trial, the results of any such trial, the effect that the settlements between BP and the Plaintiffs' Steering Committee (PSC) in the MDL and other settlements may have on claims against us, or whether we might settle with one or more of the parties to any lawsuit or investigation. At the request of the court, in late February 2012 we participated in a series of discussions with the Magistrate Judge in the MDL relating to whether the MDL could be settled. Although these discussions did not result in a settlement, we recorded a $300 million liability during the first quarter of 2012 for an estimated loss contingency relating to the MDL. This loss contingency, which is included in “Other liabilities” in our consolidated balance sheet as of December 31, 2012 and in “Cost of services” on the consolidated statement of operations for the year ended December 31, 2012, represents a loss contingency that is probable and for which a reasonable estimate of loss or range of loss can be made. There are additional loss contingencies relating to the Macondo well incident that are reasonably possible but for which we cannot make a reasonable estimate. Given the numerous potential developments relating to the MDL and other lawsuits and investigations, which could occur at any time, we may adjust our estimated loss contingency in the future. Liabilities arising out of the Macondo well incident could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Certain matters relating to the Macondo well incident, including increased regulation of the United States offshore drilling industry, and similar catastrophic events could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

The Macondo well incident and the subsequent oil spill resulted in offshore drilling delays, temporary drilling bans, and increased federal regulation of our and our customers' operations, and more regulations and delays are possible. For example, the BSEE has issued regulations that provide revised casing and cementing requirements, including integrity testing standards, that mandate independent third-party verifications, that impose blowout preventer capability, testing, and documentation obligations, and that outline standards for specific well control training for deepwater operations, among other requirements. In addition, the BSEE has noted that it may propose regulations to require, among other things, increased employee involvement in certain safety measures and third-party audits of operators' safety and environmental management systems. The BSEE has also stated that it has the legal authority to extend its regulatory reach to include contractors, like us, in addition to operators, as evidenced by the INCs.

The increased regulation of the exploration and production industry as a whole that arises out of the Macondo well incident has and could continue to result in higher operating costs for us and our customers, extended permitting and drilling delays, and reduced demand for our services. We cannot predict to what extent increased regulation may be adopted in international or other jurisdictions or whether we and our customers will be required or may elect to implement responsive policies and procedures in jurisdictions where they may not be required.

In addition, the Macondo well incident has negatively impacted and could continue to negatively impact the availability and cost of insurance coverage for us, our customers, and our and their service providers. Also, our relationships with BP and others involved in the Macondo well incident could be negatively affected. Our business may be adversely impacted by any negative publicity relating to the incident, any negative perceptions about us by our customers, any increases in insurance premiums or difficulty in obtaining coverage, and the diversion of management's attention from our operations to focus on matters relating to the incident.

As illustrated by the Macondo well incident, the services we provide for our customers are performed in challenging environments that can be dangerous. Catastrophic events such as a well blowout, fire, or explosion can occur, resulting in property damage, personal injury, death, pollution, and environmental damage. While we are typically indemnified by our customers for these types of events and the resulting damages and injuries (except in some cases, claims by our employees, loss or damage to our property, and any pollution emanating directly from our equipment), we will be exposed to significant potential losses should such catastrophic events occur if adequate indemnification provisions or insurance arrangements are not in place, if existing indemnity or related release from liability provisions are determined by a court to be unenforceable or otherwise invalid, in whole or in part, or if our customers are unable or unwilling to satisfy their indemnity obligations.

The matters discussed above relating to the Macondo well incident and similar catastrophic events could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Our operations are subject to political and economic instability, risk of government actions, and cyber attacks that could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

We are exposed to risks inherent in doing business in each of the countries in which we operate. Our operations are subject to various risks unique to each country that could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. With respect to any particular country, these risks may include:

- political and economic instability, including:
  - civil unrest, acts of terrorism, force majeure, war, or other armed conflict;
  - inflation; and
  - currency fluctuations, devaluations, and conversion restrictions; and
- governmental actions that may:
  - result in expropriation and nationalization of our assets in that country;
  - result in confiscatory taxation or other adverse tax policies;
  - limit or disrupt markets, restrict payments, or limit the movement of funds;
  - result in the deprivation of contract rights; and
  - result in the inability to obtain or retain licenses required for operation.

For example, due to the unsettled political conditions in many oil-producing countries, our operations, revenue, and profits are subject to the adverse consequences of war, the effects of terrorism, civil unrest, strikes, currency controls, and governmental actions. These and other risks described above could result in the loss of our personnel or assets, cause us to evacuate our personnel from certain countries, cause us to increase spending on security worldwide, disrupt financial and commercial markets, including the supply of and pricing for oil and natural gas, and generate greater political and economic instability in some of the geographic areas in which we operate. Areas where we operate that have significant risk include, but are not limited to: the Middle East, North Africa, Azerbaijan, Colombia, Indonesia, Kazakhstan, Mexico, Nigeria, Russia, and Venezuela. In addition, any possible reprisals as a consequence of military or other action, such as acts of terrorism in the United States or elsewhere, could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

Our operations are also subject to the risk of cyber attacks. If our systems for protecting against cybersecurity risks prove not to be sufficient, we could be adversely affected by, among other things, loss or damage of intellectual property, proprietary information, or customer data, having our business operations interrupted, and increased costs to prevent, respond to, or mitigate cybersecurity attacks. These risks could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

Our operations outside the United States require us to comply with a number of United States and international regulations, violations of which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

Our operations outside the United States require us to comply with a number of United States and international regulations. For example, our operations in countries outside the United States are subject to the United States Foreign Corrupt Practices Act (FCPA), which prohibits United States companies and their agents and employees from providing anything of value to a foreign official for the purposes of influencing any act or decision of these individuals in their official capacity to help obtain or retain business, direct business to any person or corporate entity, or obtain any unfair advantage. Our activities create the risk of unauthorized payments or offers of payments by our employees, agents, or joint venture partners that could be in violation of the FCPA, even though these parties are not subject to our control. We have internal control policies and procedures and have implemented training and compliance programs for our employees and agents with respect to the FCPA. However, we cannot assure that our policies, procedures, and programs always will protect us from reckless or criminal acts committed by our employees or agents. Allegations of violations of applicable anti-corruption laws, including the FCPA, may result in internal, independent, or government investigations. Violations of the FCPA may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. In addition, investigations by governmental authorities as well as legal, social, economic, and political issues in these countries could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. We are also subject to the risks that our employees, joint venture partners, and agents outside of the United States may fail to comply with other applicable laws.

Changes in or interpretation of tax law and currency/repatriation control could impact the determination of our income tax liabilities for a tax year.

We have operations in approximately 80 countries. Consequently, we are subject to the jurisdiction of a significant number of taxing authorities. The income earned in these various jurisdictions is taxed on differing bases, including net income actually earned, net income deemed earned, and revenue-based tax withholding. The final determination of our income tax liabilities involves the interpretation of local tax laws, tax treaties, and related authorities in each jurisdiction, as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in or interpretation of tax law and currency/repatriation controls, could impact the determination of our income tax liabilities for a tax year.

We are subject to foreign exchange risks and limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries or to repatriate assets from some countries.

A sizable portion of our consolidated revenue and consolidated operating expenses is in foreign currencies. As a result, we are subject to significant risks, including:

- foreign currency exchange risks resulting from changes in foreign currency exchange rates and the implementation of exchange controls; and
- limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries.

As an example, we conduct business in countries, such as Venezuela, that have nontraded or “soft” currencies that, because of their restricted or limited trading markets, may be more difficult to exchange for “hard” currency. We may accumulate cash in soft currencies, and we may be limited in our ability to convert our profits into United States dollars or to repatriate the profits from those countries. In addition, we may accumulate cash in foreign jurisdictions that may be subject to taxation if repatriated to the United States. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Business Environment and Results of Operations" and Note 9 to the Consolidated Financial Statements, "Income Taxes."

Trends in oil and natural gas prices affect the level of exploration, development, and production activity of our customers and the demand for our services and products which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

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. The level of exploration, development, and production activity 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 which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. Even the perception 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. Factors affecting the prices of oil and natural gas include:

- the level of supply and demand for oil and natural gas, especially demand for natural gas in the United States;
- governmental regulations, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves;
- 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; and
- potential acceleration of development of alternative fuels.

Our business is dependent on capital spending by our customers, and reductions in capital spending could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

Our business is directly affected by changes in capital expenditures by our customers, and reductions in their capital spending could reduce demand for our services and products and have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. Some of the changes that may materially and adversely affect us include:

- oil and natural gas prices, including volatility of oil and natural gas prices and expectations regarding future prices;
- the inability of our customers to access capital on economically advantageous terms;
- the consolidation of our customers;
- customer personnel changes; and
- adverse developments in the business or operations of our customers, including write-downs of reserves and borrowing base reductions under customer credit facilities.

If our customers delay paying or fail to pay 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.

We depend on a limited number of significant customers. While none of these customers represented more than 10% of consolidated revenue in any period presented, the loss of one or more significant customers could have a material adverse effect on our business and our consolidated results of operations.

In most cases, 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 customers' cash flow from operations and their access to the credit markets. If our customers delay paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Our business in Venezuela subjects us to actions by the Venezuelan government and delays in receiving payments, which could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We believe there are risks associated with our operations in Venezuela, including the possibility that the Venezuelan government could assume control over our operations and assets. We also continue to see a delay in receiving payment on our receivables from our primary customer in Venezuela. If our customer further delays 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.

The future results of our Venezuelan operations will be affected by many factors, including our ability to take actions to mitigate the effect of a devaluation of the Bolívar Fuerte, the foreign currency exchange rate, actions of the Venezuelan government, and general economic conditions such as continued inflation and future customer payments and spending. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Business Environment and Results of Operations - International operations - Venezuela."

The adoption of any future federal, state, or local laws or implementing regulations imposing reporting obligations on, or limiting or banning, the hydraulic fracturing process could make it more difficult to complete natural gas and oil wells and could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We are a leading provider of hydraulic fracturing services. Various federal legislative and regulatory initiatives have been undertaken which could result in additional requirements or restrictions being imposed on hydraulic fracturing operations. For example, the Department of Interior has issued proposed regulations that would apply to hydraulic fracturing operations on wells that are subject to federal oil and gas leases and that would impose requirements regarding the disclosure of chemicals used in the hydraulic fracturing process as well as requirements to obtain certain federal approvals before proceeding with hydraulic fracturing at a well site. These regulations, if adopted, would establish additional levels of regulation at the federal level that could lead to operational delays and increased operating costs. At the same time, legislation and/or regulations have been adopted in several states that require additional disclosure regarding chemicals used in the hydraulic fracturing process but that include protections for proprietary information. Legislation and/or regulations are being considered at the state and local level that could impose further chemical disclosure or other regulatory requirements (such as restrictions on the use of certain types of chemicals or prohibitions on hydraulic fracturing operations in certain areas) that could affect our operations. In addition, governmental authorities in various foreign countries where we have provided or may provide hydraulic fracturing services have imposed or are considering imposing various restrictions or conditions that may affect hydraulic fracturing operations.

We are one of several unrelated companies who received a subpoena from the Office of the New York Attorney General, dated June 17, 2011. The subpoena sought information and documents relating to, among other things, natural gas development and hydraulic fracturing. We have provided information in response to the Attorney General's requests.

The adoption of any future federal, state, local, or foreign laws or implementing regulations imposing reporting obligations on, or limiting or banning, the hydraulic fracturing process could make it more difficult to complete natural gas and oil wells and could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Liability for cleanup costs, natural resource damages, and other damages arising as a result of environmental laws could be substantial and could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We are exposed to claims under environmental requirements and, from time to time, such claims have been made against us. In the United States, environmental requirements and regulations typically impose strict liability. Strict liability means that in some situations we could be exposed to liability for cleanup costs, natural resource damages, and other damages as a result of our conduct that was lawful at the time it occurred or the conduct of prior operators or other third parties. Liability for damages arising as a result of environmental laws could be substantial and could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We are periodically notified of potential liabilities at federal and state superfund sites. These potential liabilities may arise from both historical Halliburton operations and the historical operations of companies that we have acquired. Our exposure at these sites may be materially impacted by unforeseen adverse developments both in the final remediation costs and with respect to the final allocation among the various parties involved at the sites. For any particular federal or state superfund site, because our estimated liability is typically within a range and our accrued liability may be the amount on the low end of that range, our actual liability could eventually be well in excess of the amount accrued. The relevant regulatory agency may bring suit against us for amounts in excess of what we have accrued and what we believe is our proportionate share of remediation costs at any superfund site. We also could be subject to third-party claims, including punitive damages, with respect to environmental matters for which we have been named as a potentially responsible party.

Constraints in the supply of, prices for, and availability of transportation of raw materials can have a material adverse effect on our business and consolidated results of operations.

Raw materials essential to our business are normally readily available. High levels of demand for, or shortage of, raw materials, such as proppants, hydrochloric acid, and gels, including guar gum, can trigger constraints in the supply chain of those raw materials, particularly where we have a relationship with a single supplier for a particular resource. Many of the raw materials essential to our business require the use of rail, storage, and trucking services to transport the materials to our jobsites. These services, particularly during times of high demand, may cause delays in the arrival of or otherwise constrain our supply of raw materials. These constraints could have a material adverse effect on our business and consolidated results of operations. In addition, price increases imposed by our vendors for raw materials used in our business and the inability to pass these increases through to our customers could have a material adverse effect on our business and consolidated results of operations.

Doing business with national oil companies exposes us to greater risks of cost overruns, delays, and project losses, as well as unsettled political conditions that can heighten these risks.

Much of the world's oil and natural gas reserves are controlled by national or state-owned oil companies (NOCs). Several NOCs are among our top 20 customers. Increasingly, NOCs are turning to oilfield services companies like us to provide the services, technologies, and expertise needed to develop their reserves. Reserve estimation is a subjective process that involves estimating location and volumes based on a variety of assumptions and variables that cannot be directly measured. As such, the NOCs may provide us with inaccurate information in relation to their reserves that may result in cost overruns, delays, and project losses. In addition, NOCs often operate in countries with unsettled political conditions, war, civil unrest, or other types of community issues. These types of issues may also result in similar cost overruns, delays, and project losses.

A downward trend in estimates of production volumes or commodity prices, or an upward trend in production costs, could have a material adverse effect on our consolidated results of operations and result in impairment of or a change in the depletion rate on our oil and natural gas properties.

We have interests in oil and natural gas properties primarily in North America totaling approximately $78 million, net of accumulated depletion, which we account for under the successful efforts method. These oil and natural gas properties are assessed for impairment whenever changes in facts and circumstances indicate that the properties' carrying amounts may not be recoverable. The expected future cash flows used for impairment reviews and related fair-value calculations are based on judgmental assessments of future production volumes, prices, and costs, considering all available information at the date of review.

A downward trend in estimates of production volumes or prices, or an upward trend in production costs, could have a material adverse effect on our consolidated results of operations and result in impairment charges or a change in the depletion rate on our oil and natural gas properties.

Some of our customers require us to enter into long-term, fixed-price contracts that may require us to assume additional risks associated with cost over-runs, operating cost inflation, labor availability and productivity, supplier and contractor pricing and performance, and potential claims for liquidated damages.

Our customers, primarily NOCs, may require integrated, long-term, fixed-price contracts that could require us to provide integrated project management services outside our normal discrete business to act as project managers as well as service providers. Providing services on an integrated basis may require us to assume additional risks associated with cost over-runs, operating cost inflation, labor availability and productivity, supplier and contractor pricing and performance, and potential claims for liquidated damages. For example, we generally rely on third-party subcontractors and equipment providers to assist us with the completion of our contracts. To the extent that we cannot engage subcontractors or acquire equipment or materials, our ability to complete a project in a timely fashion or at a profit may be impaired. If the amount we are required to pay for these goods and services exceeds the amount we have estimated in bidding for fixed-price work, we could experience losses in the performance of these contracts. These delays and additional costs may be substantial, and we may be required to compensate our customers for these delays. This may reduce the profit to be realized or result in a loss on a project.

Our acquisitions, dispositions, and investments may not result in anticipated benefits and may present risks not originally contemplated, which may have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We continually seek opportunities to maximize efficiency and value through various transactions, including purchases or sales of assets, businesses, investments, or joint ventures. These transactions are intended to (but may not) result in the realization of savings, the creation of efficiencies, the offering of new products or services, the generation of cash or income, or the reduction of risk. Acquisition transactions may be financed by additional borrowings or by the issuance of our common stock. These transactions may also affect our liquidity, consolidated results of operations, and consolidated financial condition.

These transactions also involve risks, and we cannot ensure that:

- any acquisitions would result in an increase in income or provide an adequate return of capital or other anticipated benefits;
- any acquisitions would be successfully integrated into our operations and internal controls;
- the due diligence conducted prior to an acquisition would uncover situations that could result in financial or legal exposure, including under the FCPA, or that we will appropriately quantify the exposure from known risks;
- any disposition would not result in decreased earnings, revenue, or cash flow;
- use of cash for acquisitions would not adversely affect our cash available for capital expenditures and other uses;
- any dispositions, investments, acquisitions, or integrations would not divert management resources; or
- any dispositions, investments, acquisitions, or integrations would not have a material adverse effect on our liquidity, consolidated results of operations, or consolidated financial condition.

Actions of and disputes with our joint venture partners could have a material adverse effect on the business and results of operations of our joint ventures and, in turn, our business and consolidated results of operations.

We conduct some operations through joint ventures, where control may be shared with unaffiliated third parties. As with any joint venture arrangement, differences in views among the joint venture participants may result in delayed decisions or in failures to agree on major issues. We also cannot control the actions of our joint venture partners, including any nonperformance, default, or bankruptcy of our joint venture partners. These factors could have a material adverse effect on the business and results of operations of our joint ventures and, in turn, our business and consolidated results of operations.

Failure on our part to comply with applicable health, safety, and environmental requirements could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Our business is subject to a variety of health, safety, and environmental laws, rules, and regulations in the United States and other countries, including those covering hazardous materials and requiring emission performance standards for facilities. For example, our well service operations routinely involve the handling of significant amounts of waste materials, some of which are classified as hazardous substances. We also store, transport, and use radioactive and explosive materials in certain of our operations. Applicable regulatory requirements include, for example, those concerning:

- the containment and disposal of hazardous substances, oilfield waste, and other waste materials;
- the importation and use of radioactive materials;
- the use of underground storage tanks; and
- the use of underground injection wells.

These and other requirements generally are becoming increasingly strict. Sanctions for failure to comply with the requirements, many of which may be applied retroactively, may include:

- administrative, civil, and criminal penalties;
- revocation of permits to conduct business; and
- corrective action orders, including orders to investigate and/or clean up contamination.

Failure on our part to comply with applicable environmental requirements could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition. We are also exposed to costs arising from regulatory compliance, including compliance with changes in or expansion of applicable regulatory requirements, which could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Existing or future laws, regulations, treaties or international agreements related to greenhouse gases and climate change could have a negative impact on our business and may result in additional compliance obligations with respect to the release, capture, and use of carbon dioxide that could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Changes in environmental requirements related to greenhouse gases and climate change 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, sequestration, and use of carbon dioxide that could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Changes in, compliance with, or our failure to comply with laws in the countries in which we conduct business may negatively impact our ability to provide services in, make sales of equipment to, and transfer personnel or equipment among some of those countries and could have a material adverse effect on our business and consolidated results of operations.

In the countries in which we conduct business, we are subject to multiple and, at times, inconsistent regulatory regimes, including those that govern our use of radioactive materials, explosives, and chemicals in the course of our operations. Various national and international regulatory regimes govern the shipment of these items. Many countries, but not all, impose special controls upon the export and import of radioactive materials, explosives, and chemicals. Our ability to do business is subject to maintaining required licenses and complying with these multiple regulatory requirements applicable to these special products. In addition, the various laws governing import and export of both products and technology apply to a wide range of services and products we offer. In turn, this can affect our employment practices of hiring people of different nationalities because these laws may prohibit or limit access to some products or technology by employees of various nationalities. Changes in, compliance with, or our failure to comply with these laws may negatively impact our ability to provide services in, make sales of equipment to, and transfer personnel or equipment among some of the countries in which we operate and could have a material adverse effect on our business and consolidated results of operations.

Our failure to protect our proprietary information and any successful intellectual property challenges or infringement proceedings against us could materially and adversely affect our competitive position.

We rely on a variety of intellectual property rights that we use in our services and products. We may not be able to successfully preserve these intellectual property rights in the future, and these rights could be invalidated, circumvented, or challenged. In addition, the laws of some foreign countries in which our services and products may be sold do not protect intellectual property rights to the same extent as the laws of the United States. Our failure to protect our proprietary information and any successful intellectual property challenges or infringement proceedings against us could materially and adversely affect our competitive position.

If we are not able to design, develop, and produce commercially competitive products and to implement commercially competitive services in a timely manner in response to changes in technology, our business and consolidated results of operations could be materially and adversely affected, and the value of our intellectual property may be reduced.

The market for our services and products is characterized by continual technological developments to provide better and more reliable performance and services. If we are not able to design, develop, and produce commercially competitive products and to implement commercially competitive services in a timely manner in response to changes in technology, our business and consolidated results of operations could be materially and adversely affected, and the value of our intellectual property may be reduced. Likewise, if our proprietary technologies, equipment and facilities, or work processes become obsolete, we may no longer be competitive, and our business and consolidated results of operations could be materially and adversely affected.

The loss or unavailability of any of our executive officers or other key employees could have a material adverse effect on our business.

We depend greatly on the efforts of our executive officers and other key employees to manage our operations. The loss or unavailability of any of our executive officers or other key employees could have a material adverse effect on our business.

Our ability to operate and our growth potential could be materially and adversely affected if we cannot employ and retain technical personnel at a competitive cost.

Many of the services that we provide and the products that we sell are complex and highly engineered and often must perform or be performed in harsh conditions. We believe that our success depends upon our ability to employ and retain technical personnel with the ability to design, utilize, and enhance these services and products. In addition, our ability to expand our operations depends in part on our ability to increase our skilled labor force. A significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or both. If either of these events were to occur, our cost structure could increase, our margins could decrease, and any growth potential could be impaired.

Our business could be materially and adversely affected by severe or unseasonable weather where we have operations.

Our business could be materially and adversely affected by severe weather, particularly in the Gulf of Mexico, Russia, and the North Sea. Some experts believe global climate change could increase the frequency and severity of these extreme weather conditions. Repercussions of severe or unseasonable weather conditions may include:

- evacuation of personnel and curtailment of services;
- weather-related damage to offshore drilling rigs resulting in suspension of operations;
- weather-related damage to our facilities and project work sites;
- inability to deliver materials to jobsites in accordance with contract schedules;
- decreases in demand for natural gas during unseasonably warm winters; and
- loss of productivity.

Item 1(b). Unresolved Staff Comments.

None.

Item 2. Properties.

We own or lease numerous properties in domestic and foreign locations. Our principal properties include manufacturing facilities, research and development laboratories, technology centers, and corporate offices. All of our owned properties are unencumbered.

The following locations represent our major facilities by segment:

Completion and Production segment:	Arbroath, United Kingdom
	Johor, Malaysia
	Lafayette, Louisiana
	Monterrey, Mexico
	Sao Jose dos Campos, Brazil
	Singapore, Singapore
	Stavanger, Norway
Drilling and Evaluation segment:	Alvarado, Texas
	Nisku, Canada
	Singapore, Singapore
	The Woodlands, Texas
Shared/corporate facilities:	Carrollton, Texas
	Dubai, United Arab Emirates
	Duncan, Oklahoma
	Houston, Texas
	Pune, India

In addition, we have 180 international and 120 United States field camps from which we deliver our services and products. We also have numerous small facilities that include sales, project, and support offices and bulk storage facilities throughout the world.

We believe all properties that we currently occupy are suitable for their intended use.

Item 3. Legal Proceedings.

Macondo well incident

Overview. The semisubmersible drilling rig, Deepwater Horizon, sank on April 22, 2010 after an explosion and fire onboard the rig that began on April 20, 2010. The Deepwater Horizon was owned by Transocean Ltd. and had been drilling the Macondo exploration well in Mississippi Canyon Block 252 in the Gulf of Mexico for the lease operator, BP Exploration & Production, Inc. (BP Exploration), an indirect wholly owned subsidiary of BP p.l.c. We performed a variety of services for BP Exploration, including cementing, mud logging, directional drilling, measurement-while-drilling, and rig data acquisition services. Crude oil flowing from the well site spread across thousands of square miles of the Gulf of Mexico and reached the United States Gulf Coast. Efforts to contain the flow of hydrocarbons from the well were led by the United States government and by BP p.l.c., BP Exploration, and their affiliates (collectively, BP). The flow of hydrocarbons from the well ceased on July 15, 2010, and the well was permanently capped on September 19, 2010. Numerous attempts at estimating the volume of oil spilled have been made by various groups, and on August 2, 2010 the federal government published an estimate that approximately 4.9 million barrels of oil were discharged from the well. There were eleven fatalities and a number of injuries as a result of the Macondo well incident.

We are currently unable to fully estimate the impact the Macondo well incident will have on us. The beginning of the multi-district litigation (MDL) trial referred to below has been set for February 25, 2013. We cannot predict the outcome of the many lawsuits and investigations relating to the Macondo well incident, including orders and rulings of the court that impact the MDL, whether the MDL will proceed to trial, the results of any such trial, the effect that the settlements between BP and the Plaintiffs' Steering Committee (PSC) in the MDL and other settlements may have on claims against us, or whether we might settle with one or more of the parties to any lawsuit or investigation. At the request of the court, in late February 2012 we participated in a series of discussions with the Magistrate Judge in the MDL relating to whether the MDL could be settled. Although these discussions did not result in a settlement, we recorded a $300 million liability during the first quarter of 2012 for an estimated loss contingency relating to the MDL. This loss contingency, which is included in "Other liabilities" in our consolidated balance sheet as of December 31, 2012 and in "Cost of services" on the consolidated statement of operations for the year ended December 31, 2012, represents a loss contingency that is probable and for which a reasonable estimate of a loss or range of loss can be made. Although we continue to believe that we have substantial legal arguments and defenses against any liability and that BP's indemnity obligation protects us as described below, we cannot conclude that a probable loss associated with the MDL is zero. There are additional loss contingencies relating to the Macondo well incident that are reasonably possible but for which we cannot make a reasonable estimate. Given the numerous potential developments relating to the MDL and other lawsuits and investigations, which could occur at any time, we may adjust our estimated loss contingency in the future. Liabilities arising out of the Macondo well incident could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Investigations and Regulatory Action. The United States Coast Guard, a component of the United States Department of Homeland Security, and the Bureau of Ocean Energy Management, Regulation and Enforcement (formerly known as the Minerals Management Service and which was replaced effective October 1, 2011 by two new, independent bureaus – the Bureau of Safety and Environmental Enforcement (BSEE) and the Bureau of Ocean Energy Management), a bureau of the United States Department of the Interior, shared jurisdiction over the investigation into the Macondo well incident and formed a joint investigation team that reviewed information and held hearings regarding the incident (Marine Board Investigation). We were named as one of the 16 parties-in-interest in the Marine Board Investigation. The Marine Board Investigation, as well as investigations of the incident that were conducted by The National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling (National Commission) and the National Academy of Sciences, have been completed, and reports issued as a result of those investigations have been critical of BP, Transocean, and us, among others. For example, one or more of those reports have concluded that primary cement failure was a direct cause of the blowout, cement testing performed by an independent laboratory "strongly suggests" that the foam cement slurry used on the Macondo well was unstable, and that numerous other oversights and factors caused or contributed to the cause of the incident, including BP's failure to run a cement bond log, BP's and Transocean's failure to properly conduct and interpret a negative-pressure test, the failure of the drilling crew and our surface data logging specialist to recognize that an unplanned influx of oil, natural gas, or fluid into the well was occurring, communication failures among BP, Transocean, and us, and flawed decisions relating to the design, construction, and testing of barriers critical to the temporary abandonment of the well. The U.S. Chemical Safety and Hazard Investigation Board is also conducting an investigation of the incident.

In October 2011, the BSEE issued a notification of Incidents of Noncompliance (INCs) to us for allegedly violating federal regulations relating to the failure to take measures to prevent the unauthorized release of hydrocarbons, the failure to take precautions to keep the Macondo well under control, the failure to cement the well in a manner that would, among other things, prevent the release of fluids into the Gulf of Mexico, and the failure to protect health, safety, property, and the environment as a result of a failure to perform operations in a safe and workmanlike manner. According to the BSEE's notice, we did not ensure an adequate barrier to hydrocarbon flow after cementing the production casing and did not detect the influx of hydrocarbons until they were above the blowout preventer stack. We understand that the regulations in effect at the time of the alleged violations provide for fines of up to $35,000 per day per violation. We have appealed the INCs to the Interior Board of Land Appeals (IBLA). In January 2012, the IBLA, in response to our and the BSEE's joint request, suspended the appeal and ordered us and the BSEE to file notice within 15 days after the conclusion of the MDL and, within 60 days after the MDL court issues a final decision, to file a proposal for further action in the appeal. The BSEE has announced that the INCs will be reviewed for possible imposition of civil penalties once the appeal has ended. The BSEE has stated that this is the first time the Department of the Interior has issued INCs directly to a contractor that was not the well's operator.

The Cementing Job and Reaction to Reports. We disagree with the reports referred to above regarding many of their findings and characterizations with respect to our cementing and surface data logging services, as applicable, on the Deepwater Horizon. We have provided information to the National Commission, its staff, and representatives of the joint investigation team for the Marine Board Investigation that we believe has been overlooked or omitted from their reports, as applicable. We intend to continue to vigorously defend ourselves in any investigation relating to our involvement with the Macondo well that we believe inaccurately evaluates or depicts our services on the Deepwater Horizon.

The cement slurry on the Deepwater Horizon was designed and prepared pursuant to well condition data provided by BP. Regardless of whether alleged weaknesses in cement design and testing are or are not ultimately established, and regardless of whether the cement slurry was utilized in similar applications or was prepared consistent with industry standards, we believe that had BP and Transocean properly interpreted a negative-pressure test, this test would have revealed any problems with the cement. In addition, had BP designed the Macondo well to allow a full cement bond log test or if BP had conducted even a partial cement bond log test, the test likely would have revealed any problems with the cement. BP, however, elected not to conduct any cement bond log tests, and with Transocean misinterpreted the negative-pressure test, both of which could have resulted in remedial action, if appropriate, with respect to the cementing services.

At this time we cannot predict the impact of the investigations or reports referred to above, or the conclusions of future investigations or reports. We also cannot predict whether any investigations or reports will have an influence on or result in us being named as a party in any action alleging liability or violation of a statute or regulation, whether federal or state and whether criminal or civil.

We intend to continue to cooperate fully with all hearings, investigations, and requests for information relating to the Macondo well incident. We cannot predict the outcome of, or the costs to be incurred in connection with, any of these hearings or investigations, and therefore we cannot predict the potential impact they may have on us.

DOJ Investigations and Actions. On June 1, 2010, the United States Attorney General announced that the Department of Justice (DOJ) was launching civil and criminal investigations into the Macondo well incident to closely examine the actions of those involved, and that the DOJ was working with attorneys general of states affected by the Macondo well incident. The DOJ announced that it was reviewing, among other traditional criminal statutes, possible violations of and liabilities under The Clean Water Act (CWA), The Oil Pollution Act of 1990 (OPA), The Migratory Bird Treaty Act of 1918 (MBTA), and the Endangered Species Act of 1973 (ESA). As part of its criminal investigation, the DOJ is examining certain aspects of our conduct after the incident, including with respect to record-keeping, record retention, post-incident testing and modeling and the retention thereof, securities filings, and public statements by us or our employees, to evaluate whether there has been any violation of federal law.

The CWA provides authority for civil and criminal penalties for discharges of oil into or upon navigable waters of the United States, adjoining shorelines, or in connection with the Outer Continental Shelf Lands Act (OCSLA) in quantities that are deemed harmful. A single discharge event may result in the assertion of numerous violations under the CWA. Criminal sanctions under the CWA can be assessed for negligent discharges (up to $50,000 per day per violation), for knowing discharges (up to $100,000 per day per violation), and for knowing endangerment (up to $2 million per violation), and federal agencies could be precluded from contracting with a company that is criminally sanctioned under the CWA. Civil proceedings under the CWA can be commenced against an “owner, operator, or person in charge of any vessel, onshore facility, or offshore facility from which oil or a hazardous substance is discharged” in violation of the CWA. The civil penalties that can be imposed against responsible parties range from up to $1,100 per barrel of oil discharged in the case of those found strictly liable to $4,300 per barrel of oil discharged in the case of those found to have been grossly negligent.

The OPA establishes liability for discharges of oil from vessels, onshore facilities, and offshore facilities into or upon the navigable waters of the United States. Under the OPA, the "responsible party" for the discharging vessel or facility is liable for removal and response costs as well as for damages, including recovery costs to contain and remove discharged oil and damages for injury to natural resources and real or personal property, lost revenues, lost profits, and lost earning capacity. The cap on liability under the OPA is the full cost of removal of the discharged oil plus up to $75 million for damages, except that the $75 million cap does not apply in the event the damage was proximately caused by gross negligence or the violation of certain federal safety, construction or operating standards. The OPA defines the set of responsible parties differently depending on whether the source of the discharge is a vessel or an offshore facility. Liability for vessels is imposed on owners and operators; liability for offshore facilities is imposed on the holder of the permit or lessee of the area in which the facility is located.

The MBTA and the ESA provide penalties for injury and death to wildlife and bird species. The MBTA provides that violators are strictly liable and such violations are misdemeanor crimes subject to fines of up to $15,000 per bird killed and imprisonment of up to six months. The ESA provides for civil penalties for knowing violations that can range up to $25,000 per violation and, in the case of criminal penalties, up to $50,000 per violation.

In addition, federal law provides for a variety of fines and penalties, the most significant of which is the Alternative Fines Act. In lieu of the express amount of the criminal fines that may be imposed under some of the statutes described above, the Alternative Fines Act provides for a fine in the amount of twice the gross economic loss suffered by third parties, which amount, although difficult to estimate, is significant.

On December 15, 2010, the DOJ filed a civil action seeking damages and injunctive relief against BP Exploration, Anadarko Petroleum Corporation and Anadarko E&P Company LP (together, Anadarko), which had an approximate 25% interest in the Macondo well, certain subsidiaries of Transocean Ltd., and others for violations of the CWA and the OPA. The DOJ's complaint seeks an action declaring that the defendants are strictly liable under the CWA as a result of harmful discharges of oil into the Gulf of Mexico and upon United States shorelines as a result of the Macondo well incident. The complaint also seeks an action declaring that the defendants are strictly liable under the OPA for the discharge of oil that has resulted in, among other things, injury to, loss of, loss of use of, or destruction of natural resources and resource services in and around the Gulf of Mexico and the adjoining United States shorelines and resulting in removal costs and damages to the United States far exceeding $75 million. BP Exploration has been designated, and has accepted the designation, as a responsible party for the pollution under the CWA and the OPA. Others have also been named as responsible parties, and all responsible parties may be held jointly and severally liable for any damages under the OPA. A responsible party may make a claim for contribution against any other responsible party or against third parties it alleges contributed to or caused the oil spill. In connection with the proceedings discussed below under "Litigation," in April 2011 BP Exploration filed a claim against us for contribution with respect to liabilities incurred by BP Exploration under the OPA or another law, which subsequent court filings have indicated may include the CWA, and requested a judgment that the DOJ assert its claims for OPA financial liability directly against us. We filed a motion to dismiss BP Exploration's claim, and that motion is pending.

We have not been named as a responsible party under the CWA or the OPA in the DOJ civil action, and we do not believe we are a responsible party under the CWA or the OPA. While we are not included in the DOJ's civil complaint, there can be no assurance that the DOJ or other federal or state governmental authorities will not bring an action, whether civil or criminal, against us under the CWA, the OPA, and/or other statutes or regulations. In connection with the DOJ's filing of the civil action, it announced that its criminal and civil investigations are continuing and that it will employ efforts to hold accountable those who are responsible for the incident.

A federal grand jury has been convened in Louisiana to investigate potential criminal conduct in connection with the Macondo well incident. We are cooperating fully with the DOJ's criminal investigation. As of February 11, 2013, the DOJ has not commenced any criminal proceedings against us. We cannot predict the status or outcome of the DOJ's criminal investigation or estimate the potential impact the investigation may have on us or our liability assessment, all of which may change as the investigation progresses. We have had and expect to continue to have discussions with the DOJ regarding the Macondo well incident and associated pre-incident and post-incident conduct.

In November 2012, BP announced that it reached an agreement with the DOJ to resolve all federal criminal charges against it stemming from the Macondo well incident. BP agreed to plead guilty to 14 criminal charges, with 13 of those charges based on the negligent misinterpretation of the negative-pressure test conducted on the Deepwater Horizon. BP also agreed to pay $4.0 billion, including approximately $1.3 billion in criminal fines, to take actions to further enhance the safety of drilling operations in the Gulf of Mexico, to a term of five years' probation, and to the appointment of two monitors with four-year terms, one relating to process safety and risk management procedures concerning deepwater drilling in the Gulf of Mexico and one relating to the improvement, implementation, and enforcement of BP's code of conduct.

In January 2013, Transocean announced that it reached an agreement with the DOJ to resolve certain claims for civil penalties and potential criminal claims against it arising from the Macondo well incident. Transocean agreed to plead guilty to one misdemeanor violation of the CWA for negligent discharge of oil into the Gulf of Mexico, to pay $1.0 billion in CWA penalties and $400 million in fines and recoveries, to implement certain measures to prevent a recurrence of an uncontrolled discharge of hydrocarbons, and to a term of five years' probation. Transocean's civil and criminal settlements are subject to court approval, and its civil settlement is also subject to public notice and comment.

Litigation. Since April 21, 2010, plaintiffs have been filing lawsuits relating to the Macondo well incident. Generally, those lawsuits allege either (1) damages arising from the oil spill pollution and contamination (*e.g.*, diminution of property value, lost tax revenue, lost business revenue, lost tourist dollars, inability to engage in recreational or commercial activities) or (2) wrongful death or personal injuries. We are named along with other unaffiliated defendants in more than 400 complaints, most of which are alleged class actions, involving pollution damage claims and at least seven personal injury lawsuits involving four decedents and at least 10 allegedly injured persons who were on the drilling rig at the time of the incident. At least six additional lawsuits naming us and others relate to alleged personal injuries sustained by those responding to the explosion and oil spill. Plaintiffs originally filed the lawsuits described above in federal and state courts throughout the United States. Except for certain lawsuits not yet consolidated, the Judicial Panel on Multi-District Litigation ordered all of the lawsuits against us consolidated in the MDL proceeding before Judge Carl Barbier in the United States Eastern District of Louisiana. The pollution complaints generally allege, among other things, negligence and gross negligence, property damages, taking of protected species, and potential economic losses as a result of environmental pollution and generally seek awards of unspecified economic, compensatory, and punitive damages, as well as injunctive relief. Plaintiffs in these pollution cases have brought suit under various legal provisions, including the OPA, the CWA, the MBTA, the ESA, the OCSLA, the Longshoremen and Harbor Workers Compensation Act, general maritime law, state common law, and various state environmental and products liability statutes.

Furthermore, the pollution complaints include suits brought against us by governmental entities, including the State of Alabama, the State of Louisiana, Plaquemines Parish, the City of Greenville, and three Mexican states. Complaints brought against us by at least seven other parishes in Louisiana were dismissed with prejudice, and the dismissal is being appealed by those parishes. The wrongful death and other personal injury complaints generally allege negligence and gross negligence and seek awards of compensatory damages, including unspecified economic damages, and punitive damages. We have retained counsel and are investigating and evaluating the claims, the theories of recovery, damages asserted, and our respective defenses to all of these claims.

Judge Barbier is also presiding over a separate proceeding filed by Transocean under the Limitation of Liability Act (Limitation Action). In the Limitation Action, Transocean seeks to limit its liability for claims arising out of the Macondo well incident to the value of the rig and its freight. While the Limitation Action has been formally consolidated into the MDL, the court is nonetheless, in some respects, treating the Limitation Action as an associated but separate proceeding. In February 2011, Transocean tendered us, along with all other defendants, into the Limitation Action. As a result of the tender, we and all other defendants will be treated as direct defendants to the plaintiffs' claims as if the plaintiffs had sued us and the other defendants directly. In the Limitation Action, the judge intends to determine the allocation of liability among all defendants in the hundreds of lawsuits associated with the Macondo well incident, including those in the MDL proceeding that are pending in his court. Specifically, we believe the judge will determine the liability, limitation, exoneration, and fault allocation with regard to all of the defendants in a trial, which is scheduled to occur in at least two phases beginning on February 25, 2013. The first phase of this portion of the trial is scheduled to cover issues arising out of the conduct and degree of culpability of various parties allegedly relevant to the loss of well control, the ensuing fire and explosion on and sinking of the Deepwater Horizon, and the initiation of the release of hydrocarbons from the Macondo well. The MDL court has projected September 2013 for the beginning of the second phase of this portion of the trial, which is scheduled to cover actions relating to attempts to control the flow of hydrocarbons from the well and the quantification of hydrocarbons discharged from the well. Subsequent proceedings would be held to the extent triable issues remain unsolved by the first two phases of the trial, settlements, motion practice, or stipulation. While the DOJ will participate in the first two phases of the trial with regard to BP's conduct and the amount of hydrocarbons discharged from the well, it is anticipated that the DOJ's civil action for the CWA and OPA violations, fines, and penalties will be addressed by the court in a subsequent proceeding. We do not believe that a single apportionment of liability in the Limitation Action is properly applied, particularly with respect to gross negligence and punitive damages, to the hundreds of lawsuits pending in the MDL proceeding.

Damages for the cases tried in the MDL proceeding, including punitive damages, are expected to be tried following the two phases of the trial described above. Under ordinary MDL procedures, such cases would, unless waived by the respective parties, be tried in the courts from which they were transferred into the MDL. It remains unclear, however, what impact the overlay of the Limitation Action will have on where these matters are tried. Document discovery and depositions among the parties to the MDL are ongoing.

In April and May 2011, certain defendants in the proceedings described above filed numerous cross claims and third party claims against certain other defendants. BP Exploration and BP America Production Company filed claims against us seeking subrogation, contribution, including with respect to liabilities under the OPA, and direct damages, and alleging negligence, gross negligence, fraudulent conduct, and fraudulent concealment. Transocean filed claims against us seeking indemnification, and subrogation and contribution, including with respect to liabilities under the OPA and for the total loss of the Deepwater Horizon, and alleging comparative fault and breach of warranty of workmanlike performance. Anadarko filed claims against us seeking tort indemnity and contribution, and alleging negligence, gross negligence and willful misconduct, and MOEX Offshore 2007 LLC (MOEX), who had an approximate 10% interest in the Macondo well at the time of the incident, filed a claim against us alleging negligence. Cameron International Corporation (Cameron) (the manufacturer and designer of the blowout preventer), M-I Swaco (provider of drilling fluids and services, among other things), Weatherford U.S. L.P. and Weatherford International, Inc. (together, Weatherford) (providers of casing components, including float equipment and centralizers, and services), and Dril-Quip, Inc. (Dril-Quip) (provider of wellhead systems), each filed claims against us seeking indemnification and contribution, including with respect to liabilities under the OPA in the case of Cameron, and alleging negligence. Additional civil lawsuits may be filed against us. In addition to the claims against us, generally the defendants in the proceedings described above filed claims, including for liabilities under the OPA and other claims similar to those described above, against the other defendants described above. BP has since announced that it has settled those claims between it and each of MOEX, Weatherford, Anadarko, and Cameron. Also, BP and M-I Swaco have dismissed all claims between them.

In April 2011, we filed claims against BP Exploration, BP p.l.c. and BP America Production Company (BP Defendants), M-I Swaco, Cameron, Anadarko, MOEX, Weatherford, Dril-Quip, and numerous entities involved in the post-blowout remediation and response efforts, in each case seeking contribution and indemnification and alleging negligence. Our claims also alleged gross negligence and willful misconduct on the part of the BP Defendants, Anadarko, and Weatherford. We also filed claims against M-I Swaco and Weatherford for contractual indemnification, and against Cameron, Weatherford and Dril-Quip for strict products liability, although the court has since issued orders dismissing all claims asserted against Dril-Quip and Weatherford in the MDL and we have dismissed our contractual indemnification claim against M-I Swaco. We filed our answer to Transocean’s Limitation petition denying Transocean’s right to limit its liability, denying all claims and responsibility for the incident, seeking contribution and indemnification, and alleging negligence and gross negligence.

Judge Barbier has issued an order, among others, clarifying certain aspects of law applicable to the lawsuits pending in his court. The court ruled that: (1) general maritime law will apply and therefore dismissed all claims brought under state law causes of action; (2) general maritime law claims may be brought directly against defendants who are non-“responsible parties” under the OPA with the exception of pure economic loss claims by plaintiffs other than commercial fishermen; (3) all claims for damages, including pure economic loss claims, may be brought under the OPA directly against responsible parties; and (4) punitive damage claims can be brought against both responsible and non-responsible parties under general maritime law. As discussed above, with respect to the ruling that claims for damages may be brought under the OPA against responsible parties, we have not been named as a responsible party under the OPA, but BP Exploration has filed a claim against us for contribution with respect to liabilities incurred by BP Exploration under the OPA.

In September 2011, we filed claims in Harris County, Texas against the BP Defendants seeking damages, including lost profits and exemplary damages, and alleging negligence, grossly negligent misrepresentation, defamation, common law libel, slander, and business disparagement. Our claims allege that the BP Defendants knew or should have known about an additional hydrocarbon zone in the well that the BP Defendants failed to disclose to us prior to our designing the cement program for the Macondo well. The location of the hydrocarbon zones is critical information required prior to performing cementing services and is necessary to achieve desired cement placement. We believe that had the BP Defendants disclosed the hydrocarbon zone to us, we would not have proceeded with the cement program unless it was redesigned, which likely would have required a redesign of the production casing. In addition, we believe that the BP Defendants withheld this information from the report of BP's internal investigation team and from the various investigations discussed above. In connection with the foregoing, we also moved to amend our claims against the BP Defendants in the MDL proceeding to include fraud. The BP Defendants have denied all of the allegations relating to the additional hydrocarbon zone and filed a motion to prevent us from adding our fraud claim in the MDL. In October 2011, our motion to add the fraud claim against the BP Defendants in the MDL proceeding was denied. The court’s ruling does not, however, prevent us from using the underlying evidence in our pending claims against the BP Defendants.

In December 2011, BP filed a motion for sanctions against us alleging, among other things, that we destroyed evidence relating to post-incident testing of the foam cement slurry on the Deepwater Horizon and requesting adverse findings against us. The magistrate judge in the MDL proceeding denied BP’s motion. BP appealed that ruling, and Judge Barbier affirmed the magistrate judge’s decision.

In April 2012, BP announced that it had reached definitive settlement agreements with the PSC to resolve the substantial majority of eligible private economic loss and medical claims stemming from the Macondo well incident. The PSC acts on behalf of individuals and business plaintiffs in the MDL. BP has estimated that the cost of the settlements would be approximately $8.5 billion, including payments to claimants who opt out of the settlements, administration costs, and plaintiffs' attorneys' fees and expenses, and has stated that it is possible the actual cost could be higher. According to BP, the settlements do not include claims against BP made by the DOJ or other federal agencies or by states and local governments. In addition, the settlements provide that, to the extent permitted by law, BP will assign to the settlement class certain of its claims, rights, and recoveries against Transocean and us for damages, including BP's alleged direct damages such as damages for clean-up expenses and damage to the well and reservoir. We do not believe that our contract with BP Exploration permits the assignment of certain claims to the settlement class without our consent. In April and May, 2012, BP and the PSC filed two settlement agreements and amendments with the MDL court, one agreement addressing economic claims and one agreement addressing medical claims, as well as numerous supporting documents and motions requesting that the court approve, among other things, the certification of the classes for both settlements and a schedule for holding a fairness hearing and approving the settlements. The MDL court has since confirmed certification of the classes for both settlements and granted final approval of the settlements. We objected to the settlements on the grounds set forth above, among other reasons. The MDL court held, however, that we, as a non-settling defendant, lacked standing to object to the settlements but noted that it did not express any opinion as to the validity of BP's assignment of certain claims to the settlement class and that the settlements do not affect any of our procedural or substantive rights in the MDL. We are unable to predict at this time the effect that the settlements may have on claims against us.

In October 2012, the MDL court issued an order dismissing three types of plaintiff claims: (1) claims by or on behalf of owners, lessors, and lessees of real property that allege to have suffered a reduction in the value of real property even though the property was not physically touched by oil and the property was not sold; (2) claims for economic losses based solely on consumers' decisions not to purchase fuel or goods from BP fuel stations and stores based on consumer animosity toward BP; and (3) claims by or on behalf of recreational fishermen, divers, beachgoers, boaters and others that allege damages such as loss of enjoyment of life from their inability to use portions of the Gulf of Mexico for recreational and amusement purposes. The MDL court also noted that we are not liable with respect to those claims under the OPA because we are not a "responsible party" under OPA.

We intend to vigorously defend any litigation, fines, and/or penalties relating to the Macondo well incident and to vigorously pursue any damages, remedies, or other rights available to us as a result of the Macondo well incident. We have incurred and expect to continue to incur significant legal fees and costs, some of which we expect to be covered by indemnity or insurance, as a result of the numerous investigations and lawsuits relating to the incident.

Macondo derivative case. In February 2011, a shareholder who had previously made a demand on our Board of Directors with respect to another derivative lawsuit filed a shareholder derivative lawsuit relating to the Macondo well incident. In 2012, we settled those lawsuits and the cases were dismissed. See "Shareholder derivative cases" below.

Indemnification and Insurance. Our contract with BP Exploration relating to the Macondo well generally provides for our indemnification by BP Exploration for certain potential claims and expenses relating to the Macondo well incident, including those resulting from pollution or contamination (other than claims by our employees, loss or damage to our property, and any pollution emanating directly from our equipment). Also, under our contract with BP Exploration, we have, among other things, generally agreed to indemnify BP Exploration and other contractors performing work on the well for claims for personal injury of our employees and subcontractors, as well as for damage to our property. In turn, we believe that BP Exploration was obligated to obtain agreement by other contractors performing work on the well to indemnify us for claims for personal injury of their employees or subcontractors, as well as for damages to their property. We have entered into separate indemnity agreements with Transocean and M-I Swaco, under which we have agreed to indemnify those parties for claims for personal injury of our employees and subcontractors and they have agreed to indemnify us for claims for personal injury of their employees and subcontractors.

In April 2011, we filed a lawsuit against BP Exploration in Harris County, Texas to enforce BP Exploration's contractual indemnity and alleging BP Exploration breached certain terms of the contractual indemnity provision. BP Exploration removed that lawsuit to federal court in the Southern District of Texas, Houston Division. We filed a motion to remand the case to Harris County, Texas, and the lawsuit was transferred to the MDL.

BP Exploration, in connection with filing its claims with respect to the MDL proceeding, asked that court to declare that it is not liable to us in contribution, indemnification, or otherwise with respect to liabilities arising from the Macondo well incident. Other defendants in the litigation discussed above have generally denied any obligation to contribute to any liabilities arising from the Macondo well incident.

In January 2012, the court in the MDL proceeding entered an order in response to our and BP's motions for summary judgment regarding certain indemnification matters. The court held that BP is required to indemnify us for third-party compensatory claims, or actual damages, that arise from pollution or contamination that did not originate from our property or equipment located above the surface of the land or water, even if we are found to be grossly negligent. The court did not express an opinion as to whether our conduct amounted to gross negligence, but we do not believe the performance of our services on the Deepwater Horizon constituted gross negligence. The court also held, however, that BP does not owe us indemnity for punitive damages or for civil penalties under the CWA, if any, and that fraud could void the indemnity on public policy grounds, although the court stated that it was mindful that mere failure to perform contractual obligations as promised does not constitute fraud. As discussed above, the DOJ is not seeking civil penalties from us under the CWA. The court in the MDL proceeding deferred ruling on whether our indemnification from BP covers penalties or fines under the OCSLA, whether our alleged breach of our contract with BP Exploration would invalidate the indemnity, and whether we committed an act that materially increased the risk to or prejudiced the rights of BP so as to invalidate the indemnity. We do not believe that we breached our contract with BP Exploration or committed an act that would otherwise invalidate the indemnity. The court's rulings will be subject to appeal at the appropriate time.

In responding to similar motions for summary judgment between Transocean and BP, the court also held that public policy would not bar Transocean's claim for indemnification of compensatory damages, even if Transocean was found to be grossly negligent. The court also held, among other things, that Transocean's contractual right to indemnity does not extend to punitive damages or civil penalties under the CWA.

The rulings in the MDL proceeding regarding the indemnities are based on maritime law and may not bind the determination of similar issues in lawsuits not comprising a part of the MDL proceeding. Accordingly, it is possible that different conclusions with respect to indemnities will be reached by other courts.

Indemnification for criminal fines or penalties, if any, may not be available if a court were to find such indemnification unenforceable as against public policy. In addition, certain state laws, if deemed to apply, would not allow for enforcement of indemnification for gross negligence, and may not allow for enforcement of indemnification of persons who are found to be negligent with respect to personal injury claims.

In addition to the contractual indemnities discussed above, we have a general liability insurance program of $600 million. Our insurance is designed to cover claims by businesses and individuals made against us in the event of property damage, injury, or death and, among other things, claims relating to environmental damage, as well as legal fees incurred in defending against those claims. We have received and expect to continue to receive payments from our insurers with respect to covered legal fees incurred in connection with the Macondo well incident. Through December 31, 2012, we have incurred legal fees and related expenses of approximately $175 million, of which $158 million has been reimbursed under or is expected to be covered by our insurance program. To the extent we incur any losses beyond those covered by indemnification, there can be no assurance that our insurance policies will cover all potential claims and expenses relating to the Macondo well incident. In addition, we may not be insured with respect to civil or criminal fines or penalties, if any, pursuant to the terms of our insurance policies. Insurance coverage can be the subject of uncertainties and, particularly in the event of large claims, potential disputes with insurance carriers, as well as other potential parties claiming insured status under our insurance policies.

BP's public filings indicate that BP has recognized in excess of $40 billion in pre-tax charges, excluding offsets for settlement payments received from certain defendants in the proceedings described above under "Litigation," as a result of the Macondo well incident. BP's public filings also indicate that the amount of, among other things, certain natural resource damages with respect to certain OPA claims, some of which may be included in such charges, cannot be reliably estimated as of the dates of those filings.

Barracuda-Caratinga arbitration

We agreed to provide indemnification in favor of our former subsidiary, KBR, Inc. (KBR), under the Master Separation Agreement for liabilities KBR may incur after November 20, 2006 as a result of certain allegedly defective subsea flowline bolts installed in connection with the Barracuda-Caratinga project. Prior to that, at the inception of the project, we provided a guarantee to Barracuda & Caratinga Leasing Company BV (BCLC), a subsidiary of our customer, Petrobras, of KBR's obligations with respect to the project.

In March 2006, BCLC commenced arbitration against KBR claiming $220 million plus interest for the cost of monitoring and replacing the allegedly defective bolts and all related costs and expenses of the arbitration, including the cost of attorneys' fees. During the third quarter of 2011, an arbitration panel issued an award against KBR in the amount of approximately $201 million, plus post-judgment interest. BCLC filed a motion to confirm, and KBR filed a motion to vacate, the arbitration award with the United States District Court for the Southern District of New York. In December 2012, BCLC sent us a demand for payment of the arbitration award under the terms of our guarantee. In January 2013, the matter was resolved by our payment of $219 million to BCLC under the guarantee. BCLC has agreed that our obligations under the guarantee have been satisfied. See Note 7 for further discussion of the Barracuda-Caratinga matter.

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 was styled *Archdiocese of Milwaukee Supporting Fund (AMSF) v. Halliburton Company, et al*. AMSF has changed its name to Erica P. John Fund, Inc. (the Fund). 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 our 1998 acquisition of Dresser Industries, Inc., including that we failed to timely disclose the resulting asbestos liability exposure.

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

In September 2007, the Fund filed a motion for class certification, and our response was filed in November 2007. The district court held a hearing in March 2008, and issued an order November 3, 2008 denying the motion for class certification. The Fund appealed the district court's order to the Fifth Circuit Court of Appeals. The Fifth Circuit affirmed the district court's order denying class certification. On May 13, 2010, the Fund filed a writ of certiorari in the United States Supreme Court. In January 2011, the Supreme Court granted the writ of certiorari and accepted the appeal. The Court heard oral arguments in April 2011 and issued its decision in June 2011, reversing the Fifth Circuit ruling that the Fund needed to prove loss causation in order to obtain class certification. The Court's ruling was limited to the Fifth Circuit's loss causation requirement, and the case was returned to the Fifth Circuit for further consideration of our other arguments for denying class certification. The Fifth Circuit returned the case to the district court, and in January 2012 the court issued an order certifying the class. We filed a Petition for Leave to Appeal with the Fifth Circuit, which was granted and the case is stayed at the district court pending this appeal. The Fifth Circuit is set to hear oral argument in the appeal in March 2013. In spite of its age, the case is at an early stage, and we cannot predict the outcome or consequences thereof. We intend to vigorously defend this case.

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 our detriment and the detriment of our 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 only current and former Halliburton directors and officers 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. Subsequently, a shareholder made a demand that the Board take remedial action respecting the FCPA claims in the pending lawsuit. Our Board of Directors designated a special committee of certain independent and disinterested directors to oversee the investigation of the allegations made in the lawsuits and shareholder demand. Upon receipt of the special committee's findings and recommendations, the independent and disinterested members of the Board determined that the shareholder claims were without merit and not otherwise in our best interest to pursue. The Board directed our counsel to report its determinations to the plaintiffs and demanding shareholder.

In 2012, we agreed to settle the consolidated lawsuit, and the court approved the settlement and dismissed the case. Pursuant to the settlement, we paid the plaintiffs' legal fees which were not material to our consolidated financial statements, and we have implemented certain changes to our corporate governance policies.

In February 2011, the same shareholder who had made the demand on our Board of Directors in connection with one of the derivative lawsuits discussed above filed a shareholder derivative lawsuit in Harris County, Texas naming us as a nominal defendant and certain of our directors and officers as defendants. This case alleges that these defendants, among other things, breached fiduciary duties of good faith and loyalty by failing to properly exercise oversight responsibilities and establish adequate internal controls, including controls and procedures related to cement testing and the communication of test results, as they relate to the Macondo well incident. Our Board of Directors designated a special committee of certain independent and disinterested directors to oversee the investigation of the allegations made in the lawsuit and shareholder demand. Upon receipt of the special committee's findings and recommendations, the independent and disinterested members of the Board determined that the shareholder claims were without merit and not otherwise in our best interest to pursue. The Board directed our counsel to report its determinations to the plaintiffs and demanding shareholder.

In 2012, we agreed to settle this lawsuit, and the court approved the settlement and dismissed the case. Pursuant to the settlement, we paid the plaintiffs' legal fees which were not material to our consolidated financial statements, and we have implemented certain changes to our corporate governance and health, safety, and environmental policies.

Investigations

We are conducting internal investigations of certain areas of our operations in Angola and Iraq, focusing on compliance with certain company policies, including our Code of Business Conduct (COBC), and the FCPA and other applicable laws.

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

Since the third quarter of 2011, we have been participating in meetings with the DOJ and the SEC to brief them on the status of our investigation and have been producing documents to them both voluntarily and as a result of SEC subpoenas to the company and certain of our current and former officers and employees.

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

We expect to continue to have discussions with the DOJ and the SEC regarding the Angola and Iraq matters described above and have indicated that we would further update them as our investigations progress. We have engaged outside counsel and independent forensic accountants to assist us with the investigations. We intend to continue to cooperate with the DOJ's and the SEC's inquiries and requests in these investigations. Because these investigations are ongoing, we cannot predict their outcome or the consequences thereof.

Environmental

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

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

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

In November 2012, the Company received an Enforcement Notice from the Pennsylvania Department of Environmental Protection (PADEP) regarding an alleged improper disposal of oil field acid in or around Homer City, Pennsylvania between 1999 and 2011. We are currently negotiating with the PADEP to resolve this matter in an amicable manner. We expect the PADEP to assess a penalty in excess of $100,000. We do not expect this matter to have a material adverse effect on our liquidity, consolidated results of operations, or consolidated financial position.

Between approximately 1965 and 1991, one or more former Halliburton units performed work (as a contractor or subcontractor) for the U.S. Department of Defense cleaning solid fuel from missile motor casings at a semi-rural facility on the north side of Duncan, Oklahoma. In addition, from approximately November 1983 through December 1985, a discrete portion of the site was used to conduct a recycling project on stainless steel nuclear fuel rod racks from Omaha Public Power District's Fort Calhoun Station. We closed the site in coordination with the Oklahoma Department of Environmental Quality (DEQ) in the mid-1990s, but continued to monitor the groundwater at the DEQ's request. A principal component of the missile fuel was ammonium perchlorate, a salt that is highly soluble in water, which has been discovered in the soil and groundwater on our site and in certain residential water wells near our property. In August 2011, we entered into the DEQ's Voluntary Cleanup Program and executed a voluntary *Memorandum of Agreement and Consent Order for Site Characterization and Risk Based Remediation* with the DEQ relating to the remediation of this site.

Commencing in October 2011, a number of lawsuits were filed against us, including a putative class action case in federal court in the Western District of Oklahoma and other lawsuits filed in Oklahoma state courts. The lawsuits generally allege, among other things, that operations at our Duncan facility caused releases of pollutants, including ammonium perchlorate and, in the case of the federal lawsuit, nuclear or radioactive waste, into the groundwater, and that we knew about those releases and did not take corrective actions to address them. It is also alleged that the plaintiffs have suffered from certain health conditions, including hypothyroidism, a condition that has been associated with exposure to perchlorate at sufficiently high doses over time. These cases seek, among other things, damages, including punitive damages, and the establishment of a fund for future medical monitoring. The cases allege, among other things, strict liability, trespass, private nuisance, public nuisance, and negligence and, in the case of the federal lawsuit, violations of the U.S. Resource Conservation and Recovery Act (RCRA), resulting in personal injuries, property damage, and diminution of property value.

The lawsuits generally allege that the cleaning of the missile casings at the Duncan facility contaminated the surrounding soils and groundwater, including certain water wells used in a number of residential homes, through the migration of, among other things, ammonium perchlorate. The federal lawsuit also alleges that our processing of radioactive waste from a nuclear power plant over 25 years ago resulted in the release of "nuclear/radioactive" waste into the environment. In April 2012, the judge in the federal lawsuit dismissed the plaintiffs' RCRA claim. The other claims brought in that lawsuit remain pending.

To date, soil and groundwater sampling relating to the allegations discussed above has confirmed that the alleged nuclear or radioactive material is confined to the soil in a discrete area of the onsite operations and is not presently believed to be in the groundwater onsite or in any areas offsite. The radiological impacts from this discrete area are not believed to present any health risk for offsite exposure. With respect to ammonium perchlorate, we have made arrangements to supply affected residents with bottled drinking water and, if needed, with access to temporary public water supply lines, at no cost to the residents. We have worked with the City of Duncan and the DEQ to expedite expansion of the city water supply to the relevant areas at our expense.

The lawsuits described above are at an early stage, and additional lawsuits and proceedings may be brought against us. We cannot predict their outcome or the consequences thereof. As of December 31, 2012, we had accrued $25 million related to our initial estimate of response efforts, third-party property damage, and remediation related to the Duncan, Oklahoma matter. We intend to vigorously defend the lawsuits and do not believe that these lawsuits will have a material adverse effect on our liquidity, consolidated results of operations, or consolidated financial condition.

Additionally, we have subsidiaries that have been named as potentially responsible parties along with other third parties for nine federal and state superfund sites for which we have established reserves. As of December 31, 2012, those nine sites accounted for approximately $6 million of our $72 million total environmental reserve. Despite attempts to resolve these superfund matters, the relevant regulatory agency may at any time bring suit against us for amounts in excess of the amount accrued. With respect to some superfund sites, we have been named a potentially responsible party by a regulatory agency; however, in each of those cases, we do not believe we have any material liability. We also could be subject to third-party claims with respect to environmental matters for which we have been named as a potentially responsible party.

Item 4. Mine Safety Disclosures.

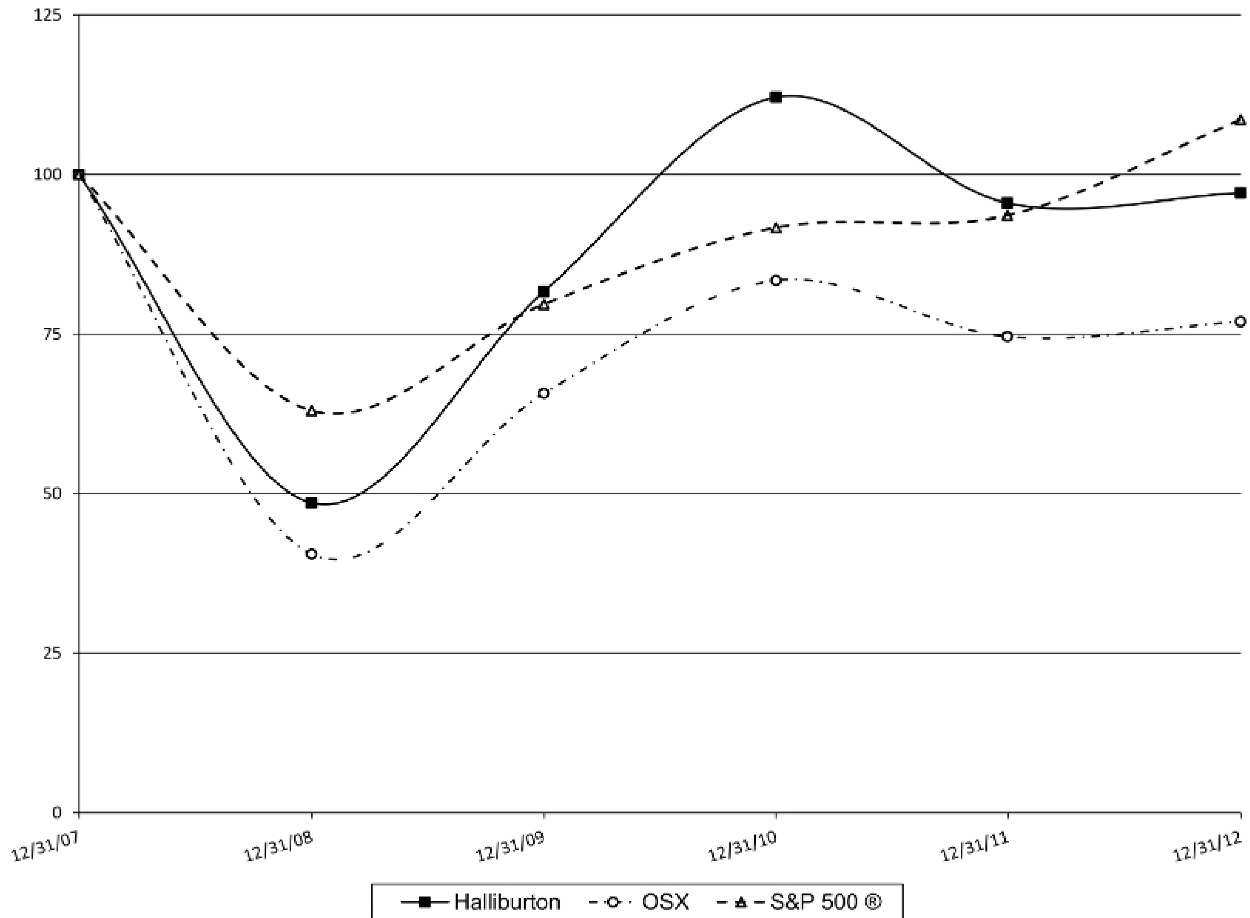
Our barite and bentonite mining operations, in support of our fluid services business, are subject to regulation by the federal Mine Safety and Health Administration under the Federal Mine Safety and Health Act of 1977. Information concerning mine safety violations or other regulatory matters required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

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities .

Halliburton Company's common stock is traded on the New York Stock Exchange. Information related to the high and low market prices of our common stock and quarterly dividend payments is included under the caption "Quarterly Data and Market Price Information" on page 87 of this annual report. Cash dividends on our common stock in the amount of $0.09 per share were paid in March, June, September, and December of 2012 and 2011. Our Board of Directors intends to consider the payment of quarterly dividends on the outstanding shares of our common stock in the future. The declaration and payment of future dividends, however, will be at the discretion of the Board of Directors and will depend on, among other things, future earnings, general financial condition and liquidity, success in business activities, capital requirements, and general business conditions.

The following graph and table compare total shareholder return on our common stock for the five-year period ended December 31, 2012, with the Philadelphia Oil Service Index (OSX) and the Standard & Poor's 500 ® Index over the same period. This comparison assumes the investment of $100 on December 31, 2007, and the reinvestment of all dividends. The shareholder return set forth is not necessarily indicative of future performance.



	December 31					
	2007	2008	2009	2010	2011	2012
Halliburton	$ 100.00	$ 48.54	$ 81.66	$ 112.12	$ 95.54	$ 97.11
Philadelphia Oil Service Index (OSX)	100.00	40.53	65.71	83.40	74.61	76.94
Standard & Poor's 500 ® Index	100.00	63.00	79.68	91.70	93.61	108.59

At February 1, 2013, there were 15,458 shareholders of record. In calculating the number of shareholders, we consider clearing agencies and security position listings as one shareholder for each agency or listing.

The following table is a summary of repurchases of our common stock during the three-month period ended December 31, 2012.

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	Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased Under the Program (b)
October 1 - 31	30,007	$33.44	—	$—
November 1 - 30	25,503	$31.58	—	$—
December 1 - 31	123,291	$33.66	—	$—
Total	178,801	$33.33	—	$1,731,208,803

(a) All of the 178,801 shares purchased during the three-month period ended December 31, 2012 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.

(b) Our Board of Directors has authorized a plan to repurchase our common stock from time to time. During the fourth quarter of 2012, we did not repurchase shares of our common stock pursuant to that plan. We have authorization remaining to repurchase up to a total of approximately $1.7 billion of our common stock.

Item 6. Selected Financial Data.

Information related to selected financial data is included on page 86 of this annual report.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations .

Information related to Management's Discussion and Analysis of Financial Condition and Results of Operations is included on pages 30 through 49 of this annual report.

Item 7(a). Quantitative and Qualitative Disclosures About Market Risk .

Information related to market risk is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Instrument Market Risk" on page 47 of this annual report.

Item 8. Financial Statements and Supplementary Data .

	Page No.
Management's Report on Internal Control Over Financial Reporting	50
Reports of Independent Registered Public Accounting Firm	51
Consolidated Statements of Operations for the years ended December 31, 2012, 2011, and 2010	53
Consolidated Statements of Comprehensive Income for the years ended December 31, 2012, 2011, and 2010	54
Consolidated Balance Sheets at December 31, 2012 and 2011	55
Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011, and 2010	56
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2012, 2011, and 2010	57
Notes to Consolidated Financial Statements	58
Selected Financial Data (Unaudited)	86
Quarterly Data and Market Price Information (Unaudited)	87

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure .

None.

Item 9(a). 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 December 31, 2012 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 December 31, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

See page 50 for Management's Report on Internal Control Over Financial Reporting and page 51 for Report of Independent Registered Public Accounting Firm on its assessment of our internal control over financial reporting.

Item 9(b). Other Information.

None.

HALLIBURTON COMPANY
Management's Discussion and Analysis of Financial Condition and Results of Operations

EXECUTIVE OVERVIEW

Financial results

During 2012, we produced revenue of $28.5 billion and operating income of $4.2 billion, reflecting an operating margin of 15%. Revenue increased $3.7 billion, or 15%, from 2011, while operating income decreased $578 million, or 12%, from 2011. Overall, revenue improved compared to 2011 due to higher drilling activity in oil and liquids-rich basins in North America, as well as increased activity in all our international regions. However, operating income decreased in 2012 primarily due to the escalating cost of guar gum (a blending additive used in our hydraulic fracturing process), pricing pressure in North America, and a $300 million, pre-tax, loss contingency for the Macondo well incident.

Business outlook

We continue to believe in the strength of the long-term fundamentals of our business. Energy demand is expected to increase in the long term, driven by economic growth in developing countries despite current underlying downside risks in the industry, such as sluggish growth in developed countries and supply uncertainties associated with geopolitical tensions in the Middle East. Furthermore, development of new resources is expected to be more complex, resulting in increasing service intensity.

In North America, the industry has experienced an activity shift from natural gas plays to oil and liquids-rich basins due to low natural gas prices resulting from continued strong natural gas production. As a result, operators have been optimizing their budgets by focusing on basins with better economics. For those customers remaining in natural gas basins, we have continued to provide services, despite lower margins. This has strengthened our relationships with those customers and positions us well for when natural gas activity rebounds. We anticipate further pricing pressure for our production enhancement services in 2013. To adapt, we plan to remain focused on capital and cost discipline for our pressure pumping businesses and currently intend to direct less capital toward the North America market in the coming year.

Our Gulf of Mexico business has reached record levels due to an increase in permit approvals for deepwater drilling and our increased market share. We remain optimistic about activity in the Gulf of Mexico as our customers adapt to new regulations and new permit approvals are issued. Also, additional deepwater rigs are expected to arrive in the Gulf of Mexico in 2013, which will provide us with further growth opportunities.

Outside of North America, revenue and operating income increased in 2012 compared to 2011. We expect to see gradual activity and pricing improvements in those international markets where we anticipate the addition of deepwater rigs and those in which we have made strategic investments in capital and technologies. We also believe that new international unconventional oil and natural gas projects may contribute to activity improvements in 2013.

We executed several key initiatives in 2012. These initiatives included increasing manufacturing production in the Eastern Hemisphere and reinventing our service delivery platform to lower our delivery costs. We plan to continue to invest in these initiatives in 2013. In addition, we plan to continue executing the following strategies:

- increasing our market share in the more economic, unconventional 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;
- exploring opportunities for acquisitions that will enhance or augment our current portfolio of services and products, including those with unique technologies or distribution networks in areas where we do not already have large operations;
- making key investments in technology and capital to accelerate growth opportunities. To that end, we are continuing to push our technology and manufacturing development, as well as our supply chain, closer to our customers in the Eastern Hemisphere;
- improving working capital, and managing our balance sheet to maximize our financial flexibility. In 2011, we launched a project in North America to redesign our frac of the future service delivery platform for services through the rollout of improved equipment designs and improved field procedures to reduce cost and improve efficiency;
- expanding capabilities in mature fields to expand our service and consulting capabilities;
- 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.

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

Financial markets, liquidity, and capital resources

The global financial markets can potentially create 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” and “Business Environment and Results of Operations.”

LIQUIDITY AND CAPITAL RESOURCES

We ended 2012 with cash and equivalents of $2.5 billion compared to $2.7 billion at December 31, 2011. As of December 31, 2012, $470 million of the $2.5 billion of cash and equivalents was held by our foreign subsidiaries that would be subject to tax if repatriated. If these funds are needed for our operations in the United States, we would be required to accrue and pay United States taxes to repatriate these funds. However, our intent is to permanently reinvest these funds outside of the United States and our current plans do not demonstrate a need to repatriate them to fund our United States operations. We also held $398 million of investments in fixed income securities (both short- and long-term) at December 31, 2012, compared to $150 million (short-term) at December 31, 2011, bringing our total cash and investment securities to $2.9 billion at December 31, 2012, which is essentially flat from the prior year.

Significant sources of cash

Cash flows provided by operating activities were $3.7 billion in 2012.

We sold $395 million of property, plant, and equipment during 2012.

*Further available sources of cash***.** We have an unsecured $2.0 billion five-year revolving credit facility expiring in 2016. The purpose of the facility is to provide general working capital and credit for other corporate purposes. The full amount of the revolving credit facility was available as of December 31, 2012.

Significant uses of cash

Capital expenditures were $3.6 billion in 2012. The capital expenditures in 2012 were predominantly made in our production enhancement, drilling, cementing, and wireline and perforating product service lines. We have also invested additional working capital to support the growth of our business.

During 2012, our primary components of net working capital, receivables, inventories and accounts payable, increased by $1.1 billion, primarily due to increased business activity and delays in receiving payment on trade receivables from one of our primary customers in Venezuela. See "Customer receivables" below.

We paid $333 million of dividends to our shareholders in 2012.

During 2012, we purchased $248 million of investment securities, net of investment securities sold.

Future uses of cash. Capital spending for 2013 is currently expected to be approximately $3.0 billion. The capital expenditures plan for 2013 is primarily directed toward our production enhancement, drilling, cementing, Boots and Coots, and wireline and perforating product service lines. We currently intend to direct less capital toward the North America market in 2013 than we did during 2012.

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

Subject to Board of Directors approval, we expect to pay quarterly dividends of approximately $83 million during 2013. We also have approximately $1.7 billion remaining available under our share repurchase authorization, which may be used for open market share purchases.

In January 2013, we made a $219 million payment to BCLC under a guarantee we issued for the Barracuda-Caratinga project. See Part I, Item 3, "Legal Proceedings – Barracuda-Caratinga Arbitration."

The following table summarizes our significant contractual obligations and other long-term liabilities as of December 31, 2012:

	Payments Due						
Millions of dollars	2013	2014	2015	2016	2017	Thereafter	Total
Long-term debt	$ —	$ —	$ —	$ —	$ —	$ 4,820	$ 4,820
Interest on debt (a)	275	276	281	284	288	5,432	6,836
Operating leases	287	214	146	102	48	164	961
Purchase obligations (b)	2,374	389	281	177	152	42	3,415
Pension funding obligations (c)	27	—	—	—	—	—	27
Other long-term liabilities	14	4	3	3	3	7	34
Total	$ 2,977	$ 883	$ 711	$ 566	$ 491	$ 10,465	$ 16,093

(a) Interest on debt includes 84 years of interest on $300 million of debentures at 7.6% interest that become due in 2096.

(b) Primarily represents certain purchase orders for goods and services utilized in the ordinary course of our business.

(c) Includes international plans and is based on assumptions that are subject to change. We are currently not able to reasonably estimate our contributions for years after 2013.

We had $296 million of gross unrecognized tax benefits at December 31, 2012, of which we estimate $124 million may require a cash payment. We estimate that $99 million of the cash payment will not be settled within the next 12 months. We are not able to reasonably estimate in which future periods this amount will ultimately be settled and paid.

Other factors affecting liquidity

Financial position in current market. As of December 31, 2012, we had $2.5 billion of cash and equivalents and $398 million in fixed income securities. We also had $2.0 billion of available committed bank credit under our revolving credit facility. We have no financial covenants or material adverse change provisions in our bank agreements and our debt maturities extend over a long period of time. Although a portion of earnings from our foreign subsidiaries is reinvested outside the United States indefinitely, we do not consider this to have a significant impact on our liquidity. We currently believe that any capital expenditures, working capital investments, and dividends in 2013 can be fully funded through cash from operations.

As a result, we believe we have a reasonable amount of liquidity and, if necessary, additional financing flexibility given the current market environment to fund our potential contingent liabilities, if any. However, as discussed above in Part I, Item 3, "Legal Proceedings," there are numerous future developments that may arise as a result of the Macondo well incident that could have a material adverse effect on our liquidity.

Guarantee agreements. In the normal course of business, we have agreements with financial institutions under which approximately $ 1.9 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of December 31, 2012, including $277 million of surety bonds related to Venezuela. See "Business Environment and Results of Operations – International Operations" for further discussion related to Venezuela. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization.

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 to pay our invoices due to, among other reasons, a reduction in our customers' cash flow from operations and their access to the credit markets. For example, we continue to see delays in receiving payment on our receivables from one of our primary customers in Venezuela. Our total outstanding trade receivables in Venezuela at December 31, 2012 were $491 million, which represents approximately 9% of our gross trade receivables at that date. If our customers delay paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition. See "Business Environment and Results of Operations – International Operations" for further discussion related to Venezuela.

BUSINESS ENVIRONMENT AND RESULTS OF OPERATIONS

We operate in approximately 80 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 industry we serve is highly competitive with many substantial competitors in each segment. In 2012, 2011, and 2010, based on the location of services provided and products sold, 53%, 55%, and 46% 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, foreign currency exchange restrictions, and highly inflationary currencies, as well as other geopolitical factors. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country, other than the United States, would be materially adverse to our consolidated results of operations.

Activity 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.

Some of the more significant measures 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, government regulation, 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:

Average Oil Prices (dollars per barrel)	2012	2011	2010
West Texas Intermediate	$ 94.15	$ 95.13	$ 79.36
United Kingdom Brent	111.60	111.53	79.66
Average United States Natural Gas Prices (dollars per thousand cubic feet, or Mcf)			
Henry Hub	$ 2.81	$ 4.09	$ 4.52

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

Land vs. Offshore	2012	2011	2010
United States:			
Land	1,872	1,843	1,509
Offshore (incl. Gulf of Mexico)	47	32	32
Total	1,919	1,875	1,541
Canada:			
Land	363	422	349
Offshore	1	1	2
Total	364	423	351
International (excluding Canada):			
Land	931	863	789
Offshore	303	304	305
Total	1,234	1,167	1,094
Worldwide total	3,517	3,465	2,986
Land total	3,166	3,128	2,647
Offshore total	351	337	339

Oil vs. Natural Gas	2012	2011	2010
United States (incl. Gulf of Mexico):			
Oil	1,359	984	593
Natural gas	560	891	948
Total	1,919	1,875	1,541
Canada:			
Oil	261	282	201
Natural gas	103	141	150
Total	364	423	351
International (excluding Canada):			
Oil	984	918	840
Natural gas	250	249	254
Total	1,234	1,167	1,094
Worldwide total	3,517	3,465	2,986
Oil total	2,604	2,184	1,634
Natural gas total	913	1,281	1,352

Drilling Type	2012	2011	2010
United States (incl. Gulf of Mexico):			
Horizontal	1,151	1,074	822
Vertical	552	571	501
Directional	216	230	218
Total	1,919	1,875	1,541

Our customers' cash flows, in most 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.

WTI oil prices, which generally influence customer spending in North America, have fluctuated throughout 2012, ranging from a high of $109 per barrel in February to a low of $78 per barrel in June. Outside of North America, customer spending is heavily influenced by Brent oil prices, which have fluctuated during 2012 from a high of $128 per barrel in March to a low of $89 per barrel in June. Prices were somewhat volatile as geopolitical tension in the Middle East, global economic uncertainty surrounding the European debt crisis, and slower growth expectations in China and Brazil impacted demand. The outlook for world petroleum demand for 2013 is mixed, with the International Energy Agency's (IEA) January 2013 "Oil Market Report" forecasting a 1% increase in petroleum demand from 2012 levels. The IEA expects modest declines in mature economies to be more than offset by relatively strong growth in emerging markets, particularly in China.

Henry Hub natural gas prices declined during the first half of 2012 due to a mild winter and strong production levels associated with unconventional drilling activity. During the second half of 2012, decreased natural gas drilling activity resulted in lower natural gas storage injections relative to expectations. This, coupled with increased natural gas demand from the power generation sector due to a warm summer, resulted in higher natural gas prices. Natural gas prices during 2012 ranged from a low of $1.82 per Mcf in April to a high of $3.77 per Mcf in November. Near the end of 2012 and into early-2013, natural gas prices began to decline due to warmer than normal weather. The United States Energy Information Administration (EIA) January 2013 "Short Term Energy Outlook" forecast expects Henry Hub natural gas prices to average $3.74 per Mcf in 2013 compared to $2.81 per Mcf in 2012.

The outlook for activity thus faces some uncertainties as the global economy continues to recover. However, we believe that, over the long-term, hydrocarbon demand will generally increase, and this, combined with 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 and products.

North America operations

Volatility in oil and natural gas prices can impact our customers' drilling and production activities. In North America during 2012, the average natural gas directed rig count fell by 369 rigs, or 36%, from 2011, while the average oil directed rig count has increased by 354 rigs, or 28%, over the same period. The curtailment of natural gas drilling activity along with an influx of stimulation equipment into the industry have resulted in overcapacity and pricing pressure for hydraulic fracturing services, which we expect to persist through 2013. In addition, our higher priced guar inventory negatively impacted our margins for our Production Enhancement product service line in 2012.

Going forward, we expect North America rig count to grow from current levels but to average down slightly for the full year 2013 in comparison to the full year 2012. However, we are seeing higher well efficiencies due to increased pad drilling, more 24 hour operations, rig fleet upgrades, and significant advancements in drilling and completion technologies. In 2012, we saw average drilling days per horizontal well drop approximately 15% compared to 2011 and we anticipate continued efficiency improvement in 2013. We believe this continued shift towards efficiency will bode well for us in the coming years. In the long run, we believe the shift to unconventional oil, liquids-rich, and natural gas basins in North America will continue to drive increased service intensity and will require higher demand in fluid chemistry and other technologies required for these complex reservoirs which will have beneficial implications for our operations.

In the Gulf of Mexico, deepwater drilling activity has returned to levels experienced before the Macondo incident. In some cases, the timing of our customers' projects was disrupted during the third quarter of 2012 due to Hurricane Issac. Over the long term, the continued growth in the Gulf of Mexico is dependent on, among other things, governmental approvals for permits, our customers' actions, and new deepwater rigs entering the market.

International operations

The industry experienced steady volume increases during 2012, with the average international rig count improving 6% over 2011. These volume increases have led to a meaningful absorption of equipment supply and we are now seeing opportunities for price improvements in select geographies. However, we anticipate moderate margin improvements and gradual activity increases, although the operator spending outlook could be impacted by ongoing macroeconomic concerns.

We believe that international growth in 2013 will come from a combination of several factors, including volume increases as we ramp up on recent wins and new projects, from continued improvement in those markets where we have made strategic investments, from the introduction of new technology, and from increased pricing and cost recovery on select contracts. We also believe that international unconventional oil and natural gas, mature field, and deepwater projects will contribute to activity improvements over the long term, and we plan to leverage our extensive experience in North America to optimize these opportunities. Consistent with our long-term strategy to grow our operations outside of North America, we also expect to continue to invest in capital equipment for our international operations.

Venezuela. In December 2010, the Venezuelan government set the fixed exchange rate at 4.3 Bolívar Fuerte to one United States dollar effective January 1, 2011, eliminating the dual exchange rate scheme implemented in early 2010. This change had no impact on us because we have applied the 4.3 Bolívar Fuerte fixed exchange rate since the previously disclosed January 2010 devaluation.

On May 24, 2011, the United States government imposed sanctions on the state-owned oil company of Venezuela. The sanctions do not, however, apply to that company's subsidiaries and do not prohibit the export of crude oil to the United States. We do not expect these sanctions to have a material impact on our operations in Venezuela.

As of December 31, 2012, our total net investment in Venezuela was approximately $328 million, including net monetary assets of $74 million denominated in Bolívar Fuerte. At December 31, 2012, our total outstanding trade receivables in Venezuela were $491 million, which represented approximately 9% of our gross trade receivables at that date. We continue to see delays in receiving payment on our receivables from our primary customer in Venezuela. In addition, at December 31, 2012 we had $277 million of surety bond guarantees outstanding relating to our Venezuelan operations.

In February 2013, the Venezuelan government announced a devaluation of the Bolívar Fuerte, from the preexisting exchange rate of 4.3 Bolívar Fuertes per United States dollar to 6.3 Bolívar Fuertes per United States dollar. As a result of the devaluation, we are estimating a foreign currency loss of approximately $30 million in the first quarter of 2013. The February devaluation did not impact our 2012 results of operations, financial position, or cash flows. Further devaluation of the Bolívar Fuerte could impact our operations. For additional information, see Part I, Item 1(a), “Risk Factors” in this Form 10-K.

RESULTS OF OPERATIONS IN 2012 COMPARED TO 2011

REVENUE: *Millions of dollars*	2012	2011	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 17,380	$ 15,143	$ 2,237	15%
Drilling and Evaluation	11,123	9,686	1,437	15
Total revenue	$ 28,503	$ 24,829	$ 3,674	15%
By geographic region:				
Completion and Production:				
North America	$ 12,157	$ 10,907	$ 1,250	11%
Latin America	1,415	1,117	298	27
Europe/Africa/CIS	2,099	1,746	353	20
Middle East/Asia	1,709	1,373	336	24
Total	17,380	15,143	2,237	15
Drilling and Evaluation:				
North America	3,847	3,506	341	10
Latin America	2,279	1,865	414	22
Europe/Africa/CIS	2,411	2,210	201	9
Middle East/Asia	2,586	2,105	481	23
Total	11,123	9,686	1,437	15
Total revenue by region:				
North America	16,004	14,413	1,591	11
Latin America	3,694	2,982	712	24
Europe/Africa/CIS	4,510	3,956	554	14
Middle East/Asia	4,295	3,478	817	23

OPERATING INCOME: *Millions of dollars*	2012	2011	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 3,144	$ 3,733	$ (589)	(16)%
Drilling and Evaluation	1,675	1,403	272	19
Corporate and other	(660)	(399)	(261)	65
Total operating income	$ 4,159	$ 4,737	$ (578)	(12)%
By geographic region:				
Completion and Production:				
North America	$ 2,260	$ 3,341	$ (1,081)	(32)%
Latin America	206	159	47	30
Europe/Africa/CIS	347	48	299	623
Middle East/Asia	331	185	146	79
Total	3,144	3,733	(589)	(16)
Drilling and Evaluation:				
North America	680	641	39	6
Latin America	393	305	88	29
Europe/Africa/CIS	246	191	55	29
Middle East/Asia	356	266	90	34
Total	1,675	1,403	272	19
Total operating income by region (excluding Corporate and other):				
North America	2,940	3,982	(1,042)	(26)
Latin America	599	464	135	29
Europe/Africa/CIS	593	239	354	148
Middle East/Asia	687	451	236	52

The 15% increase in consolidated revenue in 2012 compared to 2011 was primarily due to higher activity in Latin America, Middle East/Asia, and North America. On a consolidated basis, all product service lines experienced revenue growth from 2011. Revenue outside of North America was 44% of consolidated revenue in 2012 and 42% of consolidated revenue in 2011.

The 12% decrease in consolidated operating income compared to 2011 was mainly due to higher costs, particularly of guar gum, and pricing pressure for production enhancement services in North America. Operating income in 2012 was negatively impacted by a $300 million, pre-tax, loss contingency related to the Macondo well incident reflected in Corporate and other expenses. Additionally, our results were impacted by a $48 million, pre-tax, charge related to an earn-out adjustment due to significantly better than expected performance of a past acquisition in the Latin America and North America regions as well as a $20 million, pre-tax, gain related to the settlement of a patent infringement lawsuit that was recorded in Corporate and other expense. Operating income in 2011 was adversely impacted by a $25 million, pre-tax, impairment charge on an asset held for sale in the Europe/Africa/CIS region, $11 million, pre-tax, of employee separation costs in the Eastern Hemisphere, and a $ 59 million, pre-tax, charge in Libya, to reserve for certain doubtful accounts receivable and inventory. During 2012, we received $42 million related to the Libya reserve that was established in 2011 for receivables.

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

Completion and Production increase in revenue compared to 2011 was primarily a result of strong international growth. North America revenue rose 11%, primarily due to increased cementing services and completions tools sales, as well as higher activity in production enhancement from an increased demand for hydraulic fracturing in the United States. Latin America revenue increased 27% due to improved activity in most product service lines in Mexico, Brazil, and Venezuela. Europe/Africa/CIS revenue increased 20%, driven by strong demand for completion tools across the region and increased cementing services in Mozambique and Nigeria. Middle East/Asia revenue grew 24% due to higher activity in all product service lines in Australia, Malaysia, and Indonesia, partially offset by lower completion tools sales in China and decreased activity in Singapore. Revenue outside of North America was 30% of total segment revenue in 2012 and 28% of total segment revenue in 2011.

The Completion and Production segment operating income decrease compared to 2011 was primarily due to the North America region, where operating income fell $1.1 billion as a result of pricing pressure in the production enhancement product service line and rising costs, particularly related to guar gum. Latin America operating income increased 30% due to higher demand for completion tools in Mexico and Brazil, partially offset by higher costs and pricing adjustments in Argentina and Colombia. Europe/Africa/CIS operating income grew $ 299 million compared to 2011 due to the recovery from activity disruptions in North Africa, including collections in 2012 of $29 million from the original $36 million Libya-related reserve recognized in 2011 for certain accounts receivable and inventory. Middle East/Asia operating income increased 79% due to cost controls in Iraq, higher activity levels in Oman, and increased demand for production enhancement and cementing services in Australia.

Drilling and Evaluation revenue increased 15% compared to 2011 as drilling activity improved across all regions, especially Middle East/Asia and Latin America. North America revenue grew 10% due to increased demand for drilling fluids. Latin America revenue increased 22% due to higher demand in most product services lines in Brazil, Mexico, Venezuela, and Colombia. Europe/Africa/CIS revenue increased 9% due to improved drilling service in Tanzania, Nigeria, and the United Kingdom, partially offset by service disruptions in Algeria. Middle East/Asia revenue rose 23% primarily due to the ongoing work in Iraq and Saudi Arabia, increased activity in Malaysia, and higher wireline direct sales. Revenue outside North America was 65% of total segment revenue in 2012 and 64% of total segment revenue in 2011.

Segment operating income compared to 2011 increased 19%, primarily due to increased activity in Middle East/Asia and Latin America. North America operating income increased 6% from increased demand for drilling fluids and wireline and perforating, which offset higher consulting and project management costs. Latin America operating income grew 29% as a result of activity increases in Mexico, Venezuela, and Brazil. The Europe/Africa/CIS region operating income grew 29% due to greater activity in Nigeria and the recovery in Libya where $13 million of the original $23 million reserve from 2011 mentioned above was collected in 2012, which more than offset higher costs in Norway. Middle East/Asia operating income increased 34% mainly due to increased activity in Malaysia and Saudi Arabia.

Corporate and other expenses were $660 million in 2012 compared to $399 million in 2011. The 65% increase was primarily due to a $300 million, pre-tax, loss contingency recorded in 2012 related to the Macondo well incident as well as additional expenses in 2012 associated with strategic investments in our operating model and creating competitive advantages by repositioning our technology, supply chain, and manufacturing infrastructure. These items were partially offset by, among other things, a $20 million, pre-tax, gain recorded in 2012 related to the settlement of a patent infringement lawsuit.

NONOPERATING ITEMS

Interest expense, net of interest income increased $35 million in 2012 compared to 2011 primarily due to higher interest costs incurred resulting from our issuance of $1.0 billion of senior notes in the fourth quarter of 2011.

Other, net increased $14 million from 2011 due primarily to foreign currency fluctuations.

Income (loss) from discontinued operations, net increased $224 million in 2012 compared to 2011, primarily due to a $163 million charge, after-tax, recognized in 2011 for an arbitration award against our former subsidiary, KBR, relating to the Barracuda-Caratinga project, a project for which we had provided a guarantee of KBR's obligations. In 2012, we recorded an $ 80 million tax benefit in discontinued operations related to a $219 million payment we made to BCLC under that guarantee.

RESULTS OF OPERATIONS IN 2011 COMPARED TO 2010

REVENUE: *Millions of dollars*	2011	2010	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 15,143	$ 9,997	$ 5,146	51 %
Drilling and Evaluation	9,686	7,976	1,710	21
Total revenue	$ 24,829	$ 17,973	$ 6,856	38 %
By geographic region:				
Completion and Production:				
North America	$ 10,907	$ 6,183	$ 4,724	76 %
Latin America	1,117	839	278	33
Europe/Africa/CIS	1,746	1,797	(51)	(3)
Middle East/Asia	1,373	1,178	195	17
Total	15,143	9,997	5,146	51
Drilling and Evaluation:				
North America	3,506	2,644	862	33
Latin America	1,865	1,390	475	34
Europe/Africa/CIS	2,210	2,117	93	4
Middle East/Asia	2,105	1,825	280	15
Total	9,686	7,976	1,710	21
Total revenue by region:				
North America	14,413	8,827	5,586	63
Latin America	2,982	2,229	753	34
Europe/Africa/CIS	3,956	3,914	42	1
Middle East/Asia	3,478	3,003	475	16

OPERATING INCOME:			Favorable	Percentage
Millions of dollars	2011	2010	(Unfavorable)	Change
Completion and Production	$ 3,733	$ 2,032	$ 1,701	84 %
Drilling and Evaluation	1,403	1,213	190	16
Corporate and other	(399)	(236)	(163)	69
Total operating income	$ 4,737	$ 3,009	$ 1,728	57 %
By geographic region:				
Completion and Production:				
North America	$ 3,341	$ 1,423	$ 1,918	135 %
Latin America	159	115	44	38
Europe/Africa/CIS	48	301	(253)	(84)
Middle East/Asia	185	193	(8)	(4)
Total	3,733	2,032	1,701	84
Drilling and Evaluation:				
North America	641	453	188	42
Latin America	305	175	130	74
Europe/Africa/CIS	191	283	(92)	(33)
Middle East/Asia	266	302	(36)	(12)
Total	1,403	1,213	190	16
Total operating income by region				
(excluding Corporate and other):				
North America	3,982	1,876	2,106	112
Latin America	464	290	174	60
Europe/Africa/CIS	239	584	(345)	(59)
Middle East/Asia	451	495	(44)	(9)

The 38% increase in consolidated revenue in 2011 compared to 2010 was primarily due to higher rig count and increased demand for our services and products in North America. We experienced a 63% increase in North America revenue compared to an approximate 21% increase in average North America rig count during 2011 compared to 2010. Revenue outside of North America was 42% of consolidated revenue in 2011 and 51% of consolidated revenue in 2010.

The 57% increase in consolidated operating income compared to 2010 was mainly due to improved pricing and increased demand in North America, particularly in our Completion and Production division. Operating income in 2011 was adversely impacted by a $25 million, pre-tax, impairment charge on an asset held for sale in the Europe/Africa/CIS region, $ 11 million, pre-tax, of employee separation costs in the Eastern Hemisphere, and a $ 59 million, pre-tax, charge in Libya, to reserve for certain doubtful accounts receivable and inventory. Operating income in 2010 was adversely impacted by a $50 million non-cash impairment charge for an oil and natural gas property in Bangladesh.

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

Completion and Production increase in revenue compared to 2010 was primarily a result of higher activity in North America. North America revenue rose 76%, primarily due to increased cementing services and higher activity in production enhancement from an increased demand for hydraulic fracturing in the United States. Latin America revenue increased 33% due to improved activity in all product service lines across the region. Europe/Africa/CIS revenue decreased 3%, as less activity in North Africa and lower vessel utilization in the North Sea and Nigeria was partially offset by higher activity in our Boots & Coots product service line in Angola and Norway. Middle East/Asia revenue grew 17% due to higher activity in all product service lines in Australia, Malaysia, and Indonesia, partially offset by lower completion tools sales in China. Revenue outside of North America was 28% of total segment revenue in 2011 and 38% of total segment revenue in 2010.

The Completion and Production segment operating income increase compared to 2010 was primarily due to the North America region, where operating income grew $1.9 billion on higher demand for production enhancement services in unconventional basins located in the United States land market. Latin America operating income increased 38% due to higher demand for cementing services in Colombia, Brazil, and Argentina, partially offset by higher costs and pricing adjustments in Mexico. Europe/Africa/CIS operating income declined 84% due to an impairment charge on an asset held for sale and activity disruptions in North Africa, including the Libya-related reserve for certain account receivables and inventory. Middle East/Asia operating income decreased 4% due to higher costs across most of the region and higher start-up costs associated with the commencement of work in Iraq, which were partially offset by higher activity levels in Australia, Malaysia, and Indonesia.

Drilling and Evaluation revenue increased 21% compared to 2010 as drilling activity improved across all regions, especially North America and Latin America. North America revenue grew 33% on substantial activity increases in the United States land market. Latin America revenue increased 34% due to higher demand in most product services lines in Brazil, Mexico, Venezuela, and Colombia. Europe/Africa/CIS revenue increased 4% due to improved drilling service in Angola, Nigeria, and Norway and increased fluid demand in Egypt, partially offset by lower activity in Libya. Middle East/Asia revenue rose 15% primarily due to the commencement of work in Iraq, increased fluid demand in Southeast Asia, and higher wireline direct sales. Revenue outside North America was 64% of total segment revenue in 2011 and 67% of total segment revenue in 2010.

Segment operating income compared to 2010 increased 16% due to increased activity in North America and Latin America, partially offset by lower activity associated with the disruptions in North Africa and less favorable pricing in the Eastern Hemisphere. North America operating income increased 42% from improved pricing and increased demand for most of our services and products. Latin America operating income grew 74% as a result of activity increases in Mexico, Venezuela, and Brazil. The Europe/Africa/CIS region operating income fell 33% due to costs associated with activity disruptions in North Africa, including the reserve charge for certain account receivables and inventory, partially offset by improved drilling service in Norway and Nigeria and higher fluid demand in Angola. Middle East/Asia operating income decreased 12% mainly due to start-up costs associated with the commencement of work in Iraq and higher costs in Saudi Arabia. Operating income in 2010 was adversely impacted by a $50 million non-cash impairment charge for an oil and natural gas property in Bangladesh.

Corporate and other expenses were $399 million, including a $37 million environmental-related matter in 2011, compared to $236 million in 2010. The 69% increase was primarily due to higher legal and environmental costs and additional expenses associated with strategic investments in our operating model and creating competitive advantages by repositioning our technology, supply chain, and manufacturing infrastructure.

NONOPERATING ITEMS

Interest expense, net of interest income decreased $34 million in 2011 compared to 2010 primarily due to less interest expense as a result of the retirement of $750 million principal amount of our 5.5% senior notes in October 2010 and lower interest rates on a portion of our debt as a result of our interest rate swaps. This was partially offset by higher interest costs incurred in the fourth quarter of 2011 resulting from our issuance of $1.0 billion of senior notes.

Other, net decreased $32 million from 2010 due to a $31 million loss on foreign currency exchange recognized in 2010 as a result of the devaluation of the Venezuelan Bolívar Fuerte.

Income (loss) from discontinued operations, net decreased $206 million in 2011 compared to 2010 primarily due to a $163 million charge, after-tax, recognized in 2011 related to a ruling in an arbitration proceeding between BCLC and our former subsidiary, KBR, whom we agreed to indemnify.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the use of judgments and estimates. Our critical accounting policies are described below to provide a better understanding of how we develop our assumptions and judgments about future events and related estimations and how they can impact our financial statements. A critical accounting estimate is one that requires our most difficult, subjective, or complex judgments and assessments and is fundamental to our results of operations. We identified our most critical accounting estimates to be:

- forecasting our effective income tax rate, including our future ability to utilize foreign tax credits and the realizability of deferred tax assets, and providing for uncertain tax positions;
- legal, environmental, and investigation matters;
- valuations of long-lived assets, including intangible assets and goodwill;
- purchase price allocation for acquired businesses;
- pensions;
- allowance for bad debts; and
- percentage-of-completion accounting for long-term, construction-type contracts.

We base our estimates on historical experience and on various other assumptions we believe to be reasonable according to the current facts and circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We believe the following are the critical accounting policies used in the preparation of our consolidated financial statements, as well as the significant estimates and judgments affecting the application of these policies. This discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included in this report.

We have discussed the development and selection of these critical accounting policies and estimates with the Audit Committee of our Board of Directors, and the Audit Committee has reviewed the disclosure presented below.

Income tax accounting

We recognize the amount of taxes payable or refundable for the current year and use an asset and liability approach in recognizing the amount of deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our financial statements or tax returns. We apply the following basic principles in accounting for our income taxes:

- a current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the current year;
- a deferred tax liability or asset is recognized for the estimated future tax effects attributable to temporary differences and carryforwards;
- the measurement of current and deferred tax liabilities and assets is based on provisions of the enacted tax law, and the effects of potential future changes in tax laws or rates are not considered; and
- the value of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

We determine deferred taxes separately for each tax-paying component (an entity or a group of entities that is consolidated for tax purposes) in each tax jurisdiction. That determination includes the following procedures:

- identifying the types and amounts of existing temporary differences;
- measuring the total deferred tax liability for taxable temporary differences using the applicable tax rate;
- measuring the total deferred tax asset for deductible temporary differences and operating loss carryforwards using the applicable tax rate;
- measuring the deferred tax assets for each type of tax credit carryforward; and
- reducing the deferred tax assets by a valuation allowance if, based on available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Our methodology for recording income taxes requires a significant amount of judgment in the use of assumptions and estimates. Additionally, we use forecasts of certain tax elements, such as taxable income and foreign tax credit utilization, as well as evaluate the feasibility of implementing tax planning strategies. Given the inherent uncertainty involved with the use of such variables, there can be significant variation between anticipated and actual results. Unforeseen events may significantly impact these variables, and changes to these variables could have a material impact on our income tax accounts related to both continuing and discontinued operations.

We have operations in approximately 80 countries. Consequently, we are subject to the jurisdiction of a significant number of taxing authorities. No single jurisdiction has a disproportionately low tax rate. The income earned in these various jurisdictions is taxed on differing bases, including income actually earned, income deemed earned, and revenue-based tax withholding. The final determination of our income tax liabilities involves the interpretation of local tax laws, tax treaties, and related authorities in each jurisdiction. Changes in the operating environment, including changes in tax law and currency/repatriation controls, could impact the determination of our income tax liabilities for a tax year.

Tax filings of our subsidiaries, unconsolidated affiliates, and related entities are routinely examined in the normal course of business by tax authorities. These examinations may result in assessments of additional taxes, which we work to resolve with the tax authorities and through the judicial process. Predicting the outcome of disputed assessments involves some uncertainty. Factors such as the availability of settlement procedures, willingness of tax authorities to negotiate, and the operation and impartiality of judicial systems vary across the different tax jurisdictions and may significantly influence the ultimate outcome. We review the facts for each assessment, and then utilize assumptions and estimates to determine the most likely outcome and provide taxes, interest, and penalties as needed based on this outcome. We provide for uncertain tax positions pursuant to current accounting standards, which prescribe a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. The standards also provide guidance for derecognition classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Legal, environmental, and investigation matters

As discussed in Note 8 of our consolidated financial statements, as of December 31, 2012, we have accrued an estimate of the probable and estimable costs for the resolution of some of these legal, environmental, and investigation matters. For other matters for which the liability is not probable and reasonably estimable, we have not accrued any amounts. Attorneys in our legal department monitor and manage all claims filed against us and review all pending investigations. Generally, the estimate of probable costs related to these matters is developed in consultation with internal and outside legal counsel representing us. Our estimates are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. The accuracy of these estimates is impacted by, among other things, the complexity of the issues and the amount of due diligence we have been able to perform. We attempt to resolve these matters through settlements, mediation, and arbitration proceedings when possible. If the actual settlement costs, final judgments, or fines, after appeals, differ from our estimates, our future financial results may be adversely affected. We have in the past recorded significant adjustments to our initial estimates of these types of contingencies.

Value of long-lived assets, including intangible assets and goodwill

We carry a variety of long-lived assets on our balance sheet including property, plant and equipment, goodwill, and other intangibles. We conduct impairment tests on long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable and on intangible assets quarterly. Impairment is the condition that exists when the carrying amount of a long-lived asset exceeds its fair value, and any impairment charge that we record reduces our earnings. We review the carrying value of these assets based upon estimated future cash flows while taking into consideration assumptions and estimates including the future use of the asset, remaining useful life of the asset, and service potential of the asset.

Goodwill is the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. We test goodwill for impairment annually, during the third quarter, or if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. For purposes of performing the goodwill impairment test our reporting units are the same as our reportable segments, the Completion and Production division and the Drilling and Evaluation division. Beginning in 2011, we elected to perform a qualitative assessment for our annual goodwill impairment test. If the qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, or if we elect to not perform a qualitative assessment, then we would be required to perform a quantitative impairment test for goodwill. This two-step process involves comparing the estimated fair value of each reporting unit to the reporting unit’s carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered impaired, and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test would be performed to measure the amount of impairment loss to be recorded, if any. Based on our qualitative assessment of goodwill in 2012 and 2011, we concluded that it was more likely than not that the fair value of each of our reporting units was greater than their carrying amount, and therefore no further testing was required. Our goodwill impairment assessment for 2010 indicated the fair value of each of our reporting units exceeded its carrying amount by a significant margin. See Note 1 to the consolidated financial statements for accounting policies related to long-lived assets and intangible assets.

Acquisitions-purchase price allocation

We allocate the purchase price of an acquired business to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill. We use all available information to estimate fair values including quoted market prices, the carrying value of acquired assets, and widely accepted valuation techniques such as discounted cash flows. We engage third-party appraisal firms to assist in fair value determination of inventories, identifiable intangible assets, and any other significant assets or liabilities when appropriate. The judgments made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact our results of operations.

Pensions

Our pension benefit obligations and expenses are calculated using actuarial models and methods. Two of the more critical assumptions and estimates used in the actuarial calculations are the discount rate for determining the current value of benefit obligations and the expected long-term rate of return on plan assets used in determining net periodic benefit cost. Other critical assumptions and estimates used in determining benefit obligations and cost, including demographic factors such as retirement age, mortality, and turnover, are also evaluated periodically and updated accordingly to reflect our actual experience.

Discount rates are determined annually and are based on the prevailing market rate of a portfolio of high-quality debt instruments with maturities matching the expected timing of the payment of the benefit obligations. Expected long-term rates of return on plan assets are determined annually and are based on an evaluation of our plan assets and historical trends and experience, taking into account current and expected market conditions. Plan assets are comprised primarily of equity and debt securities. As we have both domestic and international plans, these assumptions differ based on varying factors specific to each particular country or economic environment.

The weighted-average discount rate utilized in 2012 to determine the projected benefit obligation at the measurement date for our United Kingdom pension plan, which constituted 78% of our international plans' pension obligations, was 4.6%, compared to a discount rate of 4.9% utilized in 2011. The expected long-term rate of return assumption used for our United Kingdom pension plan expense in 2012 and 2011 was 6.7%. The following table illustrates the sensitivity to changes in certain assumptions, holding all other assumptions constant, for our United Kingdom pension plan.

	Effect on	
Millions of dollars	Pretax Pension Expense in 2012	Pension Benefit Obligation at December 31, 2012
25-basis-point decrease in discount rate	$ 1	$ 45
25-basis-point increase in discount rate	(1)	(43)
25-basis-point decrease in expected long-term rate of return	2	NA
25-basis-point increase in expected long-term rate of return	(2)	NA

Our international defined benefit plans reduced pretax income by $26 million in 2012, $27 million in 2011, and $28 million in 2010. Included in these amounts was income from expected pension returns of $45 million in 2012, $47 million in 2011, and $43 million in 2010. Actual returns on international plan assets totaled $87 million in 2012, compared to $13 million in 2011. Our net actuarial loss, net of tax, related to international pension plans at December 31, 2012 was $208 million. In our international plans where employees earn additional benefits for continued service, actuarial gains and losses are being recognized in operating income over a period of 12 to 18 years, which represents the estimated average remaining service of the participant group expected to receive benefits. In our international plans where benefits are not accrued for continued service, actuarial gains and losses are being recognized in operating income over a period of one to 35 years, which represents the estimated average remaining lifetime of the benefit obligations. The broad range of one to 35 years reflects varying maturity levels among these plans.

During 2012, we made contributions of $24 million to fund our international defined benefit plans. We expect to make contributions of approximately $16 million to our international defined benefit plans in 2013.

The actuarial assumptions used in determining our pension benefit obligations may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates, and longer or shorter life spans of participants. While we believe that the assumptions used are appropriate, differences in actual experience or changes in assumptions may materially affect our financial position or results of operations. See Note 14 to the consolidated financial statements for further information related to defined benefit and other postretirement benefit plans.

Allowance for bad debts

We evaluate our accounts receivable through a continuous process of assessing our portfolio on an individual customer and overall basis. This process consists of a thorough review of historical collection experience, current aging status of the customer accounts, financial condition of our customers, and whether the receivables involve retainages. We also consider the economic environment of our customers, both from a marketplace and geographic perspective, in evaluating the need for an allowance. Based on our review of these factors, we establish or adjust allowances for specific customers and the accounts receivable portfolio as a whole. This process involves a high degree of judgment and estimation, and frequently involves

significant dollar amounts. Accordingly, our results of operations can be affected by adjustments to the allowance due to actual write-offs that differ from estimated amounts. Our estimates of allowances for bad debts have historically been accurate. Over the last five years, our estimates of allowances for bad debts, as a percentage of notes and accounts receivable before the allowance, have ranged from 1.6% to 3.0%. At December 31, 2012, allowance for bad debts totaled $92 million, or 1.6% of notes and accounts receivable before the allowance. At December 31, 2011, allowance for bad debts totaled $137 million, or 2.7% of notes and accounts receivable before the allowance. A hypothetical 100 basis point change in our estimate of the collectability of our notes and accounts receivable balance as of December 31, 2012 would have resulted in a $58 million adjustment to 2012 total operating costs and expenses. See Note 3 to the consolidated financial statements for further information.

Percentage of completion

Revenue from certain long-term, integrated project management contracts to provide well construction and completion services is reported on the percentage-of-completion method of accounting. Progress is generally based upon physical progress related to contractually defined units of work. At the outset of each contract, we prepare a detailed analysis of our estimated cost to complete the project. Risks related to service delivery, usage, productivity, and other factors are considered in the estimation process. The recording of profits and losses on long-term contracts requires an estimate of the total profit or loss over the life of each contract. This estimate requires consideration of total contract value, change orders, and claims, less costs incurred and estimated costs to complete. Anticipated losses on contracts are recorded in full in the period in which they become evident. Profits are recorded based upon the total estimated contract profit times the current percentage complete for the contract.

At least quarterly, significant projects are reviewed in detail by senior management. There are many factors that impact future costs, including weather, inflation, labor and community disruptions, timely availability of materials, productivity, and other factors as outlined in Item 1(a), “Risk Factors.” These factors can affect the accuracy of our estimates and materially impact our future reported earnings. Currently, long-term contracts accounted for under the percentage-of-completion method of accounting do not comprise a significant portion of our business. See Note 1 to the consolidated financial statements for further information.

OFF BALANCE SHEET ARRANGEMENTS

At December 31, 2012, we had no material off balance sheet arrangements, except for operating leases. For information on our contractual obligations related to operating leases, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Significant uses of cash – Future uses of cash.”

FINANCIAL INSTRUMENT MARKET RISK

We are exposed to market risk from changes in foreign currency exchange rates and interest rates. We selectively manage these exposures through the use of derivative instruments, including forward exchange contracts and interest rate swaps. The objective of our risk management strategy is to minimize the volatility from fluctuations in foreign currency and interest rates. We do not use derivative instruments for trading purposes. The counterparties to our forward exchange contracts and interest rate swaps are global commercial and investment banks.

There are certain limitations inherent in the sensitivity analyses presented, primarily due to the assumption that interest rates and exchange rates change instantaneously in an equally adverse fashion. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled. While this is our best estimate of the impact of the various scenarios, these estimates should not be viewed as forecasts.

Foreign currency exchange risk

We have operations in many international locations and are involved in transactions denominated in currencies other than the United States dollar, our functional currency, which exposes us to foreign currency exchange rate risk. Techniques in managing foreign currency exchange risk include, but are not limited to, foreign currency borrowing and investing and the use of currency derivative instruments. We attempt to selectively manage significant exposures to potential foreign currency exchange losses based on current market conditions, future operating activities, and the associated cost in relation to the perceived risk of loss. The purpose of our foreign currency risk management activities is to minimize the risk that our cash flows from the sale and purchase of services and products in foreign currencies will be adversely affected by changes in exchange rates.

We use forward exchange contracts to manage our exposure to fluctuations in the currencies of the countries in which we do the majority of our international business. These forward exchange contracts are not treated as hedges for accounting purposes, generally have an expiration date of one year or less, and are not exchange traded. While forward exchange contracts are subject to fluctuations in value, the fluctuations are generally offset by the value of the underlying exposures being managed. The use of some of these contracts may limit our ability to benefit from favorable fluctuations in foreign currency exchange rates.

Forward exchange contracts are not utilized to manage exposures in some currencies due primarily to the lack of available markets or cost considerations (non-traded currencies). We attempt to manage our working capital position to minimize foreign currency exposure in non-traded currencies and recognize that pricing for the services and products offered in these countries should account for the cost of exchange rate devaluations. We have historically incurred transaction losses in non-traded currencies.

The notional amounts of open forward exchange contracts were $324 million at December 31, 2012 and $268 million at December 31, 2011. The notional amounts of our forward exchange contracts do not generally represent amounts exchanged by the parties, and thus are not a measure of our exposure or of the cash requirements related to these contracts. As such, cash flows related to these contracts are typically not material. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the contracts, such as exchange rates.

We use a sensitivity analysis model to measure the impact of a 10% adverse movement of foreign currency exchange rates against the United States dollar. A hypothetical 10% adverse change in the value of all our foreign currency positions relative to the United States dollar as of December 31, 2012 would result in a $75 million, pre-tax, loss for our net monetary assets denominated in currencies other than United States dollars.

Interest rate risk

We are subject to interest rate risk on our long-term debt and some of our long-term investments in fixed income securities. Our short-term investments in fixed income securities and short-term borrowings do not give rise to significant interest rate risk due to their short-term nature. We had fixed rate long-term debt totaling $4.8 billion at both December 31, 2012 and December 31, 2011, with none maturing before May 2017. We also had $128 million of long-term investments in fixed income securities at December 31, 2012 with maturities that extend through December 2015.

We maintain an interest rate management strategy that is intended to mitigate the exposure to changes in interest rates in the aggregate for our investment portfolio. We hold a series of interest rate swaps relating to two of our debt instruments with a total notional amount of $1.0 billion at a weighted-average, LIBOR-based, floating rate of 3.3% as of December 31, 2012. We utilize interest rate swaps to effectively convert a portion of our fixed rate debt to floating rates. These interest rate swaps, which expire when the underlying debt matures, are designated as fair value hedges of the underlying debt and are determined to be highly effective. The fair value of our interest rate swaps is included in “Other assets” in our consolidated balance sheets as of December 31, 2012 and December 31, 2011. The fair value of our interest rate swaps was determined using an income approach model with inputs, such as the notional amount, LIBOR rate spread, and settlement terms that are observable in the market or can be derived from or corroborated by observable data (Level 2). These derivative instruments are marked to market with gains and losses recognized currently in interest expense to offset the respective gains and losses recognized on changes in the fair value of the hedged debt. At December 31, 2012, we had fixed rate debt aggregating $3.8 billion and variable rate debt aggregating $1.0 billion, after taking into account the effects of the interest rate swaps. The fair value of our interest rate swaps was not material as of December 31, 2012 or December 31, 2011.

After consideration of the impact from the interest rate swaps, a hypothetical 100 basis point increase in the LIBOR rate would result in approximately an additional $10 million of interest charges for the year ended December 31, 2012.

Credit risk

Financial instruments that potentially subject us to concentrations of credit risk are primarily cash equivalents, investments in fixed income securities, and trade receivables. It is our practice to place our cash equivalents and investments in fixed income securities in high quality investments with various institutions. We derive the majority of our revenue from selling products and providing services to the energy industry. Within the energy industry, our trade receivables are generated from a broad and diverse group of customers, although a significant amount of our trade receivables are generated in the United States. We maintain an allowance for losses based upon the expected collectability of all trade accounts receivable.

We do not have any significant concentrations of credit risk with any individual counterparty to our derivative contracts. We select counterparties to those contracts based on our belief that each counterparty’s profitability, balance sheet, and capacity for timely payment of financial commitments is unlikely to be materially adversely affected by foreseeable events.

ENVIRONMENTAL MATTERS

We are subject to numerous environmental, legal, and regulatory requirements related to our operations worldwide. For information related to environmental matters, see Note 8 to the consolidated financial statements, Part I, Item 1(a), “Risk Factors,” and Item 3, “Legal Proceedings – Environmental.”

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-K are forward-looking and use words like “may,” “may not,” “believes,” “do not believe,” “plans,” “estimates,” “intends,” “expects,” “do not expect,” “anticipates,” “do not anticipate,” “should,” “likely,” and other expressions. We may also provide oral or written forward-looking information in other materials we release to the public. Forward-looking information involves risk and uncertainties and reflects our best judgment based on current information. Our results of operations can be affected by inaccurate assumptions we make or by known or unknown risks and uncertainties. In addition, other factors may affect the accuracy of our forward-looking information. As a result, no forward-looking information can be guaranteed. Actual events and the results of 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.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Halliburton Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in the Securities Exchange Act Rule 13a-15(f).

Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation to assess the effectiveness of our internal control over financial reporting as of December 31, 2012 based upon criteria set forth in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, we believe that, as of December 31, 2012, our internal control over financial reporting is effective.

The effectiveness of Halliburton's internal control over financial reporting as of December 31, 2012 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report that is included herein.

HALLIBURTON COMPANY

by

/s/ David J. Lesar	/s/ Mark A. McCollum
David J. Lesar	Mark A. McCollum
Chairman of the Board,	Executive Vice President and
President, and Chief Executive Officer	Chief Financial Officer

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Halliburton Company:

We have audited the accompanying consolidated balance sheets of Halliburton Company and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations, shareholders' equity, comprehensive income, and cash flows for each of the years in the three -year period ended December 31, 2012. These consolidated financial statements are the responsibility of Halliburton Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Halliburton Company and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three -year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Halliburton Company's internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 11, 2013 expressed an unqualified opinion on the effectiveness of Halliburton Company's internal control over financial reporting.

/s/ KPMG LLP
Houston, Texas
February 11, 2013

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Halliburton Company:

We have audited Halliburton Company's internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Halliburton Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on Halliburton Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Halliburton Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Halliburton Company and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations, shareholders' equity, comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2012, and our report dated February 11, 2013 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Houston, Texas
February 11, 2013

HALLIBURTON COMPANY
Consolidated Statements of Operations

Millions of dollars and shares except per share data	Year Ended December 31 2012	2011	2010
Revenue:			
Services	$ 22,196	$ 19,692	$ 13,779
Product sales	6,307	5,137	4,194
Total revenue	28,503	24,829	17,973
Operating costs and expenses:			
Cost of services	18,747	15,432	11,227
Cost of sales	5,322	4,379	3,508
General and administrative	275	281	229
Total operating costs and expenses	24,344	20,092	14,964
Operating income	4,159	4,737	3,009
Interest expense, net of interest income of $7, $5, and $11	(298)	(263)	(297)
Other, net	(39)	(25)	(57)
Income from continuing operations before income taxes	3,822	4,449	2,655
Provision for income taxes	(1,235)	(1,439)	(853)
Income from continuing operations	2,587	3,010	1,802
Income (loss) from discontinued operations, net of income tax (provision) benefit of $82, $(18), and $75	58	(166)	40
Net income	$ 2,645	$ 2,844	$ 1,842
Noncontrolling interest in net income of subsidiaries	(10)	(5)	(7)
Net income attributable to company	$ 2,635	$ 2,839	$ 1,835
Amounts attributable to company shareholders:			
Income from continuing operations	$ 2,577	$ 3,005	$ 1,795
Income (loss) from discontinued operations, net	58	(166)	40
Net income attributable to company	$ 2,635	$ 2,839	$ 1,835
Basic income per share attributable to company shareholders:			
Income from continuing operations	$ 2.78	$ 3.27	$ 1.98
Income (loss) from discontinued operations, net	0.07	(0.18)	0.04
Net income per share	$ 2.85	$ 3.09	$ 2.02
Diluted income per share attributable to company shareholders:			
Income from continuing operations	$ 2.78	$ 3.26	$ 1.97
Income (loss) from discontinued operations, net	0.06	(0.18)	0.04
Net income per share	$ 2.84	$ 3.08	$ 2.01
Basic weighted average common shares outstanding	926	918	908
Diluted weighted average common shares outstanding	928	922	911

See notes to consolidated financial statements.

HALLIBURTON COMPANY
Consolidated Statements of Comprehensive Income

	Year Ended December 31		
Millions of dollars	2012	2011	2010
Net income	$ 2,645	$ 2,844	$ 1,842
Other comprehensive income, net of income taxes:			
Defined benefit and other postretirement plans adjustments	(33)	(34)	(27)
Other	(3)	—	(1)
Other comprehensive loss, net of income taxes	(36)	(34)	(28)
Comprehensive income	$ 2,609	$ 2,810	$ 1,814
Comprehensive loss attributable to noncontrolling interest	(10)	(4)	(6)
Comprehensive income attributable to company shareholders	$ 2,599	$ 2,806	$ 1,808

See notes to consolidated financial statements.

HALLIBURTON COMPANY
Consolidated Balance Sheets

Millions of dollars and shares except per share data	December 31 2012	December 31 2011
Assets		
Current assets:		
Cash and equivalents	$ 2,484	$ 2,698
Receivables (less allowance for bad debts of $92 and $137)	5,787	5,084
Inventories	3,186	2,570
Current deferred income taxes	351	321
Other current assets	1,278	904
Total current assets	13,086	11,577
Property, plant, and equipment, net of accumulated depreciation of $8,056 and $7,096	10,257	8,492
Goodwill	2,135	1,776
Other assets	1,932	1,832
Total assets	$ 27,410	$ 23,677
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 2,041	$ 1,826
Accrued employee compensation and benefits	930	862
Deferred revenue	307	309
Other current liabilities	1,474	1,124
Total current liabilities	4,752	4,121
Long-term debt	4,820	4,820
Employee compensation and benefits	607	534
Other liabilities	1,441	986
Total liabilities	11,620	10,461
Shareholders' equity:		
Common shares, par value $2.50 per share – authorized 2,000 shares, issued 1,073 and 1,073 shares	2,682	2,683
Paid-in capital in excess of par value	486	455
Accumulated other comprehensive loss	(309)	(273)
Retained earnings	17,182	14,880
Treasury stock, at cost – 144 and 152 shares	(4,276)	(4,547)
Company shareholders' equity	15,765	13,198
Noncontrolling interest in consolidated subsidiaries	25	18
Total shareholders' equity	15,790	13,216
Total liabilities and shareholders' equity	$ 27,410	$ 23,677

See notes to consolidated financial statements.

HALLIBURTON COMPANY
Consolidated Statements of Cash Flows

Millions of dollars	Year Ended December 31 2012	2011	2010
Cash flows from operating activities:			
Net income	$ 2,645	$ 2,844	$ 1,842
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation, depletion, and amortization	1,628	1,359	1,119
Loss contingency for Macondo well incident	300	—	—
(Benefit) provision for deferred income taxes, continuing operations	165	(30)	124
(Income) loss from discontinued operations, net	(58)	166	(40)
Other changes:			
Receivables	(682)	(1,218)	(902)
Inventories	(611)	(564)	(331)
Accounts payable	200	649	330
Other	67	478	70
Total cash flows from operating activities	3,654	3,684	2,212
Cash flows from investing activities:			
Capital expenditures	(3,566)	(2,953)	(2,069)
Purchases of investment securities	(506)	(501)	(1,282)
Sales of property, plant, and equipment	395	160	227
Sales of investment securities	258	1,001	1,925
Acquisitions of business assets, net of cash acquired	(214)	(880)	(523)
Other investing activities	(55)	(17)	(33)
Total cash flows from investing activities	(3,688)	(3,190)	(1,755)
Cash flows from financing activities:			
Dividends to shareholders	(333)	(330)	(327)
Proceeds from exercises of stock options	107	160	102
Payments to reacquire common stock	(33)	(43)	(141)
Proceeds from long-term borrowings, net of offering costs	—	978	—
Payments on long-term borrowings	—	—	(790)
Other financing activities	87	68	42
Total cash flows from financing activities	(172)	833	(1,114)
Effect of exchange rate changes on cash	(8)	(27)	(27)
Increase (decrease) in cash and equivalents	(214)	1,300	(684)
Cash and equivalents at beginning of year	2,698	1,398	2,082
Cash and equivalents at end of year	$ 2,484	$ 2,698	$ 1,398
Supplemental disclosure of cash flow information:			
Cash payments during the period for:			
Interest	$ 294	$ 261	$ 310
Income taxes	$ 1,098	$ 1,285	$ 804

See notes to consolidated financial statements.

HALLIBURTON COMPANY
Consolidated Statements of Shareholders' Equity

Millions of dollars	Company Shareholders' Equity: Common Shares	Paid-in Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling interest in Consolidated Subsidiaries	Total
Balance at December 31, 2009	$ 2,669	$ 411	$ (5,002)	$ 10,863	$ (213)	$ 29	$ 8,757
Cash dividends paid ($0.36 per share)	—	—	—	(327)	—	—	(327)
Stock plans	5	(37)	225	—	—	—	193
Common shares repurchased	—	—	(114)	—	—	—	(114)
Tax loss from exercise of options and restricted stock	—	(18)	—	—	—	—	(18)
Other	—	—	—	—	—	(21)	(21)
Total dividends and other transactions with shareholders	5	(55)	111	(327)	—	(21)	(287)
Treasury shares issued for acquisition	—	(17)	120	—	—	—	103
Comprehensive income (loss):							
Net income	—	—	—	1,835	—	7	1,842
Other comprehensive income (loss):							
Defined benefit and other postretirement plans adjustments, net	—	—	—	—	(26)	(1)	(27)
Other	—	—	—	—	(1)	—	(1)
Total comprehensive income	—	—	—	1,835	(27)	6	1,814
Balance at December 31, 2010	$ 2,674	$ 339	$ (4,771)	$ 12,371	$ (240)	$ 14	$ 10,387
Cash dividends paid ($0.36 per share)	—	—	—	(330)	—	—	(330)
Stock plans	9	82	224	—	—	—	315
Tax loss from exercise of options and restricted stock	—	34	—	—	—	—	34
Total dividends and other transactions with shareholders	9	116	224	(330)	—	—	19
Comprehensive income (loss):							
Net income	—	—	—	2,839	—	5	2,844
Other comprehensive income (loss):							
Defined benefit and other postretirement plans adjustments, net	—	—	—	—	(33)	(1)	(34)
Total comprehensive income	—	—	—	2,839	(33)	4	2,810
Balance at December 31, 2011	$ 2,683	$ 455	$ (4,547)	$ 14,880	$ (273)	$ 18	$ 13,216
Cash dividends paid ($0.36 per share)	—	—	—	(333)	—	—	(333)
Stock plans	(1)	25	271	—	—	—	295
Other	—	6	—	—	—	(3)	3
Total dividends and other transactions with shareholders	(1)	31	271	(333)	—	(3)	(35)
Comprehensive income (loss):							
Net income	—	—	—	2,635	—	10	2,645
Other comprehensive income (loss):							
Defined benefit and other postretirement plans adjustments, net	—	—	—	—	(33)	—	(33)
Other	—	—	—	—	(3)	—	(3)
Total comprehensive income	—	—	—	2,635	(36)	10	2,609
Balance at December 31, 2012	$ 2,682	$ 486	$ (4,276)	$ 17,182	$ (309)	$ 25	$ 15,790

See notes to consolidated financial statements.

Note 1. Description of Company and Significant Accounting Policies

Description of Company

Halliburton Company's predecessor was established in 1919 and incorporated under the laws of the State of Delaware in 1924. We are one of the world's largest oilfield services companies. Our two business segments are the Completion and Production segment and the Drilling and Evaluation segment. We provide a comprehensive range of services and products for the exploration, development, and production of oil and natural gas around the world.

Use of estimates

Our financial statements are prepared in conformity with United States generally accepted accounting principles, requiring 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.

We believe the most significant estimates and assumptions are associated with the forecasting of our effective income tax rate and the valuation of deferred taxes, legal and environmental reserves, long-lived asset valuations, purchase price allocations, pensions, allowance for bad debts, and percentage-of-completion accounting for long-term contracts. Ultimate results could differ from our estimates.

Basis of presentation

The consolidated financial statements include the accounts of our company and all of our subsidiaries that we control or variable interest entities for which we have determined that we are the primary beneficiary. All material intercompany accounts and transactions are eliminated. Investments in companies in which we have significant influence are accounted for using the equity method of accounting. If we do not have significant influence, we use the cost method of accounting.

In 2012, we adopted the provisions of new accounting standards. See Note 15 for further information. All periods presented reflect these changes.

Revenue recognition

Overall. Our services and products are generally sold based upon purchase orders or contracts with our customers that include fixed or determinable prices but do not include right of return provisions or other significant post-delivery obligations. Our products are produced in a standard manufacturing operation, even if produced to our customer's specifications. We recognize revenue from product sales when title passes to the customer, the customer assumes risks and rewards of ownership, collectability is reasonably assured, and delivery occurs as directed by our customer. Service revenue, including training and consulting services, is recognized when the services are rendered and collectability is reasonably assured. Rates for services are typically priced on a per day, per meter, per man-hour, or similar basis.

Software sales. Sales of perpetual software licenses, net of any deferred maintenance and support fees, are recognized as revenue upon shipment. Sales of time-based licenses are recognized as revenue over the license period. Maintenance and support fees are recognized as revenue ratably over the contract period, usually a one-year duration.

Percentage of completion. Revenue from certain long-term, integrated project management contracts to provide well construction and completion services is reported on the percentage-of-completion method of accounting. Progress is generally based upon physical progress related to contractually defined units of work. Physical percent complete is determined as a combination of input and output measures as deemed appropriate by the circumstances. All known or anticipated losses on contracts are provided for when they become evident. Cost adjustments that are in the process of being negotiated with customers for extra work or changes in the scope of work are included in revenue when collection is deemed probable.

Research and development

Research and development costs are expensed as incurred. Research and development costs were $460 million in 2012, $401 million in 2011, and $366 million in 2010.

Cash equivalents

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. Cost represents invoice or production cost for new items and original cost less allowance for condition for used material returned to stock. Production cost includes material, labor, and manufacturing overhead. Some domestic manufacturing and field service finished products and parts inventories for drill bits, completion products, and bulk materials are recorded using the last-in, first-out method. The remaining inventory is recorded on the average cost method. We regularly review inventory quantities on hand and record provisions for excess or obsolete inventory based primarily on historical usage, estimated product demand, and technological developments.

Allowance for bad debts

We establish an allowance for bad debts through a review of several factors, including historical collection experience, current aging status of the customer accounts, and financial condition of our customers. Our policy is to write off bad debts when the customer accounts are determined to be uncollectible.

Property, plant, and equipment

Other than those assets that have been written down to their fair values due to impairment, property, plant, and equipment are reported at cost less accumulated depreciation, which is generally provided on the straight-line method over the estimated useful lives of the assets. Accelerated depreciation methods are also used for tax purposes, wherever permitted. Upon sale or retirement of an asset, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized. Planned major maintenance costs are generally expensed as incurred. Expenditures for additions, modifications, and conversions are capitalized when they increase the value or extend the useful life of the asset.

Goodwill and other intangible assets

We record as goodwill the excess purchase price over the fair value of the tangible and identifiable intangible assets acquired.

The changes in the carrying amount of goodwill are detailed below by reportable segment.

Millions of dollars	Completion and Production	Drilling and Evaluation	Total
Balance at December 31, 2010:	$ 767	$ 548	$ 1,315
Current year acquisitions	411	13	424
Purchase price adjustments for previous acquisitions	37	—	37
Balance at December 31, 2011:	$ 1,215	$ 561	$ 1,776
Current year acquisitions	100	62	162
Purchase price adjustments for previous acquisitions	196	1	197
Balance at December 31, 2012:	$ 1,511	$ 624	$ 2,135

The reported amounts of goodwill for each reporting unit are reviewed for impairment on an annual basis, during the third quarter, and more frequently should negative conditions such as significant current or projected operating losses exist. Beginning in 2011, we elected to perform a qualitative assessment for our annual goodwill impairment test. If the qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, or if we elect to not perform a qualitative assessment, then we would be required to perform a quantitative impairment test for goodwill. This two-step process involves comparing the estimated fair value of each reporting unit to the reporting unit's carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered impaired, and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test would be performed to measure the amount of impairment loss to be recorded, if any. Based on our qualitative assessment of goodwill in 2012 and 2011, we concluded that it was more likely than not that the fair value of each of our reporting units was greater than their carrying amount, and therefore no further testing was required. Our goodwill impairment assessment for 2010 indicated the fair value of each of our reporting units exceeded its carrying amount by a significant margin. In addition, there were no triggering events that occurred in 2012, 2011, or 2010 requiring us to perform additional impairment reviews. As such, there were no impairments of goodwill recorded in the three-year period ended December 31, 2012.

We amortize other identifiable intangible assets with a finite life on a straight-line basis over the period which the asset is expected to contribute to our future cash flows, ranging from three to twenty years. The components of these other intangible assets generally consist of patents, license agreements, non-compete agreements, trademarks, and customer lists and contracts.

Evaluating impairment of long-lived assets

When events or changes in circumstances indicate that long-lived assets other than goodwill may be impaired, an evaluation is performed. For an asset classified as held for use, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to fair value is required. When an asset is classified as held for sale, the asset's book value is evaluated and adjusted to the lower of its carrying amount or fair value less cost to sell. In addition, depreciation and amortization is ceased while it is classified as held for sale.

Income taxes

We recognize the amount of taxes payable or refundable for the year. In addition, deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been recognized in the financial statements or tax returns. A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will not be realized.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that we will realize the benefits of these deductible differences, net of the existing valuation allowances.

We recognize interest and penalties related to unrecognized tax benefits within the provision for income taxes on continuing operations in our consolidated statements of operations.

We generally do not provide income taxes on the undistributed earnings of non-United States subsidiaries because such earnings are intended to be reinvested indefinitely to finance foreign activities. These additional foreign earnings could be subject to additional tax if remitted, or deemed remitted, as a dividend; however, it is not practicable to estimate the additional amount, if any, of taxes payable. Taxes are provided as necessary with respect to earnings that are not permanently reinvested.

Derivative instruments

At times, we enter into derivative financial transactions to hedge existing or projected exposures to changing foreign currency exchange rates and interest rates. We do not enter into derivative transactions for speculative or trading purposes. We recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges are adjusted to fair value and reflected through the results of operations. If the derivative is designated as a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against:

- the change in fair value of the hedged assets, liabilities, or firm commitments through earnings; or
- recognized in other comprehensive income until the hedged item is recognized in earnings.

The ineffective portion of a derivative’s change in fair value is recognized in earnings. Recognized gains or losses on derivatives entered into to manage foreign currency exchange risk are included in “Other, net” on the consolidated statements of operations. Gains or losses on interest rate derivatives are included in “Interest expense, net.”

Foreign currency translation

Foreign entities whose functional currency is the United States dollar translate monetary assets and liabilities at year-end exchange rates, and nonmonetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the year, except for depreciation, cost of product sales and revenue, and expenses associated with nonmonetary balance sheet accounts, which are translated at historical rates. Gains or losses from changes in exchange rates are recognized in our consolidated statements of operations in “Other, net” in the year of occurrence.

Stock-based compensation

Stock-based compensation cost is measured at the date of grant, based on the calculated fair value of the award, and is recognized as expense over the employee’s service period, which is generally the vesting period of the equity grant. Additionally, compensation cost is recognized based on awards ultimately expected to vest, therefore, we have reduced the cost for estimated forfeitures based on historical forfeiture rates. Forfeitures are estimated at the time of grant and revised in subsequent periods to reflect actual forfeitures. See Note 11 for additional information related to stock-based compensation.

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.

Completion and Production delivers cementing, stimulation, intervention, pressure control, specialty chemicals, artificial lift, and completion services. The segment consists of Halliburton Production Enhancement, Cementing, Completion Tools, Boots & Coots, and Multi-Chem. Effective January 1, 2013, Halliburton Artificial Lift will be included as a product service line within this segment.

Halliburton Production Enhancement services include stimulation services and sand control services. Stimulation services optimize oil and natural gas reservoir production through a variety of pressure pumping services, nitrogen services, and chemical processes, commonly known as hydraulic fracturing and acidizing. Sand control services include fluid and chemical systems and pumping services for the prevention of formation sand production.

Cementing services involve bonding the well and well casing while isolating fluid zones and maximizing wellbore stability. Our cementing service line also provides casing equipment.

Completion Tools provides downhole solutions and services to our customers to complete their wells, including well completion products and services, intelligent well completions, liner hanger systems, sand control systems, and service tools.

Boots & Coots includes well intervention services, pressure control, equipment rental tools and services, and pipeline and process services.

Multi-Chem includes oilfield production and completion chemicals and services that address production, processing, and transportation challenges.

Drilling and Evaluation provides field and reservoir modeling, drilling, evaluation, and wellbore placement solutions that enable customers to model, measure, and optimize their well construction activities. The segment consists of Halliburton Drill Bits and Services, Wireline and Perforating, Testing and Subsea, Baroid, Sperry Drilling, Landmark Software and Services, and Halliburton Consulting and Project Management.

Halliburton Drill Bits and Services provides roller cone rock bits, fixed cutter bits, hole enlargement, and related downhole tools and services used in drilling oil and natural gas wells. In addition, coring equipment and services are provided to acquire cores of the formation drilled for evaluation.

Wireline and Perforating services include open-hole logging services that provide information on formation evaluation and reservoir fluid analysis, including formation lithology, rock properties, and reservoir fluid properties. Also offered are cased-hole and slickline services, which provide perforating, pipe recovery services, through-casing formation evaluation and reservoir monitoring, casing and cement integrity measurements, and well intervention services. Borehole seismic services include downhole seismic operations check-shots and vertical seismic profiles, and provide the link between surface seismic and the wellbore. Finally, formation and reservoir solutions transform formation evaluation data into reservoir insight through geoscience solutions.

Testing and Subsea services provide acquisition and analysis of dynamic reservoir information and reservoir optimization solutions to the oil and natural gas industry through a broad portfolio of test tools, data acquisition services, fluid sampling, surface well testing, and subsea safety systems.

Baroid provides drilling fluid systems, performance additives, completion fluids, solids control, specialized testing equipment, and waste management services for oil and natural gas drilling, completion, and workover operations.

Sperry Drilling provides drilling systems and services. These services include directional and horizontal drilling, measurement-while-drilling, logging-while-drilling, surface data logging, multilateral systems, underbalanced applications, and rig site information systems. Our drilling systems offer directional control for precise wellbore placement while providing important measurements about the characteristics of the drill string and geological formations while drilling wells. Real-time operating capabilities enable the monitoring of well progress and aid decision-making processes.

Landmark Software and Services is a supplier of integrated exploration, drilling and production software, and related professional and data management services for the upstream oil and natural gas industry.

Halliburton Consulting and Project Management provides oilfield project management and integrated solutions to independent, integrated, and national oil companies. These offerings make use of all of our oilfield services, products, technologies, and project management capabilities to assist our customers in optimizing the value of their oil and natural gas assets.

Corporate and other includes expenses related to support functions and corporate executives and is primarily composed of cash and equivalents, deferred tax assets, and investment securities. Also included are certain gains and losses not attributable to a particular business segment, such as the $300 million loss contingency related to the Macondo well incident recorded in “Corporate and other” during the first quarter of 2012.

Intersegment revenue and revenue between geographic areas are immaterial. Our equity in earnings and losses of unconsolidated affiliates that are accounted for under the equity method of accounting is included in revenue and operating income of the applicable segment.

The following tables present information on our business segments.

Operations by business segment

Millions of dollars	Year Ended December 31 2012	2011	2010
Revenue:			
Completion and Production	$ 17,380	$ 15,143	$ 9,997
Drilling and Evaluation	11,123	9,686	7,976
Total revenue	$ 28,503	$ 24,829	$ 17,973
Operating income:			
Completion and Production	$ 3,144	$ 3,733	$ 2,032
Drilling and Evaluation	1,675	1,403	1,213
Total operations	4,819	5,136	3,245
Corporate and other	(660)	(399)	(236)
Total operating income	$ 4,159	$ 4,737	$ 3,009
Interest expense, net of interest income	$ (298)	$ (263)	$ (297)
Other, net	(39)	(25)	(57)
Income from continuing operations before income taxes	$ 3,822	$ 4,449	$ 2,655
Capital expenditures:			
Completion and Production	$ 2,177	$ 1,669	$ 1,010
Drilling and Evaluation	1,318	1,231	1,058
Corporate and other	71	53	1
Total	$ 3,566	$ 2,953	$ 2,069
Depreciation, depletion, and amortization:			
Completion and Production	$ 843	$ 680	$ 537
Drilling and Evaluation	783	676	578
Corporate and other	2	3	4
Total	$ 1,628	$ 1,359	$ 1,119

Millions of dollars	December 31 2012	2011
Total assets:		
Completion and Production	$ 13,313	$ 10,953
Drilling and Evaluation	9,290	8,212
Shared assets	1,376	1,249
Corporate and other	3,431	3,263
Total	$ 27,410	$ 23,677

Not all assets are associated with specific segments. Those assets specific to segments include receivables, inventories, certain identified property, plant, and equipment (including field service equipment), equity in and advances to related companies, and goodwill. The remaining assets, such as cash and equivalents, are considered to be shared among the segments.

Revenue by country is determined based on the location of services provided and products sold.

Operations by geographic area

	Year Ended December 31		
Millions of dollars	2012	2011	2010
Revenue:			
United States	$ 15,057	$ 13,548	$ 8,209
Other countries	13,446	11,281	9,764
Total	$ 28,503	$ 24,829	$ 17,973

	December 31	
Millions of dollars	2012	2011
Long-lived assets:		
United States	$ 7,219	$ 6,602
Other countries	6,633	5,189
Total	$ 13,852	$ 11,791

Note 3. Receivables

Our trade receivables are generally not collateralized. At December 31, 2012 and December 31, 2011, 36% and 45% of our gross trade receivables were from customers in the United States. No other country or single customer accounted for more than 10% of our gross trade receivables at these dates.

The following table presents a rollforward of our allowance for bad debts for 2010, 2011, and 2012.

Millions of dollars	Balance at Beginning of Period	Charged to Costs and Expenses	Write-Offs	Balance at End of Period
Year ended December 31, 2010	$ 90	$ 5	$ (4)	$ 91
Year ended December 31, 2011	91	53	(7)	137
Year ended December 31, 2012	137	(40)	(5)	92

Note 4. 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 $139 million at December 31, 2012 and $160 million at December 31, 2011. If the average cost method had been used, total inventories would have been $41 million higher than reported at December 31, 2012 and $36 million higher than reported at December 31, 2011. The cost of the remaining inventory was recorded on the average cost method. Inventories consisted of the following:

	December 31	
Millions of dollars	2012	2011
Finished products and parts	$ 2,264	$ 1,801
Raw materials and supplies	793	673
Work in process	129	96
Total	$ 3,186	$ 2,570

Finished products and parts are reported net of obsolescence reserves of $114 million at December 31, 2012 and $108 million at December 31, 2011.

Note 5. Property, Plant, and Equipment

Property, plant, and equipment were composed of the following:

Millions of dollars	December 31 2012	2011
Land	$ 145	$ 123
Buildings and property improvements	1,861	1,609
Machinery, equipment, and other	16,307	13,856
Total	18,313	15,588
Less accumulated depreciation	8,056	7,096
Net property, plant, and equipment	$ 10,257	$ 8,492

Classes of assets, excluding oil and natural gas investments, are depreciated over the following useful lives:

	Buildings and Property Improvements	
	2012	2011
1 - 10 years	14%	13%
11 - 20 years	46%	47%
21 - 30 years	14%	13%
31 - 40 years	26%	27%

	Machinery, Equipment, and Other	
	2012	2011
1 - 5 years	20%	19%
6 - 10 years	74%	75%
11 - 20 years	6%	6%

Note 6. Debt

Long-term debt consisted of the following at both December 31, 2012 and 2011:

Millions of dollars	
6.15% senior notes due September 2019	$ 997
7.45% senior notes due September 2039	995
6.7% senior notes due September 2038	800
3.25% senior notes due November 2021	498
4.5% senior notes due November 2041	498
5.9% senior notes due September 2018	400
7.6% senior debentures due August 2096	293
8.75% senior debentures due February 2021	184
Other	155
Total long-term debt	$ 4,820

Senior debt

All of our senior notes and debentures rank equally with our existing and future senior unsecured indebtedness, have semiannual interest payments, and have no sinking fund requirements. We may redeem all of our senior notes from time to time or all of the notes of each series at any time at the applicable redemption prices, plus accrued and unpaid interest. Our 7.6% and 8.75% senior debentures may not be redeemed prior to maturity.

Revolving credit facilities

We have an unsecured $2.0 billion five-year revolving credit facility expiring in 2016. The purpose of the facility is to provide general working capital and credit for other corporate purposes. The full amount of the revolving credit facility was available as of December 31, 2012.

Debt maturities

$45 million of our long-term debt is due in 2017. The remainder is due in 2018 and thereafter.

Note 7. 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. We entered into various agreements relating to the separation of KBR, including, among others, a Master Separation Agreement and a Tax Sharing Agreement. We recorded a liability reflecting the estimated fair value of the indemnities provided to KBR as described below. Since the separation, we have recorded adjustments to reflect changes to our estimation of our remaining obligation. All such adjustments are recorded in "Income (loss) from discontinued operations, net of income tax (provision) benefit." Amounts accrued relating to our KBR liabilities are primarily included in "Other liabilities" in our consolidated balance sheets and totaled $219 million as of December 31, 2012 and $201 million as of December 31, 2011.

Barracuda-Caratinga arbitration

We agreed to provide indemnification in favor of KBR under the Master Separation Agreement for liabilities KBR may incur after the effective date of the Master Separation Agreement as a result of certain allegedly defective subsea flowline bolts installed in connection with the Barracuda-Caratinga project. Prior to that, at the inception of the project, we had provided a guarantee to Barracuda & Caratinga Leasing Company BV (BCLC), a subsidiary of our customer, Petrobras, of KBR's obligations with respect to the project.

During the third quarter of 2011, an arbitration panel issued an award against KBR in the amount of approximately $201 million, plus post-judgment interest. At that time, we adjusted our liability related to the indemnification under the Master Separation Agreement to reflect the award. In December 2012, BCLC sent us a demand for payment of the arbitration award under the terms of our guarantee. In January 2013, the matter was resolved by our payment of $219 million to BCLC under the guarantee. We recorded an $80 million tax benefit in 2012 related to the satisfaction of this obligation under the guarantee. See Note 8 for further discussion of the Barracuda-Caratinga matter.

Tax sharing agreement

The Tax Sharing Agreement provides for the calculation and allocation of United States and certain other jurisdiction tax liabilities between us and KBR for the periods 2001 through the date of separation. The Tax Sharing Agreement is complex, and finalization of amounts owed between KBR and us under the Tax Sharing Agreement can occur only after income tax audits are completed by the taxing authorities and both parties have had time to analyze the results.

During the second quarter of 2012, we sent a notice as required by the Tax Sharing Agreement to KBR requesting the appointment of an arbitrator in accordance with the terms of the Tax Sharing Agreement. This request asked the arbitrator to find that KBR owes us $256 million pursuant to the Tax Sharing Agreement. KBR denied that it owes us any amount and asserted instead that we owe KBR certain amounts under the Tax Sharing Agreement. KBR also asserted that they believe the Master Separation Agreement controls this matter and demanded arbitration under that agreement. On July 10, 2012, we filed suit in the District Court of Harris County, Texas, seeking to compel KBR to arbitrate this dispute in accordance with the provisions of the Tax Sharing Agreement, rather than the Master Separation Agreement. KBR filed a cross-motion seeking to compel arbitration under the Master Separation Agreement. In September 2012, the court denied our motion and granted KBR's motion to compel arbitration under the Master Separation Agreement. We have filed a notice of appeal, which is pending. No anticipated recovery amounts or liabilities related to this matter have been recognized in the consolidated financial statements.

Note 8. Commitments and Contingencies

Macondo well incident

Overview. The semisubmersible drilling rig, Deepwater Horizon, sank on April 22, 2010 after an explosion and fire onboard the rig that began on April 20, 2010. The Deepwater Horizon was owned by Transocean Ltd. and had been drilling the Macondo exploration well in Mississippi Canyon Block 252 in the Gulf of Mexico for the lease operator, BP Exploration & Production, Inc. (BP Exploration), an indirect wholly owned subsidiary of BP p.l.c. We performed a variety of services for BP Exploration, including cementing, mud logging, directional drilling, measurement-while-drilling, and rig data acquisition services. Crude oil flowing from the well site spread across thousands of square miles of the Gulf of Mexico and reached the United States Gulf Coast. Efforts to contain the flow of hydrocarbons from the well were led by the United States government and by BP p.l.c., BP Exploration, and their affiliates (collectively, BP). The flow of hydrocarbons from the well ceased on July 15, 2010, and the well was permanently capped on September 19, 2010. Numerous attempts at estimating the volume of oil spilled have been made by various groups, and on August 2, 2010 the federal government published an estimate that approximately 4.9 million barrels of oil were discharged from the well. There were eleven fatalities and a number of injuries as a result of the Macondo well incident.

We are currently unable to fully estimate the impact the Macondo well incident will have on us. The beginning of the multi-district litigation (MDL) trial referred to below has been set for February 25, 2013. We cannot predict the outcome of the many lawsuits and investigations relating to the Macondo well incident, including orders and rulings of the court that impact the MDL, whether the MDL will proceed to trial, the results of any such trial, the effect that the settlements between BP and the Plaintiffs' Steering Committee (PSC) in the MDL and other settlements may have on claims against us, or whether we might settle with one or more of the parties to any lawsuit or investigation. At the request of the court, in late February 2012 we participated in a series of discussions with the Magistrate Judge in the MDL relating to whether the MDL could be settled. Although these discussions did not result in a settlement, we recorded a $300 million liability during the first quarter of 2012 for an estimated loss contingency relating to the MDL. This loss contingency, which is included in "Other liabilities" in our consolidated balance sheet as of December 31, 2012 and in "Cost of services" on the consolidated statement of operations for the year ended December 31, 2012, represents a loss contingency that is probable and for which a reasonable estimate of a loss or range of loss can be made. Although we continue to believe that we have substantial legal arguments and defenses against any liability and that BP's indemnity obligation protects us as described below, we cannot conclude that a probable loss associated with the MDL is zero. There are additional loss contingencies relating to the Macondo well incident that are reasonably possible but for which we cannot make a reasonable estimate. Given the numerous potential developments relating to the MDL and other lawsuits and investigations, which could occur at any time, we may adjust our estimated loss contingency in the future. Liabilities arising out of the Macondo well incident could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Investigations and Regulatory Action. The United States Coast Guard, a component of the United States Department of Homeland Security, and the Bureau of Ocean Energy Management, Regulation and Enforcement (formerly known as the Minerals Management Service and which was replaced effective October 1, 2011 by two new, independent bureaus – the Bureau of Safety and Environmental Enforcement (BSEE) and the Bureau of Ocean Energy Management), a bureau of the United States Department of the Interior, shared jurisdiction over the investigation into the Macondo well incident and formed a joint investigation team that reviewed information and held hearings regarding the incident (Marine Board Investigation). We were named as one of the 16 parties-in-interest in the Marine Board Investigation. The Marine Board Investigation, as well as investigations of the incident that were conducted by The National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling (National Commission) and the National Academy of Sciences, have been completed, and reports issued as a result of those investigations have been critical of BP, Transocean, and us, among others. For example, one or more of those reports have concluded that primary cement failure was a direct cause of the blowout, cement testing performed by an independent laboratory "strongly suggests" that the foam cement slurry used on the Macondo well was unstable, and that numerous other oversights and factors caused or contributed to the cause of the incident, including BP's failure to run a cement bond log, BP's and Transocean's failure to properly conduct and interpret a negative-pressure test, the failure of the drilling crew and our surface data logging specialist to recognize that an unplanned influx of oil, natural gas, or fluid into the well was occurring, communication failures among BP, Transocean, and us, and flawed decisions relating to the design, construction, and testing of barriers critical to the temporary abandonment of the well. The U.S. Chemical Safety and Hazard Investigation Board is also conducting an investigation of the incident.

In October 2011, the BSEE issued a notification of Incidents of Noncompliance (INCs) to us for allegedly violating federal regulations relating to the failure to take measures to prevent the unauthorized release of hydrocarbons, the failure to take precautions to keep the Macondo well under control, the failure to cement the well in a manner that would, among other things, prevent the release of fluids into the Gulf of Mexico, and the failure to protect health, safety, property, and the environment as a result of a failure to perform operations in a safe and workmanlike manner. According to the BSEE's notice, we did not ensure an adequate barrier to hydrocarbon flow after cementing the production casing and did not detect the influx of hydrocarbons until they were above the blowout preventer stack. We understand that the regulations in effect at the time of the alleged violations provide for fines of up to $35,000 per day per violation. We have appealed the INCs to the Interior Board of Land Appeals (IBLA). In January 2012, the IBLA, in response to our and the BSEE's joint request, suspended the appeal and ordered us and the BSEE to file notice within 15 days after the conclusion of the MDL and, within 60 days after the MDL court issues a final decision, to file a proposal for further action in the appeal. The BSEE has announced that the INCs will be reviewed for possible imposition of civil penalties once the appeal has ended. The BSEE has stated that this is the first time the Department of the Interior has issued INCs directly to a contractor that was not the well's operator.

The Cementing Job and Reaction to Reports. We disagree with the reports referred to above regarding many of their findings and characterizations with respect to our cementing and surface data logging services, as applicable, on the Deepwater Horizon. We have provided information to the National Commission, its staff, and representatives of the joint investigation team for the Marine Board Investigation that we believe has been overlooked or omitted from their reports, as applicable. We intend to continue to vigorously defend ourselves in any investigation relating to our involvement with the Macondo well that we believe inaccurately evaluates or depicts our services on the Deepwater Horizon.

The cement slurry on the Deepwater Horizon was designed and prepared pursuant to well condition data provided by BP. Regardless of whether alleged weaknesses in cement design and testing are or are not ultimately established, and regardless of whether the cement slurry was utilized in similar applications or was prepared consistent with industry standards, we believe that had BP and Transocean properly interpreted a negative-pressure test, this test would have revealed any problems with the cement. In addition, had BP designed the Macondo well to allow a full cement bond log test or if BP had conducted even a partial cement bond log test, the test likely would have revealed any problems with the cement. BP, however, elected not to conduct any cement bond log tests, and with Transocean misinterpreted the negative-pressure test, both of which could have resulted in remedial action, if appropriate, with respect to the cementing services.

At this time we cannot predict the impact of the investigations or reports referred to above, or the conclusions of future investigations or reports. We also cannot predict whether any investigations or reports will have an influence on or result in us being named as a party in any action alleging liability or violation of a statute or regulation, whether federal or state and whether criminal or civil.

We intend to continue to cooperate fully with all hearings, investigations, and requests for information relating to the Macondo well incident. We cannot predict the outcome of, or the costs to be incurred in connection with, any of these hearings or investigations, and therefore we cannot predict the potential impact they may have on us.

DOJ Investigations and Actions. On June 1, 2010, the United States Attorney General announced that the Department of Justice (DOJ) was launching civil and criminal investigations into the Macondo well incident to closely examine the actions of those involved, and that the DOJ was working with attorneys general of states affected by the Macondo well incident. The DOJ announced that it was reviewing, among other traditional criminal statutes, possible violations of and liabilities under The Clean Water Act (CWA), The Oil Pollution Act of 1990 (OPA), The Migratory Bird Treaty Act of 1918 (MBTA), and the Endangered Species Act of 1973 (ESA). As part of its criminal investigation, the DOJ is examining certain aspects of our conduct after the incident, including with respect to record-keeping, record retention, post-incident testing and modeling and the retention thereof, securities filings, and public statements by us or our employees, to evaluate whether there has been any violation of federal law.

The CWA provides authority for civil and criminal penalties for discharges of oil into or upon navigable waters of the United States, adjoining shorelines, or in connection with the Outer Continental Shelf Lands Act (OCSLA) in quantities that are deemed harmful. A single discharge event may result in the assertion of numerous violations under the CWA. Criminal sanctions under the CWA can be assessed for negligent discharges (up to $50,000 per day per violation), for knowing discharges (up to $100,000 per day per violation), and for knowing endangerment (up to $2 million per violation), and federal agencies could be precluded from contracting with a company that is criminally sanctioned under the CWA. Civil proceedings under the CWA can be commenced against an "owner, operator, or person in charge of any vessel, onshore facility, or offshore facility from which oil or a hazardous substance is discharged" in violation of the CWA. The civil penalties that can be imposed against responsible parties range from up to $1,100 per barrel of oil discharged in the case of those found strictly liable to $4,300 per barrel of oil discharged in the case of those found to have been grossly negligent.

The OPA establishes liability for discharges of oil from vessels, onshore facilities, and offshore facilities into or upon the navigable waters of the United States. Under the OPA, the "responsible party" for the discharging vessel or facility is liable for removal and response costs as well as for damages, including recovery costs to contain and remove discharged oil and damages for injury to natural resources and real or personal property, lost revenues, lost profits, and lost earning capacity. The cap on liability under the OPA is the full cost of removal of the discharged oil plus up to $75 million for damages, except that the $75 million cap does not apply in the event the damage was proximately caused by gross negligence or the violation of certain federal safety, construction or operating standards. The OPA defines the set of responsible parties differently depending on whether the source of the discharge is a vessel or an offshore facility. Liability for vessels is imposed on owners and operators; liability for offshore facilities is imposed on the holder of the permit or lessee of the area in which the facility is located.

The MBTA and the ESA provide penalties for injury and death to wildlife and bird species. The MBTA provides that violators are strictly liable and such violations are misdemeanor crimes subject to fines of up to $15,000 per bird killed and imprisonment of up to six months. The ESA provides for civil penalties for knowing violations that can range up to $25,000 per violation and, in the case of criminal penalties, up to $50,000 per violation.

In addition, federal law provides for a variety of fines and penalties, the most significant of which is the Alternative Fines Act. In lieu of the express amount of the criminal fines that may be imposed under some of the statutes described above, the Alternative Fines Act provides for a fine in the amount of twice the gross economic loss suffered by third parties, which amount, although difficult to estimate, is significant.

On December 15, 2010, the DOJ filed a civil action seeking damages and injunctive relief against BP Exploration, Anadarko Petroleum Corporation and Anadarko E&P Company LP (together, Anadarko), which had an approximate 25% interest in the Macondo well, certain subsidiaries of Transocean Ltd., and others for violations of the CWA and the OPA. The DOJ's complaint seeks an action declaring that the defendants are strictly liable under the CWA as a result of harmful discharges of oil into the Gulf of Mexico and upon United States shorelines as a result of the Macondo well incident. The complaint also seeks an action declaring that the defendants are strictly liable under the OPA for the discharge of oil that has resulted in, among other things, injury to, loss of, loss of use of, or destruction of natural resources and resource services in and around the Gulf of Mexico and the adjoining United States shorelines and resulting in removal costs and damages to the United States far exceeding $75 million. BP Exploration has been designated, and has accepted the designation, as a responsible party for the pollution under the CWA and the OPA. Others have also been named as responsible parties, and all responsible parties may be held jointly and severally liable for any damages under the OPA. A responsible party may make a claim for contribution against any other responsible party or against third parties it alleges contributed to or caused the oil spill. In connection with the proceedings discussed below under "Litigation," in April 2011 BP Exploration filed a claim against us for contribution with respect to liabilities incurred by BP Exploration under the OPA or another law, which subsequent court filings have indicated may include the CWA, and requested a judgment that the DOJ assert its claims for OPA financial liability directly against us. We filed a motion to dismiss BP Exploration's claim, and that motion is pending.

We have not been named as a responsible party under the CWA or the OPA in the DOJ civil action, and we do not believe we are a responsible party under the CWA or the OPA. While we are not included in the DOJ's civil complaint, there can be no assurance that the DOJ or other federal or state governmental authorities will not bring an action, whether civil or criminal, against us under the CWA, the OPA, and/or other statutes or regulations. In connection with the DOJ's filing of the civil action, it announced that its criminal and civil investigations are continuing and that it will employ efforts to hold accountable those who are responsible for the incident.

A federal grand jury has been convened in Louisiana to investigate potential criminal conduct in connection with the Macondo well incident. We are cooperating fully with the DOJ's criminal investigation. As of February 11, 2013, the DOJ has not commenced any criminal proceedings against us. We cannot predict the status or outcome of the DOJ's criminal investigation or estimate the potential impact the investigation may have on us or our liability assessment, all of which may change as the investigation progresses. We have had and expect to continue to have discussions with the DOJ regarding the Macondo well incident and associated pre-incident and post-incident conduct.

In November 2012, BP announced that it reached an agreement with the DOJ to resolve all federal criminal charges against it stemming from the Macondo well incident. BP agreed to plead guilty to 14 criminal charges, with 13 of those charges based on the negligent misinterpretation of the negative-pressure test conducted on the Deepwater Horizon. BP also agreed to pay $ 4.0 billion, including approximately $1.3 billion in criminal fines, to take actions to further enhance the safety of drilling operations in the Gulf of Mexico, to a term of five years' probation, and to the appointment of two monitors with four-year terms, one relating to process safety and risk management procedures concerning deepwater drilling in the Gulf of Mexico and one relating to the improvement, implementation, and enforcement of BP's code of conduct.

In January 2013, Transocean announced that it reached an agreement with the DOJ to resolve certain claims for civil penalties and potential criminal claims against it arising from the Macondo well incident. Transocean agreed to plead guilty to one misdemeanor violation of the CWA for negligent discharge of oil into the Gulf of Mexico, to pay $1.0 billion in CWA penalties and $400 million in fines and recoveries, to implement certain measures to prevent a recurrence of an uncontrolled discharge of hydrocarbons, and to a term of five years' probation. Transocean's civil and criminal settlements are subject to court approval, and its civil settlement is also subject to public notice and comment.

Litigation. Since April 21, 2010, plaintiffs have been filing lawsuits relating to the Macondo well incident. Generally, those lawsuits allege either (1) damages arising from the oil spill pollution and contamination (*e.g.*, diminution of property value, lost tax revenue, lost business revenue, lost tourist dollars, inability to engage in recreational or commercial activities) or (2) wrongful death or personal injuries. We are named along with other unaffiliated defendants in more than 400 complaints, most of which are alleged class actions, involving pollution damage claims and at least seven personal injury lawsuits involving four decedents and at least 10 allegedly injured persons who were on the drilling rig at the time of the incident. At least six additional lawsuits naming us and others relate to alleged personal injuries sustained by those responding to the explosion and oil spill. Plaintiffs originally filed the lawsuits described above in federal and state courts throughout the United States. Except for certain lawsuits not yet consolidated, the Judicial Panel on Multi-District Litigation ordered all of the lawsuits against us consolidated in the MDL proceeding before Judge Carl Barbier in the United States Eastern District of Louisiana. The pollution complaints generally allege, among other things, negligence and gross negligence, property damages, taking of protected species, and potential economic losses as a result of environmental pollution and generally seek awards of unspecified economic, compensatory, and punitive damages, as well as injunctive relief. Plaintiffs in these pollution cases have brought suit under various legal provisions, including the OPA, the CWA, the MBTA, the ESA, the OCSLA, the Longshoremen and Harbor Workers Compensation Act, general maritime law, state common law, and various state environmental and products liability statutes.

Furthermore, the pollution complaints include suits brought against us by governmental entities, including the State of Alabama, the State of Louisiana, Plaquemines Parish, the City of Greenville, and three Mexican states. Complaints brought against us by at least seven other parishes in Louisiana were dismissed with prejudice, and the dismissal is being appealed by those parishes. The wrongful death and other personal injury complaints generally allege negligence and gross negligence and seek awards of compensatory damages, including unspecified economic damages, and punitive damages. We have retained counsel and are investigating and evaluating the claims, the theories of recovery, damages asserted, and our respective defenses to all of these claims.

Judge Barbier is also presiding over a separate proceeding filed by Transocean under the Limitation of Liability Act (Limitation Action). In the Limitation Action, Transocean seeks to limit its liability for claims arising out of the Macondo well incident to the value of the rig and its freight. While the Limitation Action has been formally consolidated into the MDL, the court is nonetheless, in some respects, treating the Limitation Action as an associated but separate proceeding. In February 2011, Transocean tendered us, along with all other defendants, into the Limitation Action. As a result of the tender, we and all other defendants will be treated as direct defendants to the plaintiffs' claims as if the plaintiffs had sued us and the other defendants directly. In the Limitation Action, the judge intends to determine the allocation of liability among all defendants in the hundreds of lawsuits associated with the Macondo well incident, including those in the MDL proceeding that are pending in his court. Specifically, we believe the judge will determine the liability, limitation, exoneration, and fault allocation with regard to all of the defendants in a trial, which is scheduled to occur in at least two phases beginning on February 25, 2013. The first phase of this portion of the trial is scheduled to cover issues arising out of the conduct and degree of culpability of various parties allegedly relevant to the loss of well control, the ensuing fire and explosion on and sinking of the Deepwater Horizon, and the initiation of the release of hydrocarbons from the Macondo well. The MDL court has projected September 2013 for the beginning of the second phase of this portion of the trial, which is scheduled to cover actions relating to attempts to control the flow of hydrocarbons from the well and the quantification of hydrocarbons discharged from the well. Subsequent proceedings would be held to the extent triable issues remain unsolved by the first two phases of the trial, settlements, motion practice, or stipulation. While the DOJ will participate in the first two phases of the trial with regard to BP's conduct and the amount of hydrocarbons discharged from the well, it is anticipated that the DOJ's civil action for the CWA and OPA violations, fines, and penalties will be addressed by the court in a subsequent proceeding. We do not believe that a single apportionment of liability in the Limitation Action is properly applied, particularly with respect to gross negligence and punitive damages, to the hundreds of lawsuits pending in the MDL proceeding.

Damages for the cases tried in the MDL proceeding, including punitive damages, are expected to be tried following the two phases of the trial described above. Under ordinary MDL procedures, such cases would, unless waived by the respective parties, be tried in the courts from which they were transferred into the MDL. It remains unclear, however, what impact the overlay of the Limitation Action will have on where these matters are tried. Document discovery and depositions among the parties to the MDL are ongoing.

In April and May 2011, certain defendants in the proceedings described above filed numerous cross claims and third party claims against certain other defendants. BP Exploration and BP America Production Company filed claims against us seeking subrogation, contribution, including with respect to liabilities under the OPA, and direct damages, and alleging negligence, gross negligence, fraudulent conduct, and fraudulent concealment. Transocean filed claims against us seeking indemnification, and subrogation and contribution, including with respect to liabilities under the OPA and for the total loss of the Deepwater Horizon, and alleging comparative fault and breach of warranty of workmanlike performance. Anadarko filed claims against us seeking tort indemnity and contribution, and alleging negligence, gross negligence and willful misconduct, and MOEX Offshore 2007 LLC (MOEX), who had an approximate 10% interest in the Macondo well at the time of the incident, filed a claim against us alleging negligence. Cameron International Corporation (Cameron) (the manufacturer and designer of the blowout preventer), M-I Swaco (provider of drilling fluids and services, among other things), Weatherford U.S. L.P. and Weatherford International, Inc. (together, Weatherford) (providers of casing components, including float equipment and centralizers, and services), and Dril-Quip, Inc. (Dril-Quip) (provider of wellhead systems), each filed claims against us seeking indemnification and contribution, including with respect to liabilities under the OPA in the case of Cameron, and alleging negligence. Additional civil lawsuits may be filed against us. In addition to the claims against us, generally the defendants in the proceedings described above filed claims, including for liabilities under the OPA and other claims similar to those described above, against the other defendants described above. BP has since announced that it has settled those claims between it and each of MOEX, Weatherford, Anadarko, and Cameron. Also, BP and M-I Swaco have dismissed all claims between them.

In April 2011, we filed claims against BP Exploration, BP p.l.c. and BP America Production Company (BP Defendants), M-I Swaco, Cameron, Anadarko, MOEX, Weatherford, Dril-Quip, and numerous entities involved in the post-blowout remediation and response efforts, in each case seeking contribution and indemnification and alleging negligence. Our claims also alleged gross negligence and willful misconduct on the part of the BP Defendants, Anadarko, and Weatherford. We also filed claims against M-I Swaco and Weatherford for contractual indemnification, and against Cameron, Weatherford and Dril-Quip for strict products liability, although the court has since issued orders dismissing all claims asserted against Dril-Quip and Weatherford in the MDL and we have dismissed our contractual indemnification claim against M-I Swaco. We filed our answer to Transocean’s Limitation petition denying Transocean’s right to limit its liability, denying all claims and responsibility for the incident, seeking contribution and indemnification, and alleging negligence and gross negligence.

Judge Barbier has issued an order, among others, clarifying certain aspects of law applicable to the lawsuits pending in his court. The court ruled that: (1) general maritime law will apply and therefore dismissed all claims brought under state law causes of action; (2) general maritime law claims may be brought directly against defendants who are non-“responsible parties” under the OPA with the exception of pure economic loss claims by plaintiffs other than commercial fishermen; (3) all claims for damages, including pure economic loss claims, may be brought under the OPA directly against responsible parties; and (4) punitive damage claims can be brought against both responsible and non-responsible parties under general maritime law. As discussed above, with respect to the ruling that claims for damages may be brought under the OPA against responsible parties, we have not been named as a responsible party under the OPA, but BP Exploration has filed a claim against us for contribution with respect to liabilities incurred by BP Exploration under the OPA.

In September 2011, we filed claims in Harris County, Texas against the BP Defendants seeking damages, including lost profits and exemplary damages, and alleging negligence, grossly negligent misrepresentation, defamation, common law libel, slander, and business disparagement. Our claims allege that the BP Defendants knew or should have known about an additional hydrocarbon zone in the well that the BP Defendants failed to disclose to us prior to our designing the cement program for the Macondo well. The location of the hydrocarbon zones is critical information required prior to performing cementing services and is necessary to achieve desired cement placement. We believe that had the BP Defendants disclosed the hydrocarbon zone to us, we would not have proceeded with the cement program unless it was redesigned, which likely would have required a redesign of the production casing. In addition, we believe that the BP Defendants withheld this information from the report of BP's internal investigation team and from the various investigations discussed above. In connection with the foregoing, we also moved to amend our claims against the BP Defendants in the MDL proceeding to include fraud. The BP Defendants have denied all of the allegations relating to the additional hydrocarbon zone and filed a motion to prevent us from adding our fraud claim in the MDL. In October 2011, our motion to add the fraud claim against the BP Defendants in the MDL proceeding was denied. The court’s ruling does not, however, prevent us from using the underlying evidence in our pending claims against the BP Defendants.

In December 2011, BP filed a motion for sanctions against us alleging, among other things, that we destroyed evidence relating to post-incident testing of the foam cement slurry on the Deepwater Horizon and requesting adverse findings against us. The magistrate judge in the MDL proceeding denied BP’s motion. BP appealed that ruling, and Judge Barbier affirmed the magistrate judge’s decision.

In April 2012, BP announced that it had reached definitive settlement agreements with the PSC to resolve the substantial majority of eligible private economic loss and medical claims stemming from the Macondo well incident. The PSC acts on behalf of individuals and business plaintiffs in the MDL. BP has estimated that the cost of the settlements would be approximately $8.5 billion, including payments to claimants who opt out of the settlements, administration costs, and plaintiffs’ attorneys’ fees and expenses, and has stated that it is possible the actual cost could be higher. According to BP, the settlements do not include claims against BP made by the DOJ or other federal agencies or by states and local governments. In addition, the settlements provide that, to the extent permitted by law, BP will assign to the settlement class certain of its claims, rights, and recoveries against Transocean and us for damages, including BP's alleged direct damages such as damages for clean-up expenses and damage to the well and reservoir. We do not believe that our contract with BP Exploration permits the assignment of certain claims to the settlement class without our consent. In April and May, 2012, BP and the PSC filed two settlement agreements and amendments with the MDL court, one agreement addressing economic claims and one agreement addressing medical claims, as well as numerous supporting documents and motions requesting that the court approve, among other things, the certification of the classes for both settlements and a schedule for holding a fairness hearing and approving the settlements. The MDL court has since confirmed certification of the classes for both settlements and granted final approval of the settlements. We objected to the settlements on the grounds set forth above, among other reasons. The MDL court held, however, that we, as a non-settling defendant, lacked standing to object to the settlements but noted that it did not express any opinion as to the validity of BP's assignment of certain claims to the settlement class and that the settlements do not affect any of our procedural or substantive rights in the MDL. We are unable to predict at this time the effect that the settlements may have on claims against us.

In October 2012, the MDL court issued an order dismissing three types of plaintiff claims: (1) claims by or on behalf of owners, lessors, and lessees of real property that allege to have suffered a reduction in the value of real property even though the property was not physically touched by oil and the property was not sold; (2) claims for economic losses based solely on consumers' decisions not to purchase fuel or goods from BP fuel stations and stores based on consumer animosity toward BP; and (3) claims by or on behalf of recreational fishermen, divers, beachgoers, boaters and others that allege damages such as loss of enjoyment of life from their inability to use portions of the Gulf of Mexico for recreational and amusement purposes. The MDL court also noted that we are not liable with respect to those claims under the OPA because we are not a "responsible party" under OPA.

We intend to vigorously defend any litigation, fines, and/or penalties relating to the Macondo well incident and to vigorously pursue any damages, remedies, or other rights available to us as a result of the Macondo well incident. We have incurred and expect to continue to incur significant legal fees and costs, some of which we expect to be covered by indemnity or insurance, as a result of the numerous investigations and lawsuits relating to the incident.

Macondo derivative case. In February 2011, a shareholder who had previously made a demand on our Board of Directors with respect to another derivative lawsuit filed a shareholder derivative lawsuit relating to the Macondo well incident. In 2012, we settled those lawsuits and the cases were dismissed. See "Shareholder derivative cases" below.

Indemnification and Insurance. Our contract with BP Exploration relating to the Macondo well generally provides for our indemnification by BP Exploration for certain potential claims and expenses relating to the Macondo well incident, including those resulting from pollution or contamination (other than claims by our employees, loss or damage to our property, and any pollution emanating directly from our equipment). Also, under our contract with BP Exploration, we have, among other things, generally agreed to indemnify BP Exploration and other contractors performing work on the well for claims for personal injury of our employees and subcontractors, as well as for damage to our property. In turn, we believe that BP Exploration was obligated to obtain agreement by other contractors performing work on the well to indemnify us for claims for personal injury of their employees or subcontractors, as well as for damages to their property. We have entered into separate indemnity agreements with Transocean and M-I Swaco, under which we have agreed to indemnify those parties for claims for personal injury of our employees and subcontractors and they have agreed to indemnify us for claims for personal injury of their employees and subcontractors.

In April 2011, we filed a lawsuit against BP Exploration in Harris County, Texas to enforce BP Exploration's contractual indemnity and alleging BP Exploration breached certain terms of the contractual indemnity provision. BP Exploration removed that lawsuit to federal court in the Southern District of Texas, Houston Division. We filed a motion to remand the case to Harris County, Texas, and the lawsuit was transferred to the MDL.

BP Exploration, in connection with filing its claims with respect to the MDL proceeding, asked that court to declare that it is not liable to us in contribution, indemnification, or otherwise with respect to liabilities arising from the Macondo well incident. Other defendants in the litigation discussed above have generally denied any obligation to contribute to any liabilities arising from the Macondo well incident.

In January 2012, the court in the MDL proceeding entered an order in response to our and BP's motions for summary judgment regarding certain indemnification matters. The court held that BP is required to indemnify us for third-party compensatory claims, or actual damages, that arise from pollution or contamination that did not originate from our property or equipment located above the surface of the land or water, even if we are found to be grossly negligent. The court did not express an opinion as to whether our conduct amounted to gross negligence, but we do not believe the performance of our services on the Deepwater Horizon constituted gross negligence. The court also held, however, that BP does not owe us indemnity for punitive damages or for civil penalties under the CWA, if any, and that fraud could void the indemnity on public policy grounds, although the court stated that it was mindful that mere failure to perform contractual obligations as promised does not constitute fraud. As discussed above, the DOJ is not seeking civil penalties from us under the CWA. The court in the MDL proceeding deferred ruling on whether our indemnification from BP covers penalties or fines under the OCSLA, whether our alleged breach of our contract with BP Exploration would invalidate the indemnity, and whether we committed an act that materially increased the risk to or prejudiced the rights of BP so as to invalidate the indemnity. We do not believe that we breached our contract with BP Exploration or committed an act that would otherwise invalidate the indemnity. The court's rulings will be subject to appeal at the appropriate time.

In responding to similar motions for summary judgment between Transocean and BP, the court also held that public policy would not bar Transocean's claim for indemnification of compensatory damages, even if Transocean was found to be grossly negligent. The court also held, among other things, that Transocean's contractual right to indemnity does not extend to punitive damages or civil penalties under the CWA.

The rulings in the MDL proceeding regarding the indemnities are based on maritime law and may not bind the determination of similar issues in lawsuits not comprising a part of the MDL proceeding. Accordingly, it is possible that different conclusions with respect to indemnities will be reached by other courts.

Indemnification for criminal fines or penalties, if any, may not be available if a court were to find such indemnification unenforceable as against public policy. In addition, certain state laws, if deemed to apply, would not allow for enforcement of indemnification for gross negligence, and may not allow for enforcement of indemnification of persons who are found to be negligent with respect to personal injury claims.

In addition to the contractual indemnities discussed above, we have a general liability insurance program of $600 million. Our insurance is designed to cover claims by businesses and individuals made against us in the event of property damage, injury, or death and, among other things, claims relating to environmental damage, as well as legal fees incurred in defending against those claims. We have received and expect to continue to receive payments from our insurers with respect to covered legal fees incurred in connection with the Macondo well incident. Through December 31, 2012, we have incurred legal fees and related expenses of approximately $175 million, of which $158 million has been reimbursed under or is expected to be covered by our insurance program. To the extent we incur any losses beyond those covered by indemnification, there can be no assurance that our insurance policies will cover all potential claims and expenses relating to the Macondo well incident. In addition, we may not be insured with respect to civil or criminal fines or penalties, if any, pursuant to the terms of our insurance policies. Insurance coverage can be the subject of uncertainties and, particularly in the event of large claims, potential disputes with insurance carriers, as well as other potential parties claiming insured status under our insurance policies.

BP’s public filings indicate that BP has recognized in excess of $40 billion in pre-tax charges, excluding offsets for settlement payments received from certain defendants in the proceedings described above under “Litigation,” as a result of the Macondo well incident. BP’s public filings also indicate that the amount of, among other things, certain natural resource damages with respect to certain OPA claims, some of which may be included in such charges, cannot be reliably estimated as of the dates of those filings.

Barracuda-Caratinga arbitration

We agreed to provide indemnification in favor of our former subsidiary, KBR, under the Master Separation Agreement for liabilities KBR may incur after November 20, 2006 as a result of certain allegedly defective subsea flowline bolts installed in connection with the Barracuda-Caratinga project. Prior to that, at the inception of the project, we provided a guarantee to Barracuda & Caratinga Leasing Company BV (BCLC), a subsidiary of our customer, Petrobras, of KBR's obligations with respect to the project.

In March 2006, BCLC commenced arbitration against KBR claiming $220 million plus interest for the cost of monitoring and replacing the allegedly defective bolts and all related costs and expenses of the arbitration, including the cost of attorneys' fees. During the third quarter of 2011, an arbitration panel issued an award against KBR in the amount of approximately $201 million, plus post-judgment interest. BCLC filed a motion to confirm, and KBR filed a motion to vacate, the arbitration award with the United States District Court for the Southern District of New York. In December 2012, BCLC sent us a demand for payment of the arbitration award under the terms of our guarantee. In January 2013, the matter was resolved by our payment of $219 million to BCLC under the guarantee. BCLC has agreed that our obligations under the guarantee have been satisfied. See Note 7 for further discussion of the Barracuda-Caratinga matter.

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 Securities and Exchange Commission (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 was styled *Archdiocese of Milwaukee Supporting Fund (AMSF) v. Halliburton Company, et al*. AMSF has changed its name to Erica P. John Fund, Inc. (the Fund). 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 our 1998 acquisition of Dresser Industries, Inc., including that we failed to timely disclose the resulting asbestos liability exposure.

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

In September 2007, the Fund filed a motion for class certification, and our response was filed in November 2007. The district court held a hearing in March 2008, and issued an order November 3, 2008 denying the motion for class certification. The Fund appealed the district court's order to the Fifth Circuit Court of Appeals. The Fifth Circuit affirmed the district court's order denying class certification. On May 13, 2010, the Fund filed a writ of certiorari in the United States Supreme Court. In January 2011, the Supreme Court granted the writ of certiorari and accepted the appeal. The Court heard oral arguments in April 2011 and issued its decision in June 2011, reversing the Fifth Circuit ruling that the Fund needed to prove loss causation in order to obtain class certification. The Court's ruling was limited to the Fifth Circuit's loss causation requirement, and the case was returned to the Fifth Circuit for further consideration of our other arguments for denying class certification. The Fifth Circuit returned the case to the district court, and in January 2012 the court issued an order certifying the class. We filed a Petition for Leave to Appeal with the Fifth Circuit, which was granted and the case is stayed at the district court pending this appeal. The Fifth Circuit is set to hear oral argument in the appeal in March 2013. In spite of its age, the case is at an early stage, and we cannot predict the outcome or consequences thereof. As of December 31, 2012, 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. We intend to vigorously defend this case.

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 our detriment and the detriment of our 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 only current and former Halliburton directors and officers containing various allegations of wrongdoing including violations of the United States Foreign Corrupt Practices Act (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. Subsequently, a shareholder made a demand that the Board take remedial action respecting the FCPA claims in the pending lawsuit. Our Board of Directors designated a special committee of certain independent and disinterested directors to oversee the investigation of the allegations made in the lawsuits and shareholder demand. Upon receipt of the special committee's findings and recommendations, the independent and disinterested members of the Board determined that the shareholder claims were without merit and not otherwise in our best interest to pursue. The Board directed our counsel to report its determinations to the plaintiffs and demanding shareholder.

In 2012, we agreed to settle the consolidated lawsuit, and the court approved the settlement and dismissed the case. Pursuant to the settlement, we paid the plaintiffs' legal fees which were not material to our consolidated financial statements, and we have implemented certain changes to our corporate governance policies.

In February 2011, the same shareholder who had made the demand on our Board of Directors in connection with one of the derivative lawsuits discussed above filed a shareholder derivative lawsuit in Harris County, Texas naming us as a nominal defendant and certain of our directors and officers as defendants. This case alleges that these defendants, among other things, breached fiduciary duties of good faith and loyalty by failing to properly exercise oversight responsibilities and establish adequate internal controls, including controls and procedures related to cement testing and the communication of test results, as they relate to the Macondo well incident. Our Board of Directors designated a special committee of certain independent and disinterested directors to oversee the investigation of the allegations made in the lawsuit and shareholder demand. Upon receipt of the special committee's findings and recommendations, the independent and disinterested members of the Board determined that the shareholder claims were without merit and not otherwise in our best interest to pursue. The Board directed our counsel to report its determinations to the plaintiffs and demanding shareholder.

In 2012, we agreed to settle this lawsuit, and the court approved the settlement and dismissed the case. Pursuant to the settlement, we paid the plaintiffs' legal fees which were not material to our consolidated financial statements, and we have implemented certain changes to our corporate governance and health, safety, and environmental policies.

Investigations

We are conducting internal investigations of certain areas of our operations in Angola and Iraq, focusing on compliance with certain company policies, including our Code of Business Conduct (COBC), and the FCPA and other applicable laws.

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

Since the third quarter of 2011, we have been participating in meetings with the DOJ and the SEC to brief them on the status of our investigation and have been producing documents to them both voluntarily and as a result of SEC subpoenas to the company and certain of our current and former officers and employees.

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

We expect to continue to have discussions with the DOJ and the SEC regarding the Angola and Iraq matters described above and have indicated that we would further update them as our investigations progress. We have engaged outside counsel and independent forensic accountants to assist us with the investigations. We intend to continue to cooperate with the DOJ's and the SEC's inquiries and requests in these investigations. Because these investigations are ongoing, we cannot predict their outcome or the consequences thereof.

Environmental

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

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

In addition to the federal laws and regulations, states and other countries where we do business often have numerous environmental, legal, and regulatory requirements by which we must abide. We evaluate and address the environmental impact of our operations by assessing and remediating contaminated properties in order to avoid future liabilities and comply with environmental, legal, and regulatory requirements. Our Health, Safety and Environment group has several programs in place to maintain environmental leadership and to help prevent the occurrence of environmental contamination. On occasion, in addition to the matters relating to the Macondo well incident described above and the Duncan, Oklahoma matter described below, we are involved in other environmental litigation and claims, including the remediation of properties we own or have operated, as well as efforts to meet or correct compliance-related matters. We do not expect costs related to those claims and remediation requirements to have a material adverse effect on our liquidity, consolidated results of operations, or consolidated financial position. Excluding our loss contingency for the Macondo well incident, our accrued liabilities for environmental matters were $72 million as of December 31, 2012 and $81 million as of December 31, 2011. Because our estimated liability is typically within a range and our accrued liability may be the amount on the low end of that range, our actual liability could eventually be well in excess of the amount accrued. Our total liability related to environmental matters covers numerous properties.

In November 2012, the Company received an Enforcement Notice from the Pennsylvania Department of Environmental Protection (PADEP) regarding an alleged improper disposal of oil field acid in or around Homer City, Pennsylvania between 1999 and 2011. We are currently negotiating with the PADEP to resolve this matter in an amicable manner. We expect the PADEP to assess a penalty in excess of $100,000 and have therefore accrued for an immaterial amount.

Between approximately 1965 and 1991, one or more former Halliburton units performed work (as a contractor or subcontractor) for the U.S. Department of Defense cleaning solid fuel from missile motor casings at a semi-rural facility on the north side of Duncan, Oklahoma. In addition, from approximately November 1983 through December 1985, a discrete portion of the site was used to conduct a recycling project on stainless steel nuclear fuel rod racks from Omaha Public Power District’s Fort Calhoun Station. We closed the site in coordination with the Oklahoma Department of Environmental Quality (DEQ) in the mid-1990s, but continued to monitor the groundwater at the DEQ’s request. A principal component of the missile fuel was ammonium perchlorate, a salt that is highly soluble in water, which has been discovered in the soil and groundwater on our site and in certain residential water wells near our property. In August 2011, we entered into the DEQ’s Voluntary Cleanup Program and executed a voluntary *Memorandum of Agreement and Consent Order for Site Characterization and Risk Based Remediation* with the DEQ relating to the remediation of this site.

Commencing in October 2011, a number of lawsuits were filed against us, including a putative class action case in federal court in the Western District of Oklahoma and other lawsuits filed in Oklahoma state courts. The lawsuits generally allege, among other things, that operations at our Duncan facility caused releases of pollutants, including ammonium perchlorate and, in the case of the federal lawsuit, nuclear or radioactive waste, into the groundwater, and that we knew about those releases and did not take corrective actions to address them. It is also alleged that the plaintiffs have suffered from certain health conditions, including hypothyroidism, a condition that has been associated with exposure to perchlorate at sufficiently high doses over time. These cases seek, among other things, damages, including punitive damages, and the establishment of a fund for future medical monitoring. The cases allege, among other things, strict liability, trespass, private nuisance, public nuisance, and negligence and, in the case of the federal lawsuit, violations of the U.S. Resource Conservation and Recovery Act (RCRA), resulting in personal injuries, property damage, and diminution of property value.

The lawsuits generally allege that the cleaning of the missile casings at the Duncan facility contaminated the surrounding soils and groundwater, including certain water wells used in a number of residential homes, through the migration of, among other things, ammonium perchlorate. The federal lawsuit also alleges that our processing of radioactive waste from a nuclear power plant over 25 years ago resulted in the release of "nuclear/radioactive" waste into the environment. In April 2012, the judge in the federal lawsuit dismissed the plaintiffs' RCRA claim. The other claims brought in that lawsuit remain pending.

To date, soil and groundwater sampling relating to the allegations discussed above has confirmed that the alleged nuclear or radioactive material is confined to the soil in a discrete area of the onsite operations and is not presently believed to be in the groundwater onsite or in any areas offsite. The radiological impacts from this discrete area are not believed to present any health risk for offsite exposure. With respect to ammonium perchlorate, we have made arrangements to supply affected residents with bottled drinking water and, if needed, with access to temporary public water supply lines, at no cost to the residents. We have worked with the City of Duncan and the DEQ to expedite expansion of the city water supply to the relevant areas at our expense.

The lawsuits described above are at an early stage, and additional lawsuits and proceedings may be brought against us. We cannot predict their outcome or the consequences thereof. As of December 31, 2012, we had accrued $25 million related to our initial estimate of response efforts, third-party property damage, and remediation related to the Duncan, Oklahoma matter. We intend to vigorously defend the lawsuits and do not believe that these lawsuits will have a material adverse effect on our liquidity, consolidated results of operations, or consolidated financial condition.

Additionally, we have subsidiaries that have been named as potentially responsible parties along with other third parties for nine federal and state superfund sites for which we have established reserves. As of December 31, 2012, those nine sites accounted for approximately $6 million of our $72 million total environmental reserve. Despite attempts to resolve these superfund matters, the relevant regulatory agency may at any time bring suit against us for amounts in excess of the amount accrued. With respect to some superfund sites, we have been named a potentially responsible party by a regulatory agency; however, in each of those cases, we do not believe we have any material liability. We also could be subject to third-party claims with respect to environmental matters for which we have been named as a potentially responsible party.

Guarantee arrangements

In the normal course of business, we have agreements with financial institutions under which approximately $1.9 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of December 31, 2012, including $277 million of surety bonds related to Venezuela. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization.

Leases

We are party to numerous operating leases, principally for the use of land, offices, equipment, manufacturing and field facilities, and warehouses. Total rentals on our operating leases, net of sublease rentals, were $850 million in 2012, $735 million in 2011, and $591 million in 2010.

Future total rentals on our noncancellable operating leases are $961 million in the aggregate, which includes the following: $287 million in 2013; $214 million in 2014; $146 million in 2015; $102 million in 2016; $48 million in 2017; and $164 million thereafter.

Note 9. Income Taxes

The components of the (provision)/benefit for income taxes on continuing operations were:

	Year Ended December 31		
Millions of dollars	2012	2011	2010
Current income taxes:			
Federal	$ (695)	$ (1,026)	$ (400)
Foreign	(328)	(334)	(287)
State	(47)	(109)	(42)
Total current	(1,070)	(1,469)	(729)
Deferred income taxes:			
Federal	(168)	(28)	(124)
Foreign	15	57	3
State	(12)	1	(3)
Total deferred	(165)	30	(124)
Provision for income taxes	$ (1,235)	$ (1,439)	$ (853)

The United States and foreign components of income from continuing operations before income taxes were as follows:

	Year Ended December 31		
Millions of dollars	2012	2011	2010
United States	$ 2,826	$ 4,040	$ 1,918
Foreign	996	409	737
Total	$ 3,822	$ 4,449	$ 2,655

Reconciliations between the actual provision for income taxes on continuing operations and that computed by applying the United States statutory rate to income from continuing operations before income taxes were as follows:

	Year Ended December 31		
	2012	2011	2010
United States statutory rate	35.0 %	35.0 %	35.0 %
Impact of foreign income taxed at different rates	(2.5)	(0.5)	(1.3)
Domestic manufacturing deduction	(2.2)	(2.1)	(1.8)
State income taxes	1.6	1.6	1.5
Adjustments of prior year taxes	(0.6)	(1.5)	(1.2)
Other impact of foreign operations	(0.5)	(0.4)	(1.3)
Impact of devaluation of Venezuelan Bolívar Fuerte	—	—	0.8
Other items, net	1.5	0.2	0.4
Total effective tax rate on continuing operations	32.3 %	32.3 %	32.1 %

On January 2, 2013, the American Taxpayer Relief Act of 2012 (Act) was enacted. The Act provides tax relief for businesses by reinstating certain tax benefits and credits retroactively to January 1, 2012. There are several provisions of the Act that impact us, most notably the extension of the Research and Development credit. Income tax accounting rules require tax law changes to be recognized in the period of enactment; as such, the associated tax benefits of the Act will be recognized in our provision for income taxes in the first quarter of 2013.

We have not provided United States income taxes and foreign withholding taxes on the undistributed earnings of foreign subsidiaries as of December 31, 2012 because we intend to permanently reinvest such earnings outside the United States. If these foreign earnings were to be repatriated in the future, the related United States tax liability may be reduced by any foreign income taxes previously paid on these earnings. As of December 31, 2012, the cumulative amount of earnings upon which United States income taxes have not been provided is approximately $4.4 billion. It is not possible to estimate the amount of unrecognized deferred tax liability related to these earnings at this time.

The primary components of our deferred tax assets and liabilities were as follows:

Millions of dollars	December 31 2012	2011
Gross deferred tax assets:		
Net operating loss carryforwards	$ 396	$ 380
Employee compensation and benefits	361	345
Accrued liabilities	274	64
Insurance accruals	54	48
Software revenue recognition	32	44
Inventory	30	30
Capitalized research and experimentation	18	29
Other	94	110
Total gross deferred tax assets	1,259	1,050
Gross deferred tax liabilities:		
Depreciation and amortization	867	648
Joint ventures, partnerships, and unconsolidated affiliates	42	38
Other	76	68
Total gross deferred tax liabilities	985	754
Valuation allowances – net operating loss carryforwards	327	285
Net deferred income tax asset (liability)	$ (53)	$ 11

At December 31, 2012, we had a total of $1.1 billion of foreign net operating loss carryforwards, of which $219 million will expire from 2013 through 2033. The balance will not expire due to indefinite expiration dates.

The following table presents a rollforward of our unrecognized tax benefits and associated interest and penalties.

Millions of dollars	Unrecognized Tax Benefits		Interest and Penalties
Balance at January 1, 2010	$ 263		$ 29
Change in prior year tax positions	(74)		7
Change in current year tax positions	19		2
Cash settlements with taxing authorities	(28)		(5)
Lapse of statute of limitations	(3)		(1)
Balance at December 31, 2010	$ 177		$ 32
Change in prior year tax positions	38		41
Change in current year tax positions	5		1
Cash settlements with taxing authorities	(12)		(3)
Lapse of statute of limitations	(3)		(2)
Balance at December 31, 2011	$ 205	(a)	$ 69
Change in prior year tax positions	16		(1)
Change in current year tax positions	14		1
Cash settlements with taxing authorities	(3)		—
Lapse of statute of limitations	(4)		(1)
Balance at December 31, 2012	$ 228	(a)(b)	$ 68

(a) Includes $59 million as of December 31, 2012 and $67 million as of December 31, 2011 in amounts to be settled in accordance with our Tax Sharing Agreement with KBR and foreign unrecognized tax benefits that would give rise to a United States tax credit. See Note 7 for further information. The remaining balance of $169 million as of December 31, 2012 and $138 million as of December 31, 2011, if resolved in our favor, would positively impact the effective tax rate and, therefore, be recognized as additional tax benefits in our statement of operations.

(b) Includes $43 million that could be resolved within the next 12 months.

We file income tax returns in the United States federal jurisdiction and in various states and foreign jurisdictions. In most cases, we are no longer subject to state, local, or non-United States income tax examination by tax authorities for years before 2005. Tax filings of our subsidiaries, unconsolidated affiliates, and related entities are routinely examined in the normal course of business by tax authorities. Currently, our United States federal tax filings for tax years 2010 and 2011 are open for review but no examination has been initiated.

Note 10. Shareholders' Equity

Shares of common stock

The following table summarizes total shares of common stock outstanding:

	December 31		
Millions of shares	2012	2011	2010
Issued	1,073	1,073	1,069
In treasury	(144)	(152)	(159)
Total shares of common stock outstanding	929	921	910

Our stock repurchase program has an authorization of $5 billion, of which $1.7 billion remained available at December 31, 2012. The program does not require a specific number of shares to be purchased and the program may be affected through solicited or unsolicited transactions in the market or in privately negotiated transactions. The program may be terminated or suspended at any time. From the inception of this program in February 2006 through December 31, 2012, we have repurchased approximately 96 million shares of our common stock for approximately $3.3 billion at an average price per share of $34.22. There were no stock repurchases under the program in 2012.

Preferred stock

Our preferred stock consists of five million total authorized shares at December 31, 2012, of which none are issued.

Accumulated other comprehensive loss

Accumulated other comprehensive loss consisted of the following:

	December 31		
Millions of dollars	2012	2011	2010
Defined benefit and other postretirement liability adjustments (a)	$ (241)	$ (208)	$ (175)
Cumulative translation adjustment	(69)	(66)	(66)
Other	1	1	1
Total accumulated other comprehensive loss	$ (309)	$ (273)	$ (240)

(a) Included net actuarial losses for our international pension plans of $208 million at December 31, 2012, $184 million at December 31, 2011, and $170 million at December 31, 2010.

Note 11. Stock-based Compensation

The following table summarizes stock-based compensation costs for the years ended December 31, 2012, 2011, and 2010.

	Year Ended December 31		
Millions of dollars	2012	2011	2010
Stock-based compensation cost	$ 217	$ 198	$ 158
Tax benefit	(67)	(61)	(50)
Stock-based compensation cost, net of tax	$ 150	$ 137	$ 108

Our Stock and Incentive Plan, as amended (Stock Plan), provides for the grant of any or all of the following types of stock-based awards:

- stock options, including incentive stock options and nonqualified stock options;
- restricted stock awards;
- restricted stock unit awards;
- stock appreciation rights; and
- stock value equivalent awards.

There are currently no stock appreciation rights or stock value equivalent awards outstanding.

Under the terms of the Stock Plan, approximately 158 million shares of common stock have been reserved for issuance to employees and non-employee directors. At December 31, 2012, approximately 28 million shares were available for future grants under the Stock Plan. The stock to be offered pursuant to the grant of an award under the Stock Plan may be authorized but unissued common shares or treasury shares.

In addition to the provisions of the Stock Plan, we also have stock-based compensation provisions under our Restricted Stock Plan for Non-Employee Directors and our Employee Stock Purchase Plan (ESPP).

Each of the active stock-based compensation arrangements is discussed below.

Stock options

The majority of our options are generally issued during the second quarter of the year. All stock options under the Stock Plan are granted at the fair market value of our common stock at the grant date. Employee stock options vest ratably over a three- or four-year period and generally expire 10 years from the grant date. Compensation expense for stock options is generally recognized on a straight line basis over the entire vesting period. No further stock option grants are being made under the stock plans of acquired companies.

The following table represents our stock options activity during 2012.

	Number of Shares (in millions)	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2012	14.9	$ 31.74		
Granted	4.8	32.20		
Exercised	(0.8)	18.65		
Forfeited/expired	(0.8)	36.88		
Outstanding at December 31, 2012	18.1	$ 32.23	6.7	$ 92
Exercisable at December 31, 2012	10.6	$ 30.38	5.2	$ 75

The total intrinsic value of options exercised was $12 million in 2012, $102 million in 2011, and $38 million in 2010. As of December 31, 2012, there was $65 million of unrecognized compensation cost, net of estimated forfeitures, related to nonvested stock options, which is expected to be recognized over a weighted average period of approximately two years.

Cash received from option exercises was $107 million during 2012, $160 million during 2011, and $102 million during 2010.

The fair value of options at the date of grant was estimated using the Black-Scholes option pricing model. The expected volatility of options granted was a blended rate based upon implied volatility calculated on actively traded options on our common stock and upon the historical volatility of our common stock. The expected term of options granted was based upon historical observation of actual time elapsed between date of grant and exercise of options for all employees. The assumptions and resulting fair values of options granted were as follows:

	Year Ended December 31		
	2012	2011	2010
Expected term (in years)	5.21	5.20	5.27
Expected volatility	46%	40%	40%
Expected dividend yield	0.99 – 1.24%	0.69 – 1.01%	0.99 – 1.71%
Risk-free interest rate	0.65 – 1.15%	0.93 – 2.29%	1.20 – 2.78%
Weighted average grant-date fair value per share	$11.99	$15.61	$9.94

Restricted stock

Restricted shares issued under the Stock Plan are restricted as to sale or disposition. These restrictions lapse periodically over an extended period of time not exceeding 10 years. Restrictions may also lapse for early retirement and other conditions in accordance with our established policies. Upon termination of employment, shares on which restrictions have not lapsed must be returned to us, resulting in restricted stock forfeitures. The fair market value of the stock on the date of grant is amortized and charged to income on a straight-line basis over the requisite service period for the entire award.

Our Restricted Stock Plan for Non-Employee Directors (Directors Plan) allows for each non-employee director to receive an annual award of 800 restricted shares of common stock or, beginning in 2012, an annual award of 800 restricted stock units representing the right to receive shares of common stock as a part of their compensation. These awards have a minimum restriction period of six months, and, with respect to the restricted share awards, the restrictions lapse upon the earlier of mandatory director retirement at age 72 or early retirement from the Board after four years of service. With respect to the restricted stock unit awards, the restrictions lapse 25% annually over four years of service. If the non-employee director has made a timely election to defer receipt of the shares upon vesting, then the shares are distributed at the end of January in the year following the year of the non-employee director's mandatory retirement at age 72 or early retirement from the Board after four years of service in a single distribution or in annual installments over a 5- or 10-year period as elected by the director.

The fair market value of the stock on the date of grant is amortized over the lesser of the time from the grant date to age 72 or the time from the grant date to completion of four years of service on the Board. We reserved 200,000 shares of common stock for issuance to non-employee directors, which may be authorized but unissued common shares or treasury shares. At December 31, 2012, 145,600 restricted shares and 8,000 restricted stock units had been issued to non-employee directors under this plan. There were 8,000 restricted stock units, and 7,200 shares and 8,000 shares of restricted stock awarded under the Directors Plan in 2012, 2011, and 2010. In addition, during 2012, our non-employee directors were awarded 44,720 restricted stock units under the Stock Plan with the same terms and conditions as those described above for the Directors Plan, which are included in the table below.

The following table represents our Stock Plan and Directors Plan restricted stock awards and restricted stock units granted, vested, and forfeited during 2012.

	Number of Shares (in millions)	Weighted Average Grant-Date Fair Value per Share
Nonvested shares at January 1, 2012	14.2	$ 33.45
Granted	5.7	32.17
Vested	(4.0)	32.24
Forfeited	(1.1)	34.77
Nonvested shares at December 31, 2012	14.8	$ 33.17

The weighted average grant-date fair value of shares granted during 2011 was $43.35 and during 2010 was $29.39. The total fair value of shares vested during 2012 was $126 million, during 2011 was $165 million, and during 2010 was $100 million. As of December 31, 2012, there was $357 million of unrecognized compensation cost, net of estimated forfeitures, related to nonvested restricted stock, which is expected to be recognized over a weighted average period of three years.

Employee Stock Purchase Plan

Under the ESPP, eligible employees may have up to 10% of their earnings withheld, subject to some limitations, to be used to purchase shares of our common stock. For the year ended December 31, 2012, the ESPP contained two six-month offering periods, commencing on January 1 and July 1. Beginning in 2013, the ESPP will have four three-month offering periods, commencing on January 1, April 1, July 1, and October 1 of each year. The price at which common stock may be purchased under the ESPP is equal to 85% of the lower of the fair market value of the common stock on the commencement date or last trading day of each offering period. Under this plan, 44 million shares of common stock have been reserved for issuance. They may be authorized but unissued common shares or treasury shares. As of December 31, 2012, 29.5 million shares have been sold through the ESPP.

The fair value of ESPP shares was estimated using the Black-Scholes option pricing model. The expected volatility was a one-year historical volatility of our common stock. The assumptions and resulting fair values were as follows:

	Offering period July 1 through December 31		
	2012	2011	2010
Expected term (in years)	0.5	0.5	0.5
Expected volatility	49%	34%	43%
Expected dividend yield	1.26%	0.70%	1.44%
Risk-free interest rate	0.15%	0.10%	0.21%
Weighted average grant-date fair value per share	$ 8.12	$ 12.57	$ 6.72

	Offering period January 1 through June 30		
	2012	2011	2010
Expected term (in years)	0.5	0.5	0.5
Expected volatility	50%	43%	48%
Expected dividend yield	1.05%	0.88%	1.15%
Risk-free interest rate	0.06%	0.20%	0.19%
Weighted average grant-date fair value per share	$ 9.82	$ 10.99	$ 8.81

Note 12. 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. Differences between basic and diluted weighted average common shares outstanding for all periods presented resulted from the dilutive effect of awards granted under employee stock plans.

Excluded from the computation of diluted income per share are options to purchase seven million shares of common stock that were outstanding in 2012, three million shares of common stock that were outstanding in 2011, and five million shares of common stock that were outstanding in 2010. These options were outstanding during these years but were excluded because they were antidilutive, as the option exercise price was greater than the average market price of the common shares.

Note 13. Financial Instruments and Risk Management

At December 31, 2012, we held $398 million of investments in fixed income securities with maturities that extend through December 2015 compared to $150 million of short-term fixed income securities held at December 31, 2011. These securities are accounted for as available-for-sale and recorded at fair value as follows:

	December 31, 2012			December 31, 2011	
Millions of dollars	Level 1	Level 2	Total	Level 1	Total
Fixed Income Securities:					
U.S. treasuries (a)	$ 150	—	$ 150	$ 150	$ 150
Other (b)	—	248	248	—	—
Total	$ 150	$ 248	$ 398	$ 150	$ 150

(a) These securities are classified as "Other current assets" in our consolidated balance sheets.

(b) Of these securities, $120 million are classified as “Other current assets” and $128 million are classified as “Other assets” in our consolidated balance sheets. These securities consist primarily of municipal bonds, corporate bonds, and other debt instruments.

Our Level 1 assets' fair values are based on quoted prices in active markets and our Level 2 assets' fair values are based on quoted prices for identical assets in less active markets. We have no financial instruments measured at fair value using unobservable inputs (Level 3). The carrying amount of cash and equivalents, receivables, and accounts payable, as reflected in the consolidated balance sheets, approximates fair value due to the short maturities of these instruments.

The carrying amount and fair value of our long-term debt is as follows:

	December 31, 2012				December 31, 2011			
Millions of dollars	Level 1	Level 2	Total fair value	Carrying value	Level 1	Level 2	Total fair value	Carrying value
Long-term debt	$ 1,112	$ 5,272	$ 6,384	$ 4,820	$ 3,555	$ 2,603	$ 6,158	$ 4,820

Our Level 1 debt fair values are calculated using quoted prices in active markets for identical liabilities with transactions occurring on the last two days of year-end. Our Level 2 debt fair values are calculated using significant observable inputs for similar liabilities where estimated values are determined from observable data points on our other bonds and on other similarly rated corporate debt or from observable data points of transactions occurring prior to two days from year-end and adjusting for changes in market conditions. We have no debt measured at fair value using unobservable inputs (Level 3).

We are exposed to market risk from changes in foreign currency exchange rates and interest rates. We selectively manage these exposures through the use of derivative instruments, including forward exchange contracts and interest rate swaps. The objective of our risk management strategy is to minimize the volatility from fluctuations in foreign currency and interest rates. We do not use derivative instruments for trading purposes. The fair value of our forward exchange contracts and interest rate swaps was not material as of December 31, 2012. The counterparties to our forward exchange contracts and interest rate swaps are global commercial and investment banks.

Foreign currency exchange risk

We have operations in many international locations and are involved in transactions denominated in currencies other than the United States dollar, our functional currency, which exposes us to foreign currency exchange rate risk. Techniques in managing foreign currency exchange risk include, but are not limited to, foreign currency borrowing and investing and the use of currency derivative instruments. We attempt to selectively manage significant exposures to potential foreign currency exchange losses based on current market conditions, future operating activities, and the associated cost in relation to the perceived risk of loss. The purpose of our foreign currency risk management activities is to minimize the risk that our cash flows from the sale and purchase of services and products in foreign currencies will be adversely affected by changes in exchange rates.

We use forward exchange contracts to manage our exposure to fluctuations in the currencies of the countries in which we do the majority of our international business. These forward exchange contracts are not treated as hedges for accounting purposes, generally have an expiration date of one year or less, and are not exchange traded. While forward exchange contracts are subject to fluctuations in value, the fluctuations are generally offset by the value of the underlying exposures being managed. The use of some of these contracts may limit our ability to benefit from favorable fluctuations in foreign currency exchange rates.

Forward exchange contracts are not utilized to manage exposures in some currencies due primarily to the lack of available markets or cost considerations (non-traded currencies). We attempt to manage our working capital position to minimize foreign currency exposure in non-traded currencies and recognize that pricing for the services and products offered in these countries should account for the cost of exchange rate devaluations. We have historically incurred transaction losses in non-traded currencies.

The notional amounts of open forward exchange contracts were $324 million at December 31, 2012 and $268 million at December 31, 2011. The notional amounts of our forward exchange contracts do not generally represent amounts exchanged by the parties, and thus are not a measure of our exposure or of the cash requirements related to these contracts. As such, cash flows related to these contracts are typically not material. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the contracts, such as exchange rates.

Interest rate risk

We are subject to interest rate risk on our long-term debt. Our short-term borrowings do not give rise to significant interest rate risk due to their short-term nature. We had fixed rate long-term debt totaling $4.8 billion at both December 31, 2012 and December 31, 2011, with none maturing before May 2017.

We maintain an interest rate management strategy that is intended to mitigate the exposure to changes in interest rates in the aggregate for our investment portfolio. We hold a series of interest rate swaps relating to two of our debt instruments with a total notional amount of $1.0 billion at a weighted-average, LIBOR-based, floating rate of 3.3% as of December 31, 2012. We utilize interest rate swaps to effectively convert a portion of our fixed rate debt to floating rates. These interest rate swaps, which expire when the underlying debt matures, are designated as fair value hedges of the underlying debt and are determined to be highly effective. The fair value of our interest rate swaps is included in "Other assets" in our consolidated balance sheets as of December 31, 2012 and December 31, 2011. The fair value of our interest rate swaps was determined using an income approach model with inputs, such as the notional amount, LIBOR rate spread, and settlement terms that are observable in the market or can be derived from or corroborated by observable data (Level 2). These derivative instruments are marked to market with gains and losses recognized currently in interest expense to offset the respective gains and losses recognized on changes in the fair value of the hedged debt. At December 31, 2012, we had fixed rate debt aggregating $3.8 billion and variable rate debt aggregating $1.0 billion, after taking into account the effects of the interest rate swaps. The fair value of our interest rate swaps was not material as of December 31, 2012 or December 31, 2011.

Credit risk

Financial instruments that potentially subject us to concentrations of credit risk are primarily cash equivalents, investments in fixed income securities, and trade receivables. It is our practice to place our cash equivalents and investments in fixed income securities in high quality investments with various institutions. We derive the majority of our revenue from selling products and providing services to the energy industry. Within the energy industry, our trade receivables are generated from a broad and diverse group of customers, although 36% of our gross trade receivables at December 31, 2012 were in the United States and 9% were in Venezuela. We maintain an allowance for losses based upon the expected collectability of all trade accounts receivable.

We do not have any significant concentrations of credit risk with any individual counterparty to our derivative contracts. We select counterparties to those contracts based on our belief that each counterparty's profitability, balance sheet, and capacity for timely payment of financial commitments is unlikely to be materially adversely affected by foreseeable events.

Note 14. Retirement Plans

Our company and subsidiaries have various plans that cover a significant number of our employees. These plans include defined contribution plans, defined benefit plans, and other postretirement plans:

- our defined contribution plans provide retirement benefits in return for services rendered. These plans provide an individual account for each participant and have terms that specify how contributions to the participant's account are to be determined rather than the amount of pension benefits the participant is to receive. Contributions to these plans are based on pretax income and/or discretionary amounts determined on an annual basis. Our expense for the defined contribution plans for continuing operations totaled $293 million in 2012, $245 million in 2011, and $196 million in 2010;
- our defined benefit plans, which include both funded and unfunded pension plans, define an amount of pension benefit to be provided, usually as a function of age, years of service, and/or compensation. The unfunded obligations and net periodic benefit cost of our United States defined benefit plans were not material for the periods presented; and
- our postretirement plans other than pensions are offered to specific eligible employees. The accumulated benefit obligations and net periodic benefit cost for these plans were not material for the periods presented.

Funded status

For our international pension plans at December 31, 2012, the projected benefit obligation was $1.0 billion and the fair value of plan assets was $754 million, which resulted in an unfunded obligation of $276 million. At December 31, 2011, the projected benefit obligation was $928 million and the fair value of plan assets was $705 million, which resulted in an unfunded obligation of $223 million. The accumulated benefit obligation for our international plans was $961 million at December 31, 2012 and $868 million at December 31, 2011.

The following table presents additional information about our international pension plans.

	December 31	
Millions of dollars	2012	2011
Amounts recognized on the Consolidated Balance Sheets		
Accrued employee compensation and benefits	$ 10	$ 10
Employee compensation and benefits	266	213
Pension plans in which projected benefit obligation exceeded plan assets		
Projected benefit obligation	$ 1,004	$ 928
Fair value of plan assets	727	705
Pension plans in which accumulated benefit obligation exceeded plan assets		
Accumulated benefit obligation	$ 935	$ 784
Fair value of plan assets	726	621

Fair value measurements of plan assets

The following table sets forth by level within the fair value hierarchy the fair value of assets held by our international pension plans.

Millions of dollars	Level 1	Level 2	Level 3	Total
Common/collective trust funds (a)				
Equity funds	$ —	$ 204	$ —	$ 204
Bond funds	—	112	—	112
Balanced funds	—	13	—	13
Non-United States equity securities	130	—	—	130
United States equity securities	110	—	—	110
Corporate bonds	—	107	—	107
Other assets	27	16	35	78
Fair value of plan assets at December 31, 2012	$ 267	$ 452	$ 35	$ 754
Common/collective trust funds (a)				
Equity funds	$ —	$ 241	$ —	$ 241
Bond funds	—	110	—	110
Balanced funds	—	12	—	12
Corporate bonds	—	89	—	89
United States equity securities	67	—	—	67
Non-United States equity securities	64	—	—	64
Other assets	15	16	91	122
Fair value of plan assets at December 31, 2011	$ 146	$ 468	$ 91	$ 705

(a) Strategies are generally to invest in equity or debt securities, or a combination thereof, that match or outperform certain predefined indices.

Our Level 1 assets' fair values are based on quoted prices in active markets for identical assets, our Level 2 assets' fair values are based on significant observable inputs for similar assets, and our Level 3 assets' fair values are based on significant unobservable inputs.

Equity securities are traded in active markets and valued based on their quoted fair value by independent pricing vendors. Government bonds and corporate bonds are valued using quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads, and estimated prepayment rates. Common/collective trust funds are valued at the net asset value of units held by the plans at year-end.

Our investment strategy varies by country depending on the circumstances of the underlying plan. Typically, less mature plan benefit obligations are funded by using more equity securities, as they are expected to achieve long-term growth while exceeding inflation. More mature plan benefit obligations are funded using more fixed income securities, as they are expected to produce current income with limited volatility. The fixed income allocation is generally invested with a similar maturity profile to that of the benefit obligations to ensure that changes in interest rates are adequately reflected in the assets of the plan. Risk management practices include diversification by issuer, industry, and geography, as well as the use of multiple asset classes and investment managers within each asset class.

For our United Kingdom pension plan, which constituted 78% of our international pension plans' projected benefit obligation at December 31, 2012, the target asset allocation is 65% equity securities and 35% fixed income securities.

Net periodic benefit cost

Net periodic benefit cost for our international pension plans was $26 million in 2012, $27 million in 2011, and $28 million in 2010.

Actuarial assumptions

Certain weighted-average actuarial assumptions used to determine benefit obligations of our international pension plans at December 31 were as follows:

	2012	2011
Discount rate	4.8%	5.2%
Rate of compensation increase	5.5%	5.4%

Certain weighted-average actuarial assumptions used to determine net periodic benefit cost of our international pension plans for the years ended December 31 were as follows:

	2012	2011	2010
Discount rate	5.2%	7.1%	7.9%
Expected long-term return on plan assets	6.5%	5.7%	5.6%
Rate of compensation increase	5.4%	6.2%	6.4%

Assumed long-term rates of return on plan assets, discount rates for estimating benefit obligations, and rates of compensation increases vary by plan according to local economic conditions. Discount rates were determined based on the prevailing market rates of a portfolio of high-quality debt instruments with maturities matching the expected timing of the payment of the benefit obligations. Expected long-term rates of return on plan assets were determined based upon an evaluation of our plan assets and historical trends and experience, taking into account current and expected market conditions.

Other information

Contributions. Funding requirements for each plan are determined based on the local laws of the country where such plan resides. In certain countries the funding requirements are mandatory, while in other countries they are discretionary. We currently expect to contribute $16 million to our international pension plans in 2013.

Benefit payments. Expected benefit payments over the next 10 years are approximately $35 million annually for our international pension plans.

Note 15. Accounting Standards Recently Adopted

In July 2012, the Financial Accounting Standards Board (FASB) issued an update to existing guidance on the impairment assessment of indefinite-lived intangibles. This update simplifies the impairment assessment of indefinite-lived intangibles by allowing companies to consider qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount before performing the two step impairment review process. We have elected to early adopt this update to be effective for the interim reporting period beginning July 1, 2012. The adoption of this update did not have a material impact on our consolidated financial statements.

On January 1, 2012, we adopted an update issued by the FASB to existing guidance on the presentation of comprehensive income. This update requires the presentation of the components of net income and other comprehensive income either in a single continuous statement or in two separate but consecutive statements. The requirement to present reclassification adjustments for items that are reclassified from other comprehensive income to net income on the face of the financial statement has been deferred by the FASB. Net income and other comprehensive income has been presented in two separate but consecutive statements for the current reporting period and prior comparative period in our consolidated financial statements.

HALLIBURTON COMPANY
Selected Financial Data
(Unaudited)

Millions of dollars and shares	Year ended December 31				
except per share and employee data	2012	2011	2010	2009	2008
Total revenue	$ 28,503	$ 24,829	$ 17,973	$ 14,675	$ 18,279
Total operating income	$ 4,159	$ 4,737	$ 3,009	$ 1,994	$ 4,010
Nonoperating expense, net	(337)	(288)	(354)	(312)	(161)
Income from continuing operations before income taxes	3,822	4,449	2,655	1,682	3,849
Provision for income taxes	(1,235)	(1,439)	(853)	(518)	(1,211)
Income from continuing operations	$ 2,587	$ 3,010	$ 1,802	$ 1,164	$ 2,638
Income (loss) from discontinued operations, net	58	(166)	40	(9)	(423)
Net income	$ 2,645	$ 2,844	$ 1,842	$ 1,155	$ 2,215
Noncontrolling interest in net income of subsidiaries	(10)	(5)	(7)	(10)	9
Net income attributable to company	$ 2,635	$ 2,839	$ 1,835	$ 1,145	$ 2,224
Amounts attributable to company shareholders:					
Income from continuing operations	$ 2,577	$ 3,005	$ 1,795	$ 1,154	$ 2,647
Income (loss) from discontinued operations, net	58	(166)	40	(9)	(423)
Net income	2,635	2,839	1,835	1,145	2,224
Basic income per share attributable to shareholders:					
Income from continuing operations	$ 2.78	$ 3.27	$ 1.98	$ 1.28	$ 3.00
Net income	2.85	3.09	2.02	1.27	2.52
Diluted income per share attributable to shareholders:					
Income from continuing operations	2.78	3.26	1.97	1.28	2.91
Net income	2.84	3.08	2.01	1.27	2.45
Cash dividends per share	0.36	0.36	0.36	0.36	0.36
Return on average shareholders' equity	18.17%	24.06%	19.17%	13.88%	30.24%
Financial position:					
Net working capital	$ 8,334	$ 7,456	$ 6,129	$ 5,749	$ 4,630
Total assets	27,410	23,677	18,297	16,538	14,385
Property, plant, and equipment, net	10,257	8,492	6,842	5,759	4,782
Long-term debt (including current maturities)	4,820	4,820	3,824	4,574	2,612
Total shareholders' equity	15,790	13,216	10,387	8,757	7,744
Total capitalization	20,764	18,097	14,241	13,331	10,369
Basic weighted average common shares outstanding	926	918	908	900	883
Diluted weighted average common shares outstanding	928	922	911	902	909
Other financial data:					
Capital expenditures	$ 3,566	$ 2,953	$ 2,069	$ 1,864	$ 1,824
Long-term borrowings (repayments), net	—	978	(790)	1,944	(861)
Depreciation, depletion, and amortization	1,628	1,359	1,119	931	738
Payroll and employee benefits	7,722	6,756	5,370	4,783	5,264
Number of employees	73,000	68,000	58,000	51,000	57,000

HALLIBURTON COMPANY
Quarterly Data and Market Price Information
(Unaudited)

Millions of dollars except per share data	Quarter First	Quarter Second	Quarter Third	Quarter Fourth	Year
2012					
Revenue	$ 6,868	$ 7,234	$ 7,111	$ 7,290	$ 28,503
Operating income	1,023	1,201	954	981	4,159
Net income	630	739	604	672	2,645
Amounts attributable to company shareholders:					
Income from continuing operations	635	745	608	589	2,577
Income (loss) from discontinued operations	(8)	(8)	(6)	80	58
Net income attributable to company	627	737	602	669	2,635
Basic income per share attributable to company shareholders:					
Income from continuing operations	0.69	0.81	0.66	0.63	2.78
Income (loss) from discontinued operations	(0.01)	(0.01)	(0.01)	0.09	0.07
Net income	0.68	0.80	0.65	0.72	2.85
Diluted income per share attributable to company shareholders:					
Income from continuing operations	0.69	0.80	0.65	0.63	2.78
Income (loss) from discontinued operations	(0.01)	(0.01)	—	0.09	0.06
Net income	0.68	0.79	0.65	0.72	2.84
Cash dividends paid per share	0.09	0.09	0.09	0.09	0.36
Common stock prices [1]					
High	39.19	35.32	38.00	36.00	39.19
Low	32.02	26.28	27.62	29.83	26.28
2011					
Revenue	$ 5,282	$ 5,935	$ 6,548	$ 7,064	$ 24,829
Operating income	814	1,161	1,332	1,430	4,737
Net income	511	741	685	907	2,844
Amounts attributable to company shareholders:					
Income from continuing operations	512	739	848	906	3,005
Income (loss) from discontinued operations	(1)	—	(165)	—	(166)
Net income attributable to company	511	739	683	906	2,839
Basic income per share attributable to company shareholders:					
Income from continuing operations	0.56	0.81	0.92	0.98	3.27
Income (loss) from discontinued operations	—	—	(0.18)	—	(0.18)
Net income	0.56	0.81	0.74	0.98	3.09
Diluted income per share attributable to company shareholders:					
Income from continuing operations	0.56	0.80	0.92	0.98	3.26
Income (loss) from discontinued operations	—	—	(0.18)	—	(0.18)
Net income	0.56	0.80	0.74	0.98	3.08
Cash dividends paid per share	0.09	0.09	0.09	0.09	0.36
Common stock prices [1]					
High	50.47	51.45	57.77	40.43	57.77
Low	37.68	44.47	30.48	27.21	27.21

(1) New York Stock Exchange – composite transactions high and low intraday price.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance.

The information required for the directors of the Registrant is incorporated by reference to the Halliburton Company Proxy Statement for our 2013 Annual Meeting of Stockholders (File No. 1-3492) under the captions "Election of Directors" and "Involvement in Certain Legal Proceedings." The information required for the executive officers of the Registrant is included under Part I on pages 4 through 5 of this annual report. The information required for a delinquent form required under Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference to the Halliburton Company Proxy Statement for our 2013 Annual Meeting of Stockholders (File No. 1-3492) under the caption "Section 16(a) Beneficial Ownership Reporting Compliance," to the extent any disclosure is required. The information for our code of ethics is incorporated by reference to the Halliburton Company Proxy Statement for our 2013 Annual Meeting of Stockholders (File No. 1-3492) under the caption "Corporate Governance." The information regarding our Audit Committee and the independence of its members, along with information about the audit committee financial expert(s) serving on the Audit Committee, is incorporated by reference to the Halliburton Company Proxy Statement for our 2013 Annual Meeting of Stockholders (File No. 1-3492) under the caption "The Board of Directors and Standing Committees of Directors."

Item 11. Executive Compensation.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2013 Annual Meeting of Stockholders (File No. 1-3492) under the captions "Compensation Discussion and Analysis," "Compensation Committee Report," "Summary Compensation Table," "Grants of Plan-Based Awards in Fiscal 2012," "Outstanding Equity Awards at Fiscal Year End 2012," "2012 Option Exercises and Stock Vested," "2012 Nonqualified Deferred Compensation," "Employment Contracts and Change-in-Control Arrangements," "Post-Termination or Change-in-Control Payments," "Equity Compensation Plan Information," and "Directors' Compensation."

Item 12(a). Security Ownership of Certain Beneficial Owners.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2013 Annual Meeting of Stockholders (File No. 1-3492) under the caption "Stock Ownership of Certain Beneficial Owners and Management."

Item 12(b). Security Ownership of Management.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2013 Annual Meeting of Stockholders (File No. 1-3492) under the caption "Stock Ownership of Certain Beneficial Owners and Management."

Item 12(c). Changes in Control.

Not applicable.

Item 12(d). Securities Authorized for Issuance Under Equity Compensation Plans.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2013 Annual Meeting of Stockholders (File No. 1-3492) under the caption "Equity Compensation Plan Information."

Item 13. Certain Relationships and Related Transactions, and Director Independence.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2013 Annual Meeting of Stockholders (File No. 1-3492) under the caption "Corporate Governance" to the extent any disclosure is required and under the caption "The Board of Directors and Standing Committees of Directors."

Item 14. Principal Accounting Fees and Services.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2013 Annual Meeting of Stockholders (File No. 1-3492) under the caption "Fees Paid to KPMG LLP."

PART IV

Item 15. Exhibits.

1. Financial Statements:

   The reports of the Independent Registered Public Accounting Firm and the financial statements of the Company as required by Part II, Item 8, are included on pages 51 and 52 and pages 53 through 85 of this annual report. See index on page (i).

2. Financial Statement Schedules:

   The schedules listed in Regulation 210.5-04 have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits:

Exhibit Number	Exhibits
3.1	Restated Certificate of Incorporation of Halliburton Company filed with the Secretary of State of Delaware on May 30, 2006 (incorporated by reference to Exhibit 3.1 to Halliburton’s Form 8-K filed June 5, 2006, File No. 1-3492).
3.2	By-laws of Halliburton revised effective January 1, 2013 (incorporated by reference to Exhibit 3.1 to Halliburton's Form 8-K filed January 2, 2013, File No. 001-03492).
4.1	Form of debt security of 8.75% Debentures due February 12, 2021 (incorporated by reference to Exhibit 4(a) to the Form 8-K of Halliburton Company, now known as Halliburton Energy Services, Inc. (the Predecessor), dated as of February 20, 1991, File No. 1-3492).
4.2	Senior Indenture dated as of January 2, 1991 between the Predecessor and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee (incorporated by reference to Exhibit 4(b) to the Predecessor’s Registration Statement on Form S-3 (Registration No. 33-38394) originally filed with the Securities and Exchange Commission on December 21, 1990), as supplemented and amended by the First Supplemental Indenture dated as of December 12, 1996 among the Predecessor, Halliburton and the Trustee (incorporated by reference to Exhibit 4.1 of Halliburton’s Registration Statement on Form 8-B dated December 12, 1996, File No. 1-3492).
4.3	Resolutions of the Predecessor’s Board of Directors adopted at a meeting held on February 11, 1991 and of the special pricing committee of the Board of Directors of the Predecessor adopted at a meeting held on February 11, 1991 and the special pricing committee’s consent in lieu of meeting dated February 12, 1991 (incorporated by reference to Exhibit 4(c) to the Predecessor’s Form 8-K dated as of February 20, 1991, File No. 1-3492).
4.4	Second Senior Indenture dated as of December 1, 1996 between the Predecessor and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee, as supplemented and amended by the First Supplemental Indenture dated as of December 5, 1996 between the Predecessor and the Trustee and the Second Supplemental Indenture dated as of December 12, 1996 among the Predecessor, Halliburton and the Trustee (incorporated by reference to Exhibit 4.2 of Halliburton’s Registration Statement on Form 8-B dated December 12, 1996, File No. 1-3492).
4.5	Third Supplemental Indenture dated as of August 1, 1997 between Halliburton and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee, to the Second Senior Indenture dated as of December 1, 1996 (incorporated by reference to Exhibit 4.7 to Halliburton’s Form 10-K for the year ended December 31, 1998, File No. 1-3492).

4.6	Fourth Supplemental Indenture dated as of September 29, 1998 between Halliburton and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee, to the Second Senior Indenture dated as of December 1, 1996 (incorporated by reference to Exhibit 4.8 to Halliburton's Form 10-K for the year ended December 31, 1998, File No. 1-3492).
4.7	Resolutions of Halliburton's Board of Directors adopted by unanimous consent dated December 5, 1996 (incorporated by reference to Exhibit 4(g) of Halliburton's Form 10-K for the year ended December 31, 1996, File No. 1-3492).
4.8	Form of debt security of 6.75% Notes due February 1, 2027 (incorporated by reference to Exhibit 4.1 to Halliburton's Form 8-K dated as of February 11, 1997, File No. 1-3492).
4.9	Copies of instruments that define the rights of holders of miscellaneous long-term notes of Halliburton and its subsidiaries have not been filed with the Commission. Halliburton agrees to furnish copies of these instruments upon request.
4.10	Form of debt security of 7.53% Notes due May 12, 2017 (incorporated by reference to Exhibit 4.4 to Halliburton's Form 10-Q for the quarter ended March 31, 1997, File No. 1-3492).
4.11	Form of Indenture dated as of April 18, 1996 between Dresser and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee (incorporated by reference to Exhibit 4 to Dresser's Registration Statement on Form S-3/A filed on April 19, 1996, Registration No. 333-01303), as supplemented and amended by Form of First Supplemental Indenture dated as of August 6, 1996 between Dresser and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), Trustee, for 7.60% Debentures due 2096 (incorporated by reference to Exhibit 4.1 to Dresser's Form 8-K filed on August 9, 1996, File No. 1-4003).
4.12	Second Supplemental Indenture dated as of October 27, 2003 between DII Industries, LLC and The Bank of New York Trust Company, N.A. (as successor to JPMorgan Chase Bank), as Trustee, to the Indenture dated as of April 18, 1996 (incorporated by reference to Exhibit 4.15 to Halliburton's Form 10-K for the year ended December 31, 2003, File No. 1-3492).
4.13	Third Supplemental Indenture dated as of December 12, 2003 among DII Industries, LLC, Halliburton and The Bank of New York Trust Company, N.A. (as successor to JPMorgan Chase Bank), as Trustee, to the Indenture dated as of April 18, 1996, (incorporated by reference to Exhibit 4.16 to Halliburton's Form 10-K for the year ended December 31, 2003, File No. 1-3492).
4.14	Indenture dated as of October 17, 2003 between Halliburton and The Bank of New York Trust Company, N.A. (as successor to JPMorgan Chase Bank), as Trustee (incorporated by reference to Exhibit 4.1 to Halliburton's Form 10-Q for the quarter ended September 30, 2003, File No. 1-3492).
4.15	Second Supplemental Indenture dated as of December 15, 2003 between Halliburton and The Bank of New York Trust Company, N.A. (as successor to JPMorgan Chase Bank), as Trustee, to the Senior Indenture dated as of October 17, 2003 (incorporated by reference to Exhibit 4.27 to Halliburton's Form 10-K for the year ended December 31, 2003, File No. 1-3492).
4.16	Form of note of 7.6% debentures due 2096 (included as Exhibit A to Exhibit 4.15 above).
4.17	Fourth Supplemental Indenture, dated as of September 12, 2008, between Halliburton and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, to the Senior Indenture dated as of October 17, 2003 (incorporated by reference to Exhibit 4.2 to Halliburton's Form 8-K filed September 12, 2008, File No. 1-3492).
4.18	Form of Global Note for Halliburton's 5.90% Senior Notes due 2018 (included as part of Exhibit 4.17).

	4.19	Form of Global Note for Halliburton's 6.70% Senior Notes due 2038 (included as part of Exhibit 4.17).
	4.20	Fifth Supplemental Indenture, dated as of March 13, 2009, between Halliburton and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, to the Senior Indenture dated as of October 17, 2003 (incorporated by reference to Exhibit 4.2 to Halliburton's Form 8-K filed March 13, 2009, File No. 1-3492).
	4.21	Form of Global Note for Halliburton's 6.15% Senior Notes due 2019 (included as part of Exhibit 4.20).
	4.22	Form of Global Note for Halliburton's 7.45% Senior Notes due 2039 (included as part of Exhibit 4.20).
	4.23	Sixth Supplemental Indenture, dated as of November 14, 2011, between Halliburton and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, to the Senior Indenture dated as of October 17, 2003 (incorporated by reference to Exhibit 4.2 to Halliburton's Form 8-K filed November 14, 2011, File No. 1-3492).
	4.24	Form of Global Note for Halliburton's 3.25% Senior Notes due 2021 (included as part of Exhibit 4.23).
	4.25	Form of Global Note for Halliburton's 4.50% Senior Notes due 2041 (included as part of Exhibit 4.23).
†	10.1	Halliburton Company Restricted Stock Plan for Non-Employee Directors (incorporated by reference to Appendix B of the Predecessor's proxy statement dated March 23, 1993, File No. 1-3492).
†	10.2	Dresser Industries, Inc. Deferred Compensation Plan, as amended and restated effective January 1, 2000 (incorporated by reference to Exhibit 10.16 to Halliburton's Form 10-K for the year ended December 31, 2000, File No. 1-3492).
†	10.3	ERISA Excess Benefit Plan for Dresser Industries, Inc., as amended and restated effective June 1, 1995 (incorporated by reference to Exhibit 10.7 to Dresser's Form 10-K for the year ended October 31, 1995, File No. 1-4003).
†	10.4	ERISA Compensation Limit Benefit Plan for Dresser Industries, Inc., as amended and restated effective June 1, 1995 (incorporated by reference to Exhibit 10.8 to Dresser's Form 10-K for the year ended October 31, 1995, File No. 1-4003).
†	10.5	Employment Agreement (David J. Lesar) (incorporated by reference to Exhibit 10(n) to the Predecessor's Form 10-K for the year ended December 31, 1995, File No. 1-3492).
†	10.6	Employment Agreement (Mark A. McCollum) (incorporated by reference to Exhibit 10.1 to Halliburton's Form 10-Q for the quarter ended September 30, 2003, File No. 1-3492).
†	10.7	Halliburton Company Performance Unit Program (incorporated by reference to Exhibit 10.2 to Halliburton's Form 10-Q for the quarter ended September 30, 2001, File No. 1-3492).
†	10.8	Employment Agreement (Albert O. Cornelison) (incorporated by reference to Exhibit 10.3 to Halliburton's Form 10-Q for the quarter ended June 30, 2002, File No. 1-3492).
	10.9	Form of Indemnification Agreement for Officers (incorporated by reference to Exhibit 10.1 to Halliburton's Form 8-K filed August 3, 2007, File No. 1-3492).

	10.10	Form of Indemnification Agreement for Directors (incorporated by reference to Exhibit 10.2 to Halliburton's Form 8-K filed August 3, 2007, File No. 1-3492).
†	10.11	2008 Halliburton Elective Deferral Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.3 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 1-3492).
†	10.12	Halliburton Company Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.4 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 1-3492).
†	10.13	Halliburton Company Benefit Restoration Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.5 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 1-3492).
†	10.14	Halliburton Company Pension Equalizer Plan, as amended and restated effective March 1, 2007 (incorporated by reference to Exhibit 10.8 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 1-3492).
†	10.15	Halliburton Company Directors' Deferred Compensation Plan, as amended and restated effective as of May 16, 2012 (incorporated by reference to Exhibit 10.5 to Halliburton's Form 10-Q filed July 27, 2012, File No. 001-03492).
†	10.16	Retirement Plan for the Directors of Halliburton Company, as amended and restated effective July 1, 2007 (incorporated by reference to Exhibit 10.10 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 1-3492).
†	10.17	Employment Agreement (James S. Brown) (incorporated by reference to Exhibit 10.36 to Halliburton's Form 10-K for the year ended December 31, 2007, File No. 1-3492).
†	10.18	Executive Agreement (Lawrence J. Pope) (incorporated by reference to Exhibit 10.1 to Halliburton's Form 8-K filed December 12, 2008, File No. 1-3492).
†	10.19	Halliburton Company Stock and Incentive Plan, as amended and restated effective February 16, 2012 (incorporated by reference to Appendix B of Halliburton's proxy statement filed April 3, 2012, File No. 1-3492).
†	10.20	Halliburton Company Employee Stock Purchase Plan, as amended and restated effective February 11, 2009 (incorporated by reference to Appendix C of Halliburton's proxy statement filed April 6, 2009, File No. 1-3492).
†	10.21	Form of Nonstatutory Stock Option Agreement (incorporated by reference to Exhibit 10.4 of Halliburton's Form 10-Q for the quarter ended September 30, 2009, File No. 1-3492).
†	10.22	Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.5 of Halliburton's Form 10-Q for the quarter ended September 30, 2009, File No. 1-3492).
†	10.23	Form of Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.6 of Halliburton's Form 10-Q for the quarter ended September 30, 2009, File No. 1-3492).
†	10.24	Form of Non-Employee Director Restricted Stock Unit Agreement (Director Plan) (incorporated by reference to Exhibit 99.8 of Halliburton's Form S-8 filed June 22, 2012, Registration No. 333-182284).

†	10.25	First Amendment to Halliburton Company Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.1 to Halliburton's Form 8-K filed September 21, 2009, File No. 1-3492).
†	10.26	Amendment No. 1 to Halliburton Company Benefit Restoration Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.2 to Halliburton's Form 8-K filed September 21, 2009, File No. 1-3492).
†	10.27	Halliburton Annual Performance Pay Plan, as amended and restated effective January 1, 2010 (incorporated by reference to Exhibit 10.3 to Halliburton's Form 8-K filed September 21, 2009, File No. 1-3492).
†	10.28	Executive Agreement (Evelyn M. Angelle) (incorporated by reference to Exhibit 10.34 to Halliburton's Form 10-K for the year ended December 31, 2008, File No. 1-3492).
†	10.29	Executive Agreement (Timothy J. Probert) (incorporated by reference to Exhibit 10.36 to Halliburton's Form 10-K for the year ended December 31, 2008, File No. 1-3492).
†	10.30	Amendment to Executive Employment Agreement (James S. Brown) (incorporated by reference to Exhibit 10.39 to Halliburton's Form 10-K for the year ended December 31, 2008, File No. 1-3492).
†	10.31	Amendment to Executive Employment Agreement (Albert O. Cornelison) (incorporated by reference to Exhibit 10.40 to Halliburton's Form 10-K for the year ended December 31, 2008, File No. 1-3492).
†	10.32	Amendment to Executive Employment Agreement (Mark A. McCollum) (incorporated by reference to Exhibit 10.43 to Halliburton's Form 10-K for the year ended December 31, 2008, File No. 1-3492).
†	10.33	Amendment No. 1 to 2008 Halliburton Elective Deferral Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.41 to Halliburton's Form 10-K for the year ended December 31, 2010, File No. 1-3492).
†	10.34	Executive Agreement (Joe D. Rainey) (incorporated by reference to Exhibit 10.43 to Halliburton's Form 10-K for the year ended December 31, 2010, File No. 1-3492).
	10.35	U.S. $2,000,000,000 Five Year Revolving Credit Agreement among Halliburton, as Borrower, the Banks party thereto, and Citibank, N.A., as Agent (incorporated by reference to Exhibit 10.1 to Halliburton's Form 8-K filed February 23, 2011, File No. 1-3492).
†	10.36	First Amendment dated February 10, 2011 to Halliburton Company Employee Stock Purchase Plan, as amended and restated effective February 11, 2009 (incorporated by reference to Exhibit 10.2 to Halliburton's Form 10-Q for the quarter ended March 31, 2011, File No. 1-3492).
†	10.37	First Amendment to the Retirement Plan for the Directors of Halliburton Company, effective September 1, 2007 (incorporated by reference to Exhibit 10.3 to Halliburton's Form 10-Q for the quarter ended March 31, 2011, File No. 1-3492).
	10.38	Underwriting Agreement, dated November 8, 2011, among Halliburton and Citigroup Global Markets Inc., Deutsche Bank Securities Inc., HSBC Securities (USA) Inc., RBS Securities Inc., Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC and the several other underwriters identified therein (incorporated by reference to Exhibit 1.1 to Halliburton's Form 8-K filed November 14, 2011, File No. 1-3492).
†	10.39	Executive Agreement (Christian A. Garcia) (incorporated by reference to Exhibit 10.40 to Halliburton's Form 10-K for the year ended December 31, 2011, File No. 1-3492).

†	10.40	First Amendment to Halliburton Company Restricted Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.41 to Halliburton’s Form 10-K for the year ended December 31, 2011, File No. 1-3492).
†	10.41	Form of Restricted Stock Agreement (Section 16 officers) (incorporated by reference to Exhibit 10.42 to Halliburton’s Form 10-K for the year ended December 31, 2011, File No. 1-3492).
†	10.42	Form of Non-Employee Director Restricted Stock Unit Agreement (Stock and Incentive Plan) (incorporated by reference to Exhibit 99.9 of Halliburton's Form S-8 filed June 22, 2012, Registration No. 333-182284).
†	10.43	Second Amendment to Restricted Stock Plan for Non-Employee Directors of Halliburton Company (incorporated by reference to Exhibit 10.4 to Halliburton's Form 10-Q filed July 27, 2012, File No. 001-03492).
*†	10.44	Third Amendment to Restricted Stock Plan for Non-Employee Directors of Halliburton Company effective December 1, 2012.
*†	10.45	First Amendment dated December 1, 2012 to Halliburton Company Directors' Deferred Compensation Plan, as amended and restated effective May 16, 2012.
†	10.46	Executive Agreement (Jeffrey A. Miller) (incorporated by reference to Exhibit 10.1 to Halliburton's Form 8-K filed September 21, 2012, File No. 001-03492).
*†	10.47	Second Amendment dated December 11, 2012 to Halliburton Company Employee Stock Purchase Plan, as amended and restated effective February 11, 2009.
*	12.1	Statement of Computation of Ratio of Earnings to Fixed Charges.
*	21.1	Subsidiaries of the Registrant.
*	23.1	Consent of KPMG LLP.
*	24.1	Powers of attorney for the following directors signed in December 2012: Alan M. Bennett James R. Boyd Milton Carroll Nance K. Dicciani Murry S. Gerber S. Malcolm Gillis Abdallah S. Jum’ah Robert A. Malone J. Landis Martin Debra L. Reed
*	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.
*	9 5	Mine Safety Disclosures.
*	101.INS	XBRL Instance Document
*	101.SCH	XBRL Taxonomy Extension Schema Document
*	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*	101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

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

SIGNATURES

As required by Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has authorized this report to be signed on its behalf by the undersigned authorized individuals on this 11th day of February, 2013.

HALLIBURTON COMPANY

By /s/ David J. Lesar
David J. Lesar
Chairman of the Board,
President, and Chief Executive Officer

As required by the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities indicated on this 11th day of February, 2013.

Signature	Title
/s/ David J. Lesar David J. Lesar	Chairman of the Board, President, Chief Executive Officer, and Director
/s/ Mark A. McCollum Mark A. McCollum	Executive Vice President and Chief Financial Officer
/s/ Evelyn M. Angelle Evelyn M. Angelle	Senior Vice President and Chief Accounting Officer

Signature	Title
* Alan M. Bennett Alan M. Bennett	Director
* James R. Boyd James R. Boyd	Director
* Milton Carroll Milton Carroll	Director
* Nance K. Dicciani Nance K. Dicciani	Director
* Murry S. Gerber Murry S. Gerber	Director
* S. Malcolm Gillis S. Malcolm Gillis	Director
* Abdallah S. Jum'ah Abdallah S. Jum'ah	Director
* Robert A. Malone Robert A. Malone	Director
* J. Landis Martin J. Landis Martin	Director
* Debra L. Reed Debra L. Reed	Director

/s/ Christina M. Ibrahim
*By Christina M. Ibrahim, Attorney-in-fact

Exhibit 10.44

THIRD AMENDMENT TO RESTRICTED STOCK PLAN FOR NON-EMPLOYEE DIRECTORS OF HALLIBURTON COMPANY

WHEREAS, Halliburton Company (the "***Company***") has previously adopted the Restricted Stock Plan for Non-Employee Directors of Halliburton Company, as amended (the "***Plan***"), to promote the long-term, continuing success of the Company by providing a portion of the compensation for non-employee directors in shares of Common Stock pursuant to the terms of the Plan;

WHEREAS, Section 6.3 of the Plan reserves the right to amend, modify, suspend or terminate the Plan at any time by action of the Board of Directors of the Company (the "***Board***");

WHEREAS, the Board desires to amend the Plan to provide for qualified domestic relations orders under the Plan;

NOW, THEREFORE, the Board does hereby amend the Plan as follows, effective as of December 1, 2012:

(1) The following shall be added to the end of Section 5.6 of the Plan:

"Plan provisions to the contrary notwithstanding, the Committee shall comply with the terms and provisions of an order that satisfies the requirements for a 'qualified domestic relations order' as such term is defined in Section 206(d)(3)(B) of the Employee Retirement Income Security Act of 1974, as amended, including an order that requires distributions to an alternate payee prior to a Participant's 'earliest retirement age' as such term is defined in Section 206(d)(3)(E)(ii) of the Employee Retirement Income Security Act of 1974, as amended."

(2) All other provisions of the Plan shall remain the same and are hereby ratified.

Attested to by the Corporate Secretary of Halliburton Company as adopted by the Board of Directors effective as of December 1, 2012.

/s/ Christina M. Ibrahim
Christina M. Ibrahim
Vice President & Corporate Secretary
Halliburton Company

Exhibit 10.45

FIRST AMENDMENT TO
HALLIBURTON COMPANY
DIRECTORS' DEFERRED COMPENSATION PLAN
AS AMENDED AND RESTATED
EFFECTIVE AS OF MAY 16, 2012

WHEREAS, Halliburton Company (the "***Company***") has previously adopted the Halliburton Company Directors' Deferred Compensation Plan, As Amended and Restated Effective as of May 16, 2012 (the "***Plan***") to assist members of the Company's Board of Directors (the "***Board***") in planning for their retirement;

WHEREAS, the Board may amend the Plan at any time and from time to time in accordance with Article IX of the Plan;

WHEREAS, the Board desires to amend the Plan to provide for qualified domestic relations orders under the Plan;

NOW, THEREFORE, the Board does hereby amend the Plan as follows, effective as of December 1, 2012:

(1) The following shall be added to the end of Section 10.04 of the Plan:

"Plan provisions to the contrary notwithstanding, the Committee shall comply with the terms and provisions of an order that satisfies the requirements for a 'qualified domestic relations order' as such term is defined in Section 206(d)(3)(B) of the Employee Retirement Income Security Act of 1974, as amended, including an order that requires distributions to an alternate payee prior to a Participant's 'earliest retirement age' as such term is defined in Section 206(d)(3)(E)(ii) of the Employee Retirement Income Security Act of 1974, as amended."

(2) All other provisions of the Plan shall remain the same and are hereby ratified.

HALLIBURTON COMPANY

/s/ David J. Lesar
David J. Lesar
Chairman of the Board, President and
Chief Executive Officer

Exhibit 10.47

SECOND AMENDMENT TO
HALLIBURTON COMPANY EMPLOYEE STOCK PURCHASE PLAN
AS AMENDED AND RESTATED FEBRUARY 11, 2009

WHEREAS, the Board of Directors of Halliburton Company (the "***Board***") has previously adopted the Halliburton Company Employee Stock Purchase Plan, as amended and restated February 11, 2009 (the "***Plan***"), and subsequently approved by the stockholders of Halliburton Company on May 20, 2009;

WHEREAS, pursuant to paragraph 16 of the Plan, the Board has the authority to amend the Plan or any part thereof from time to time;

WHEREAS, the Board now desires to amend the Plan in certain respects;

NOW, THEREFORE, the Board does hereby amend the Plan, effective as of the date signed below, as follows:

1. The definition of "Purchase Period" in paragraph 2 of the Plan is amended to read as follows:

"'Purchase Period' means a period of approximately three months beginning on the first Trading Day of each calendar quarter that begins on January 1, April 1, July 1, or October 1 and ending on the last Trading Day of the respective calendar quarter ending March 31, June 30, September 30, or December 31. The Committee shall have the power to change the duration of Purchase Periods (including the commencement dates thereof) with respect to future offerings without stockholder approval if such change is announced at least five days prior to the scheduled beginning of the first Purchase Period to be affected thereafter."

2. All other provisions of the Plan shall remain the same and are hereby ratified.

IN WITNESS WHEREOF, Halliburton Company has caused these presents to be duly executed this 11th day of December, 2012.

HALLIBURTON COMPANY

By: /s/ David J. Lesar
David J. Lesar
Chairman of the Board, President and
Chief Executive Officer

Exhibit 12.1

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

	Year Ended December 31				
	2012	2011	2010	2009	2008
Earnings available for fixed charges:					
Income from continuing operations before income taxes	$ 3,822	$ 4,449	$ 2,655	$ 1,682	$ 3,849
Add:					
Distributed earnings from equity in unconsolidated affiliates	4	13	13	17	30
Fixed charges	445	384	402	361	232
Subtotal	4,271	4,846	3,070	2,060	4,111
Less:					
Equity in earnings of unconsolidated affiliates	14	20	20	16	50
Total earnings available for fixed charges	$ 4,257	$ 4,826	$ 3,050	$ 2,044	$ 4,061
Fixed charges:					
Interest expense	$ 305	$ 268	$ 308	$ 297	$ 167
Rental expense representative of interest	140	116	94	64	65
Total fixed charges	$ 445	$ 384	$ 402	$ 361	$ 232
Ratio of earnings to fixed charges	9.6	12.6	7.6	5.7	17.5

Exhibit 21.1

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2012

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
Baroid International Trading, LLC	United States, Delaware
BITC Holdings (US) LLC	United States, Delaware
Halliburton (Barbados) Investments SRL	Barbados
Halliburton Affiliates, LLC	United States, Delaware
Halliburton AS	Norway
Halliburton Brazil Holdings B.V.	Netherlands
Halliburton Canada Corp.	Canada, Alberta
Halliburton Canada Holdings B.V.	Netherlands
Halliburton Canada Holdings, LLC	United States, Delaware
Halliburton Canada ULC	Canada, Alberta
Halliburton de Mexico, S. de R.L. de C.V.	Mexico
Halliburton Energy Services, Inc.	United States, Delaware
Halliburton Far East Pte Ltd	Singapore
Halliburton Global Affiliates Holdings B.V.	Netherlands
Halliburton Group Canada	Canada
Halliburton International, Inc.	United States, Delaware
Halliburton International Holdings	Bermuda
Halliburton Investments B.V.	Netherlands
Halliburton Latin America S.A., LLC	United States, Delaware
Halliburton Luxembourg Holdings S.à r.l.	Luxembourg
Halliburton Luxembourg Intermediate S.à r.l.	Luxembourg
Halliburton Norway Holdings C.V.	Netherlands
Halliburton Operations Nigeria Limited	Nigeria
Halliburton Overseas Limited	Cayman Islands
Halliburton Partners Canada ULC	Canada, Alberta
Halliburton Servicos Ltda.	Brazil
Halliburton U.S. International Holdings, Inc.	United States, Delaware
Halliburton Worldwide GmbH	Switzerland
HES Corporation	United States, Nevada
HES Holding, Inc.	United States, Delaware
HESI Holdings B.V.	Netherlands
Kellogg Energy Services, Inc.	United States, Delaware
Landmark Graphics Corporation	United States, Delaware
Oilfield Telecommunications, LLC.	United States, Delaware

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Halliburton Company:

We consent to the incorporation by reference in the registration statements (No. 333-177811) on Form S-3, (No. 333-166656) on Form S-4, and (Nos. 333-76496, 333-159394, 333-162648, and 333-182284) on Form S-8 of Halliburton Company of our reports dated February 11, 2013 with respect to the consolidated balance sheets of Halliburton Company as of December 31, 2012 and 2011, and the related consolidated statements of operations, shareholders' equity, comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2012, and the effectiveness of internal control over financial reporting as of December 31, 2012, which reports appear in the December 31, 2012 Annual Report on Form 10-K of Halliburton Company.

/s/ KPMG LLP
Houston, Texas
February 11, 2013

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2012 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of December, 2012.

/s/ Alan M. Bennett
Alan M. Bennett

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2012 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of December, 2012.

/s/ James R. Boyd
James R. Boyd

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2012 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of December, 2012.

/s/ Milton Carroll
Milton Carroll

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2012 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of December, 2012.

/s/ Nance K. Dicciani
Nance K. Dicciani

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2012 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of December, 2012.

/s/ Murry S. Gerber
Murry S. Gerber

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2012 (the “Form 10-K”), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of December, 2012.

/s/ S. Malcolm Gillis
S. Malcolm Gillis

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2012 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of December, 2012.

/s/ Abdallah S. Jum'ah
Abdallah S. Jum'ah

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2012 (the “Form 10-K”), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of December, 2012.

/s/ Robert A. Malone
Robert A. Malone

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2012 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of December, 2012.

/s/ J. Landis Martin
J. Landis Martin

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2012 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of December, 2012.

/s/ Debra L. Reed
Debra L. Reed

Exhibit 31.1

Section 302 Certification

I, David J. Lesar, certify that:

1. I have reviewed this annual report on Form 10-K for the year 2012 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: February 11, 2013

/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 annual report on Form 10-K for the year 2012 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: February 11, 2013

/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 Annual Report on Form 10-K for the period ended December 31, 2012 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: February 11, 2013

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 Annual Report on Form 10-K for the period ended December 31, 2012 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: February 11, 2013

Exhibit 95

Mine Safety Disclosures

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, each operator of a mine is required to include certain mine safety results in its periodic reports filed with the SEC. The operation of our mines is subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (Mine Act). Below, we present the following items regarding certain mining safety and health matters for the year ended December 31, 2012:

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

HALLIBURTON COMPANY
Mine Safety Disclosures
Year ended December 31, 2012:
(Unaudited)
(Whole dollars)

Operation/ MSHA Identification Number[1]	Section 104 Citations	Section 104(b)Orders	104(d)Citations and Orders	Section 110(b)(2)Violations	Section 107(a)Orders	Proposed MSHA Assessments[2]	Fatalities	Pending Legal Actions
BPM Colony Mill/4800070	—	—	—	—	—	$ —	—	—
BPM Colony Mine/4800889	1	—	—	—	—	1,304	—	—
BPM Lovell Mill/4801405	—	—	—	—	—	—	—	—
BPM Lovell Mine/4801016	—	—	—	—	—	—	—	—
Corpus Christi Grinding Plant/4104010	2	—	—	—	—	238	—	—
Dunphy Mill/2600412	1	—	—	—	—	362	—	—
Lake Charles Plant/1601032	5	—	—	—	—	2,759	—	—
Larose Grinding Plant/1601504	4	—	—	—	—	977	—	—
Rossi Jig Plant/2602239	4	—	—	—	—	1,713	—	—
Total	17	—	—	—	—	$ 7,353	—	—

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

(2) Amounts included are the total dollar value of proposed or outstanding assessments received from MSHA on or before January 21, 2013 regardless of whether the assessment has been challenged or appealed, for citations and orders occurring during the year ended December 31, 2012.

In addition, as required by the reporting requirements regarding mine safety included in §1503(a)(2) of the Dodd-Frank Act, the following is a list for the year ended December 31, 2012, of each mine of which we or a subsidiary of ours is an operator, that has received written notice from MSHA of:

(a) a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of mine health or safety hazards under
§104(e) of the Mine Act:

None; or

(b) the potential to have such a pattern:

None.

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

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

(Mark One)
[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2011

OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ______ to ______
Commission File Number 001-03492

HALLIBURTON COMPANY
(Exact name of registrant as specified in its charter)

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

3000 North Sam Houston Parkway East
Houston, Texas 77032
(Address of principal executive offices)
Telephone Number – Area code (281) 871-2699

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

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes [ ] No [X]

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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]

The aggregate market value of Common Stock held by nonaffiliates on June 30, 2011, determined using the per share closing price on the New York Stock Exchange Composite tape of $51.00 on that date, was approximately $46,721,000,000.

As of February 10, 2012, there were 922,983,220 shares of Halliburton Company Common Stock, $2.50 par value per share, outstanding.

Portions of the Halliburton Company Proxy Statement for our 2012 Annual Meeting of Stockholders (File No. 001-03492) are incorporated by reference into Part III of this report.

HALLIBURTON COMPANY
Index to Form 10-K
For the Year Ended December 31, 2011

PART I		**PAGE**
Item 1.	Business	1
Item 1(a).	Risk Factors	8
Item 1(b).	Unresolved Staff Comments	22
Item 2.	Properties	23
Item 3.	Legal Proceedings	24
Item 4.	Mine Safety Disclosures	39
PART II		
Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities	40
Item 6.	Selected Financial Data	41
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	41
Item 7(a).	Quantitative and Qualitative Disclosures About Market Risk	41
Item 8.	Financial Statements and Supplementary Data	42
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	42
Item 9(a).	Controls and Procedures	42
Item 9(b).	Other Information	42
MD&A AND FINANCIAL STATEMENTS		
Management’s Discussion and Analysis of Financial Condition and Results of Operations		43
Management’s Report on Internal Control Over Financial Reporting		69
Reports of Independent Registered Public Accounting Firm		70
Consolidated Statements of Operations		72
Consolidated Balance Sheets		73
Consolidated Statements of Shareholders’ Equity		74
Consolidated Statements of Cash Flows		75
Notes to Consolidated Financial Statements		76
Selected Financial Data (Unaudited)		117
Quarterly Data and Market Price Information (Unaudited)		118
PART III		
Item 10.	Directors, Executive Officers, and Corporate Governance	119
Item 11.	Executive Compensation	119
Item 12(a).	Security Ownership of Certain Beneficial Owners	119
Item 12(b).	Security Ownership of Management	119
Item 12(c).	Changes in Control	119
Item 12(d).	Securities Authorized for Issuance Under Equity Compensation Plans	119
Item 13.	Certain Relationships and Related Transactions, and Director Independence	120
Item 14.	Principal Accounting Fees and Services	120
PART IV		
Item 15.	Exhibits	121
SIGNATURES		129

PART I

Item 1. Business.

General description of business

Halliburton Company's predecessor was established in 1919 and incorporated under the laws of the State of Delaware in 1924. We are a leading provider of services and products to the energy industry related to the exploration, development, and production of oil and natural gas. We serve major, national, and independent oil and natural gas companies throughout the world and operate under two divisions, which form the basis for the two operating segments we report, Completion and Production segment and Drilling and Evaluation segment:

- our Completion and Production segment delivers cementing, stimulation, intervention, pressure control, specialty chemicals, artificial lift, and completion services. The segment consists of Halliburton Production Enhancement, Cementing, Completion Tools, Boots & Coots, and Multi-Chem; 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 Halliburton Drill Bits and Services, Wireline & Perforating, Testing and Subsea, Baroid, Sperry Drilling, Landmark Software and Services, and Halliburton Consulting and Project Management.

See Note 2 to the consolidated financial statements for further financial information related to each of our business segments and a description of the services and products provided by each segment. 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.

Business strategy

Our business strategy is to secure a distinct and sustainable competitive position as an oilfield service company by delivering services and products to our customers that maximize their production and recovery and realize proven reserves from difficult environments. Our objectives are to:

- create a balanced portfolio of services and products supported by global infrastructure and anchored by technological innovation with a well-integrated digital strategy to further differentiate our company;
- reach a distinguished level of operational excellence that reduces costs and creates real value from everything we do;
- preserve a dynamic workforce by being a preferred employer to attract, develop, and retain the best global talent; and
- uphold the ethical and business standards of the company and maintain the highest standards of health, safety, and environmental performance.

Markets and competition

We are one of the world's largest diversified energy services companies. Our services and products are sold in highly competitive markets throughout the world. Competitive factors impacting sales of our services and products include:

- price;
- service delivery (including the ability to deliver services and products on an "as needed, where needed" basis);
- health, safety, and environmental standards and practices;
- service quality;
- global talent retention;
- understanding of the geological characteristics of the hydrocarbon reservoir;
- product quality;
- warranty; and
- technical proficiency.

We conduct business worldwide in approximately 80 countries. The business operations of our divisions are organized around four primary geographic regions: North America, Latin America, Europe/Africa/CIS, and Middle East/Asia. In 2011, based on the location of services provided and products sold, 55% of our consolidated revenue was from the United States. In 2010 and 2009, 46% and 36% of our consolidated revenue was from the United States. No other country accounted for more than 10% of our consolidated revenue during these periods. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Business Environment and Results of Operations" and Note 2 to the consolidated financial statements for additional financial information about geographic operations in the last three years. Because the markets for our services and products are vast and cross numerous geographic lines, a meaningful estimate of the total number of competitors cannot be made. The industries we serve are highly competitive, and we have many substantial competitors. Most of our services and products are marketed through our servicing and sales organizations.

Operations in some countries may be adversely affected by unsettled political conditions, acts of terrorism, civil unrest, expropriation or other governmental actions, foreign currency exchange restrictions, and highly inflationary currencies. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country, other than the United States, would be material to the conduct of our operations taken as a whole.

Information regarding our exposure to foreign currency fluctuations, risk concentration, and financial instruments used to minimize risk is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Instrument Market Risk" and in Note 12 to the consolidated financial statements.

Customers

Our revenue from continuing operations during the past three years was derived from the sale of services and products to the energy industry. No customer represented more than 10% of consolidated revenue in any period presented.

Raw materials

Raw materials essential to our business are normally readily available. Market conditions can trigger constraints in the supply of certain raw materials, such as gel, proppants, and hydrochloric acid. We are always seeking ways to ensure the availability of resources, as well as manage costs of raw materials. Our procurement department uses our size and buying power to ensure that we have access to key materials at competitive prices.

Research and development costs

We maintain an active research and development program. The program improves products, processes, and engineering standards and practices that serve the changing needs of our customers, such as those related to high pressure/high temperature environments, and also develops new products and processes. Our expenditures for research and development activities were $401 million in 2011, $366 million in 2010, and $325 million in 2009, of which over 96% was company-sponsored in each year.

Patents

We own a large number of patents and have pending a substantial number of patent applications covering various products and processes. We are also licensed to utilize patents owned by others. We do not consider any particular patent to be material to our business operations.

Seasonality

Weather and natural phenomena can temporarily affect the performance of our services, but the widespread geographical locations of our operations mitigate those effects. Examples of how weather can impact our business include:

- the severity and duration of the winter in North America can have a significant impact on natural gas storage levels and drilling activity;
- the timing and duration of the spring thaw in Canada directly affects activity levels due to road restrictions;
- typhoons and hurricanes can disrupt coastal and offshore operations; and
- severe weather during the winter months normally results in reduced activity levels in the North Sea and Russia.

Additionally, customer spending patterns for software and various other oilfield services and products can result in higher activity in the fourth quarter of the year.

Employees

At December 31, 2011, we employed approximately 68,000 people worldwide compared to approximately 58,000 at December 31, 2010. At December 31, 2011, approximately 15% of our employees were subject to collective bargaining agreements. Based upon the geographic diversification of these employees, we do not believe any risk of loss from employee strikes or other collective actions would be material to the conduct of our operations taken as a whole.

Environmental regulation

We are subject to numerous environmental, legal, and regulatory requirements related to our operations worldwide. For further information related to environmental matters and regulation, see Note 8 to the consolidated financial statements, Item 1(a), “Risk Factors,” and Item 3, “Legal Proceedings.”

Hydraulic fracturing process

Hydraulic fracturing is 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. A significant portion of our Completion and Production segment provides hydraulic fracturing services to customers developing shale natural gas and shale oil. In recent months, questions have arisen about the scope of our operations in the shale natural gas and shale oil sectors, and the extent to which these operations may affect human health and the environment.

We generally design and implement a hydraulic fracturing operation to “stimulate” the well, at the direction of our customer, once the well has been drilled, cased, and cemented. Our customer is generally responsible for providing the base fluid (usually water) used in the hydraulic fracturing of a well. We supply the proppant (often sand) and any additives used in the overall fracturing fluid mixture. In addition, we mix the additives and proppant with the base fluid and pump the mixture down the wellbore to create the desired fractures in the target formation. The customer is responsible for disposing of any materials that are subsequently pumped out of the well, including flowback fluids and produced water.

As part of the process of constructing the well, the customer will take a number of steps designed to protect drinking water resources. In particular, the casing and cementing of the well are designed to provide “zonal isolation” so that the fluids pumped down the wellbore and the oil and natural gas and other materials that are subsequently pumped out of the well will not come into contact with shallow aquifers or other shallow formations through which those materials could potentially migrate to the surface.

The potential environmental impacts of hydraulic fracturing have been studied by numerous government entities and others. In 2004, EPA conducted an extensive study of hydraulic fracturing practices, focusing on coalbed methane wells, and their potential effect on underground sources of drinking water. The EPA’s study concluded that hydraulic fracturing of coalbed methane wells poses little or no threat to underground sources of drinking water. At the request of Congress, the EPA is currently undertaking another study of the relationship between hydraulic fracturing and drinking water resources that will focus on the fracturing of shale natural gas wells.

We have made detailed information regarding our fracturing fluid composition and breakdown available on our internet web site at www.halliburton.com. We also have proactively developed processes to provide our customers with the chemical constituents of our hydraulic fracturing fluids to enable our customers to comply with state laws as well as voluntary standards established by the Chemical Disclosure Registry, www.fracfocus.org.

At the same time, we have invested considerable resources in developing our CleanSuite™ hydraulic fracturing technologies, which offer our customers a variety of environmental friendly alternatives related to the use of hydraulic fracturing fluid additives and other aspects of our hydraulic fracturing operations. We created a hydraulic fracturing fluid system comprised of materials sourced entirely from the food industry. In addition, we have engineered a process to control the growth of bacteria in hydraulic fracturing fluids that uses ultraviolet light, allowing customers to minimize the use of chemical biocides. We are committed to the continued development of innovative chemical and mechanical technologies that allow for more economical and environmentally friendly development of the world’s oil and natural gas reserves.

In evaluating any environmental risks that may be associated with our hydraulic fracturing services, it is helpful to understand the role that we play in the development of shale natural gas and shale oil. Our principal task generally is to manage the process of injecting fracturing fluids into the borehole to “stimulate” the well. Thus, based on the provisions in our contracts and applicable law, the primary environmental risks we face are potential pre-injection spills or releases of stored fracturing fluids and spills or releases of fuel or other fluids associated with pumps, blenders, conveyors, or other above-ground equipment used in the hydraulic fracturing process.

Although possible concerns have been raised about hydraulic fracturing operations, the circumstances described above have helped to mitigate those concerns. To date, we have not been obligated to compensate any indemnified party for any environmental liability arising directly from hydraulic fracturing, although there can be no assurance that such obligations or liabilities will not arise in the future.

Working capital

We fund our business operations through a combination of available cash and equivalents, short-term investments, and cash flow generated from operations. In addition, our revolving credit facility is available for additional working capital needs.

Web site access

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934 are made available free of charge on our internet web site at www.halliburton.com as soon as reasonably practicable after we have electronically filed the material with, or furnished it to, the Securities and Exchange Commission (SEC). The public may read and copy any materials we have filed with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains our reports, proxy and information statements, and our other SEC filings. The address of that site is www.sec.gov. We have posted on our web site our Code of Business Conduct, which applies to all of our employees and Directors and serves as a code of ethics for our principal executive officer, principal financial officer, principal accounting officer, and other persons performing similar functions. Any amendments to our Code of Business Conduct or any waivers from provisions of our Code of Business Conduct granted to the specified officers above are disclosed on our web site within four business days after the date of any amendment or waiver pertaining to these officers. There have been no waivers from provisions of our Code of Business Conduct for the years 2011, 2010, or 2009. Except to the extent expressly stated otherwise, information contained on or accessible from our web site or any other web site is not incorporated by reference into this annual report on Form 10-K and should not be considered part of this report.

Executive Officers of the Registrant

The following table indicates the names and ages of the executive officers of Halliburton Company as of February 10, 2012, including all offices and positions held by each in the past five years:

Name and Age	Offices Held and Term of Office
Joseph F. Andolino (Age 58)	Senior Vice President, Tax of Halliburton Company, since January 2011 Vice President, Business Development of Goodrich Corporation, January 2009 to December 2010 Vice President, Tax and Business Development of Goodrich Corporation, November 1999 to December 2008
Evelyn M. Angelle (Age 44)	Senior Vice President and Chief Accounting Officer of Halliburton Company, since January 2011 Vice President, Corporate Controller, and Principal Accounting Officer of Halliburton Company, January 2008 to January 2011 Vice President, Operations Finance of Halliburton Company, December 2007 to January 2008 Vice President, Investor Relations of Halliburton Company, April 2005 to November 2007
James S. Brown (Age 57)	President, Western Hemisphere of Halliburton Company, since January 2008 Senior Vice President, Western Hemisphere of Halliburton Company, June 2006 to December 2007
* Albert O. Cornelison, Jr. (Age 62)	Executive Vice President and General Counsel of Halliburton Company, since December 2002
Christian A. Garcia (Age 48)	Senior Vice President and Treasurer of Halliburton Company, since September 2011 Senior Vice President, Investor Relations of Halliburton Company, January 2011 to August 2011 Vice President, Investor Relations of Halliburton Company, December 2007 to December 2010 Vice President, Operations Finance, July 2006 to December 2007
* David J. Lesar (Age 58)	Chairman of the Board, President, and Chief Executive Officer of Halliburton Company, since August 2000
* Mark A. McCollum (Age 52)	Executive Vice President and Chief Financial Officer of Halliburton Company, since January 2008 Senior Vice President and Chief Accounting Officer of Halliburton Company, August 2003 to December 2007

Name and Age	Offices Held and Term of Office
* Lawrence J. Pope (Age 43)	Executive Vice President of Administration and Chief Human Resources Officer of Halliburton Company, since January 2008 Vice President, Human Resources and Administration of Halliburton Company, January 2006 to December 2007
* Timothy J. Probert (Age 60)	President, Strategy and Corporate Development of Halliburton Company, since January 2011 President, Global Business Lines and Corporate Development of Halliburton Company, January 2010 to January 2011 President, Drilling and Evaluation Division and Corporate Development of Halliburton Company, March 2009 to December 2009 Executive Vice President, Strategy and Corporate Development of Halliburton Company, January 2008 to March 2009 Senior Vice President, Drilling and Evaluation of Halliburton Company, July 2007 to December 2007 Senior Vice President, Drilling and Evaluation and Digital Solutions of Halliburton Company, May 2006 to July 2007
Joe D. Rainey (Age 55)	President, Eastern Hemisphere of Halliburton Company, since January 2011 Senior Vice President, Eastern Hemisphere of Halliburton Company, January 2010 to December 2010 Vice President, Eurasia Pacific Region of Halliburton Company, January 2009 to December 2009 Vice President, Asia Pacific Region of Halliburton Company, February 2005 to December 2008

* Members of the Policy Committee of the registrant.

There are no family relationships between the executive officers of the registrant or between any director and any executive officer of the registrant.

Item 1(a). Risk Factors.

The statements in this section describe the known material risks to our business and should be considered carefully.

We, among others, have been named as a defendant in numerous lawsuits and are the subject of numerous investigations relating to the Macondo well incident that could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

The semisubmersible drilling rig, Deepwater Horizon, sank on April 22, 2010 after an explosion and fire onboard the rig that began on April 20, 2010. The Deepwater Horizon was owned by Transocean Ltd. and had been drilling the Macondo exploration well in Mississippi Canyon Block 252 in the Gulf of Mexico for BP Exploration & Production, Inc. (BP Exploration), the lease operator and indirect wholly owned subsidiary of BP p.l.c. (BP p.l.c., BP Exploration, and their affiliates, collectively, BP). There were eleven fatalities and a number of injuries as a result of the Macondo well incident. Crude oil escaping from the Macondo well site spread across thousands of square miles of the Gulf of Mexico and reached the United States Gulf Coast. We performed a variety of services for BP Exploration, including cementing, mud logging, directional drilling, measurement-while-drilling, and rig data acquisition services.

We are named along with other unaffiliated defendants in more than 400 complaints, most of which are alleged class-actions, involving pollution damage claims and at least nine personal injury lawsuits involving four decedents and at least 21 allegedly injured persons who were on the drilling rig at the time of the incident. Another six lawsuits naming us and others relate to alleged personal injuries sustained by those responding to the explosion and oil spill. BP Exploration and one of its affiliates have filed claims against us seeking subrogation and contribution, including with respect to liabilities under the Oil Pollution Act of 1990 (OPA), and direct damages, and alleging negligence, gross negligence, fraudulent conduct and fraudulent concealment. Certain other defendants in the lawsuits have filed claims against us seeking, among other things, indemnification and contribution, including with respect to liabilities under the OPA, and alleging, among other things, negligence and gross negligence. See Part I, Item 3, “Legal Proceedings.” Additional lawsuits may be filed against us, including criminal and civil charges under federal and state statutes and regulations. Those statutes and regulations could result in criminal penalties, including fines and imprisonment, as well as civil fines, and the degree of the penalties and fines may depend on the type of conduct and level of culpability, including strict liability, negligence, gross negligence, and knowing violations of the statute or regulation.

In addition to the claims and lawsuits described above, numerous industry participants, governmental agencies and Congressional committees have investigated or are investigating the cause of the explosion, fire, and resulting oil spill. According to the January 11, 2011 report (Investigation Report) of the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling (National Commission), the “immediate causes” of the incident were the result of a series of missteps, oversights, miscommunications and failures to appreciate risk by BP, Transocean, and us, although the National Commission acknowledged that there were still many things it did not know about the incident, such as the role of the blowout preventer. The National Commission also acknowledged that it may never know the extent to which each mistake or oversight caused the Macondo well incident, but concluded that the immediate cause was “a failure to contain hydrocarbon pressures in the well,” and pointed to three things that could have contained those pressures: “the cement at the bottom of the well, the mud in the well and in the riser, and the blowout preventer.” In addition, the Investigation Report states that “primary cement failure was a direct cause of the blowout” and that cement testing performed by an independent laboratory “strongly suggests” that the foam cement slurry used on the Macondo well was unstable. The Investigation Report also identified the failure of BP’s and our processes for cement testing and communication failures among BP, Transocean, and us with respect to the difficulty of the cement job as examples of systemic failures by industry management.

In September 2011, the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) released the final report of the Marine Board Investigation regarding the Macondo well incident (BOEMRE Report). A panel of investigators of the BOEMRE identified a number of causes of the Macondo well incident. According to the BOEMRE Report, "a central cause of the blowout was failure of a cement barrier in the production casing string." The panel was unable to identify the precise reasons for the failure but concluded that it was likely due to: "(1) swapping of cement and drilling mud in the shoe track (the section of casing near the bottom of the well); (2) contamination of the shoe track cement; or (3) pumping the cement past the target location in the well, leaving the shoe track with little or no cement." Generally, the panel concluded that the Macondo well incident was the result of, among other things, poor risk management, last-minute changes to drilling plans, failure to observe and respond to critical indicators, and inadequate well control response by the companies and individuals involved.

The BOEMRE Report also stated, among other things, that BP failed to properly communicate well design and cementing decisions and risks to Transocean, that BP and Transocean failed to correctly interpret the negative-pressure test, and that we, BP, and Transocean failed to detect the influx of hydrocarbons into the well. According to the BOEMRE Report, the panel found evidence that we, among others, violated federal regulations relating to the failure to take measures to prevent the unauthorized release of hydrocarbons, the failure to take precautions to keep the well under control, and the failure to cement the well in a manner that would, among other things, prevent the release of fluids into the Gulf of Mexico. In October 2011, the Bureau of Safety and Environmental Enforcement (BSEE) issued a notification of Incidents of Noncompliance (INCs) to us for violating those regulations and a federal regulation relating to the failure to protect health, safety, property, and the environment as a result of a failure to perform operations in a safe and workmanlike manner. According to the BSEE's notice, we did not ensure an adequate barrier to hydrocarbon flow after cementing the production casing and did not detect the influx of hydrocarbons until they were above the blowout preventer stack. We understand that the regulations in effect at the time of the alleged violations provide for fines of up to $35,000 per day per violation. We have appealed the INCs to, and the appeal was accepted by, the Interior Board of Land Appeals (IBLA). In January 2012, the IBLA, in response to our and the BSEE's joint request, has suspended the appeal and has ordered us and the BSEE to file notice within 15 days after the conclusion of the multi-district litigation (MDL) and, within 60 days after the MDL court issues a final decision, to file a proposal for further action in the appeal. The BSEE has announced that the INCs will be reviewed for possible imposition of civil penalties once the appeal period has ended. The BSEE has stated that this is the first time the Department of the Interior has issued INCs directly to a contractor that was not the well's operator. We have not accrued any amounts related to the INCs.

Various other investigations have or may be critical of the services we provided on the Deepwater Horizon. In addition, as part of its criminal investigation, the Department of Justice (DOJ) is examining certain aspects of our conduct after the incident, including with respect to record-keeping, record retention, post-incident testing, securities filings, and public statements by us or our employees, to evaluate whether there has been any violation of federal law.

Our contract with BP Exploration relating to the Macondo well generally provides for our indemnification for certain potential claims and expenses relating to the Macondo well incident. BP Exploration, in connection with filing its claims with respect to the MDL proceeding, sought to avoid their indemnity obligations and asked the court to declare that it is not liable to us in contribution, indemnification or otherwise with respect to liabilities arising from the Macondo well incident. Other defendants in the litigation have generally denied any obligation to contribute to any liabilities arising from the Macondo well incident. In January 2012, the court in the MDL proceeding entered an order in response to our and BP's motions for summary judgment regarding certain indemnification matters. The court held that BP is required to indemnify us for third-party compensatory claims, or actual damages, that arise from pollution or contamination that did not originate from our property or equipment located above the surface of the land or water, even if we are found to be grossly negligent. The court also held that BP does not owe us indemnity for punitive damages or for civil penalties under the Clean Water Act (CWA), if any, and that fraud could void the indemnity on public policy grounds. The court in the MDL proceeding deferred ruling on whether our indemnification from BP covers penalties or fines under the Outer Continental Shelf Lands Act, whether our alleged breach of our contract with BP Exploration would invalidate the indemnity, and whether we committed an act that materially increased the risk to or prejudiced the rights of BP so as to invalidate the indemnity.

The rulings in the MDL proceeding regarding the indemnities are based on maritime law and may not bind the determination of similar issues in lawsuits not comprising a part of the MDL proceedings. Accordingly it is possible that different conclusions with respect to indemnities will be reached by other courts.

Indemnification for criminal fines or penalties, if any, may not be available if a court were to find such indemnification unenforceable as against public policy. In addition, certain state laws, if deemed to apply, would not allow for enforcement of indemnification for gross negligence, and may not allow for enforcement of indemnification of persons who are found to be negligent with respect to personal injury claims.

Financial analysts and the press have speculated about the financial capacity of BP, and whether it might seek to avoid indemnification obligations in bankruptcy proceedings. BP's public filings indicate that BP has recognized in excess of $40 billion in pre-tax charges, excluding offsets for settlement payments received from certain defendants in the MDL, as a result of the Macondo well incident. BP's public filings also indicate that the amount of, among other things, certain natural resource damages with respect to certain OPA claims, some of which may be included in such charges, cannot be reliably estimated as of the dates of those filings. If BP Exploration filed for bankruptcy protection, a bankruptcy judge could disallow our contract with BP Exploration, including the indemnification obligations thereunder. Also, we may not be insured with respect to civil or criminal fines or penalties, if any, pursuant to the terms of our insurance policies.

We are currently unable to estimate the impact the Macondo well incident will have on us. We cannot predict the outcome of the many lawsuits and investigations relating to the Macondo well incident, including whether the MDL will proceed to trial, the results of any such trial, or whether we might settle with one or more of the parties to any lawsuit or investigation. Given the numerous potential future developments relating to the MDL and other lawsuits and investigations, we are unable to conclude whether we will incur a loss. As of December 31, 2011, we have not accrued any amounts related to this matter because we have not determined that a loss is probable and a reasonable estimate of a loss or range of loss related to this matter cannot be made. As a result of any future developments, some of which could occur as soon as within the next few months, we may adjust our liability assessment, and liabilities arising out of this matter could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Certain matters relating to the Macondo well incident, including increased regulation of the United States offshore drilling industry, and similar catastrophic events could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Results of the Macondo well incident and the subsequent oil spill have included offshore drilling delays and increased federal regulation of our and our customers' operations, and more delays and regulations are expected. For example, the Investigation Report and other investigative reports recommended, among other things, a review of and numerous changes to drilling and environmental regulations and, in some cases, the creation of new, independent agencies to oversee the various aspects of offshore drilling. Two new, independent agencies, the BSEE and the Bureau of Ocean Energy Management (BOEM), replaced the BOEMRE effective October 2011. Since the Macondo well incident, the BSEE has issued guidance and regulations for drillers that intend to resume deepwater drilling activity. The BSEE's regulations focus in part on increased safety and environmental issues, drilling equipment, and the requirement that operators submit drilling applications demonstrating regulatory compliance with respect to, among other things, required independent third-party inspections, certification of well design and well control equipment and emergency response plans in the event of a blowout. The BSEE has also proposed additional regulations with respect to increased employee involvement in certain safety measures and third-party audits of an operator's safety and environmental management system program. The BSEE has stated that it will also make available for public comment additional proposed regulations based on the BOEMRE Report. In addition, the BSEE has stated that it has concluded that it has the legal authority to extend its regulatory reach to include contractors, like us, in addition to operators, as evidenced by the INCs. In addition, the BSEE has suggested that a legislative increase of the maximum rate for applicable civil penalties is necessary.

The increased regulation of the exploration and production industry as a whole that arises out of the Macondo well incident has and could continue to result in higher operating costs for us and our customers, extended permitting and drilling delays, and reduced demand for our services. We cannot predict to what extent increased regulation may be adopted in international or other jurisdictions or whether we and our customers will be required or may elect to implement responsive policies and procedures in jurisdictions where they may not be required.

In addition, the Macondo well incident has negatively impacted and could continue to negatively impact the availability and cost of insurance coverage for us, our customers and our and their service providers. Also, our relationships with BP and others involved in the Macondo well incident could be negatively affected. Our business may be adversely impacted by any negative publicity relating to the incident, any negative perceptions about us by our customers, any increases in insurance premiums or difficulty in obtaining coverage, and the diversion of management's attention from our operations to focus on matters relating to the incident.

As illustrated by the Macondo well incident, the services we provide for our customers are performed in challenging environments that can be dangerous. Catastrophic events such as a well blowout, fire, or explosion can occur, resulting in property damage, personal injury, death, pollution, and environmental damage. While we are typically indemnified by our customers for these types of events and the resulting damages and injuries (except in some cases, claims by our employees, loss or damage to our property, and any pollution emanating directly from our equipment), we will be exposed to significant potential losses should such catastrophic events occur if adequate indemnification provisions or insurance arrangements are not in place, if existing indemnity or related release from liability provisions are determined by a court to be unenforceable or otherwise invalid, in whole or in part, or if our customers are unable or unwilling to satisfy their indemnity obligations.

The matters discussed above relating to the Macondo well incident and similar catastrophic events could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Our operations are subject to political and economic instability and risk of government actions that could have a material adverse effect on our consolidated results of operations and consolidated financial condition.

We are exposed to risks inherent in doing business in each of the countries in which we operate. Our operations are subject to various risks unique to each country that could have a material adverse effect on our consolidated results of operations and consolidated financial condition. With respect to any particular country, these risks may include:

- political and economic instability, including:
  - civil unrest, acts of terrorism, force majeure, war, or other armed conflict;
  - inflation; and
  - currency fluctuations, devaluations, and conversion restrictions; and
- governmental actions that may:
  - result in expropriation and nationalization of our assets in that country;
  - result in confiscatory taxation or other adverse tax policies;
  - limit or disrupt markets, restrict payments, or limit the movement of funds;
  - result in the deprivation of contract rights; and
  - result in the inability to obtain or retain licenses required for operation.

For example, due to the unsettled political conditions in many oil-producing countries, our operations, revenue, and profits are subject to the adverse consequences of war, the effects of terrorism, civil unrest, strikes, currency controls, and governmental actions. These and other risks described above could result in the loss of our personnel or assets, cause us to evacuate our personnel from certain countries, cause us to increase spending on security worldwide, disrupt financial and commercial markets, including the supply of and pricing for oil and natural gas, and generate greater political and economic instability in some of the geographic areas in which we operate. Areas where we operate that have significant risk include, but are not limited to: the Middle East, North Africa, Azerbaijan, Colombia, Indonesia, Kazakhstan, Mexico, Nigeria, Russia, and Venezuela. In addition, any possible reprisals as a consequence of military or other action, such as acts of terrorism in the United States or elsewhere, could have a material adverse effect on our business and consolidated results of operations.

Our operations outside the United States require us to comply with a number of United States and international regulations, violations of which could have a material adverse effect on our consolidated results of operations and consolidated financial condition.

Our operations outside the United States require us to comply with a number of United States and international regulations. For example, our operations in countries outside the United States are subject to the United States Foreign Corrupt Practices Act (FCPA), which prohibits United States companies and their agents and employees from providing anything of value to a foreign official for the purposes of influencing any act or decision of these individuals in their official capacity to help obtain or retain business, direct business to any person or corporate entity, or obtain any unfair advantage. Our activities create the risk of unauthorized payments or offers of payments by one of our employees, agents, or joint venture partners that could be in violation of the FCPA, even though these parties are not subject to our control. We have internal control policies and procedures and have implemented training and compliance programs for our employees and agents with respect to the FCPA. However, we cannot assure that our policies, procedures, and programs always will protect us from reckless or criminal acts committed by our employees or agents. Allegations of violations of applicable anti-corruption laws, including the FCPA, may result in internal, independent, or government investigations. Violations of the FCPA may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. In addition, investigations by governmental authorities as well as legal, social, economic, and political issues in these countries could have a material adverse effect on our business and consolidated results of operations. We are also subject to the risks that our employees, joint venture partners, and agents outside of the United States may fail to comply with other applicable laws.

Changes in or interpretation of tax law and currency/repatriation control could impact the determination of our income tax liabilities for a tax year.

We have operations in approximately 80 countries other than the United States. Consequently, we are subject to the jurisdiction of a significant number of taxing authorities. The income earned in these various jurisdictions is taxed on differing bases, including net income actually earned, net income deemed earned, and revenue-based tax withholding. The final determination of our income tax liabilities involves the interpretation of local tax laws, tax treaties, and related authorities in each jurisdiction, as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in or interpretation of tax law and currency/repatriation controls, could impact the determination of our income tax liabilities for a tax year.

We are subject to foreign exchange risks and limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries or to repatriate assets from some countries.

A sizable portion of our consolidated revenue and consolidated operating expenses is in foreign currencies. As a result, we are subject to significant risks, including:

- foreign currency exchange risks resulting from changes in foreign currency exchange rates and the implementation of exchange controls; and
- limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries.

As an example, we conduct business in countries, such as Venezuela, that have nontraded or “soft” currencies that, because of their restricted or limited trading markets, may be more difficult to exchange for “hard” currency. We may accumulate cash in soft currencies, and we may be limited in our ability to convert our profits into United States dollars or to repatriate the profits from those countries.

Trends in oil and natural gas prices affect the level of exploration, development, and production activity of our customers and the demand for our services and products which could have a material adverse effect on our consolidated results of operations and consolidated financial condition.

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. The level of exploration, development, and production activity 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 which could have a material adverse effect on our consolidated results of operations and consolidated financial condition. Even the perception 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. Factors affecting the prices of oil and natural gas include:

- the level of supply and demand for oil and natural gas, especially demand for natural gas in the United States;
- governmental regulations, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves;
- 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; and
- potential acceleration of development of alternative fuels.

Our business is dependent on capital spending by our customers and reductions in capital spending could have a material adverse effect on our consolidated results of operations.

Our business is directly affected by changes in capital expenditures by our customers, and restrictions in capital spending could have a material adverse effect on our consolidated results of operations. Some of the changes that may materially and adversely affect us include:

- the consolidation of our customers, which could:
  - cause customers to reduce their capital spending, which would in turn reduce the demand for our services and products; and
  - result in customer personnel changes, which in turn affect the timing of contract negotiations; and
- adverse developments in the business and operations of our customers in the oil and natural gas industry, including write-downs of reserves and reductions in capital spending for exploration, development, and production.

If our customers delay paying or fail to pay 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.

We depend on a limited number of significant customers. While none of these customers represented more than 10% of consolidated revenue in any period presented, the loss of one or more significant customers could have a material adverse effect on our business and our consolidated results of operations.

In most cases, 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 customers' cash flow from operations and their access to the credit markets. If our customers delay paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Our business in Venezuela subjects us to actions by the Venezuelan government and delays in receiving payments, which could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We believe there are risks associated with our operations in Venezuela, including the possibility that the Venezuelan government could assume control over our operations and assets. We also continue to see a delay in receiving payment on our receivables from our primary customer in Venezuela. If our customer further delays 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.

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

The adoption of any future federal or state laws or implementing regulations imposing reporting obligations on, or limiting or banning, the hydraulic fracturing process could make it more difficult to complete natural gas and oil wells and could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We are a leading provider of hydraulic fracturing services. Bills have been introduced in Congress based on assertions that chemicals used in the fracturing process could adversely affect drinking water supplies. The proposed legislation would require federal regulation of hydraulic fracturing operations and the reporting and public disclosure of chemicals used in the fracturing process. This legislation, if adopted, could establish additional levels of regulation at the federal level that could lead to operational delays and increased operating costs. At the same time, legislation and/or regulations have been adopted in several states that requires additional disclosure regarding chemicals used in the fracturing process but that includes protections for proprietary information. Legislation and/or regulations are being considered in other states that could impose further chemical disclosure or other regulatory requirements (such as restrictions on the use of certain types of chemicals or prohibitions on hydraulic fracturing operations in certain areas) that could affect our operations. In addition, governmental authorities in various foreign countries where we have provided or may provide hydraulic fracturing services have imposed or are considering imposing various restrictions or conditions that may affect hydraulic fracturing operations.

We are one of several unrelated companies who received a subpoena from the Office of the New York Attorney General, dated June 17, 2011. The subpoena sought information and documents relating to, among other things, natural gas development and hydraulic fracturing. After discussing the requests in the subpoena with the New York Attorney General's office, we responded to certain requests and supplied certain records and information as appropriate.

The adoption of any future federal, state, or foreign laws or implementing regulations imposing reporting obligations on, or limiting or banning, the hydraulic fracturing process could make it more difficult to complete natural gas and oil wells and could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition. For further information, see Part I, Item 1 "Business."

Liability for cleanup costs, natural resource damages, and other damages arising as a result of environmental laws could be substantial and could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We are exposed to claims under environmental requirements and, from time to time, such claims have been made against us. In the United States, environmental requirements and regulations typically impose strict liability. Strict liability means that in some situations we could be exposed to liability for cleanup costs, natural resource damages, and other damages as a result of our conduct that was lawful at the time it occurred or the conduct of prior operators or other third parties. Liability for damages arising as a result of environmental laws could be substantial and could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We are periodically notified of potential liabilities at federal and state superfund sites. These potential liabilities may arise from both historical Halliburton operations and the historical operations of companies that we have acquired. Our exposure at these sites may be materially impacted by unforeseen adverse developments both in the final remediation costs and with respect to the final allocation among the various parties involved at the sites. 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. The relevant regulatory agency may bring suit against us for amounts in excess of what we have accrued and what we believe is our proportionate share of remediation costs at any superfund site. We also could be subject to third-party claims, including punitive damages, with respect to environmental matters for which we have been named as a potentially responsible party.

Constraints in the supply of, prices for, and availability of transportation of raw materials can have a material adverse effect on our consolidated results of operations.

Raw materials essential to our business are normally readily available. High levels of demand for raw materials, such as gels, proppants, and hydrochloric acid, can trigger constraints in the supply chain of those raw materials, particularly where we have a relationship with a single supplier for a particular resource. Many of the raw materials essential to our business require the use of rail, storage, and trucking services to transport the materials to our jobsites. These services, particularly during times of high demand, may cause delays in the arrival of or otherwise constrain our supply of raw materials. These constraints could have a material adverse effect on our business and consolidated results of operations. In addition, price increases imposed by our vendors for raw materials used in our business and the inability to pass these increases through to our customers could have a material adverse effect on our business and consolidated results of operations.

Doing business with national oil companies exposes us to greater risks of cost overruns, delays, and project losses and unsettled political conditions that can heighten these risks.

Much of the world’s oil and natural gas reserves are controlled by national or state-owned oil companies (NOCs). Several of the NOCs are among our top 20 customers. Increasingly, NOCs are turning to oilfield services companies like us to provide the services, technologies, and expertise needed to develop their reserves. Reserve estimation is a subjective process that involves estimating location and volumes based on a variety of assumptions and variables that cannot be directly measured. As such, the NOCs may provide us with inaccurate information in relation to their reserves that may result in cost overruns, delays, and project losses. In addition, NOCs often operate in countries with unsettled political conditions, war, civil unrest, or other types of community issues. These types of issues may also result in similar cost overruns, delay, and project losses.

A downward trend in estimates of production volumes or commodity prices or an upward trend in production costs could have a material adverse effect on our consolidated results of operations and result in impairment of or higher depletion rate on our oil and natural gas properties.

We have interests in oil and natural gas properties primarily in North America totaling approximately $180 million, net of accumulated depletion, which we account for under the successful efforts method. These oil and natural gas properties are assessed for impairment whenever changes in facts and circumstances indicate that the properties' carrying amounts may not be recoverable. The expected future cash flows used for impairment reviews and related fair-value calculations are based on judgmental assessments of future production volumes, prices, and costs, considering all available information at the date of review.

A downward trend in estimates of production volumes or prices or an upward trend in production costs could have a material adverse effect on our consolidated results of operations and result in other impairment charges or a higher depletion rate on our oil and natural gas properties.

Some of our customers require us to enter into long-term, fixed-price contracts that may require us to assume additional risks associated with cost over-runs, operating cost inflation, labor availability and productivity, supplier and contractor pricing and performance, and potential claims for liquidated damages.

Our customers, primarily NOCs, may require integrated, long-term, fixed-price contracts that could require us to provide integrated project management services outside our normal discrete business to act as project managers as well as service providers. Providing services on an integrated basis may require us to assume additional risks associated with cost over-runs, operating cost inflation, labor availability and productivity, supplier and contractor pricing and performance, and potential claims for liquidated damages. For example, we generally rely on third-party subcontractors and equipment providers to assist us with the completion of our contracts. To the extent that we cannot engage subcontractors or acquire equipment or materials, our ability to complete a project in a timely fashion or at a profit may be impaired. If the amount we are required to pay for these goods and services exceeds the amount we have estimated in bidding for fixed-price work, we could experience losses in the performance of these contracts. These delays and additional costs may be substantial, and we may be required to compensate our customers for these delays. This may reduce the profit to be realized or result in a loss on a project.

Our acquisitions, dispositions, and investments may not result in the realization of savings, the creation of efficiencies, the generation of cash or income, or the reduction of risk, which may have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

We continually seek opportunities to maximize efficiency and value through various transactions, including purchases or sales of assets, businesses, investments, or joint ventures. These transactions are intended to result in the realization of savings, the creation of efficiencies, the offering of new products or services, the generation of cash or income, or the reduction of risk. Acquisition transactions may be financed by additional borrowings or by the issuance of our common stock. These transactions may also affect our liquidity, consolidated results of operations, and consolidated financial condition.

These transactions also involve risks, and we cannot ensure that:

- any acquisitions would result in an increase in income;
- any acquisitions would be successfully integrated into our operations and internal controls;
- the due diligence prior to an acquisition would uncover situations that could result in financial or legal exposure, including under the FCPA, or that we will appropriately quantify the exposure from known risks;
- any disposition would not result in decreased earnings, revenue, or cash flow;
- use of cash for acquisitions would not adversely affect our cash available for capital expenditures and other uses;
- any dispositions, investments, acquisitions, or integrations would not divert management resources; or
- any dispositions, investments, acquisitions, or integrations would not have a material adverse effect on our liquidity, consolidated results of operations, or consolidated financial condition.

Actions of and disputes with our joint venture partners could have a material adverse effect on the business and results of operations of our joint ventures and, in turn, our business and consolidated results of operations.

We conduct some operations through joint ventures, where control may be shared with unaffiliated third parties. As with any joint venture arrangement, differences in views among the joint venture participants may result in delayed decisions or in failures to agree on major issues. We also cannot control the actions of our joint venture partners, including any nonperformance, default, or bankruptcy of our joint venture partners. These factors could have a material adverse effect on the business and results of operations of our joint ventures and, in turn, our business and consolidated results of operations.

Failure on our part to comply with applicable environmental requirements could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Our business is subject to a variety of environmental laws, rules, and regulations in the United States and other countries, including those covering hazardous materials and requiring emission performance standards for facilities. For example, our well service operations routinely involve the handling of significant amounts of waste materials, some of which are classified as hazardous substances. We also store, transport, and use radioactive and explosive materials in certain of our operations. Environmental requirements include, for example, those concerning:

- the containment and disposal of hazardous substances, oilfield waste, and other waste materials;
- the importation and use of radioactive materials;
- the use of underground storage tanks; and
- the use of underground injection wells.

Environmental and other similar requirements generally are becoming increasingly strict. Sanctions for failure to comply with these requirements, many of which may be applied retroactively, may include:

- administrative, civil, and criminal penalties;
- revocation of permits to conduct business; and
- corrective action orders, including orders to investigate and/or clean up contamination.

Failure on our part to comply with applicable environmental requirements could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition. We are also exposed to costs arising from environmental compliance, including compliance with changes in or expansion of environmental requirements, which could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Existing or future laws, regulations, treaties or international agreements related to greenhouse gases and climate change could have a negative impact on our business and may result in additional compliance obligations with respect to the release, capture, and use of carbon dioxide that could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Changes in environmental requirements related to greenhouse gases and climate change 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, sequestration, and use of carbon dioxide that could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Changes in, compliance with, or our failure to comply with laws in the countries in which we conduct business may negatively impact our ability to provide services in, make sales of equipment to, and transfer personnel or equipment among, some of those countries and could have a material adverse affect on our consolidated results of operations.

In the countries in which we conduct business, we are subject to multiple and, at times, inconsistent regulatory regimes, including those that govern our use of radioactive materials, explosives, and chemicals in the course of our operations. Various national and international regulatory regimes govern the shipment of these items. Many countries, but not all, impose special controls upon the export and import of radioactive materials, explosives, and chemicals. Our ability to do business is subject to maintaining required licenses and complying with these multiple regulatory requirements applicable to these special products. In addition, the various laws governing import and export of both products and technology apply to a wide range of services and products we offer. In turn, this can affect our employment practices of hiring people of different nationalities because these laws may prohibit or limit access to some products or technology by employees of various nationalities. Changes in, compliance with, or our failure to comply with these laws may negatively impact our ability to provide services in, make sales of equipment to, and transfer personnel or equipment among some of the countries in which we operate and could have a material adverse effect on our business and consolidated results of operations.

Our failure to protect our proprietary information and any successful intellectual property challenges or infringement proceedings against us could materially and adversely affect our competitive position.

We rely on a variety of intellectual property rights that we use in our services and products. We may not be able to successfully preserve these intellectual property rights in the future, and these rights could be invalidated, circumvented, or challenged. In addition, the laws of some foreign countries in which our services and products may be sold do not protect intellectual property rights to the same extent as the laws of the United States. Our failure to protect our proprietary information and any successful intellectual property challenges or infringement proceedings against us could materially and adversely affect our competitive position.

If we are not able to design, develop, and produce commercially competitive products and to implement commercially competitive services in a timely manner in response to changes in technology, our business and consolidated results of operations could be materially and adversely affected, and the value of our intellectual property may be reduced.

The market for our services and products is characterized by continual technological developments to provide better and more reliable performance and services. If we are not able to design, develop, and produce commercially competitive products and to implement commercially competitive services in a timely manner in response to changes in technology, our business and revenue could be materially and adversely affected, and the value of our intellectual property may be reduced. Likewise, if our proprietary technologies, equipment and facilities, or work processes become obsolete, we may no longer be competitive, and our business and consolidated results of operations could be materially and adversely affected.

The loss or unavailability of any of our executive officers or other key employees could have a material adverse effect on our business.

We depend greatly on the efforts of our executive officers and other key employees to manage our operations. The loss or unavailability of any of our executive officers or other key employees could have a material adverse effect on our business.

Our ability to operate and our growth potential could be materially and adversely affected if we cannot employ and retain technical personnel at a competitive cost.

Many of the services that we provide and the products that we sell are complex and highly engineered and often must perform or be performed in harsh conditions. We believe that our success depends upon our ability to employ and retain technical personnel with the ability to design, utilize, and enhance these services and products. In addition, our ability to expand our operations depends in part on our ability to increase our skilled labor force. A significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or both. If either of these events were to occur, our cost structure could increase, our margins could decrease, and any growth potential could be impaired.

Our business could be materially and adversely affected by severe or unseasonable weather where we have operations.

Our business could be materially and adversely affected by severe weather, particularly in the Gulf of Mexico, Russia, and the North Sea where we have operations. Some experts believe global climate change could increase the frequency and severity of these extreme weather conditions. Repercussions of severe weather conditions may include:

- evacuation of personnel and curtailment of services;
- weather-related damage to offshore drilling rigs resulting in suspension of operations;
- weather-related damage to our facilities and project work sites;
- inability to deliver materials to jobsites in accordance with contract schedules; and
- loss of productivity.

Because demand for natural gas in the United States drives a significant amount of our business, warmer than normal winters in the United States are detrimental to the demand for our services to natural gas producers.

Item 1(b). Unresolved Staff Comments.

None.

Item 2. Properties.

We own or lease numerous properties in domestic and foreign locations. The following locations represent our major facilities and corporate offices.

Location	Owned/Leased	Description
Completion and Production segment:		
Arbroath, United Kingdom	Owned	Manufacturing facility
Johor, Malaysia	Leased	Manufacturing facility
Monterrey, Mexico	Leased	Manufacturing facility
Sao Jose dos Campos, Brazil	Leased	Manufacturing facility
Stavanger, Norway	Leased	Research and development laboratory
Drilling and Evaluation segment:		
Alvarado, Texas	Owned	Manufacturing facility
Nisku, Canada	Owned	Manufacturing facility
Singapore	Leased	Manufacturing and technology facility
The Woodlands, Texas	Leased	Manufacturing facility
Shared/corporate facilities:		
Carrollton, Texas	Owned	Manufacturing facility
Dubai, United Arab Emirates	Leased	Corporate executive offices and shared services
Duncan, Oklahoma	Owned	Manufacturing, technology, shared services, and campus facilities
Houston, Texas	Owned/Leased	Corporate executive offices, manufacturing, technology, and campus facilities
Pune, India	Leased	Technology facility

All of our owned properties are unencumbered.

In addition, we have 192 international and 111 United States field camps from which we deliver our services and products. We also have numerous small facilities that include sales, project, and support offices and bulk storage facilities throughout the world.

We believe all properties that we currently occupy are suitable for their intended use.

Item 3. Legal Proceedings.

The Gulf of Mexico/Macondo well incident

Overview. The semisubmersible drilling rig, Deepwater Horizon, sank on April 22, 2010 after an explosion and fire onboard the rig that began on April 20, 2010. The Deepwater Horizon was owned by Transocean Ltd. and had been drilling the Macondo exploration well in Mississippi Canyon Block 252 in the Gulf of Mexico for the lease operator, BP Exploration & Production, Inc. (BP Exploration), an indirect wholly owned subsidiary of BP p.l.c. We performed a variety of services for BP Exploration, including cementing, mud logging, directional drilling, measurement-while-drilling, and rig data acquisition services. Crude oil flowing from the well site spread across thousands of square miles of the Gulf of Mexico and reached the United States Gulf Coast. Numerous attempts at estimating the volume of oil spilled have been made by various groups, and on August 2, 2010 the federal government published an estimate that approximately 4.9 million barrels of oil were discharged from the well. Efforts to contain the flow of hydrocarbons from the well were led by the United States government and by BP p.l.c., BP Exploration, and their affiliates (collectively, BP). The flow of hydrocarbons from the well ceased on July 15, 2010, and the well was permanently capped on September 19, 2010. There were eleven fatalities and a number of injuries as a result of the Macondo well incident.

We are currently unable to estimate the impact the Macondo well incident will have on us. The multi-district litigation (MDL) trial referred to below is scheduled to begin in late February 2012, and recently there have been and we expect there will continue to be orders and rulings of the court that impact the MDL. Moreover, as discussed below, BP has in the last nine months settled litigation with several other defendants in the MDL. We cannot predict the outcome of the many lawsuits and investigations relating to the Macondo well incident, including whether the MDL will proceed to trial, the results of any such trial, or whether we might settle with one or more of the parties to any lawsuit or investigation. Given the numerous potential future developments relating to the MDL and other lawsuits and investigations, we are unable to conclude whether we will incur a loss. As of December 31, 2011, we have not accrued any amounts related to this matter because we have not determined that a loss is probable and a reasonable estimate of a loss or range of loss related to this matter cannot be made. As a result of any future developments, some of which could occur as soon as within the next few months, we may adjust our liability assessment, and liabilities arising out of this matter could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Investigations and Regulatory Action. The United States Coast Guard, a component of the United States Department of Homeland Security, and the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) (formerly known as the Minerals Management Service (MMS) and which was replaced effective October 1, 2011 by two new, independent bureaus – the Bureau of Safety and Environmental Enforcement (BSEE) and the Bureau of Ocean Energy Management (BOEM)), a bureau of the United States Department of the Interior, shared jurisdiction over the investigation into the Macondo well incident and formed a joint investigation team that reviewed information and held hearings regarding the incident (Marine Board Investigation). We were named as one of the 16 parties-in-interest in the Marine Board Investigation. The Marine Board Investigation, as well as investigations of the incident that were conducted by The National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling (National Commission) and the National Academy of Sciences, have been completed, and reports issued as a result of those investigations are discussed below. In addition, the Chemical Safety Board is conducting an investigation to examine the root causes of the accidental release of hydrocarbons from the Macondo well, including an examination of key technical factors, the safety cultures involved, and the effectiveness of relevant laws, regulations, and industry standards.

In May 2010, the United States Department of the Interior effectively suspended all offshore deepwater drilling projects in the United States Gulf of Mexico. The suspension was lifted in October 2010. Later, the Department of the Interior issued new guidance and regulations for drillers that intend to resume deepwater drilling activity and has proposed additional regulations. Despite the fact that the drilling suspension was lifted, the BOEMRE did not issue permits for the resumption of drilling for an extended period of time, and we experienced a significant reduction in our Gulf of Mexico operations. In the first quarter of 2011, the BOEMRE resumed the issuance of drilling permits, and activity has gradually recovered since that time, although there can be no assurance of future activity levels in the Gulf of Mexico. For additional information, see Part II, Item 1(a), "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Business Environment and Results of Operations."

DOJ Investigations and Actions. On June 1, 2010, the United States Attorney General announced that the Department of Justice (DOJ) was launching civil and criminal investigations into the Macondo well incident to closely examine the actions of those involved, and that the DOJ was working with attorneys general of states affected by the Macondo well incident. The DOJ announced that it was reviewing, among other traditional criminal statutes, possible violations of and liabilities under The Clean Water Act (CWA), The Oil Pollution Act of 1990 (OPA), The Migratory Bird Treaty Act of 1918 (MBTA), and the Endangered Species Act of 1973 (ESA). As part of its criminal investigation, the DOJ is examining certain aspects of our conduct after the incident, including with respect to record-keeping, record retention, post-incident testing, securities filings, and public statements by us or our employees, to evaluate whether there has been any violation of federal law.

The CWA provides authority for civil and criminal penalties for discharges of oil into or upon navigable waters of the United States, adjoining shorelines, or in connection with the Outer Continental Shelf Lands Act (OCSLA) in quantities that are deemed harmful. A single discharge event may result in the assertion of numerous violations under the CWA. Criminal sanctions under the CWA can be assessed for negligent discharges (up to $50,000 per day per violation), for knowing discharges (up to $100,000 per day per violation), and for knowing endangerment (up to $2 million per violation), and federal agencies could be precluded from contracting with a company that is criminally sanctioned under the CWA. Civil proceedings under the CWA can be commenced against an "owner, operator, or person in charge of any vessel, onshore facility, or offshore facility from which oil or a hazardous substance is discharged" in violation of the CWA. The civil penalties that can be imposed against responsible parties range from up to $1,100 per barrel of oil discharged in the case of those found strictly liable to $4,300 per barrel of oil discharged in the case of those found to have been grossly negligent.

The OPA establishes liability for discharges of oil from vessels, onshore facilities, and offshore facilities into or upon the navigable waters of the United States. Under the OPA, the "responsible party" for the discharging vessel or facility is liable for removal and response costs as well as for damages, including recovery costs to contain and remove discharged oil and damages for injury to natural resources and real or personal property, lost revenues, lost profits, and lost earning capacity. The cap on liability under the OPA is the full cost of removal of the discharged oil plus up to $75 million for damages, except that the $75 million cap does not apply in the event the damage was proximately caused by gross negligence or the violation of certain federal safety, construction or operating standards. The OPA defines the set of responsible parties differently depending on whether the source of the discharge is a vessel or an offshore facility. Liability for vessels is imposed on owners and operators; liability for offshore facilities is imposed on the holder of the permit or lessee of the area in which the facility is located.

The MBTA and the ESA provide penalties for injury and death to wildlife and bird species. The MBTA provides that violators are strictly liable and such violations are misdemeanor crimes subject to fines of up to $15,000 per bird killed and imprisonment of up to six months. The ESA provides for civil penalties for knowing violations that can range up to $25,000 per violation and, in the case of criminal penalties, up to $50,000 per violation.

In addition, federal law provides for a variety of fines and penalties, the most significant of which is the Alternative Fines Act. In lieu of the express amount of the criminal fines that may be imposed under some of the statutes described above, the Alternative Fines Act provides for a fine in the amount of twice the gross economic loss suffered by third parties, which amount, although difficult to estimate, is significant.

On December 15, 2010, the DOJ filed a civil action seeking damages and injunctive relief against BP Exploration, Anadarko Petroleum Corporation and Anadarko E&P Company LP (together, Anadarko), who had an approximate 25% interest in the Macondo well, certain subsidiaries of Transocean Ltd., and others for violations of the CWA and the OPA. The DOJ's complaint seeks an action declaring that the defendants are strictly liable under the CWA as a result of harmful discharges of oil into the Gulf of Mexico and upon United States shorelines as a result of the Macondo well incident. The complaint also seeks an action declaring that the defendants are strictly liable under the OPA for the discharge of oil that has resulted in, among other things, injury to, loss of, loss of use of, or destruction of natural resources and resource services in and around the Gulf of Mexico and the adjoining United States shorelines and resulting in removal costs and damages to the United States far exceeding $75 million. BP Exploration has been designated, and has accepted the designation, as a responsible party for the pollution under the CWA and the OPA. Others have also been named as responsible parties, and all responsible parties may be held jointly and severally liable for any damages under the OPA. A responsible party may make a claim for contribution against any other responsible party or against third parties it alleges contributed to or caused the oil spill. In connection with the proceedings discussed below under "Litigation," in April 2011 BP Exploration filed a claim against us for contribution with respect to liabilities incurred by BP Exploration under the OPA or another law and requested a judgment that the DOJ assert its claims for OPA financial liability directly against us.

We have not been named as a responsible party under the CWA or the OPA in the DOJ civil action, and we do not believe we are a responsible party under the CWA or the OPA. While we are not included in the DOJ's civil complaint, there can be no assurance that the DOJ or other federal or state governmental authorities will not bring an action, whether civil or criminal, against us under the CWA, the OPA, and/or other statutes or regulations. In connection with the DOJ's filing of the civil action, it announced that its criminal and civil investigations are continuing and that it will employ efforts to hold accountable those who are responsible for the incident.

A federal grand jury has been convened in Louisiana to investigate potential criminal conduct in connection with the Macondo well incident. We are cooperating fully with the DOJ's criminal investigation. As of February 16, 2012, the DOJ has not commenced any criminal proceedings against us. We cannot predict the status or outcome of the DOJ's criminal investigation or estimate the potential impact the investigation may have on us or our liability assessment, all of which may change as the investigation progresses.

In June 2010, we received a letter from the DOJ requesting thirty days advance notice of any event that may involve substantial transfers of cash or other corporate assets outside of the ordinary course of business. We conveyed our interest in briefing the DOJ on the services we provided on the Deepwater Horizon but indicated that we would not bind ourselves to the DOJ request.

We have had and expect to continue to have discussions with the DOJ regarding the Macondo well incident and associated pre-incident and post-incident conduct.

Investigative Reports. On September 8, 2010, an incident investigation team assembled by BP issued the Deepwater Horizon Accident Investigation Report (BP Report). The BP Report outlined eight key findings of BP related to the possible causes of the Macondo well incident, including failures of cement barriers, failures of equipment provided by other service companies and the drilling contractor, and failures of judgment by BP and the drilling contractor. With respect to the BP Report's assessment that the cement barrier did not prevent hydrocarbons from entering the wellbore after cement placement, the BP Report concluded that, among other things, there were "weaknesses in cement design and testing." According to the BP Report, the BP incident investigation team did not review its analyses or conclusions with us or any other entity or governmental agency conducting a separate or independent investigation of the incident. In addition, the BP incident investigation team did not conduct any testing using our cementing products.

On June 22, 2011, Transocean released its internal investigation report on the causes of the Macondo well incident. Transocean's report, among other things, alleges deficiencies with our cementing services on the Deepwater Horizon. Like the BP Report, the Transocean incident investigation team did not review its analyses or conclusions with us and did not conduct any testing using our cementing products.

On January 11, 2011, the National Commission released "Deep Water -- The Gulf Oil Disaster and the Future of Offshore Drilling," its investigation report (Investigation Report) to the President of the United States regarding, among other things, the National Commission's conclusions of the causes of the Macondo well incident. According to the Investigation Report, the "immediate causes" of the incident were the result of a series of missteps, oversights, miscommunications and failures to appreciate risk by BP, Transocean, and us, although the National Commission acknowledged that there were still many things it did not know about the incident, such as the role of the blowout preventer. The National Commission also acknowledged that it may never know the extent to which each mistake or oversight caused the Macondo well incident, but concluded that the immediate cause was "a failure to contain hydrocarbon pressures in the well," and pointed to three things that could have contained those pressures: "the cement at the bottom of the well, the mud in the well and in the riser, and the blowout preventer." In addition, the Investigation Report stated that "primary cement failure was a direct cause of the blowout" and that cement testing performed by an independent laboratory "strongly suggests" that the foam cement slurry used on the Macondo well was unstable. The Investigation Report, however, acknowledges a fact widely accepted by the industry that cementing wells is a complex endeavor utilizing an inherently uncertain process in which failures are not uncommon and that, as a result, the industry utilizes the negative-pressure test and cement bond log test, among others, to identify cementing failures that require remediation before further work on a well is performed.

The Investigation Report also sets forth the National Commission's findings on certain missteps, oversights and other factors that may have caused, or contributed to the cause of, the incident, including BP's decision to use a long string casing instead of a liner casing, BP's decision to use only six centralizers, BP's failure to run a cement bond log, BP's reliance on the primary cement job as a barrier to a possible blowout, BP's and Transocean's failure to properly conduct and interpret a negative-pressure test, BP's temporary abandonment procedures, and the failure of the drilling crew and our surface data logging specialist to recognize that an unplanned influx of oil, gas, or fluid into the well (known as a "kick") was occurring. With respect to the National Commission's finding that our surface data logging specialist failed to recognize a kick, the Investigation Report acknowledged that there were simultaneous activities and other monitoring responsibilities that may have prevented the surface data logging specialist from recognizing a kick.

The Investigation Report also identified two general root causes of the Macondo well incident: systemic failures by industry management, which the National Commission labeled "the most significant failure at Macondo," and failures in governmental and regulatory oversight. The National Commission cited examples of failures by industry management such as BP's lack of controls to adequately identify or address risks arising from changes to well design and procedures, the failure of BP's and our processes for cement testing, communication failures among BP, Transocean, and us, including with respect to the difficulty of our cement job, Transocean's failure to adequately communicate lessons from a recent near-blowout, and the lack of processes to adequately assess the risk of decisions in relation to the time and cost those decisions would save. With respect to failures of governmental and regulatory oversight, the National Commission concluded that applicable drilling regulations were inadequate, in part because of a lack of resources and political support of the MMS, and a lack of expertise and training of MMS personnel to enforce regulations that were in effect.

As a result of the factual and technical complexity of the Macondo well incident, the Chief Counsel of the National Commission issued a separate, more detailed report regarding the technical, managerial, and regulatory causes of the Macondo well incident in February 2011.

In March 2011, a third party retained by the BOEMRE to undertake a forensic examination and evaluation of the blowout preventer stack, its components and associated equipment, released a report detailing its findings. The forensic examination report found, among other things, that the blowout preventer stack failed primarily because the blind sheer rams did not fully close and seal the well due to a portion of drill pipe that had become trapped between the blocks and the pipe being outside the cutting surface of the ram blades. The forensic examination report recommended further examination, investigation, and testing, which found that the redundant operating pods of the blowout preventer may not have timely functioned the blind shear rams in the automatic mode function due to a depleted battery in one pod and a miswired solenoid in the other pod. We had no part in manufacturing or servicing the blowout preventer stack.

In September 2011, the BOEMRE released the final report of the Marine Board Investigation regarding the Macondo well incident (BOEMRE Report). A panel of investigators of the BOEMRE identified a number of causes of the Macondo well incident. According to the BOEMRE Report, "a central cause of the blowout was failure of a cement barrier in the production casing string." The panel was unable to identify the precise reasons for the failure but concluded that it was likely due to: "(1) swapping of cement and drilling mud in the shoe track (the section of casing near the bottom of the well); (2) contamination of the shoe track cement; or (3) pumping the cement past the target location in the well, leaving the shoe track with little or no cement." Generally, the panel concluded that the Macondo well incident was the result of, among other things, poor risk management, last-minute changes to drilling plans, failure to observe and respond to critical indicators, and inadequate well control response by the companies and individuals involved. In particular, the BOEMRE Report stated that BP made a series of decisions that complicated the cement job and may have contributed to the failure of the cement job, including the use of only one cement barrier, the location of the production casing, and the failure to follow industry-accepted recommendations.

The BOEMRE Report also stated, among other things, that BP failed to properly communicate well design and cementing decisions and risks to Transocean, that BP and Transocean failed to correctly interpret the negative-pressure test, and that we, BP, and Transocean failed to detect the influx of hydrocarbons into the well. According to the BOEMRE Report, the panel found evidence that we, among others, violated federal regulations relating to the failure to take measures to prevent the unauthorized release of hydrocarbons, the failure to take precautions to keep the well under control, and the failure to cement the well in a manner that would, among other things, prevent the release of fluids into the Gulf of Mexico. In October 2011, the BSEE issued a notification of INCs to us for violating those regulations and a federal regulation relating to the failure to protect health, safety, property, and the environment as a result of a failure to perform operations in a safe and workmanlike manner. According to the BSEE's notice, we did not ensure an adequate barrier to hydrocarbon flow after cementing the production casing and did not detect the influx of hydrocarbons until they were above the blowout preventer stack. We understand that the regulations in effect at the time of the alleged violations provide for fines of up to $35,000 per day per violation. We have appealed the INCs to, and the appeal was accepted by, the Interior Board of Land Appeals (IBLA). In January 2012, the IBLA, in response to our and the BSEE's joint request, has suspended the appeal and has ordered us and the BSEE to file notice within 15 days after the conclusion of the MDL and, within 60 days after the MDL court issues a final decision, to file a proposal for further action in the appeal. The BSEE has announced that the INCs will be reviewed for possible imposition of civil penalties once the appeal has ended. The BSEE has stated that this is the first time the Department of the Interior has issued INCs directly to a contractor that was not the well's operator. We have not accrued any amounts related to the INCs.

In December 2011, the National Academy of Sciences released a pre-publication copy of its report examining the causes of the Macondo well incident and identifying measures for preventing similar incidents in the future (NAS Report). The NAS Report noted that it does not attempt to assign responsibility to specific individuals or entities or determine the extent that the parties involved complied with applicable regulations.

According to the NAS Report, the flow of hydrocarbons that led to the blowout began when drilling mud was displaced by seawater during the temporary abandonment process, which was commenced by the drilling team despite a failure to demonstrate the integrity of the cement job after multiple negative pressure tests and after incorrectly deciding that a negative pressure test indicated that the cement barriers were effective. In addition, the NAS Report found, among other things, that: the approach chosen for well completion failed to provide adequate safety margins considering the reservoir formation; the loss of well control was not noted until more than 50 minutes after hydrocarbon flow from the formation had started; the blowout preventer was not designed or tested for the dynamic conditions that most likely existed at the time attempts were made to recapture well control; and the entities involved did not provide an effective systems safety approach commensurate with the risks of the Macondo well. According to the NAS Report, a number of key decisions related to the design, construction, and testing of the barriers critical to the temporary abandonment process were flawed.

The NAS Report also found, among other things, that the heavier "tail" cement slurry, intended for placement in the Macondo well shoe track, was "gravitationally unstable" on top of the lighter foam cement slurry and that the heavier tail cement slurry probably fell into or perhaps through the lighter foam cement slurry during pumping into the well, which would have left a tail slurry containing foam cement in the shoe track. The NAS Report also found, among other things, that foam cement that may have been inadvertently left in the shoe track likely would not have had the strength to resist crushing when experiencing the differential pressures exerted on the cement during the negative pressure test. In addition, the NAS Report found, among other things, that evidence available before the blowout indicated that the flapper valves in the float collar probably failed to seal, but the evidence was not acted upon and, due to BP's choice of a long-string production casing and the lack of minimum circulation of the well prior to the cement job, the possibility of mud-filled channels or poor cement bonding existed.

The NAS Report also set forth the following observations, among others: (1) there were alternative completion techniques and operational processes available that could have safely prepared the well for temporary abandonment; (2) post-incident static tests on a foam cement slurry similar to the slurry pumped into the Macondo well were performed under laboratory conditions and exhibited the settling of cement and nitrogen breakout, although because the tests were not conducted at bottom hole conditions "it is impossible to say whether the foam was stable at the bottom of the well"; (3) the "cap" cement slurry was subject to contamination by the spacer or the drilling mud that was placed ahead of the cap cement slurry and, if the cap cement slurry was heavily contaminated, it would not reach the strength of uncontaminated cement; (4) the numerous companies involved and the division of technical expertise among those companies affected their ability to perform and maintain an integrated assessment of the margins of safety for the Macondo well; (5) the regulatory regime was ineffective in addressing the risks of the Macondo well; and (6) training of key personnel and decision makers in the industry and regulatory agencies has been inadequate relative to the risks and complexities of deepwater drilling.

The NAS Report recommended, among other things: that all primary cemented barriers to flow should be tested to verify quality, quantity, and location of cement; that the integrity of mechanical barriers should be verified by using the best available test procedures; that blowout preventer systems should be redesigned for the drilling environment to which they are being applied; and that operating companies should have ultimate responsibility and accountability for well integrity, well design, well construction, and the suitability of the rig and associated safety equipment.

The Cementing Job and Reaction to Reports. We disagree with the BP Report, the National Commission, Transocean's report, the BOEMRE Report, and the NAS Report regarding many of their findings and characterizations with respect to the cementing and surface data logging services, as applicable, on the Deepwater Horizon. We have provided information to the National Commission, its staff, and representatives of the joint investigation team for the Marine Board Investigation that we believe has been overlooked or selectively omitted from the Investigation Report and the BOEMRE Report, as applicable. We intend to continue to vigorously defend ourselves in any investigation relating to our involvement with the Macondo well that we believe inaccurately evaluates or depicts our services on the Deepwater Horizon.

The cement slurry on the Deepwater Horizon was designed and prepared pursuant to well condition data provided by BP. Regardless of whether alleged weaknesses in cement design and testing are or are not ultimately established, and regardless of whether the cement slurry was utilized in similar applications or was prepared consistent with industry standards, we believe that had BP and Transocean properly interpreted a negative-pressure test, this test would have revealed any problems with the cement. In addition, had BP designed the Macondo well to allow a full cement bond log test or if BP had conducted even a partial cement bond log test, the test likely would have revealed any problems with the cement. BP, however, elected not to conduct any cement bond log tests, and with Transocean misinterpreted the negative-pressure test, both of which could have resulted in remedial action, if appropriate, with respect to the cementing services.

At this time we cannot predict the impact of the Investigation Report, the BOEMRE Report, the NAS Report, or the conclusions of future reports of the Chemical Safety Board, Congressional committees, or any other governmental or private entity. We also cannot predict whether their investigations or any other report or investigation will have an influence on or result in us being named as a party in any action alleging liability or violation of a statute or regulation, whether federal or state and whether criminal or civil.

We intend to continue to cooperate fully with all governmental hearings, investigations, and requests for information relating to the Macondo well incident. We cannot predict the outcome of, or the costs to be incurred in connection with, any of these hearings or investigations, and therefore we cannot predict the potential impact they may have on us.

Litigation. Since April 21, 2010, plaintiffs have been filing lawsuits relating to the Macondo well incident. Generally, those lawsuits allege either (1) damages arising from the oil spill pollution and contamination (*e.g.*, diminution of property value, lost tax revenue, lost business revenue, lost tourist dollars, inability to engage in recreational or commercial activities) or (2) wrongful death or personal injuries. We are named along with other unaffiliated defendants in more than 400 complaints, most of which are alleged class actions, involving pollution damage claims and at least nine personal injury lawsuits involving four decedents and at least 21 allegedly injured persons who were on the drilling rig at the time of the incident. Another six lawsuits naming us and others relate to alleged personal injuries sustained by those responding to the explosion and oil spill. Plaintiffs originally filed the lawsuits described above in federal and state courts throughout the United States, including Alabama, Delaware, Florida, Georgia, Kentucky, Louisiana, Mississippi, South Carolina, Tennessee, Texas, and Virginia. Except for certain lawsuits not yet consolidated (including two lawsuits that are proceeding in Louisiana state court, one lawsuit that is proceeding in Louisiana federal court, two lawsuits that are proceeding in Texas state court, two lawsuits that are proceeding in Florida federal court, and four lawsuits in Florida state court for which we have not been served), the Judicial Panel on Multi-District Litigation ordered all of the lawsuits against us consolidated in the MDL proceeding before Judge Carl Barbier in the United States Eastern District of Louisiana. The pollution complaints generally allege, among other things, negligence and gross negligence, property damages, taking of protected species, and potential economic losses as a result of environmental pollution and generally seek awards of unspecified economic, compensatory, and punitive damages, as well as injunctive relief. Plaintiffs in these pollution cases have brought suit under various legal provisions, including the OPA, the CWA, the MBTA, the ESA, the OCSLA, the Longshoremen and Harbor Workers Compensation Act, general maritime law, state common law, and various state environmental and products liability statutes.

Furthermore, the pollution complaints include suits brought against us by governmental entities, including the State of Alabama, the State of Louisiana, Plaquemines Parish, the City of Greenville, and three Mexican states. Complaints brought against us by ten other parishes in Louisiana were dismissed with prejudice, and the dismissal is being appealed by those parishes. The wrongful death and other personal injury complaints generally allege negligence and gross negligence and seek awards of compensatory damages, including unspecified economic damages and punitive damages. We have retained counsel and are investigating and evaluating the claims, the theories of recovery, damages asserted, and our respective defenses to all of these claims.

Judge Barbier is also presiding over a separate proceeding filed by Transocean under the Limitation of Liability Act (Limitation Action). In the Limitation Action, Transocean seeks to limit its liability for claims arising out of the Macondo well incident to the value of the rig and its freight. Although the Limitation Action is not consolidated in the MDL, to this point the judge is effectively treating the two proceedings as associated cases. On February 18, 2011, Transocean tendered us, along with all other defendants, into the Limitation Action. As a result of the tender, we and all other defendants will be treated as direct defendants to the plaintiffs' claims as if the plaintiffs had sued each of us and the other defendants directly. In the Limitation Action, the judge intends to determine the allocation of liability among all defendants in the hundreds of lawsuits associated with the Macondo well incident, including those in the MDL proceeding that are pending in his court. Specifically, the judge will determine the liability, limitation, exoneration and fault allocation with regard to all of the defendants in a trial, which is scheduled to occur in three phases, that is set to begin in late February 2012. The three phases of this portion of the trial are scheduled to cover the liabilities associated with the blowout itself, the actions relating to the attempts to control the flow of hydrocarbons from the well, and the efforts to contain and clean-up the oil that was discharged from the Macondo well. We do not believe that a single apportionment of liability in the Limitation Action is properly applied, particularly with respect to gross negligence and punitive damages, to the hundreds of lawsuits pending in the MDL proceeding.

Damages for the cases tried in the MDL proceeding, including punitive damages, are expected to be tried following the three-phase portion of the trial described above. Under ordinary MDL procedures, such cases would, unless waived by the respective parties, be tried in the courts from which they were transferred into the MDL. It remains unclear, however, what impact the overlay of the Limitation Action will have on where these matters are tried. Document discovery and depositions among the parties to the MDL are ongoing. It is unclear how the judge will address the DOJ's civil action for alleged violations of the CWA and the OPA.

In April and May 2011, certain defendants in the proceedings described above filed numerous cross claims and third party claims against certain other defendants. BP Exploration and BP America Production Company filed claims against us seeking subrogation and contribution, including with respect to liabilities under the OPA, and direct damages, and alleging negligence, gross negligence, fraudulent conduct, and fraudulent concealment. Transocean filed claims against us seeking indemnification, and subrogation and contribution, including with respect to liabilities under the OPA and for the total loss of the Deepwater Horizon, and alleging comparative fault and breach of warranty of workmanlike performance. Anadarko filed claims against us seeking tort indemnity and contribution, and alleging negligence, gross negligence and willful misconduct, and MOEX Offshore 2007 LLC (MOEX), who has an approximate 10% interest in the Macondo well, filed a claim against us alleging negligence. Cameron International Corporation (Cameron) (the manufacturer and designer of the blowout preventer), M-I Swaco (provider of drilling fluids and services, among other things), Weatherford U.S. L.P. and Weatherford International, Inc. (together, Weatherford) (providers of casing components, including float equipment and centralizers, and services), and Dril-Quip, Inc. (Dril-Quip) (provider of wellhead systems), each filed claims against us seeking indemnification and contribution, including with respect to liabilities under the OPA in the case of Cameron, and alleging negligence. Additional civil lawsuits may be filed against us. In addition to the claims against us, generally the defendants in the proceedings described above filed claims, including for liabilities under the OPA and other claims similar to those described above, against the other defendants described above. BP has since announced that it has settled those claims between it and each of MOEX, Weatherford, Anadarko, and Cameron.

In April 2011, we filed claims against BP Exploration, BP p.l.c. and BP America Production Company (BP Defendants), M-I Swaco, Cameron, Anadarko, MOEX, Weatherford, Dril-Quip, and numerous entities involved in the post-blowout remediation and response efforts, in each case seeking contribution and indemnification and alleging negligence. Our claims also alleged gross negligence and willful misconduct on the part of the BP Defendants, Anadarko, and Weatherford. We also filed claims against M-I Swaco and Weatherford for contractual indemnification, and against Cameron, Weatherford and Dril-Quip for strict products liability, although the court has since issued orders dismissing all claims asserted against Dril-Quip and Weatherford in the MDL. We filed our answer to Transocean's Limitation petition denying Transocean's right to limit its liability, denying all claims and responsibility for the incident, seeking contribution and indemnification, and alleging negligence and gross negligence.

Judge Barbier has issued an order, among others, clarifying certain aspects of law applicable to the lawsuits pending in his court. The court ruled that: (1) general maritime law will apply and therefore dismissed all claims brought under state law causes of action; (2) general maritime law claims may be brought directly against defendants who are non-"responsible parties" under the OPA with the exception of pure economic loss claims by plaintiffs other than commercial fishermen; (3) all claims for damages, including pure economic loss claims, may be brought under the OPA directly against responsible parties; and (4) punitive damage claims can be brought against both non-responsible parties under general maritime law and responsible parties under the OPA. As discussed above, with respect to the ruling that claims for damages may be brought under the OPA against responsible parties, we have not been named as a responsible party under the OPA, but BP Exploration has filed a claim against us for contribution with respect to liabilities incurred by BP Exploration under the OPA.

In September 2011, we filed claims in Harris County, Texas against the BP Defendants seeking damages, including lost profits and exemplary damages, and alleging negligence, grossly negligent misrepresentation, defamation, common law libel, slander, and business disparagement. Our claims allege that the BP Defendants knew or should have known about an additional hydrocarbon zone in the well that the BP Defendants failed to disclose to us prior to our designing the cement program for the Macondo well. The location of the hydrocarbon zones is critical information required prior to performing cementing services and is necessary to achieve desired cement placement. We believe that had BP Defendants disclosed the hydrocarbon zone to us, we would not have proceeded with the cement program unless it was redesigned, which likely would have required a redesign of the production casing. In addition, we believe that the BP Defendants withheld this information from the BP Report and from the various investigations discussed above. In connection with the foregoing, we also moved to amend our claims against the BP Defendants in the MDL proceeding to include fraud. The BP Defendants have denied all of the allegations relating to the additional hydrocarbon zone and filed a motion to prevent us from adding our fraud claim in the MDL. In October 2011, our motion to add the fraud claim against the BP Defendants in the MDL proceeding was denied. The court's ruling does not, however, prevent us from using the underlying evidence in our pending claims against the BP Defendants.

In December 2011, BP filed a motion for sanctions against us alleging, among other things, that we destroyed evidence relating to post-incident testing of the foam cement slurry on the Deepwater Horizon and requesting adverse findings against us. A magistrate judge in the MDL proceeding denied BP's motion. BP appealed that ruling, and Judge Barbier affirmed the magistrate judge's decision.

We intend to vigorously defend any litigation, fines, and/or penalties relating to the Macondo well incident and to vigorously pursue any damages, remedies, or other rights available to us as a result of the Macondo well incident. We have incurred and expect to continue to incur significant legal fees and costs, some of which we expect to be covered by indemnity or insurance, as a result of the numerous investigations and lawsuits relating to the incident.

Macondo derivative case. In February 2011, a shareholder who had previously made a demand on our board of directors with respect to another derivative lawsuit filed a shareholder derivative lawsuit relating to the Macondo well incident. See "Shareholder derivative cases" below.

Indemnification and Insurance. Our contract with BP Exploration relating to the Macondo well generally provides for our indemnification by BP Exploration for certain potential claims and expenses relating to the Macondo well incident, including those resulting from pollution or contamination (other than claims by our employees, loss or damage to our property, and any pollution emanating directly from our equipment). Also, under our contract with BP Exploration, we have, among other things, generally agreed to indemnify BP Exploration and other contractors performing work on the well for claims for personal injury of our employees and subcontractors, as well as for damage to our property. In turn, we believe that BP Exploration was obligated to obtain agreement by other contractors performing work on the well to indemnify us for claims for personal injury of their employees or subcontractors, as well as for damages to their property. We have entered into separate indemnity agreements with Transocean and M-I Swaco, under which we have agreed to indemnify those parties for claims for personal injury of our employees and subcontractors and they have agreed to indemnify us for claims for personal injury of their employees and subcontractors.

In April 2011, we filed a lawsuit against BP Exploration in Harris County, Texas to enforce BP Exploration's contractual indemnity and alleging BP Exploration breached certain terms of the contractual indemnity provision. BP Exploration removed that lawsuit to federal court in the Southern District of Texas, Houston Division. We filed a motion to remand the case to Harris County, Texas, and the lawsuit was transferred to the MDL.

BP Exploration, in connection with filing its claims with respect to the MDL proceeding, asked that court to declare that it is not liable to us in contribution, indemnification, or otherwise with respect to liabilities arising from the Macondo well incident. Other defendants in the litigation discussed above have generally denied any obligation to contribute to any liabilities arising from the Macondo well incident.

In January 2012, the court in the MDL proceeding entered an order in response to our and BP's motions for summary judgment regarding certain indemnification matters. The court held that BP is required to indemnify us for third-party compensatory claims, or actual damages, that arise from pollution or contamination that did not originate from our property or equipment located above the surface of the land or water, even if we are found to be grossly negligent. The court did not express an opinion as to whether our conduct amounted to gross negligence, but we do not believe the performance of our services on the Deepwater Horizon constituted gross negligence. The court also held, however, that BP does not owe us indemnity for punitive damages or for civil penalties under the CWA, if any, and that fraud could void the indemnity on public policy grounds, although the court stated that it was mindful that mere failure to perform contractual obligations as promised does not constitute fraud. As discussed above, the DOJ is not seeking civil penalties from us under the CWA. The court in the MDL proceeding deferred ruling on whether our indemnification from BP covers penalties or fines under the OCSLA, whether our alleged breach of our contract with BP Exploration would invalidate the indemnity, and whether we committed an act that materially increased the risk to or prejudiced the rights of BP so as to invalidate the indemnity. We do not believe that we breached our contract with BP Exploration or committed an act that would otherwise invalidate the indemnity. The court's rulings will be subject to appeal at the appropriate time.

In responding to similar motions for summary judgment between Transocean and BP, the court also held that public policy would not bar Transocean's claim for indemnification of compensatory damages, even if Transocean was found to be grossly negligent. The court also held, among other things, that Transocean's contractual right to indemnity does not extend to punitive damages or civil penalties under the CWA.

The rulings in the MDL proceeding regarding the indemnities are based on maritime law and may not bind the determination of similar issues in lawsuits not comprising a part of the MDL proceedings. Accordingly it is possible that different conclusions with respect to indemnities will be reached by other courts.

Indemnification for criminal fines or penalties, if any, may not be available if a court were to find such indemnification unenforceable as against public policy. In addition, certain state laws, if deemed to apply, would not allow for enforcement of indemnification for gross negligence, and may not allow for enforcement of indemnification of persons who are found to be negligent with respect to personal injury claims.

Financial analysts and the press have speculated about the financial capacity of BP, and whether it might seek to avoid indemnification obligations in bankruptcy proceedings. BP's public filings indicate that BP has recognized in excess of $40 billion in pre-tax charges, excluding offsets for settlement payments received from certain defendants in the proceedings described above under "Litigation," as a result of the Macondo well incident. BP's public filings also indicate that the amount of, among other things, certain natural resource damages with respect to certain OPA claims, some of which may be included in such charges, cannot be reliably estimated as of the dates of those filings. We consider, however, the likelihood of a BP bankruptcy to be remote.

In addition to the contractual indemnities discussed above, we have a general liability insurance program of $600 million. Our insurance is designed to cover claims by businesses and individuals made against us in the event of property damage, injury or death and, among other things, claims relating to environmental damage, as well as legal fees incurred in defending against those claims. We have received and expect to continue to receive payments from our insurers with respect to covered legal fees incurred in connection with the Macondo well incident. Through January 2012, we have incurred legal fees and related expenses covered by our insurance program of approximately $76 million. To the extent we incur any losses beyond those covered by indemnification, there can be no assurance that our insurance policies will cover all potential claims and expenses relating to the Macondo well incident. In addition, we may not be insured with respect to civil or criminal fines or penalties, if any, pursuant to the terms of our insurance policies. Insurance coverage can be the subject of uncertainties and, particularly in the event of large claims, potential disputes with insurance carriers, as well as other potential parties claiming insured status under our insurance policies.

Barracuda-Caratinga arbitration

We 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. At Petrobras' direction, KBR replaced certain bolts located on the subsea flowlines that failed through mid-November 2005, and KBR 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. 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. The arbitration panel held an evidentiary hearing in March 2008 to determine which party was 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 parties presented evidence and witnesses to the panel in May 2010, and final arguments were presented in August 2010. During the third quarter of 2011, the arbitration panel issued an award against KBR in the amount of $201 million, which is reflected as a liability and a component of loss from discontinued operations in our consolidated financial statements. KBR filed a motion to vacate the arbitration award with the United States District Court for the Southern District of New York.

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 was styled *Archdiocese of Milwaukee Supporting Fund (AMSF) v. Halliburton Company, et al*. AMSF has changed its name to Erica P. John Fund, Inc. (the Fund). 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 our 1998 acquisition of Dresser Industries, Inc., including that we failed to timely disclose the resulting asbestos liability exposure.

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

In September 2007, the Fund filed a motion for class certification, and our response was filed in November 2007. The district court held a hearing in March 2008, and issued an order November 3, 2008 denying the motion for class certification. The Fund appealed the district court's order to the Fifth Circuit Court of Appeals. The Fifth Circuit affirmed the district court's order denying class certification. On May 13, 2010, the Fund filed a writ of certiorari in the United States Supreme Court. In early January 2011, the Supreme Court granted the writ of certiorari and accepted the appeal. The Court heard oral arguments in April 2011 and issued its decision in June 2011, reversing the Fifth Circuit ruling that the Fund needed to prove loss causation in order to obtain class certification. The Court's ruling was limited to the Fifth Circuit's loss causation requirement, and the case was returned to the Fifth Circuit for further consideration of our other arguments for denying class certification. The Fifth Circuit returned the case to the district court, and in January 2012 the court issued an order certifying the class which we have appealed. The case is at an early stage, and we cannot predict the outcome or consequences thereof. We intend to vigorously defend this case.

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 our detriment and the detriment of our 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 only current and former Halliburton directors and officers 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. Subsequently, a shareholder made a demand that the board take remedial action respecting the FCPA claims in the pending lawsuit. Our Board of Directors designated a special committee of independent and disinterested directors to oversee the investigation of the allegations made in the lawsuits and shareholder demand. Upon receipt of its special committee's findings and recommendations, the independent and disinterested members of the Board determined that the shareholder claims were without merit and not otherwise in the best interest of the company to pursue. The Board directed company counsel to report its determinations to the plaintiffs and demanding shareholder.

We have agreed in principle, subject to approval by the court, to settle the lawsuits. Under the terms of the proposed settlement, we have agreed to implement certain changes to our corporate governance policies and agreed to pay the plaintiffs' legal fees.

In February 2011, the same shareholder who had made the demand on our board of directors in connection with one of the derivative lawsuits discussed above filed a shareholder derivative lawsuit in Harris County, Texas naming us as a nominal defendant and certain of our directors and officers as defendants. This case alleges that these defendants, among other things, breached fiduciary duties of good faith and loyalty by failing to properly exercise oversight responsibilities and establish adequate internal controls, including controls and procedures related to cement testing and the communication of test results, as they relate to the Macondo well incident. Our Board of Directors designated a special committee of independent and disinterested directors to oversee the investigation of the allegations made in the lawsuit and shareholder demand. Upon receipt of its special committee's findings and recommendations, the independent and disinterested members of the Board determined that the shareholder claims were without merit and not otherwise in the best interest of the company to pursue. The Board directed company counsel to report its determinations to the plaintiffs and demanding shareholder.

Angola Investigations

We are conducting an internal investigation of certain areas of our operations in Angola, focusing on compliance with certain company policies, including our Code of Business Conduct (COBC), and the FCPA and other applicable laws. In December 2010, we received an anonymous e-mail alleging that certain current and former personnel violated our COBC and the FCPA, principally through the use of an Angolan vendor. The e-mail also alleges conflicts of interest, self-dealing and the failure to act on alleged violations of our COBC and the FCPA. We contacted the DOJ to advise them that we were initiating an internal investigation with the assistance of outside counsel and independent forensic accountants.

During the third quarter of 2011, we met with the DOJ and the SEC to brief them on the status of our investigation and provided them documents. We are currently responding to a subpoena from the SEC regarding this matter and are producing all relevant documents. We understand that one of our employees has also received a subpoena from the SEC regarding this matter.

We expect to continue to have discussions with the DOJ and the SEC, and we intend to continue to cooperate with their inquiries and requests as they investigate this matter. Because these investigations are at an early stage, we cannot predict their outcome or the consequences thereof.

Environmental

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

- the Comprehensive Environmental Response, Compensation, and Liability Act;
- the Resource Conservation and Recovery Act;
- the Clean Air Act;
- the Federal Water Pollution Control Act;
- the Toxic Substances Control Act; and
- the Oil Pollution Act of 1990.

In addition to the federal laws and regulations, states and other countries where we do business often have numerous environmental, legal, and regulatory requirements by which we must abide. We evaluate and address the environmental impact of our operations by assessing and remediating contaminated properties in order to avoid future liabilities and comply with environmental, legal, and regulatory requirements. Our Health, Safety and Environment group has several programs in place to maintain environmental leadership and to help prevent the occurrence of environmental contamination. On occasion, in addition to the matters relating to the Macondo well incident described above and the Duncan, Oklahoma matter described below, we are involved in other environmental litigation and claims, including the remediation of properties we own or have operated, as well as efforts to meet or correct compliance-related matters. We do not expect costs related to those remediation requirements to have a material adverse effect on our consolidated financial position or our results of operations.

Between 1965 and 1991, a former Halliburton unit known as the Halliburton Industrial Services Division (HISD) performed work for the U.S. Department of Defense cleaning solid fuel from missile casings at a semi-rural facility on the north side of Duncan, Oklahoma. We closed our site in coordination with the Oklahoma Department of Environmental Quality (DEQ) in the mid-1990s, but continued to monitor the groundwater at DEQ’s request. A principal component of the missile fuel was ammonium perchlorate, a salt that is highly soluble in water, which has been discovered in the soil and groundwater on our site and in certain residential water wells near our property.

Commencing in October 2011, a number of lawsuits were filed against us, including a putative class action case in federal court in the Western District of Oklahoma and other lawsuits filed in Oklahoma state courts. The lawsuits generally allege, among other things, that operations at our Duncan facility caused releases of pollutants, including ammonium perchlorate and, in the case of the federal lawsuit, nuclear or radioactive waste, into the groundwater, and that we knew about those releases and did not take corrective actions to address them. It is also alleged that the plaintiffs have suffered from certain health conditions, including hypothyroidism, a condition that has been associated with exposure to perchlorate at sufficiently high doses over time. These cases seek, among other things, damages, including punitive damages, and the establishment of a fund for future medical monitoring. The cases allege, among other things, strict liability, trespass, private nuisance, public nuisance, and negligence and, in the case of the federal lawsuit, violations of the U.S. Resource Conservation and Recovery Act, resulting in personal injuries, property damage, and diminution of property value.

The lawsuits generally allege that the cleaning of the missile casings at the Duncan facility contaminated the surrounding soils and groundwater, including certain water wells used in a number of residential homes, through the migration of, among other things, ammonium perchlorate. The federal lawsuit also alleges that our processing of radioactive waste from a nuclear power plant over 25 years ago resulted in the release of “nuclear/radioactive” waste into the environment.

We and the DEQ have recently conducted soil and groundwater sampling relating to the allegations discussed above that has confirmed that the alleged nuclear or radioactive material is confined to the soil in a discrete area of the onsite operations and is not present in the groundwater onsite or in any areas offsite. The radiological impacts from this discrete area are not believed to present any health risk for offsite exposure. With respect to ammonium perchlorate, we have made arrangements to supply affected residents with bottled drinking water and, if needed, with a temporary water supply system, at no cost to the residents. We have worked with the City of Duncan and the DEQ to expedite expansion of the city water supply to the relevant areas.

The lawsuits described above are at an early stage, and additional lawsuits and proceedings may be brought against us. We cannot predict their outcome or the consequences thereof. As of December 31, 2011, we had accrued $35 million related to our initial estimate of response efforts, third-party property damage, and remediation related to the Duncan, Oklahoma matter. We intend to vigorously defend the lawsuits and do not believe that these lawsuits will have a material adverse effect on our liquidity, consolidated results of operations, or consolidated financial condition.

Additionally, we have subsidiaries that have been named as potentially responsible parties along with other third parties for nine federal and state superfund sites for which we have established reserves. As of December 31, 2011, those nine sites accounted for approximately $7 million of our $81 million total environmental reserve. 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.

Item 4. Mine Safety Disclosures.

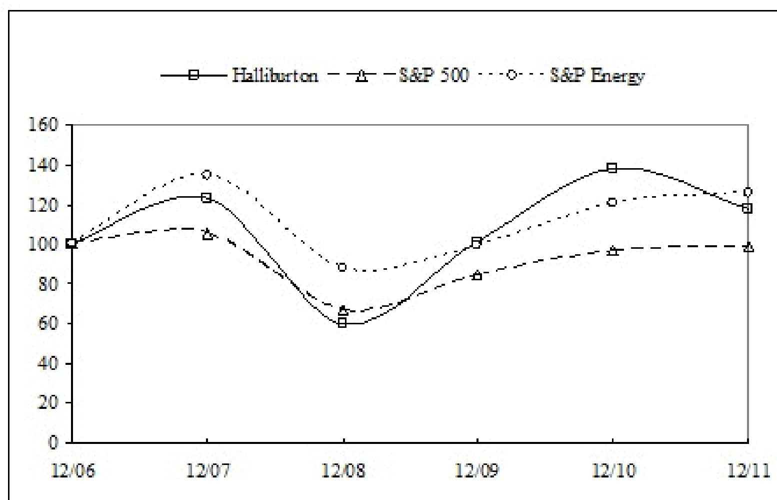
Our barite and bentonite mining operations, in support of our fluid services business, are subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (Mine Act). Information concerning mine safety violations or other regulatory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

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities.

Halliburton Company's common stock is traded on the New York Stock Exchange. Information related to the high and low market prices of our common stock and quarterly dividend payments is included under the caption "Quarterly Data and Market Price Information" on page 118 of this annual report. Cash dividends on our common stock in the amount of $0.09 per share were paid in March, June, September, and December of 2011 and 2010. Our Board of Directors intends to consider the payment of quarterly dividends on the outstanding shares of our common stock in the future. The declaration and payment of future dividends, however, will be at the discretion of the Board of Directors and will depend on, among other things, future earnings, general financial condition and liquidity, success in business activities, capital requirements, and general business conditions.

The following graph and table compare total shareholder return on our common stock for the five-year period ended December 31, 2011, with the Standard & Poor's 500 Stock Index and the Standard & Poor's Energy Composite Index over the same period. This comparison assumes the investment of $100 on December 31, 2006, and the reinvestment of all dividends. The shareholder return set forth is not necessarily indicative of future performance.



	December 31					
	2006	2007	2008	2009	2010	2011
Halliburton	$ 100.00	$ 123.33	$ 59.86	$ 100.71	$ 138.27	$ 117.83
Standard & Poor's 500 Stock Index	100.00	105.49	66.46	84.05	96.71	98.75
Standard & Poor's Energy Composite Index	100.00	134.40	87.54	99.64	120.02	125.69

At February 10, 2012, there were 16,355 shareholders of record. In calculating the number of shareholders, we consider clearing agencies and security position listings as one shareholder for each agency or listing.

The following table is a summary of repurchases of our common stock during the three-month period ended December 31, 2011.

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	Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased Under the Program (b)
October 1-31	42,457	$ 33.75	–	$ –
November 1-30	23,243	$ 37.19	–	$ –
December 1-31	118,128	$ 35.15	–	$ –
Total	183,828	$ 35.08	–	$ 1,731,208,803

(a) All of the 183,828 shares purchased during the three-month period ended December 31, 2011 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.

(b) Our Board of Directors has authorized a plan to repurchase our common stock from time to time. During the fourth quarter of 2011, we did not repurchase shares of our common stock pursuant to that plan. We have authorization remaining to repurchase up to a total of approximately $1.7 billion of our common stock.

Item 6. Selected Financial Data.

Information related to selected financial data is included on page 117 of this annual report.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Information related to Management’s Discussion and Analysis of Financial Condition and Results of Operations is included on pages 43 through 68 of this annual report.

Item 7(a). Quantitative and Qualitative Disclosures About Market Risk.

Information related to market risk is included in “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Financial Instrument Market Risk” on page 66 of this annual report.

Item 8. Financial Statements and Supplementary Data.

	Page No.
Management's Report on Internal Control Over Financial Reporting	69
Reports of Independent Registered Public Accounting Firm	70
Consolidated Statements of Operations for the years ended December 31, 2011, 2010, and 2009	72
Consolidated Balance Sheets at December 31, 2011 and 2010	73
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2011, 2010, and 2009	74
Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010, and 2009	75
Notes to Consolidated Financial Statements	76
Selected Financial Data (Unaudited)	117
Quarterly Data and Market Price Information (Unaudited)	118

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9(a). 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 December 31, 2011 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 December 31, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

See page 69 for Management's Report on Internal Control Over Financial Reporting and page 70 for Report of Independent Registered Public Accounting Firm on its assessment of our internal control over financial reporting.

Item 9(b). Other Information.

None.

EXECUTIVE OVERVIEW

Financial results

During 2011, we produced revenue of $24.8 billion and operating income of $4.7 billion, reflecting an operating margin of 19%. Revenue increased $6.9 billion, or 38%, from 2010, while operating income increased $1.7 billion, or 57%, from 2010. Overall, these increases were due to our customers' higher capital spending throughout 2011, led by increased drilling activity in unconventional oil and natural gas basins and pricing improvements in North America.

Business outlook

We continue to believe in the strength of the long-term fundamentals of our business. Despite concerns about the global economy, energy demand is expected to continue to increase driven by growth in emerging countries. Furthermore, development of new resources is expected to be more complex resulting in increasing service intensity.

In North America, the United States land rig count and horizontal drilling activity has been growing, led by a shift to oil and liquids-rich shale basins. We believe that natural gas drilling activity will be under pressure until a natural gas oversupply situation is corrected; however, any reduction in natural gas drilling may be offset by an increase in liquids-directed activity. Our 2011 Gulf of Mexico business improved compared to 2010 due to the lifting of the deepwater drilling suspension in the fourth quarter of 2010 and a higher level of drilling permits issued in the second half of 2011. In the fourth quarter of 2011, we saw revenue exceed levels experienced prior to the drilling suspension for the first time. Margins in the Gulf of Mexico, while improving, are not expected to recover to pre-drilling suspension levels until the second half of 2012, as our customers adapt to new regulations. See "Business Environment and Results of Operations," Note 8 to the consolidated financial statements, Item 3. "Legal Proceedings," and Item 1(a), "Risk Factors."

Outside of North America, revenue for 2011 increased from the prior year, while our operating income declined due to highly competitive service pricing in several markets. In the second half of 2011, our operations in Egypt recovered from the turmoil experienced in the first quarter of 2011. Although we have resumed some activity in Libya, any meaningful recovery depends on our customers' ability to reestablish operations. Despite the events that have transpired in the Middle East and North Africa and the impact of lower service pricing negotiated during the worldwide recession, we expect gradual margin improvement outside of North America during 2012 as activity continues to increase and new technologies are introduced.

We have carried out several key initiatives in 2011. These initiatives involve increasing manufacturing production in the Eastern Hemisphere and reinventing our service delivery platform to lower our delivery costs.

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 somewhat 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" and "Business Environment and Results of Operations."

LIQUIDITY AND CAPITAL RESOURCES

We ended 2011 with cash and equivalents of $2.7 billion compared to $1.4 billion at December 31, 2010. As of December 31, 2011, $502 million of the $2.7 billion of cash and equivalents was held by our foreign subsidiaries that would be subject to tax if repatriated. If these funds are needed for our operations in the United States, we would be required to accrue and pay United States taxes to repatriate these funds. However, our intent is to permanently reinvest these funds outside of the United States and our current plans do not demonstrate a need to repatriate them to fund our United States operations. We also held $150 million of short-term, United States Treasury securities classified as marketable securities at December 31, 2011 compared to $653 million of short-term, United States Treasury securities at December 31, 2010.

Significant sources of cash

Cash flows from operating activities contributed $3.7 billion to cash in 2011.

In November 2011, we issued $500 million aggregate principal amount of 3.25% senior notes due 2021 and $500 million aggregate principal amount of 4.5% senior notes due 2041.

During 2011, we sold approximately $1.0 billion of short-term marketable securities.

*Further available sources of cash***.** On February 22, 2011, we entered into an unsecured $2.0 billion five-year revolving credit facility that replaced our then existing $1.2 billion unsecured credit facility established in July 2007. The purpose of the facility is to provide general working capital and credit for other corporate purposes. The full amount of the revolving credit facility was available as of December 31, 2011.

Significant uses of cash

Capital expenditures were $3.0 billion in 2011 and were predominantly made in Halliburton Production Enhancement, Sperry Drilling, Cementing, and Wireline and Perforating. We have also invested additional working capital to support the growth of our business.

During 2011, we purchased $501 million of short-term marketable securities.

We paid $330 million in dividends to our shareholders in 2011.

In October 2011, we completed the acquisition of Multi-Chem Group, LLC (Multi-Chem) in an all cash transaction. Multi-Chem is the fourth-largest provider of production chemicals in North America, delivering specialty chemicals, services and solutions. We paid approximately $880 million for Multi-Chem and other acquisitions in 2011.

Future uses of cash. Capital spending for 2012 is currently expected to be between $3.5 and $4.0 billion. The capital expenditures plan for 2012 is primarily directed toward Halliburton Production Enhancement, Sperry Drilling, Cementing, Completion Tools, and Wireline and Perforating.

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

Subject to Board of Directors approval, we expect to pay quarterly dividends of approximately $83 million during 2012. We also have approximately $1.7 billion remaining available under our share repurchase authorization, which may be used for open market share purchases.

The following table summarizes our significant contractual obligations and other long-term liabilities as of December 31, 2011:

	Payments Due						
Millions of dollars	2012	2013	2014	2015	2016	Thereafter	Total
Long-term debt	$ –	$ –	$ –	$ –	$ –	$ 4,820	$ 4,820
Interest on debt (a)	277	279	281	285	291	5,733	7,146
Operating leases	207	166	112	87	64	164	800
Purchase obligations (b)	2,363	262	284	173	153	173	3,408
Pension funding obligations (c)	22	–	–	–	–	–	22
Other long-term liabilities	12	12	3	3	3	8	41
Total	$ 2,881	$ 719	$ 680	$ 548	$ 511	$ 10,898	$ 16,237

(a) Interest on debt includes 85 years of interest on $300 million of debentures at 7.6% interest that become due in 2096.

(b) Primarily represents certain purchase orders for goods and services utilized in the ordinary course of our business.

(c) Includes international plans and is based on assumptions that are subject to change. We are currently not able to reasonably estimate our contributions for years after 2012. See Note 13 to the consolidated financial statements for further information regarding pension contributions.

We had $274 million of gross unrecognized tax benefits at December 31, 2011, of which we estimate $120 million may require a cash payment. We estimate that $89 million of the cash payment will not be settled within the next 12 months. We are not able to reasonably estimate in which future periods this amount will ultimately be settled and paid.

Other factors affecting liquidity

Financial position in current market. We have $2.7 billion of cash and equivalents and $150 million in investments in marketable securities as of December 31, 2011 and a total of $2.0 billion of available committed bank credit under our revolving credit facility. Furthermore, we have no financial covenants or material adverse change provisions in our bank agreements and our debt maturities extend over a long period of time. Although a portion of earnings from our foreign subsidiaries is reinvested outside the United States indefinitely, we do not consider this to have a significant impact on our liquidity. We currently believe that our capital expenditures, working capital investments, and dividends, if any, in 2012 can be fully funded through cash from operations.

As a result, we believe we have a reasonable amount of liquidity and, if necessary, additional financing flexibility given the current market environment to fund our potential contingent liabilities, if any. However, as discussed above in Item 3, "Legal Proceedings," there are numerous future developments that may arise as a result of the Macondo well incident that could have a material adverse effect on our liquidity.

Guarantee agreements. In the normal course of business, we have agreements with financial institutions under which approximately $1.7 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of December 31, 2011, including $292 million of surety bonds related to Venezuela. See "Business Environment and Results of Operations – International Operations" for further discussion related to Venezuela. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization.

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 to pay our invoices due to, among other reasons, a reduction in our customers' cash flow from operations and their access to the credit markets. For example, we continue to see delays in receiving payment on our receivables from one of our primary customers in Venezuela. If our customers delay paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

BUSINESS ENVIRONMENT AND RESULTS OF OPERATIONS

We operate in approximately 80 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 industry we serve is highly competitive with many substantial competitors in each segment. In 2011, based upon the location of the services provided and products sold, 55% of our consolidated revenue was from the United States. In 2010, 46% 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, foreign currency exchange restrictions, and highly inflationary currencies. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country, other than the United States, would be materially adverse to our consolidated results of operations.

Activity 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.

Some of the more significant measures 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, government regulation, 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:

Average Oil Prices (dollars per barrel)	2011	2010	2009
West Texas Intermediate	$ 95.13	$ 79.36	$ 61.65
United Kingdom Brent	$ 111.53	$ 79.66	$ 61.49
Average United States Natural Gas Prices (dollars per thousand cubic feet, or Mcf)			
Henry Hub	$ 4.09	$ 4.52	$ 4.06

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

Land vs. Offshore	2011	2010	2009
United States:			
Land	1,843	1,509	1,042
Offshore (incl. Gulf of Mexico)	32	32	44
Total	1,875	1,541	1,086
Canada:			
Land	422	349	220
Offshore	1	2	1
Total	423	351	221
International (excluding Canada):			
Land	863	789	722
Offshore	304	305	275
Total	1,167	1,094	997
Worldwide total	3,465	2,986	2,304
Land total	3,128	2,647	1,984
Offshore total	337	339	320

Oil vs. Natural Gas	2011	2010	2009
United States (incl. Gulf of Mexico):			
Oil	984	593	282
Natural Gas	891	948	804
Total	1,875	1,541	1,086
Canada:			
Oil	282	201	102
Natural Gas	141	150	119
Total	423	351	221
International (excluding Canada):			
Oil	918	840	776
Natural Gas	249	254	221
Total	1,167	1,094	997
Worldwide total	3,465	2,986	2,304
Oil total	2,184	1,634	1,160
Natural Gas total	1,281	1,352	1,144

Drilling Type	2011	2010	2009
United States (incl. Gulf of Mexico):			
Horizontal	1,074	822	456
Vertical	571	501	433
Directional	230	218	197
Total	1,875	1,541	1,086

Our customers' cash flows, in most 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.

WTI oil prices, which generally influence customer spending in North America, have fluctuated throughout 2011, ranging from a high of $113.39 per barrel in April to a low of $75.40 per barrel in October. Outside of North America, customer spending is heavily influenced by Brent oil prices, which have fluctuated during 2011 from a low of $93.52 per barrel in January to a high of $126.64 per barrel in May. The outlook for world petroleum demand for 2012 is mixed, with the International Energy Agency's (IEA) January 2012 "Oil Market Report" forecasting a 1% increase in petroleum demand from 2011 levels. The IEA expects modest declines in mature economies to be more than offset by relatively strong growth in emerging markets.

Henry Hub natural gas prices were relatively stable in the first half of 2011, but declined significantly in the second half, primarily due to an oversupply caused by strong drilling activity in the United States land region and increased pipeline capacity. Natural gas prices during 2011 ranged from a high of $4.92 per Mcf in June to a low of $2.84 per Mcf in November. According to the United States Energy Information Administration (EIA), this trend has continued into the beginning of 2012, with a warmer than expected winter lowering demand and contributing to record-high natural gas inventories. This in turn has caused prices to decline further to the mid-$2.00 range at the end of January of 2012. The EIA's January 2012 "Short Term Energy Outlook" forecast expects United States natural gas demand to increase 2% from 2011 levels as more electricity generation shifts from coal to natural gas.

The outlook thus faces uncertainties as the global recovery continues to remain somewhat fragile. However, we believe that, over the long-term, hydrocarbon demand will generally increase, and this, combined with 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 and products.

North America operations

Volatility in oil and natural gas prices can impact our customers' drilling and production activities. The shift to oil and liquids-rich shale basins that began in 2010 has helped to drive increased service intensity, not only in terms of horsepower required per job, but also in fluid chemistry and other technologies required for these complex reservoirs. This trend has continued in 2011, with horizontal oil-directed drilling activity representing the fastest growing segment of the market. As of December 31, 2011, horizontal-directed rig activity represented approximately 58% of the total rigs in the United States, about 85% higher than peak levels in 2008. These trends have led to increased demand and improved pricing for most of our services and products in our United States land operations.

Going forward, we believe the market conditions are supportive of an increase in overall activity in the United States land market; however, some of our customers began shifting their resources from natural gas to oil and liquids-rich basins in the fourth quarter of 2011. In order to meet our customers' needs, we are redeploying equipment to these oil and liquids-rich basins and making adjustments to our supply chain. Our customer mix also continues to shift towards independent and national oil companies and large independents, which tend to have more stable spending patterns and more sophisticated supply chain management. These factors are reinforcing our belief that revenue for North America can be sustainable; however, growing cost pressure and logistical challenges could moderate our margin levels in 2012.

Deepwater drilling activity in the Gulf of Mexico is continuing to recover due to the issuance of a number of drilling permits. We believe we will see an increase in the level of permit approvals in 2012 leading to additional deepwater rigs arriving over the next several quarters in 2012. Our business in the Gulf of Mexico represented approximately 16% of our North America revenue in 2009, approximately 9% in 2010, and approximately 6% in 2011. In addition, the Gulf of Mexico represented approximately 6% of our consolidated revenue in 2009, approximately 4% in 2010, and approximately 3% in 2011. Longer term, we do not know the extent to which the Macondo well incident or resulting drilling regulations will impact revenue or earnings, as they are dependent on, among other things, governmental approvals for permits, our customers' actions, and the potential movement of deepwater rigs to or from other markets.

International operations

During 2011, revenue outside North America increased 14%, while operating income outside of North America decreased 16% from the prior year, reflecting competitive pricing internationally, especially on larger projects. Latin America revenue increased 34% and operating income increased 60% from the prior year. However, these increases were more than offset by civil unrest and sanctions in North Africa and the continued impact of over capacity leading to pricing pressure. Although some minor work has been performed recently in Libya, we are still awaiting well-defined operational plans from our customers. We do not expect activity levels in Libya to recover to pre-2011 levels until late 2012 or 2013. Our first quarter of 2011 results were impacted by a $59 million, pre-tax, charge in Libya, to reserve for certain doubtful accounts receivable and inventory. Additionally, the second quarter of 2011 results were impacted by a $11 million, pre-tax, charge for employee separation costs, primarily related to our Europe/Africa/CIS regional operations. The third quarter of 2011 results were impacted by a $25 million, pre-tax, impairment charge on an asset held for sale in our Europe/Africa/CIS region. During 2011, we took action to improve the profitability of our Europe/Africa/CIS regional operations, such as our previously disclosed restructuring efforts. We have made substantial progress in our restructuring efforts and believe we are now well positioned to deliver improved profitability in this region in 2012.

The pace of international recovery is lagging that of previous cycles at this stage, despite international rig counts exceeding the prior peak reached in September of 2008. One of the contributing factors for the difference is the decline in offshore rig counts that we have seen with the current cycle. Given the service intensity of offshore work, we believe this resulted in a more extensive impact on the industry's revenues, a more significant capacity overhang, and consequently, a more pronounced drop off in pricing. However, we are anticipating that the industry will experience steady volume increases through 2012 as macroeconomic trends support a more favorable operator spending outlook and new rigs are scheduled to enter the market, which we believe will eventually lead to meaningful absorption of equipment supply and result in the ability to begin to improve pricing for our services. We also believe that international unconventional oil and natural gas projects will contribute to activity improvements, and we plan to leverage our extensive experience in North America to optimize these opportunities. We continue to believe in the long-term prospects of the international market and will align our business accordingly. Consistent with our long-term strategy to grow our operations outside of North America, we also expect to continue to invest capital in our international operations.

Venezuela. In December 2010, the Venezuelan government set the fixed exchange rate at 4.3 Bolívar Fuerte to one United States dollar effective January 1, 2011, eliminating the dual exchange rate scheme implemented in early 2010. This change had no impact on us because we have applied the 4.3 Bolívar Fuerte fixed exchange rate since the previously disclosed January 2010 devaluation.

On May 24, 2011, the United States government imposed sanctions on the state-owned oil company of Venezuela. The sanctions do not, however, apply to that company's subsidiaries and do not prohibit the export of crude oil to the United States. We do not expect these sanctions to have a material impact on our operations in Venezuela.

As of December 31, 2011, our total net investment in Venezuela was approximately $194 million. In addition to this amount, we have $292 million of surety bond guarantees outstanding relating to our Venezuelan operations.

Initiatives and recent contract awards

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

- increasing our market share in the more economic, unconventional 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;
- exploring opportunities for acquisitions that will enhance or augment our current portfolio of services and products, including those with unique technologies or distribution networks in areas where we do not already have large operations;
- making key investments in technology and capital to accelerate growth opportunities. To that end, we are continuing to push our technology and manufacturing development, as well as our supply chain, closer to our customers in the Eastern Hemisphere, and we are building a new, world class technology center in Houston, Texas;
- improving working capital, and managing our balance sheet to maximize our financial flexibility. In 2011, we launched a project in North America to redesign our service delivery platform for services through the rollout of improved equipment designs and improved field procedures to reduce cost and improve efficiency;
- expanding capabilities in mature fields to expand our service and consulting capabilities;
- 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:

- a three-year contract award by Chevron, with extension opportunities, to provide integrated services for shale natural gas exploration in Poland. Under this contract, we will provide drilling services, mud logging, cementing, coiled tubing, slickline services, well testing, completion and hydraulic fracturing, and project management services;
- contract awards by Statoil, with the potential to exceed more than $200 million in value, to provide directional drilling, logging-while-drilling, cementing, drilling fluids, and completion equipment and services for two high-pressure and high-temperature (HP/HT) fields offshore Norway;
- contract awards for equipment and services on two offshore blocks in the South China Sea as part of the first ultra-HP/HT oil and gas drilling project in Asia. Under these contracts, we will provide several-HP/HT technologies for drilling, completions, cementing, and testing, including two industry-first technologies;
- a three-year contract extension by Chevron Thailand, which includes provisions for directional drilling, logging- and measurement- while-drilling services for the ongoing offshore developments in the Gulf of Thailand;
- a contract by Exxon Mobil Iraq Limited to provide drilling services for 15 wells in the West Qurna (Phase I) oil field located in southern Iraq. This is in addition to work awarded in this field by the same customer in 2010. Under this contract, we will provide a complete range of well construction services, utilizing three drilling rigs to deliver the wells; and
- a contract by Statoil to provide integrated drilling and well services in offshore Norway with options up to eight years in duration with extended scope and activity. We will provide directional drilling services, logging- and measurement-while-drilling services, surface data logging, drill bits, hole enlargement and coring services, cementing and pumping services, drilling and completion fluids, completion services, and project management.

RESULTS OF OPERATIONS IN 2011 COMPARED TO 2010

REVENUE: *Millions of dollars*	2011	2010	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 15,143	$ 9,997	$ 5,146	51%
Drilling and Evaluation	9,686	7,976	1,710	21
Total revenue	$ 24,829	$ 17,973	$ 6,856	38%
By geographic region:				
Completion and Production:				
North America	$ 10,907	$ 6,183	$ 4,724	76%
Latin America	1,117	839	278	33
Europe/Africa/CIS	1,746	1,797	(51)	(3)
Middle East/Asia	1,373	1,178	195	17
Total	15,143	9,997	5,146	51
Drilling and Evaluation:				
North America	3,506	2,644	862	33
Latin America	1,865	1,390	475	34
Europe/Africa/CIS	2,210	2,117	93	4
Middle East/Asia	2,105	1,825	280	15
Total	9,686	7,976	1,710	21
Total revenue by region:				
North America	14,413	8,827	5,586	63
Latin America	2,982	2,229	753	34
Europe/Africa/CIS	3,956	3,914	42	1
Middle East/Asia	3,478	3,003	475	16

OPERATING INCOME:			Favorable	Percentage
Millions of dollars	2011	2010	(Unfavorable)	Change
Completion and Production	$ 3,733	$ 2,032	$ 1,701	84%
Drilling and Evaluation	1,403	1,213	190	16
Corporate and other	(399)	(236)	(163)	69
Total operating income	$ 4,737	$ 3,009	$ 1,728	57%
By geographic region:				
Completion and Production:				
North America	$ 3,341	$ 1,423	$ 1,918	135%
Latin America	159	115	44	38
Europe/Africa/CIS	48	301	(253)	(84)
Middle East/Asia	185	193	(8)	(4)
Total	3,733	2,032	1,701	84
Drilling and Evaluation:				
North America	641	453	188	42
Latin America	305	175	130	74
Europe/Africa/CIS	191	283	(92)	(33)
Middle East/Asia	266	302	(36)	(12)
Total	1,403	1,213	190	16
Total operating income by region				
(excluding Corporate and other):				
North America	3,982	1,876	2,106	112
Latin America	464	290	174	60
Europe/Africa/CIS	239	584	(345)	(59)
Middle East/Asia	451	495	(44)	(9)

The 38% increase in consolidated revenue in 2011 compared to 2010 was primarily due to higher rig count and increased demand for our services and products in North America. We experienced a 63% increase in North America revenue compared to an approximate 21% increase in average North America rig count during 2011 compared to 2010. Revenue outside of North America was 42% of consolidated revenue in 2011 and 51% of consolidated revenue in 2010.

The 57% increase in consolidated operating income compared to 2010 was mainly due to improved pricing and increased demand in North America, particularly in our Completion and Production division. Operating income in 2011 was adversely impacted by a $25 million, pre-tax, impairment charge on an asset held for sale in the Europe/Africa/CIS region during the third quarter of 2011, $11 million, pre-tax, of employee separation costs in the Eastern Hemisphere during the second quarter of 2011, and a $59 million, pre-tax, charge in Libya, to reserve for certain doubtful accounts receivable and inventory during the first quarter of 2011. Operating income in 2010 was adversely impacted by a $50 million non-cash impairment charge for an oil and natural gas property in Bangladesh in the third quarter of 2010.

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

Completion and Production increase in revenue compared to 2010 was primarily a result of higher activity in North America. North America revenue rose 76%, primarily due to increased cementing services and higher activity in production enhancement from an increased demand for hydraulic fracturing in the United States. Latin America revenue increased 33% due to improved activity in all product service lines across the region. Europe/Africa/CIS revenue decreased 3%, as less activity in North Africa and lower vessel utilization in the North Sea and Nigeria was partially offset by higher activity in our Boots & Coots product service line in Angola and Norway. Middle East/Asia revenue grew 17% due to higher activity in all product service lines in Australia, Malaysia, and Indonesia, partially offset by lower completion tools sales in China. Revenue outside of North America was 28% of total segment revenue in 2011 and 38% of total segment revenue in 2010.

The Completion and Production segment operating income increase compared to 2010 was primarily due to the North America region, where operating income grew $1.9 billion on higher demand for production enhancement services in unconventional basins located in the United States land market. Latin America operating income increased 38% due to higher demand for cementing services in Colombia, Brazil, and Argentina, partially offset by higher costs and pricing adjustments in Mexico. Europe/Africa/CIS operating income declined 84% due to an impairment charge on an asset held for sale in the third quarter of 2011 and activity disruptions in North Africa, including the Libya-related reserve for certain account receivables and inventory recognized in the first quarter of 2011. Middle East/Asia operating income decreased 4% due to higher costs across most of the region and higher start-up costs associated with the commencement of work in Iraq, which were partially offset by higher activity levels in Australia, Malaysia, and Indonesia.

Drilling and Evaluation revenue increased 21% compared to 2010 as drilling activity improved across all regions, especially North America and Latin America. North America revenue grew 33% on substantial activity increases in the United States land market. Latin America revenue increased 34% due to higher demand in most product services lines in Brazil, Mexico, Venezuela, and Colombia. Europe/Africa/CIS revenue increased 4% due to improved drilling service in Angola, Nigeria, and Norway and increased fluid demand in Egypt, partially offset by lower activity in Libya. Middle East/Asia revenue rose 15% primarily due to the commencement of work in Iraq, increased fluid demand in Southeast Asia, and higher wireline direct sales. Revenue outside North America was 64% of total segment revenue in 2011 and 67% of total segment revenue in 2010.

Segment operating income compared to 2010 increased 16% due to increased activity in North America and Latin America, partially offset by lower activity associated with the disruptions in North Africa and less favorable pricing in the Eastern Hemisphere. North America operating income increased 42% from improved pricing and increased demand for most of our services and products. Latin America operating income grew 74% as a result of activity increases in Mexico, Venezuela, and Brazil. The Europe/Africa/CIS region operating income fell 33% due to costs associated with activity disruptions in North Africa, including the reserve charge for certain account receivables and inventory recognized in the first quarter of 2011, partially offset by improved drilling service in Norway and Nigeria and higher fluid demand in Angola. Middle East/Asia operating income decreased 12% mainly due to start-up costs associated with the commencement of work in Iraq and higher costs in Saudi Arabia. Operating income in 2010 was adversely impacted by a $50 million non-cash impairment charge for an oil and natural gas property in Bangladesh.

Corporate and other expenses were $399 million, including a $37 million environmental-related matter in 2011, compared to $236 million in 2010. The 69% increase was primarily due to higher legal and environmental costs and additional expenses associated with strategic investments in our operating model and creating competitive advantages by repositioning our technology, supply chain, and manufacturing infrastructure.

NONOPERATING ITEMS

Interest expense, net of interest income decreased $34 million in 2011 compared to 2010 primarily due to less interest expense as a result of the retirement of $750 million principal amount of our 5.5% senior notes in October 2010 and lower interest rates on a portion of our debt as a result of our interest rate swaps. This was partially offset by higher interest costs incurred in the fourth quarter of 2011 resulting from our issuance of $1.0 billion of senior notes.

Other, net decreased $32 million from 2010 due to a $31 million loss on foreign currency exchange recognized in 2010 as a result of the devaluation of the Venezuelan Bolívar Fuerte.

Income (loss) from discontinued operations, net increased $206 million in 2011 compared to 2010 primarily due to a $163 million charge, after-tax, recognized in 2011 related to a ruling in an arbitration proceeding between Barracuda & Caratinga Leasing Company B.V. and our former subsidiary, KBR, whom we agreed to indemnify.

RESULTS OF OPERATIONS IN 2010 COMPARED TO 2009

REVENUE: *Millions of dollars*	2010	2009	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 9,997	$ 7,419	$ 2,578	35%
Drilling and Evaluation	7,976	7,256	720	10
Total revenue	$ 17,973	$ 14,675	$ 3,298	22%
By geographic region:				
Completion and Production:				
North America	$ 6,183	$ 3,589	$ 2,594	72%
Latin America	839	887	(48)	(5)
Europe/Africa/CIS	1,797	1,771	26	1
Middle East/Asia	1,178	1,172	6	1
Total	9,997	7,419	2,578	35
Drilling and Evaluation:				
North America	2,644	2,073	571	28
Latin America	1,390	1,294	96	7
Europe/Africa/CIS	2,117	2,177	(60)	(3)
Middle East/Asia	1,825	1,712	113	7
Total	7,976	7,256	720	10
Total revenue by region:				
North America	8,827	5,662	3,165	56
Latin America	2,229	2,181	48	2
Europe/Africa/CIS	3,914	3,948	(34)	(1)
Middle East/Asia	3,003	2,884	119	4

OPERATING INCOME: *Millions of dollars*	2010	2009	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 2,032	$ 1,016	$ 1,016	100%
Drilling and Evaluation	1,213	1,183	30	3
Corporate and other	(236)	(205)	(31)	15
Total operating income	$ 3,009	$ 1,994	$ 1,015	51%
By geographic region:				
Completion and Production:				
North America	$ 1,423	$ 272	$ 1,151	423%
Latin America	115	172	(57)	(33)
Europe/Africa/CIS	301	315	(14)	(4)
Middle East/Asia	193	257	(64)	(25)
Total	2,032	1,016	1,016	100
Drilling and Evaluation:				
North America	453	178	275	154
Latin America	175	187	(12)	(6)
Europe/Africa/CIS	283	380	(97)	(26)
Middle East/Asia	302	438	(136)	(31)
Total	1,213	1,183	30	3
Total operating income by region (excluding Corporate and other):				
North America	1,876	450	1,426	317
Latin America	290	359	(69)	(19)
Europe/Africa/CIS	584	695	(111)	(16)
Middle East/Asia	495	695	(200)	(29)

The 22% increase in consolidated revenue in 2010 compared to 2009 was primarily due to higher rig count and increased demand for our products and services in North America. As a result of an approximate 45% increase in average North America rig count during 2010 compared to 2009, we experienced a 56% increase in North America revenue. Revenue outside of North America was 51% of consolidated revenue in 2010 and 61% of consolidated revenue in 2009.

The 51% increase in consolidated operating income compared to 2009 primarily stemmed from improved pricing and increased demand in North America, particularly in our Completion and Production division. Operating income in 2010 was adversely impacted by a $50 million non-cash impairment charge for an oil and gas property in Bangladesh. Operating income in 2009 was unfavorably impacted by a $73 million charge associated with employee separation costs and a $15 million charge related to the settlement of a customer receivable in Venezuela.

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

Completion and Production increase in revenue compared to 2009 was primarily a result of higher activity in North America. North America revenue increased 72%, primarily due to increased activity in the United States in cementing services and production enhancement. Latin America revenue decreased 5% due to declines in all product service lines from reduced activity in Mexico and Venezuela, partially offset by increased activity in Argentina and Colombia. Europe/Africa/CIS revenue was flat, as price discounts in the United Kingdom and decreased demand for production enhancement services in Europe and the Caspian partially offset higher activity levels across Africa. Middle East/Asia revenue was also flat, as job delays and a decrease in demand for production enhancement services in the Middle East partially offset increased demand for production enhancement services in Southeast Asia. Revenue outside of North America was 38% of total segment revenue in 2010 and 52% of total segment revenue in 2009.

The Completion and Production segment operating income increase compared to 2009 was primarily due to the North America region, where operating income grew by $1.2 billion, largely due to increases in demand for production enhancement and cementing services which benefitted from increased rig count associated with higher horizontal drilling activity and improved pricing. Latin America operating income fell 33%, primarily due to lower activity across all product services lines in Mexico. Europe/Africa/CIS operating income declined 4% from declines in Europe in completion tools and production enhancement services. Middle East/Asia operating income decreased 25% due to activity declines throughout the region.

Drilling and Evaluation revenue increased compared to 2009 primarily as a result of increased activity in North America, where revenue grew 28%. Latin America revenue grew 7% as increased demand for all products and services in Brazil and Colombia was offset by lower activity in Venezuela and lower demand for wireline and perforating services in Mexico. Europe/Africa/CIS revenue was relatively flat for the period, as higher drilling activity and increased demand for drilling fluid services in Norway and the Commonwealth of Independent States (CIS) was offset by lower drilling activity and decreased demand for drilling fluid services throughout Africa. Middle East/Asia revenue rose 7% as increased demand for drilling fluid services in Southeast Asia and the commencement of activity in Iraq offset decreased demand for drilling services throughout most of the region. Revenue outside North America was 67% of total segment revenue in 2010 and 71% of total segment revenue in 2009.

Segment operating income compared to 2009 was relatively flat due to increased activity in North America being offset by lower activity internationally. North America operating income increased $275 million from improved pricing and increased demand for nearly all products and services. Latin America operating income fell 6%, primarily due to lower drilling activity in Mexico. The Europe/Africa/CIS region operating income fell 26% as decreased demand and higher costs for drilling services, wireline and perforating services, and drilling fluid services in Africa offset increased demand for drilling fluid services in Norway. Middle East/Asia operating income decreased 31% due to a $50 million non-cash impairment charge to an oil and gas property in Bangladesh, higher costs throughout most of the region, lower drilling services in Saudi Arabia, and decreased demand for drilling services and wireline and perforating services in most of Asia Pacific.

Corporate and other expenses were $236 million in 2010 compared to $205 million in 2009. The 2009 results included $5 million in employee separation costs. The 15% increase was primarily related to higher legal costs.

NONOPERATING ITEMS

Interest expense, net of interest income increased $12 million in 2010 compared to 2009 primarily due to the issuance of $2 billion in senior notes in March of 2009.

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

Income (loss) from discontinued operations, net in 2010 included $62 million of income primarily related to the finalization of a United States tax matter with the Internal Revenue Service and a charge of $17 million, after-tax, related to an indemnity payment on behalf of KBR for a settlement agreement reached with the Federal Government of Nigeria.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the use of judgments and estimates. Our critical accounting policies are described below to provide a better understanding of how we develop our assumptions and judgments about future events and related estimations and how they can impact our financial statements. A critical accounting estimate is one that requires our most difficult, subjective, or complex judgments and assessments and is fundamental to our results of operations. We identified our most critical accounting estimates to be:

- forecasting our effective income tax rate, including our future ability to utilize foreign tax credits and the realizability of deferred tax assets, and providing for uncertain tax positions;
- legal, environmental, and investigation matters;
- valuations of indemnities;
- valuations of long-lived assets, including intangible assets and goodwill;
- purchase price allocation for acquired businesses;
- pensions;
- allowance for bad debts; and
- percentage-of-completion accounting for long-term, construction-type contracts.

We base our estimates on historical experience and on various other assumptions we believe to be reasonable according to the current facts and circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We believe the following are the critical accounting policies used in the preparation of our consolidated financial statements, as well as the significant estimates and judgments affecting the application of these policies. This discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included in this report.

We have discussed the development and selection of these critical accounting policies and estimates with the Audit Committee of our Board of Directors, and the Audit Committee has reviewed the disclosure presented below.

Income tax accounting

We recognize the amount of taxes payable or refundable for the current year and use an asset and liability approach in recognizing the amount of deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our financial statements or tax returns. We apply the following basic principles in accounting for our income taxes:

- a current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the current year;
- a deferred tax liability or asset is recognized for the estimated future tax effects attributable to temporary differences and carryforwards;
- the measurement of current and deferred tax liabilities and assets is based on provisions of the enacted tax law, and the effects of potential future changes in tax laws or rates are not considered; and
- the value of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

We determine deferred taxes separately for each tax-paying component (an entity or a group of entities that is consolidated for tax purposes) in each tax jurisdiction. That determination includes the following procedures:

- identifying the types and amounts of existing temporary differences;
- measuring the total deferred tax liability for taxable temporary differences using the applicable tax rate;
- measuring the total deferred tax asset for deductible temporary differences and operating loss carryforwards using the applicable tax rate;
- measuring the deferred tax assets for each type of tax credit carryforward; and
- reducing the deferred tax assets by a valuation allowance if, based on available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Our methodology for recording income taxes requires a significant amount of judgment in the use of assumptions and estimates. Additionally, we use forecasts of certain tax elements, such as taxable income and foreign tax credit utilization, as well as evaluate the feasibility of implementing tax planning strategies. Given the inherent uncertainty involved with the use of such variables, there can be significant variation between anticipated and actual results. Unforeseen events may significantly impact these variables, and changes to these variables could have a material impact on our income tax accounts related to both continuing and discontinued operations.

We have operations in approximately 80 countries other than the United States. Consequently, we are subject to the jurisdiction of a significant number of taxing authorities. No single jurisdiction has a disproportionately low tax rate. The income earned in these various jurisdictions is taxed on differing bases, including income actually earned, income deemed earned, and revenue-based tax withholding. The final determination of our income tax liabilities involves the interpretation of local tax laws, tax treaties, and related authorities in each jurisdiction. Changes in the operating environment, including changes in tax law and currency/repatriation controls, could impact the determination of our income tax liabilities for a tax year.

Tax filings of our subsidiaries, unconsolidated affiliates, and related entities are routinely examined in the normal course of business by tax authorities. These examinations may result in assessments of additional taxes, which we work to resolve with the tax authorities and through the judicial process. Predicting the outcome of disputed assessments involves some uncertainty. Factors such as the availability of settlement procedures, willingness of tax authorities to negotiate, and the operation and impartiality of judicial systems vary across the different tax jurisdictions and may significantly influence the ultimate outcome. We review the facts for each assessment, and then utilize assumptions and estimates to determine the most likely outcome and provide taxes, interest, and penalties as needed based on this outcome. We provide for uncertain tax positions pursuant to current accounting standards, which prescribe a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. The standards also provide guidance for derecognition classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Legal, environmental, and investigation matters

As discussed in Note 8 of our consolidated financial statements, as of December 31, 2011, we have accrued an estimate of the probable and estimable costs for the resolution of some of these legal, environmental, and investigation matters. For other matters for which the liability is not probable and reasonably estimable, we have not accrued any amounts. Attorneys in our legal department monitor and manage all claims filed against us and review all pending investigations. Generally, the estimate of probable costs related to these matters is developed in consultation with internal and outside legal counsel representing us. Our estimates are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. The accuracy of these estimates is impacted by, among other things, the complexity of the issues and the amount of due diligence we have been able to perform. We attempt to resolve these matters through settlements, mediation, and arbitration proceedings when possible. If the actual settlement costs, final judgments, or fines, after appeals, differ from our estimates, our future financial results may be adversely affected. We have in the past recorded significant adjustments to our initial estimates of these types of contingencies.

Indemnity valuations

We provided indemnification in favor of KBR for a contingent liability related to the Barracuda-Caratinga bolts matter. See Notes 7 and 8 to the consolidated financial statements for further information. Accounting standards require recognition of a third-party indemnity at its inception. Therefore, we recorded our estimate of the fair value of this indemnity as of the date of KBR's separation. The initial amount recorded for the Barracuda-Caratinga indemnity was based upon analysis conducted by a third-party valuation expert. The valuation model employed a probability-weighted cost analysis, with certain assumptions based upon the accumulation of data and knowledge of the relevant issues. The accounting standards state that the subsequent measurement of the liability should not necessarily be based on fair value. The standards reference accounting for subsequent adjustments to this type of liability as you would under the current accounting guidance for contingent liabilities. As such, subsequent adjustments to the indemnity provided to KBR upon separation have been recorded when the loss is both probable and estimable.

Value of long-lived assets, including intangible assets and goodwill

We carry a variety of long-lived assets on our balance sheet including property, plant and equipment, goodwill, and other intangibles. We conduct impairment tests on long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable and on intangible assets quarterly. Impairment is the condition that exists when the carrying amount of a long-lived asset exceeds its fair value, and any impairment charge that we record reduces our earnings. We review the carrying value of these assets based upon estimated future cash flows while taking into consideration assumptions and estimates including the future use of the asset, remaining useful life of the asset, and service potential of the asset.

Goodwill is the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. We test goodwill for impairment annually, during the third quarter, or if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. For purposes of performing the goodwill impairment test our reporting units are the same as our reportable segments, the Completion and Production division and the Drilling and Evaluation division. In September 2011, the Financial Accounting Standards Board (FASB) issued an update to existing guidance on the assessment of goodwill impairment to allow companies the option to perform a qualitative assessment to determine whether further goodwill impairment testing is necessary. The impairment test consists of a two-step process. The first step compares the fair value of a reporting unit with its carrying amount, including goodwill, and utilizes a future cash flow analysis based on the estimates and assumptions of our forecasted long-term growth model. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. If the carrying amount of a reporting unit exceeds its fair value, we perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. In other words, the estimated fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. Any impairment charge that we record reduces our earnings. Our goodwill impairment assessment indicated the fair value of each of our reporting units exceeded its carrying amount by a significant margin for 2011, 2010, and 2009. See Note 1 to the consolidated financial statements for accounting policies related to long-lived assets and intangible assets.

Acquisitions-purchase price allocation

We allocate the purchase price of an acquired business to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill. We use all available information to estimate fair values including quoted market prices, the carrying value of acquired assets, and widely accepted valuation techniques such as discounted cash flows. We engage third-party appraisal firms to assist in fair value determination of inventories, identifiable intangible assets, and any other significant assets or liabilities when appropriate. The judgments made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact our results of operations.

Pensions

Our pension benefit obligations and expenses are calculated using actuarial models and methods. Two of the more critical assumptions and estimates used in the actuarial calculations are the discount rate for determining the current value of benefit obligations and the expected long-term rate of return on plan assets used in determining net periodic benefit cost. Other critical assumptions and estimates used in determining benefit obligations and cost, including demographic factors such as retirement age, mortality, and turnover, are also evaluated periodically and updated accordingly to reflect our actual experience.

Discount rates are determined annually and are based on the prevailing market rate of a portfolio of high-quality debt instruments with maturities matching the expected timing of the payment of the benefit obligations. Expected long-term rates of return on plan assets are determined annually and are based on an evaluation of our plan assets and historical trends and experience, taking into account current and expected market conditions. Plan assets are comprised primarily of equity and debt securities. As we have both domestic and international plans, these assumptions differ based on varying factors specific to each particular country or economic environment.

The weighted-average discount rate utilized in 2011 to determine the projected benefit obligation at the measurement date for our United Kingdom pension plan, which constituted 74% of our international plans' pension obligations, was 4.9%, compared to a discount rate of 5.5% utilized in 2010. The expected long-term rate of return assumption used for our United Kingdom pension plan expense was 6.7% in 2011 and 2010. The following table illustrates the sensitivity to changes in certain assumptions, holding all other assumptions constant, for our United Kingdom pension plan.

	Effect on	
Millions of dollars	Pretax Pension Expense in 2011	Pension Benefit Obligation at December 31, 2011
25-basis-point decrease in discount rate	$ 1	$ 37
25-basis-point increase in discount rate	$ (1)	$ (35)
25-basis-point decrease in expected long-term rate of return	$ 2	NA
25-basis-point increase in expected long-term rate of return	$ (2)	NA

Our international defined benefit plans reduced pretax income by $27 million in 2011, $28 million in 2010, and $32 million in 2009. Included in these amounts was income from expected pension returns of $47 million in 2011, $43 million in 2010, and $38 million in 2009. Actual returns on international plan assets totaled $13 million in 2011, compared to $72 million in 2010. Our net actuarial loss, net of tax, related to international pension plans at December 31, 2011 was $184 million. In our international plans where employees continue to earn additional benefits for continued service, actuarial gains and losses are being recognized in operating income over a period of 12 to 17 years, which represents the estimated average remaining service of the participant group expected to receive benefits. In our international plans where benefits are not accrued for continued service, actuarial gains and losses are being recognized in operating income over a period of one to 35 years, which represents the estimated average remaining lifetime of the benefit obligations. The broad range of one to 35 years reflects varying maturity levels among these plans.

During 2011, we made contributions of $26 million to fund our international defined benefit plans. We expect to make contributions of approximately $11 million to our international defined benefit plans in 2012.

The actuarial assumptions used in determining our pension benefit obligations may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates, and longer or shorter life spans of participants. While we believe that the assumptions used are appropriate, differences in actual experience or changes in assumptions may materially affect our financial position or results of operations. See Note 13 to the consolidated financial statements for further information related to defined benefit and other postretirement benefit plans.

Allowance for bad debts

We evaluate our accounts receivable through a continuous process of assessing our portfolio on an individual customer and overall basis. This process consists of a thorough review of historical collection experience, current aging status of the customer accounts, financial condition of our customers, and whether the receivables involve retainages. We also consider the economic environment of our customers, both from a marketplace and geographic perspective, in evaluating the need for an allowance. Based on our review of these factors, we establish or adjust allowances for specific customers and the accounts receivable portfolio as a whole. This process involves a high degree of judgment and estimation, and frequently involves significant dollar amounts. Accordingly, our results of operations can be affected by adjustments to the allowance due to actual write-offs that differ from estimated amounts. Our estimates of allowances for bad debts have historically been accurate. Over the last five years, our estimates of allowances for bad debts, as a percentage of notes and accounts receivable before the allowance, have ranged from 1.6% to 3.0%. At December 31, 2011, allowance for bad debts totaled $137 million, or 2.7% of notes and accounts receivable before the allowance, and at December 31, 2010, allowance for bad debts totaled $91 million, or 2.3% of notes and accounts receivable before the allowance. A hypothetical 100 basis point change in our estimate of the collectability of our notes and accounts receivable balance as of December 31, 2011 would have resulted in a $52 million adjustment to 2011 total operating costs and expenses. See Note 3 to the consolidated financial statements for further information.

Percentage of completion

Revenue from certain long-term, integrated project management contracts to provide well construction and completion services is reported on the percentage-of-completion method of accounting. Progress is generally based upon physical progress related to contractually defined units of work. At the outset of each contract, we prepare a detailed analysis of our estimated cost to complete the project. Risks related to service delivery, usage, productivity, and other factors are considered in the estimation process. The recording of profits and losses on long-term contracts requires an estimate of the total profit or loss over the life of each contract. This estimate requires consideration of total contract value, change orders, and claims, less costs incurred and estimated costs to complete. Anticipated losses on contracts are recorded in full in the period in which they become evident. Profits are recorded based upon the total estimated contract profit times the current percentage complete for the contract.

At least quarterly, significant projects are reviewed in detail by senior management. There are many factors that impact future costs, including but not limited to weather, inflation, labor and community disruptions, timely availability of materials, productivity, and other factors as outlined in our Item 1(a), “Risk Factors.” These factors can affect the accuracy of our estimates and materially impact our future reported earnings. Currently, long-term contracts accounted for under the percentage-of-completion method of accounting do not comprise a significant portion of our business. See Note 1 to the consolidated financial statements for further information.

OFF BALANCE SHEET ARRANGEMENTS

At December 31, 2011, we had no material off balance sheet arrangements, except for operating leases. For information on our contractual obligations related to operating leases, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Future uses of cash.”

FINANCIAL INSTRUMENT MARKET RISK

We are exposed to market risk from changes in foreign currency exchange rates and interest rates. We selectively manage these exposures through the use of derivative instruments, including forward exchange contracts and interest rate swaps. The objective of our risk management strategy is to minimize the volatility from fluctuations in foreign currency and interest rates. We do not use derivative instruments for trading purposes. The counterparties to our forward exchange contracts and interest rate swaps are global commercial and investment banks.

There are certain limitations inherent in the sensitivity analyses presented, primarily due to the assumption that interest rates and exchange rates change instantaneously in an equally adverse fashion. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled. While this is our best estimate of the impact of the various scenarios, these estimates should not be viewed as forecasts.

Foreign currency exchange risk

We have operations in many international locations and are involved in transactions denominated in currencies other than the United States dollar, our functional currency, which exposes us to foreign currency exchange rate risk. Techniques in managing foreign currency exchange risk include, but are not limited to, foreign currency borrowing and investing and the use of currency derivative instruments. We attempt to selectively manage significant exposures to potential foreign currency exchange losses based on current market conditions, future operating activities, and the associated cost in relation to the perceived risk of loss. The purpose of our foreign currency risk management activities is to minimize the risk that our cash flows from the sale and purchase of services and products in foreign currencies will be adversely affected by changes in exchange rates.

We use forward exchange contracts to manage our exposure to fluctuations in the currencies of the countries in which we do the majority of our international business. These forward exchange contracts are not treated as hedges for accounting purposes, generally have an expiration date of one year or less, and are not exchange traded. While forward exchange contracts are subject to fluctuations in value, the fluctuations are generally offset by the value of the underlying exposures being managed. The use of some of these contracts may limit our ability to benefit from favorable fluctuations in foreign currency exchange rates.

Forward exchange contracts are not utilized to manage exposures in some currencies due primarily to the lack of available markets or cost considerations (non-traded currencies). We attempt to manage our working capital position to minimize foreign currency exposure in non-traded currencies and recognize that pricing for the services and products offered in these countries should account for the cost of exchange rate devaluations. We have historically incurred transaction losses in non-traded currencies.

The notional amounts of open forward exchange contracts were $268 million at December 31, 2011 and $356 million at December 31, 2010. The notional amounts of our forward exchange contracts do not generally represent amounts exchanged by the parties, and thus are not a measure of our exposure or of the cash requirements related to these contracts. As such, cash flows related to these contracts are typically not material. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the contracts, such as exchange rates.

We use a sensitivity analysis model to measure the impact of a 10% adverse movement of foreign currency exchange rates against the United States dollar. A hypothetical 10% adverse change in the value of all our foreign currency positions relative to the United States dollar as of December 31, 2011 would result in a $61 million pre-tax loss for our net monetary assets denominated in currencies other than United States dollars.

Interest rate risk

We are subject to interest rate risk on our long-term debt. Our marketable securities and short-term borrowings do not give rise to significant interest rate risk due to their short-term nature. We had fixed rate long-term debt totaling $4.8 billion at December 31, 2011 and fixed rate long-term debt totaling $3.8 billion at December 31, 2010 with none maturing before May 2017.

During the second quarter of 2011, we entered into a series of interest rate swaps relating to two of our debt instruments with a total notional amount of $1.0 billion at a weighted-average, LIBOR-based, floating rate of 3.57% as of December 31, 2011. We use interest rate swaps to manage the economic effect of fixed rate obligations associated with certain senior notes so that the interest payable on the senior notes effectively becomes linked to variable rates. These interest rate swaps, which expire when the underlying debt matures, are designated as fair value hedges of the underlying debt and are determined to be highly effective.

After consideration of the impact from the interest rate swaps, a hypothetical 100 basis point increase in the LIBOR rate would result in approximately an additional $7 million of interest charges for the year ended December 31, 2011.

Credit risk

Financial instruments that potentially subject us to concentrations of credit risk are primarily cash equivalents, investments in marketable securities, and trade receivables. It is our practice to place our cash equivalents and investments in marketable securities in high quality investments with various institutions. We derive the majority of our revenue from selling products and providing services to the energy industry. Within the energy industry, our trade receivables are generated from a broad and diverse group of customers, although a significant amount of our trade receivables are generated in the United States. We maintain an allowance for losses based upon the expected collectability of all trade accounts receivable.

We do not have any significant concentrations of credit risk with any individual counterparty to our derivative contracts. We select counterparties to those contracts based on our belief that each counterparty's profitability, balance sheet, and capacity for timely payment of financial commitments is unlikely to be materially adversely affected by foreseeable events.

ENVIRONMENTAL MATTERS

We are subject to numerous environmental, legal, and regulatory requirements related to our operations worldwide. For information related to environmental matters, see Note 8 to the consolidated financial statements, Item 1(a), "Risk Factors," and Item 3, "Legal Proceedings—Environmental."

NEW ACCOUNTING PRONOUNCEMENTS

In June 2011, the Financial Accounting Standards Board (FASB) issued an update to existing guidance on the presentation of comprehensive income. This update will require the presentation of the components of net income and other comprehensive income either in a single continuous statement or in two separate but consecutive statements. In addition, companies are also required to present reclassification adjustments for items that are reclassified from other comprehensive income to net income on the face of the financial statements. In December 2011, the FASB issued an accounting update to defer the effective date for presentation of reclassification of items out of accumulated other comprehensive income to net income. These updates are effective for fiscal years and interim periods beginning after December 15, 2011. We will adopt the new disclosure requirements for comprehensive income beginning January 1, 2012.

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-K are forward-looking and use words like “may,” “may not,” “believes,” “do not believe,” “plans,” “estimates,” “intends,” “expects,” “do not expect,” “anticipates,” “do not anticipate,” “should,” “likely,” and other expressions. We may also provide oral or written forward-looking information in other materials we release to the public. Forward-looking information involves risk and uncertainties and reflects our best judgment based on current information. Our results of operations can be affected by inaccurate assumptions we make or by known or unknown risks and uncertainties. In addition, other factors may affect the accuracy of our forward-looking information. As a result, no forward-looking information can be guaranteed. Actual events and the results of 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.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Halliburton Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in the Securities Exchange Act Rule 13a-15(f).

Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation to assess the effectiveness of our internal control over financial reporting as of December 31, 2011 based upon criteria set forth in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, we believe that, as of December 31, 2011, our internal control over financial reporting is effective.

The effectiveness of Halliburton's internal control over financial reporting as of December 31, 2011 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report that is included herein.

HALLIBURTON COMPANY

by

/s/ David J. Lesar	/s/ Mark A. McCollum
David J. Lesar	Mark A. McCollum
Chairman of the Board,	Executive Vice President and
President, and Chief Executive Officer	Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Halliburton Company:

We have audited the accompanying consolidated balance sheets of Halliburton Company and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Halliburton Company and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Halliburton Company's internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 16, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Houston, Texas
February 16, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Halliburton Company:

We have audited Halliburton Company's internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Halliburton Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Halliburton Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Halliburton Company and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2011, and our report dated February 16, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Houston, Texas
February 16, 2012

HALLIBURTON COMPANY
Consolidated Statements of Operations

Millions of dollars and shares except per share data	Year Ended December 31 2011	2010	2009
Revenue:			
Services	$ 19,692	$ 13,779	$ 10,832
Product sales	5,137	4,194	3,843
Total revenue	24,829	17,973	14,675
Operating costs and expenses:			
Cost of services	15,432	11,227	9,219
Cost of sales	4,379	3,508	3,255
General and administrative	281	229	207
Total operating costs and expenses	20,092	14,964	12,681
Operating income	4,737	3,009	1,994
Interest expense, net of interest income of $5, $11, and $12	(263)	(297)	(285)
Other, net	(25)	(57)	(27)
Income from continuing operations before income taxes	4,449	2,655	1,682
Provision for income taxes	(1,439)	(853)	(518)
Income from continuing operations	3,010	1,802	1,164
Income (loss) from discontinued operations, net of income tax (provision) benefit of $(18), $75, and $5	(166)	40	(9)
Net income	$ 2,844	$ 1,842	$ 1,155
Noncontrolling interest in net income of subsidiaries	(5)	(7)	(10)
Net income attributable to company	$ 2,839	$ 1,835	$ 1,145
Amounts attributable to company shareholders:			
Income from continuing operations	$ 3,005	$ 1,795	$ 1,154
Income (loss) from discontinued operations, net	(166)	40	(9)
Net income attributable to company	$ 2,839	$ 1,835	$ 1,145
Basic income per share attributable to company shareholders:			
Income from continuing operations	$ 3.27	$ 1.98	$ 1.28
Income (loss) from discontinued operations, net	(0.18)	0.04	(0.01)
Net income per share	$ 3.09	$ 2.02	$ 1.27
Diluted income per share attributable to company shareholders:			
Income from continuing operations	$ 3.26	$ 1.97	$ 1.28
Income (loss) from discontinued operations, net	(0.18)	0.04	(0.01)
Net income per share	$ 3.08	$ 2.01	$ 1.27
Basic weighted average common shares outstanding	918	908	900
Diluted weighted average common shares outstanding	922	911	902

See notes to consolidated financial statements.

HALLIBURTON COMPANY
Consolidated Balance Sheets

Millions of dollars and shares except per share data	December 31 2011	December 31 2010
Assets		
Current assets:		
Cash and equivalents	$ 2,698	$ 1,398
Receivables (less allowance for bad debts of $137 and $91)	5,084	3,924
Inventories	2,570	1,940
Investments in marketable securities	150	653
Current deferred income taxes	321	257
Other current assets	754	714
Total current assets	11,577	8,886
Property, plant, and equipment (net of accumulated depreciation of $7,096 and $6,064)	8,492	6,842
Goodwill	1,776	1,315
Other assets	1,832	1,254
Total assets	$ 23,677	$ 18,297
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 1,826	$ 1,139
Accrued employee compensation and benefits	862	716
Deferred revenue	309	266
Other current liabilities	1,124	636
Total current liabilities	4,121	2,757
Long-term debt	4,820	3,824
Employee compensation and benefits	534	487
Other liabilities	986	842
Total liabilities	10,461	7,910
Shareholders' equity:		
Common shares, par value $2.50 per share – authorized 2,000 shares, issued 1,073 shares and 1,069 shares	2,683	2,674
Paid-in capital in excess of par value	455	339
Accumulated other comprehensive loss	(273)	(240)
Retained earnings	14,880	12,371
Treasury stock, at cost – 152 and 159 shares	(4,547)	(4,771)
Company shareholders' equity	13,198	10,373
Noncontrolling interest in consolidated subsidiaries	18	14
Total shareholders' equity	13,216	10,387
Total liabilities and shareholders' equity	$ 23,677	$ 18,297

See notes to consolidated financial statements.

HALLIBURTON COMPANY
Consolidated Statements of Shareholders' Equity

Millions of dollars	2011	2010	2009
Balance at January 1	$ 10,387	$ 8,757	$ 7,744
Dividends and other transactions with shareholders	19	(287)	(144)
Treasury shares issued for acquisition	–	103	–
Comprehensive income:			
Net income	2,844	1,842	1,155
Defined benefit and other postretirement plans adjustments	(34)	(27)	2
Other	–	(1)	–
Total comprehensive income	2,810	1,814	1,157
Balance at December 31	$ 13,216	$ 10,387	$ 8,757

See notes to consolidated financial statements.

HALLIBURTON COMPANY
Consolidated Statements of Cash Flows

Millions of dollars	Year Ended December 31 2011	2010	2009
Cash flows from operating activities:			
Net income	$ 2,844	$ 1,842	$ 1,155
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation, depletion, and amortization	1,359	1,119	931
Payments related to KBR TSKJ matters	(6)	(177)	(417)
(Benefit) provision for deferred income taxes, continuing operations	(30)	124	274
(Income) loss from discontinued operations	166	(40)	9
Other changes:			
Receivables	(1,218)	(902)	869
Inventories	(564)	(331)	232
Accounts payable	649	330	(118)
Other	484	247	(529)
Total cash flows from operating activities	3,684	2,212	2,406
Cash flows from investing activities:			
Capital expenditures	(2,953)	(2,069)	(1,864)
Sales of marketable securities	1,001	1,925	300
Purchases of marketable securities	(501)	(1,282)	(1,620)
Acquisitions of business assets, net of cash acquired	(880)	(523)	(55)
Other investing activities	143	194	154
Total cash flows from investing activities	(3,190)	(1,755)	(3,085)
Cash flows from financing activities:			
Proceeds from long-term borrowings, net of offering costs	978	–	1,975
Payments on long-term borrowings	–	(790)	(31)
Dividends to shareholders	(330)	(327)	(324)
Proceeds from exercises of stock options	160	102	74
Payments to reacquire common stock	(43)	(141)	(17)
Other financing activities	68	42	(7)
Total cash flows from financing activities	833	(1,114)	1,670
Effect of exchange rate changes on cash	(27)	(27)	(33)
Increase (decrease) in cash and equivalents	1,300	(684)	958
Cash and equivalents at beginning of year	1,398	2,082	1,124
Cash and equivalents at end of year	$ 2,698	$ 1,398	$ 2,082
Supplemental disclosure of cash flow information:			
Cash payments during the year for:			
Interest	$ 261	$ 310	$ 251
Income taxes	$ 1,285	$ 804	$ 485

See notes to consolidated financial statements.

HALLIBURTON COMPANY
Notes to Consolidated Financial Statements

Note 1. Description of Company and Significant Accounting Policies

Description of Company

Halliburton Company's predecessor was established in 1919 and incorporated under the laws of the State of Delaware in 1924. We are one of the world's largest oilfield services companies. Our two business segments are the Completion and Production segment and the Drilling and Evaluation segment. We provide a comprehensive range of services and products for the exploration, development, and production of oil and natural gas around the world.

Use of estimates

Our financial statements are prepared in conformity with United States generally accepted accounting principles, requiring 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.

We believe the most significant estimates and assumptions are associated with the forecasting of our effective income tax rate and the valuation of deferred taxes, legal and environmental reserves, indemnity valuations, long-lived asset valuations, purchase price allocations, pensions, allowance for bad debts, and percentage-of-completion accounting for long-term contracts. Ultimate results could differ from our estimates.

Basis of presentation

The consolidated financial statements include the accounts of our company and all of our subsidiaries that we control or variable interest entities for which we have determined that we are the primary beneficiary. All material intercompany accounts and transactions are eliminated. Investments in companies in which we have significant influence are accounted for using the equity method of accounting. If we do not have significant influence, we use the cost method of accounting.

In 2011, we adopted the provisions of new accounting standards. See Note 14 for further information. All periods presented reflect these changes.

Revenue recognition

Overall. Our services and products are generally sold based upon purchase orders or contracts with our customers that include fixed or determinable prices but do not include right of return provisions or other significant post-delivery obligations. Our products are produced in a standard manufacturing operation, even if produced to our customer's specifications. We recognize revenue from product sales when title passes to the customer, the customer assumes risks and rewards of ownership, collectability is reasonably assured, and delivery occurs as directed by our customer. Service revenue, including training and consulting services, is recognized when the services are rendered and collectability is reasonably assured. Rates for services are typically priced on a per day, per meter, per man-hour, or similar basis.

Software sales. Sales of perpetual software licenses, net of any deferred maintenance and support fees, are recognized as revenue upon shipment. Sales of time-based licenses are recognized as revenue over the license period. Maintenance and support fees are recognized as revenue ratably over the contract period, usually a one-year duration.

Percentage of completion. Revenue from certain long-term, integrated project management contracts to provide well construction and completion services is reported on the percentage-of-completion method of accounting. Progress is generally based upon physical progress related to contractually defined units of work. Physical percent complete is determined as a combination of input and output measures as deemed appropriate by the circumstances. All known or anticipated losses on contracts are provided for when they become evident. Cost adjustments that are in the process of being negotiated with customers for extra work or changes in the scope of work are included in revenue when collection is deemed probable.

Research and development

Research and development costs are expensed as incurred. Research and development costs were $401 million in 2011, $366 million in 2010, and $325 million in 2009.

Cash equivalents

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. Cost represents invoice or production cost for new items and original cost less allowance for condition for used material returned to stock. Production cost includes material, labor, and manufacturing overhead. Some domestic manufacturing and field service finished products and parts inventories for drill bits, completion products, and bulk materials are recorded using the last-in, first-out method. The remaining inventory is recorded on the average cost method. We regularly review inventory quantities on hand and record provisions for excess or obsolete inventory based primarily on historical usage, estimated product demand, and technological developments.

Allowance for bad debts

We establish an allowance for bad debts through a review of several factors, including historical collection experience, current aging status of the customer accounts, and financial condition of our customers. Our policy is to write off bad debts when the customer accounts are determined to be uncollectible.

Property, plant, and equipment

Other than those assets that have been written down to their fair values due to impairment, property, plant, and equipment are reported at cost less accumulated depreciation, which is generally provided on the straight-line method over the estimated useful lives of the assets. Accelerated depreciation methods are also used for tax purposes, wherever permitted. Upon sale or retirement of an asset, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized. Planned major maintenance costs are generally expensed as incurred. Expenditures for additions, modifications, and conversions are capitalized when they increase the value or extend the useful life of the asset.

Goodwill and other intangible assets

We record as goodwill the excess purchase price over the fair value of the tangible and identifiable intangible assets acquired. During 2011, we recorded an additional $424 million in goodwill arising from 2011 acquisitions, of which $411 million related to the Completion and Production segment and $13 million related to the Drilling and Evaluation segment. The reported amounts of goodwill for each reporting unit are reviewed for impairment on an annual basis, during the third quarter, and more frequently when negative conditions such as significant current or projected operating losses exist. In September 2011, the Financial Accounting Standards Board (FASB) issued an update to existing guidance on the assessment of goodwill impairment to allow companies the option to perform a qualitative assessment to determine whether further goodwill impairment testing is necessary. The annual impairment test for goodwill is a two-step process and involves comparing the estimated fair value of each reporting unit to the reporting unit's carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered impaired, and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test would be performed to measure the amount of impairment loss to be recorded, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. In other words, the estimated fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. Our goodwill impairment assessment indicated the fair value of each of our reporting units exceeded its carrying amount by a significant margin for 2011, 2010, and 2009. In addition, there were no triggering events that occurred in 2011, 2010, or 2009 requiring us to perform additional impairment reviews.

We amortize other identifiable intangible assets with a finite life on a straight-line basis over the period which the asset is expected to contribute to our future cash flows, ranging from three to 20 years. The components of these other intangible assets generally consist of patents, license agreements, non-compete agreements, trademarks, and customer lists and contracts.

Evaluating impairment of long-lived assets

When events or changes in circumstances indicate that long-lived assets other than goodwill may be impaired, an evaluation is performed. For an asset classified as held for use, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to fair value is required. When an asset is classified as held for sale, the asset's book value is evaluated and adjusted to the lower of its carrying amount or fair value less cost to sell. In addition, depreciation and amortization is ceased while it is classified as held for sale.

Income taxes

We recognize the amount of taxes payable or refundable for the year. In addition, deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been recognized in the financial statements or tax returns. A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will not be realized.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that we will realize the benefits of these deductible differences, net of the existing valuation allowances.

We recognize interest and penalties related to unrecognized tax benefits within the provision for income taxes on continuing operations in our consolidated statements of operations.

We generally do not provide income taxes on the undistributed earnings of non-United States subsidiaries because such earnings are intended to be reinvested indefinitely to finance foreign activities. These additional foreign earnings could be subject to additional tax if remitted, or deemed remitted, as a dividend; however, it is not practicable to estimate the additional amount, if any, of taxes payable. Taxes are provided as necessary with respect to earnings that are not permanently reinvested.

Derivative instruments

At times, we enter into derivative financial transactions to hedge existing or projected exposures to changing foreign currency exchange rates and interest rates. We do not enter into derivative transactions for speculative or trading purposes. We recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges are adjusted to fair value and reflected through the results of operations. If the derivative is designated as a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against:

- the change in fair value of the hedged assets, liabilities, or firm commitments through earnings; or
- recognized in other comprehensive income until the hedged item is recognized in earnings.

The ineffective portion of a derivative's change in fair value is recognized in earnings. Recognized gains or losses on derivatives entered into to manage foreign currency exchange risk are included in "Other, net" on the consolidated statements of operations. Gains or losses on interest rate derivatives are included in "Interest expense, net."

Foreign currency translation

Foreign entities whose functional currency is the United States dollar translate monetary assets and liabilities at year-end exchange rates, and nonmonetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the year, except for depreciation, cost of product sales and revenue, and expenses associated with nonmonetary balance sheet accounts, which are translated at historical rates. Gains or losses from changes in exchange rates are recognized in our consolidated statements of operations in "Other, net" in the year of occurrence.

Stock-based compensation

Stock-based compensation cost is measured at the date of grant, based on the calculated fair value of the award, and is recognized as expense over the employee's service period, which is generally the vesting period of the equity grant. Additionally, compensation cost is recognized based on awards ultimately expected to vest, therefore, we have reduced the cost for estimated forfeitures based on historical forfeiture rates. Forfeitures are estimated at the time of grant and revised in subsequent periods to reflect actual forfeitures. See Note 10 for additional information related to stock-based compensation.

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.

Completion and Production delivers cementing, stimulation, intervention, pressure control, specialty chemicals, artificial lift, and completion services. The segment consists of Halliburton Production Enhancement, Cementing, Completion Tools, Boots & Coots, and Multi-Chem.

Halliburton Production Enhancement services include stimulation services and sand control services. Stimulation services optimize oil and natural gas reservoir production through a variety of pressure pumping services, nitrogen services, and chemical processes, commonly known as hydraulic fracturing and acidizing. Sand control services include fluid and chemical systems and pumping services for the prevention of formation sand production.

Cementing services involve bonding the well and well casing while isolating fluid zones and maximizing wellbore stability. Our cementing service line also provides casing equipment.

Completion Tools includes subsurface safety valves and flow control equipment, surface safety systems, packers and specialty completion equipment, intelligent completion systems, expandable liner hanger systems, sand control systems, well servicing tools, and reservoir performance services. Reservoir performance services include testing tools, real-time reservoir analysis, and data acquisition services.

Boots & Coots includes well intervention services, pressure control, equipment rental tools and services, and pipeline and process services.

Multi-Chem includes oilfield production and completion chemicals and services that address production, processing, and transportation challenges.

Drilling and Evaluation 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 Halliburton Drill Bits and Services, Wireline & Perforating, Testing and Subsea, Baroid, Sperry Drilling, Landmark Software and Services, and Halliburton Consulting and Project Management.

Halliburton Drill Bits and Services provides roller cone rock bits, fixed cutter bits, hole enlargement, and related downhole tools and services used in drilling oil and natural gas wells. In addition, coring equipment and services are provided to acquire cores of the formation drilled for evaluation.

Wireline and Perforating services include open-hole wireline services that provide information on formation evaluation, including resistivity, porosity, density, rock mechanics, and fluid sampling. Also offered are cased-hole and slickline services, which provide cement bond evaluation, reservoir monitoring, pipe evaluation, pipe recovery, mechanical services, well intervention, perforating, and borehole seismic services. Perforating services include tubing-conveyed perforating services and products. Borehole seismic services include fracture analysis and mapping.

Testing and Subsea services provide acquisition and analysis of dynamic reservoir information and reservoir optimization solutions to the oil and natural gas industry utilizing downhole test tools, data acquisition services using telemetry and electronic memory recording, fluid sampling, surface well testing, subsea safety systems, and reservoir engineering services.

Baroid provides drilling fluid systems, performance additives, completion fluids, solids control, specialized testing equipment, and waste management services for oil and natural gas drilling, completion, and workover operations.

Sperry Drilling provides drilling systems and services. These services include directional and horizontal drilling, measurement-while-drilling, logging-while-drilling, surface data logging, multilateral systems, underbalanced applications, and rig site information systems. Our drilling systems offer directional control for precise wellbore placement while providing important measurements about the characteristics of the drill string and geological formations while drilling wells. Real-time operating capabilities enable the monitoring of well progress and aid decision-making processes.

Landmark Software and Services is a supplier of integrated exploration, drilling, and production software information systems, as well as consulting and data management services for the upstream oil and natural gas industry.

Halliburton Consulting and Project Management provides oilfield project management and integrated solutions to independent, integrated, and national oil companies. These offerings make use of all of our oilfield services, products, technologies, and project management capabilities to assist our customers in optimizing the value of their oil and natural gas assets.

Corporate and other includes expenses related to support functions and corporate executives. Also included are certain gains and losses that are not attributable to a particular business segment. “Corporate and other” also represents assets not included in a business segment and is primarily composed of cash and equivalents, deferred tax assets, and marketable securities.

Intersegment revenue and revenue between geographic areas are immaterial. Our equity in earnings and losses of unconsolidated affiliates that are accounted for under the equity method of accounting is included in revenue and operating income of the applicable segment.

The following tables present information on our business segments.

Operations by business segment

	Year Ended December 31		
Millions of dollars	2011	2010	2009
Revenue:			
Completion and Production	$ 15,143	$ 9,997	$ 7,419
Drilling and Evaluation	9,686	7,976	7,256
Total revenue	$ 24,829	$ 17,973	$ 14,675
Operating income:			
Completion and Production	$ 3,733	$ 2,032	$ 1,016
Drilling and Evaluation	1,403	1,213	1,183
Total operations	5,136	3,245	2,199
Corporate and other	(399)	(236)	(205)
Total operating income	$ 4,737	$ 3,009	$ 1,994
Interest expense, net of interest income	$ (263)	$ (297)	$ (285)
Other, net	(25)	(57)	(27)
Income from continuing operations before income taxes	$ 4,449	$ 2,655	$ 1,682
Capital expenditures:			
Completion and Production	$ 1,669	$ 1,010	$ 900
Drilling and Evaluation	1,231	1,058	959
Corporate and other	53	1	5
Total	$ 2,953	$ 2,069	$ 1,864
Depreciation, depletion, and amortization:			
Completion and Production	$ 680	$ 537	$ 437
Drilling and Evaluation	676	578	490
Corporate and other	3	4	4
Total	$ 1,359	$ 1,119	$ 931

Millions of dollars	December 31 2011		December 31 2010	
Total assets:				
Completion and Production	$	10,953	$	7,815
Drilling and Evaluation		8,212		7,088
Shared assets		1,249		942
Corporate and other		3,263		2,452
Total	$	23,677	$	18,297

Not all assets are associated with specific segments. Those assets specific to segments include receivables, inventories, certain identified property, plant, and equipment (including field service equipment), equity in and advances to related companies, and goodwill. The remaining assets, such as cash, are considered to be shared among the segments.

Revenue by country is determined based on the location of services provided and products sold.

Operations by geographic area

Millions of dollars	Year Ended December 31 2011		2010		2009	
Revenue:						
United States	$	13,548	$	8,209	$	5,248
Other countries		11,281		9,764		9,427
Total	$	24,829	$	17,973	$	14,675

Millions of dollars	December 31 2011		2010	
Long-lived assets:				
United States	$	6,692	$	5,389
Other countries		5,189		3,821
Total	$	11,881	$	9,210

Note 3. Receivables

Our trade receivables are generally not collateralized. At December 31, 2011, 45% of our gross trade receivables were from customers in the United States. At December 31, 2010, 36% of our gross trade receivables were from customers in the United States. No other country or single customer accounted for more than 10% of our gross trade receivables at these dates.

The following table presents a rollforward of our allowance for bad debts for 2009, 2010, and 2011.

Millions of dollars Allowance for bad debts	Balance at Beginning of Period		Charged to Costs and Expenses		Write-Offs		Balance at End of Period	
Year ended December 31, 2009:	$	60	$	37	$	(7)	$	90
Year ended December 31, 2010:		90		5		(4)		91
Year ended December 31, 2011:		91		53		(7)		137

Note 4. 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 $160 million at December 31, 2011 and $108 million at December 31, 2010. If the average cost method had been used, total inventories would have been $36 million higher than reported at December 31, 2011 and $34 million higher than reported at December 31, 2010. The cost of the remaining inventory was recorded on the average cost method. Inventories consisted of the following:

	December 31	
Millions of dollars	2011	2010
Finished products and parts	$ 1,801	$ 1,369
Raw materials and supplies	673	496
Work in process	96	75
Total	$ 2,570	$ 1,940

Finished products and parts are reported net of obsolescence reserves of $108 million at December 31, 2011 and $88 million at December 31, 2010.

Note 5. Property, Plant, and Equipment

Property, plant, and equipment were composed of the following:

	December 31	
Millions of dollars	2011	2010
Land	$ 123	$ 105
Buildings and property improvements	1,609	1,438
Machinery, equipment, and other	13,856	11,363
Total	15,588	12,906
Less accumulated depreciation	7,096	6,064
Net property, plant, and equipment	$ 8,492	$ 6,842

Classes of assets, excluding oil and natural gas investments, are depreciated over the following useful lives:

	Buildings and Property Improvements	
	2011	2010
1 - 10 years	13%	13%
11 - 20 years	47%	46%
21 - 30 years	13%	13%
31 - 40 years	27%	28%

	Machinery, Equipment and Other	
	2011	2010
1 - 5 years	19%	19%
6 - 10 years	75%	74%
11 - 20 years	6%	7%

Note 6. Debt

Long-term debt consisted of the following:

Millions of dollars	December 31 2011	2010
6.15% senior notes due September 2019	$ 997	$ 997
7.45% senior notes due September 2039	995	995
6.7% senior notes due September 2038	800	800
3.25% senior notes due November 2021	498	–
4.5% senior notes due November 2041	498	–
5.9% senior notes due September 2018	400	400
7.6% senior debentures due August 2096	293	293
8.75% senior debentures due February 2021	184	184
Other	155	155
Total long-term debt (due 2017 and thereafter)	$ 4,820	$ 3,824

Senior debt

All of our senior notes and debentures rank equally with our existing and future senior unsecured indebtedness, have semiannual interest payments, and no sinking fund requirements. We may redeem all of our senior notes from time to time or all of the notes of each series at any time at the applicable redemption prices, plus accrued and unpaid interest. Our 7.6% and 8.75% senior debentures may not be redeemed prior to maturity.

Revolving credit facilities

In February 2011, we entered into a new unsecured $2.0 billion five-year revolving credit facility that replaced our then existing $1.2 billion unsecured credit facility established in July 2007. The purpose of the facility is to provide general working capital and credit for other corporate purposes. The full amount of the revolving credit facility was available as of December 31, 2011.

Note 7. 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 provided to KBR as described below. Since the separation, we have recorded adjustments to reflect changes to our estimation of our remaining obligation. All such adjustments are recorded in "Income (loss) from discontinued operations, net of income tax (provision) benefit."

We entered into various agreements relating to the separation of KBR, including, among others, a master separation agreement and a tax sharing agreement. We agreed to provide indemnification in favor of KBR under the master separation agreement for 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. During the third quarter of 2011, an arbitration award of $201 million was issued against KBR. Also, under the master separation agreement, we have indemnified KBR for certain losses arising from investigations and charges brought under the United States Foreign Corrupt Practices Act (FCPA) or similar foreign statutes, laws, rules, or regulations in each case related to the construction of a natural gas liquefaction complex and related facilities at Bonny Island in Rivers State, Nigeria 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), 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, a United Kingdom joint venture and subcontractor on the Bonny Island project in which KBR beneficially owned a 55% interest at the time of the execution of the master separation agreement. The TSKJ investigations and charges have been resolved. At this time, no other claims by governmental authorities in any jurisdictions have been asserted against the indemnified parties.

The tax sharing agreement provides for allocations of United States and certain other jurisdiction tax liabilities between us and KBR. The tax sharing agreement is complex, and finalization of amounts owed between KBR and us under the tax sharing agreement can occur only after income tax audits are completed by the taxing authorities and both parties have had time to analyze the results. Substantially all income tax audits are now complete, and we are in the process of providing relevant documents to KBR and discussing the amounts due under the agreement. There can be no guarantee that the parties will agree on the allocations of tax liabilities, and the process may take several quarters or more to complete.

Amounts accrued relating to our remaining KBR liabilities are primarily included in "Other liabilities" on the consolidated balance sheets and totaled $201 million as of December 31, 2011 and $63 million as of December 31, 2010. See Note 8 for further discussion of the Barracuda-Caratinga matter.

Note 8. Commitments and Contingencies

The Gulf of Mexico/Macondo well incident

Overview. The semisubmersible drilling rig, Deepwater Horizon, sank on April 22, 2010 after an explosion and fire onboard the rig that began on April 20, 2010. The Deepwater Horizon was owned by Transocean Ltd. and had been drilling the Macondo exploration well in Mississippi Canyon Block 252 in the Gulf of Mexico for the lease operator, BP Exploration & Production, Inc. (BP Exploration), an indirect wholly owned subsidiary of BP p.l.c. We performed a variety of services for BP Exploration, including cementing, mud logging, directional drilling, measurement-while-drilling, and rig data acquisition services. Crude oil flowing from the well site spread across thousands of square miles of the Gulf of Mexico and reached the United States Gulf Coast. Numerous attempts at estimating the volume of oil spilled have been made by various groups, and on August 2, 2010 the federal government published an estimate that approximately 4.9 million barrels of oil were discharged from the well. Efforts to contain the flow of hydrocarbons from the well were led by the United States government and by BP p.l.c., BP Exploration, and their affiliates (collectively, BP). The flow of hydrocarbons from the well ceased on July 15, 2010, and the well was permanently capped on September 19, 2010. There were eleven fatalities and a number of injuries as a result of the Macondo well incident.

We are currently unable to estimate the impact the Macondo well incident will have on us. The multi-district litigation (MDL) trial referred to below is scheduled to begin in late February 2012, and recently there have been and we expect there will continue to be orders and rulings of the court that impact the MDL. Moreover, as discussed below, BP has in the last nine months settled litigation with several other defendants in the MDL. We cannot predict the outcome of the many lawsuits and investigations relating to the Macondo well incident, including whether the MDL will proceed to trial, the results of any such trial, or whether we might settle with one or more of the parties to any lawsuit or investigation. Given the numerous potential future developments relating to the MDL and other lawsuits and investigations, we are unable to conclude whether we will incur a loss. As of December 31, 2011, we have not accrued any amounts related to this matter because we have not determined that a loss is probable and a reasonable estimate of a loss or range of loss related to this matter cannot be made. As a result of any future developments, some of which could occur as soon as within the next few months, we may adjust our liability assessment, and liabilities arising out of this matter could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Investigations and Regulatory Action. The United States Coast Guard, a component of the United States Department of Homeland Security, and the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) (formerly known as the Minerals Management Service (MMS) and which was replaced effective October 1, 2011 by two new, independent bureaus – the Bureau of Safety and Environmental Enforcement (BSEE) and the Bureau of Ocean Energy Management (BOEM)), a bureau of the United States Department of the Interior, shared jurisdiction over the investigation into the Macondo well incident and formed a joint investigation team that reviewed information and held hearings regarding the incident (Marine Board Investigation). We were named as one of the 16 parties-in-interest in the Marine Board Investigation. The Marine Board Investigation, as well as investigations of the incident that were conducted by The National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling (National Commission) and the National Academy of Sciences, have been completed, and reports issued as a result of those investigations are discussed below. In addition, the Chemical Safety Board is conducting an investigation to examine the root causes of the accidental release of hydrocarbons from the Macondo well, including an examination of key technical factors, the safety cultures involved, and the effectiveness of relevant laws, regulations, and industry standards.

In May 2010, the United States Department of the Interior effectively suspended all offshore deepwater drilling projects in the United States Gulf of Mexico. The suspension was lifted in October 2010. Later, the Department of the Interior issued new guidance and regulations for drillers that intend to resume deepwater drilling activity and has proposed additional regulations. Despite the fact that the drilling suspension was lifted, the BOEMRE did not issue permits for the resumption of drilling for an extended period of time, and we experienced a significant reduction in our Gulf of Mexico operations. In the first quarter of 2011, the BOEMRE resumed the issuance of drilling permits, and activity has gradually recovered since that time, although there can be no assurance of future activity levels in the Gulf of Mexico. For additional information, see Part II, Item 1(a), "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Business Environment and Results of Operations."

DOJ Investigations and Actions. On June 1, 2010, the United States Attorney General announced that the Department of Justice (DOJ) was launching civil and criminal investigations into the Macondo well incident to closely examine the actions of those involved, and that the DOJ was working with attorneys general of states affected by the Macondo well incident. The DOJ announced that it was reviewing, among other traditional criminal statutes, possible violations of and liabilities under The Clean Water Act (CWA), The Oil Pollution Act of 1990 (OPA), The Migratory Bird Treaty Act of 1918 (MBTA), and the Endangered Species Act of 1973 (ESA). As part of its criminal investigation, the DOJ is examining certain aspects of our conduct after the incident, including with respect to record-keeping, record retention, post-incident testing, securities filings, and public statements by us or our employees, to evaluate whether there has been any violation of federal law.

The CWA provides authority for civil and criminal penalties for discharges of oil into or upon navigable waters of the United States, adjoining shorelines, or in connection with the Outer Continental Shelf Lands Act (OCSLA) in quantities that are deemed harmful. A single discharge event may result in the assertion of numerous violations under the CWA. Criminal sanctions under the CWA can be assessed for negligent discharges (up to $50,000 per day per violation), for knowing discharges (up to $100,000 per day per violation), and for knowing endangerment (up to $2 million per violation), and federal agencies could be precluded from contracting with a company that is criminally sanctioned under the CWA. Civil proceedings under the CWA can be commenced against an "owner, operator, or person in charge of any vessel, onshore facility, or offshore facility from which oil or a hazardous substance is discharged" in violation of the CWA. The civil penalties that can be imposed against responsible parties range from up to $1,100 per barrel of oil discharged in the case of those found strictly liable to $4,300 per barrel of oil discharged in the case of those found to have been grossly negligent.

The OPA establishes liability for discharges of oil from vessels, onshore facilities, and offshore facilities into or upon the navigable waters of the United States. Under the OPA, the "responsible party" for the discharging vessel or facility is liable for removal and response costs as well as for damages, including recovery costs to contain and remove discharged oil and damages for injury to natural resources and real or personal property, lost revenues, lost profits, and lost earning capacity. The cap on liability under the OPA is the full cost of removal of the discharged oil plus up to $75 million for damages, except that the $75 million cap does not apply in the event the damage was proximately caused by gross negligence or the violation of certain federal safety, construction or operating standards. The OPA defines the set of responsible parties differently depending on whether the source of the discharge is a vessel or an offshore facility. Liability for vessels is imposed on owners and operators; liability for offshore facilities is imposed on the holder of the permit or lessee of the area in which the facility is located.

The MBTA and the ESA provide penalties for injury and death to wildlife and bird species. The MBTA provides that violators are strictly liable and such violations are misdemeanor crimes subject to fines of up to $15,000 per bird killed and imprisonment of up to six months. The ESA provides for civil penalties for knowing violations that can range up to $25,000 per violation and, in the case of criminal penalties, up to $50,000 per violation.

In addition, federal law provides for a variety of fines and penalties, the most significant of which is the Alternative Fines Act. In lieu of the express amount of the criminal fines that may be imposed under some of the statutes described above, the Alternative Fines Act provides for a fine in the amount of twice the gross economic loss suffered by third parties, which amount, although difficult to estimate, is significant.

On December 15, 2010, the DOJ filed a civil action seeking damages and injunctive relief against BP Exploration, Anadarko Petroleum Corporation and Anadarko E&P Company LP (together, Anadarko), who had an approximate 25% interest in the Macondo well, certain subsidiaries of Transocean Ltd., and others for violations of the CWA and the OPA. The DOJ's complaint seeks an action declaring that the defendants are strictly liable under the CWA as a result of harmful discharges of oil into the Gulf of Mexico and upon United States shorelines as a result of the Macondo well incident. The complaint also seeks an action declaring that the defendants are strictly liable under the OPA for the discharge of oil that has resulted in, among other things, injury to, loss of, loss of use of, or destruction of natural resources and resource services in and around the Gulf of Mexico and the adjoining United States shorelines and resulting in removal costs and damages to the United States far exceeding $75 million. BP Exploration has been designated, and has accepted the designation, as a responsible party for the pollution under the CWA and the OPA. Others have also been named as responsible parties, and all responsible parties may be held jointly and severally liable for any damages under the OPA. A responsible party may make a claim for contribution against any other responsible party or against third parties it alleges contributed to or caused the oil spill. In connection with the proceedings discussed below under "Litigation," in April 2011 BP Exploration filed a claim against us for contribution with respect to liabilities incurred by BP Exploration under the OPA or another law and requested a judgment that the DOJ assert its claims for OPA financial liability directly against us.

We have not been named as a responsible party under the CWA or the OPA in the DOJ civil action, and we do not believe we are a responsible party under the CWA or the OPA. While we are not included in the DOJ's civil complaint, there can be no assurance that the DOJ or other federal or state governmental authorities will not bring an action, whether civil or criminal, against us under the CWA, the OPA, and/or other statutes or regulations. In connection with the DOJ's filing of the civil action, it announced that its criminal and civil investigations are continuing and that it will employ efforts to hold accountable those who are responsible for the incident.

A federal grand jury has been convened in Louisiana to investigate potential criminal conduct in connection with the Macondo well incident. We are cooperating fully with the DOJ's criminal investigation. As of February 16, 2012, the DOJ has not commenced any criminal proceedings against us. We cannot predict the status or outcome of the DOJ's criminal investigation or estimate the potential impact the investigation may have on us or our liability assessment, all of which may change as the investigation progresses.

In June 2010, we received a letter from the DOJ requesting thirty days advance notice of any event that may involve substantial transfers of cash or other corporate assets outside of the ordinary course of business. We conveyed our interest in briefing the DOJ on the services we provided on the Deepwater Horizon but indicated that we would not bind ourselves to the DOJ request.

We have had and expect to continue to have discussions with the DOJ regarding the Macondo well incident and associated pre-incident and post-incident conduct.

Investigative Reports. On September 8, 2010, an incident investigation team assembled by BP issued the Deepwater Horizon Accident Investigation Report (BP Report). The BP Report outlined eight key findings of BP related to the possible causes of the Macondo well incident, including failures of cement barriers, failures of equipment provided by other service companies and the drilling contractor, and failures of judgment by BP and the drilling contractor. With respect to the BP Report's assessment that the cement barrier did not prevent hydrocarbons from entering the wellbore after cement placement, the BP Report concluded that, among other things, there were "weaknesses in cement design and testing." According to the BP Report, the BP incident investigation team did not review its analyses or conclusions with us or any other entity or governmental agency conducting a separate or independent investigation of the incident. In addition, the BP incident investigation team did not conduct any testing using our cementing products.

On June 22, 2011, Transocean released its internal investigation report on the causes of the Macondo well incident. Transocean's report, among other things, alleges deficiencies with our cementing services on the Deepwater Horizon. Like the BP Report, the Transocean incident investigation team did not review its analyses or conclusions with us and did not conduct any testing using our cementing products.

On January 11, 2011, the National Commission released "Deep Water -- The Gulf Oil Disaster and the Future of Offshore Drilling," its investigation report (Investigation Report) to the President of the United States regarding, among other things, the National Commission's conclusions of the causes of the Macondo well incident. According to the Investigation Report, the "immediate causes" of the incident were the result of a series of missteps, oversights, miscommunications and failures to appreciate risk by BP, Transocean, and us, although the National Commission acknowledged that there were still many things it did not know about the incident, such as the role of the blowout preventer. The National Commission also acknowledged that it may never know the extent to which each mistake or oversight caused the Macondo well incident, but concluded that the immediate cause was "a failure to contain hydrocarbon pressures in the well," and pointed to three things that could have contained those pressures: "the cement at the bottom of the well, the mud in the well and in the riser, and the blowout preventer." In addition, the Investigation Report stated that "primary cement failure was a direct cause of the blowout" and that cement testing performed by an independent laboratory "strongly suggests" that the foam cement slurry used on the Macondo well was unstable. The Investigation Report, however, acknowledges a fact widely accepted by the industry that cementing wells is a complex endeavor utilizing an inherently uncertain process in which failures are not uncommon and that, as a result, the industry utilizes the negative-pressure test and cement bond log test, among others, to identify cementing failures that require remediation before further work on a well is performed.

The Investigation Report also sets forth the National Commission's findings on certain missteps, oversights and other factors that may have caused, or contributed to the cause of, the incident, including BP's decision to use a long string casing instead of a liner casing, BP's decision to use only six centralizers, BP's failure to run a cement bond log, BP's reliance on the primary cement job as a barrier to a possible blowout, BP's and Transocean's failure to properly conduct and interpret a negative-pressure test, BP's temporary abandonment procedures, and the failure of the drilling crew and our surface data logging specialist to recognize that an unplanned influx of oil, gas, or fluid into the well (known as a "kick") was occurring. With respect to the National Commission's finding that our surface data logging specialist failed to recognize a kick, the Investigation Report acknowledged that there were simultaneous activities and other monitoring responsibilities that may have prevented the surface data logging specialist from recognizing a kick.

The Investigation Report also identified two general root causes of the Macondo well incident: systemic failures by industry management, which the National Commission labeled "the most significant failure at Macondo," and failures in governmental and regulatory oversight. The National Commission cited examples of failures by industry management such as BP's lack of controls to adequately identify or address risks arising from changes to well design and procedures, the failure of BP's and our processes for cement testing, communication failures among BP, Transocean, and us, including with respect to the difficulty of our cement job, Transocean's failure to adequately communicate lessons from a recent near-blowout, and the lack of processes to adequately assess the risk of decisions in relation to the time and cost those decisions would save. With respect to failures of governmental and regulatory oversight, the National Commission concluded that applicable drilling regulations were inadequate, in part because of a lack of resources and political support of the MMS, and a lack of expertise and training of MMS personnel to enforce regulations that were in effect.

As a result of the factual and technical complexity of the Macondo well incident, the Chief Counsel of the National Commission issued a separate, more detailed report regarding the technical, managerial, and regulatory causes of the Macondo well incident in February 2011.

In March 2011, a third party retained by the BOEMRE to undertake a forensic examination and evaluation of the blowout preventer stack, its components and associated equipment, released a report detailing its findings. The forensic examination report found, among other things, that the blowout preventer stack failed primarily because the blind sheer rams did not fully close and seal the well due to a portion of drill pipe that had become trapped between the blocks and the pipe being outside the cutting surface of the ram blades. The forensic examination report recommended further examination, investigation, and testing, which found that the redundant operating pods of the blowout preventer may not have timely functioned the blind shear rams in the automatic mode function due to a depleted battery in one pod and a miswired solenoid in the other pod. We had no part in manufacturing or servicing the blowout preventer stack.

In September 2011, the BOEMRE released the final report of the Marine Board Investigation regarding the Macondo well incident (BOEMRE Report). A panel of investigators of the BOEMRE identified a number of causes of the Macondo well incident. According to the BOEMRE Report, "a central cause of the blowout was failure of a cement barrier in the production casing string." The panel was unable to identify the precise reasons for the failure but concluded that it was likely due to: "(1) swapping of cement and drilling mud in the shoe track (the section of casing near the bottom of the well); (2) contamination of the shoe track cement; or (3) pumping the cement past the target location in the well, leaving the shoe track with little or no cement." Generally, the panel concluded that the Macondo well incident was the result of, among other things, poor risk management, last-minute changes to drilling plans, failure to observe and respond to critical indicators, and inadequate well control response by the companies and individuals involved. In particular, the BOEMRE Report stated that BP made a series of decisions that complicated the cement job and may have contributed to the failure of the cement job, including the use of only one cement barrier, the location of the production casing, and the failure to follow industry-accepted recommendations.

The BOEMRE Report also stated, among other things, that BP failed to properly communicate well design and cementing decisions and risks to Transocean, that BP and Transocean failed to correctly interpret the negative-pressure test, and that we, BP, and Transocean failed to detect the influx of hydrocarbons into the well. According to the BOEMRE Report, the panel found evidence that we, among others, violated federal regulations relating to the failure to take measures to prevent the unauthorized release of hydrocarbons, the failure to take precautions to keep the well under control, and the failure to cement the well in a manner that would, among other things, prevent the release of fluids into the Gulf of Mexico. In October 2011, the BSEE issued a notification of Incidents of Noncompliance (INCs) to us for violating those regulations and a federal regulation relating to the failure to protect health, safety, property, and the environment as a result of a failure to perform operations in a safe and workmanlike manner. According to the BSEE's notice, we did not ensure an adequate barrier to hydrocarbon flow after cementing the production casing and did not detect the influx of hydrocarbons until they were above the blowout preventer stack. We understand that the regulations in effect at the time of the alleged violations provide for fines of up to $35,000 per day per violation. We have appealed the INCs to, and the appeal was accepted by, the Interior Board of Land Appeals (IBLA). In January 2012, the IBLA, in response to our and the BSEE's joint request, has suspended the appeal and has ordered us and the BSEE to file notice within 15 days after the conclusion of the MDL and, within 60 days after the MDL court issues a final decision, to file a proposal for further action in the appeal. The BSEE has announced that the INCs will be reviewed for possible imposition of civil penalties once the appeal has ended. The BSEE has stated that this is the first time the Department of the Interior has issued INCs directly to a contractor that was not the well's operator. We have not accrued any amounts related to the INCs.

In December 2011, the National Academy of Sciences released a pre-publication copy of its report examining the causes of the Macondo well incident and identifying measures for preventing similar incidents in the future (NAS Report). The NAS Report noted that it does not attempt to assign responsibility to specific individuals or entities or determine the extent that the parties involved complied with applicable regulations.

According to the NAS Report, the flow of hydrocarbons that led to the blowout began when drilling mud was displaced by seawater during the temporary abandonment process, which was commenced by the drilling team despite a failure to demonstrate the integrity of the cement job after multiple negative pressure tests and after incorrectly deciding that a negative pressure test indicated that the cement barriers were effective. In addition, the NAS Report found, among other things, that: the approach chosen for well completion failed to provide adequate safety margins considering the reservoir formation; the loss of well control was not noted until more than 50 minutes after hydrocarbon flow from the formation had started; the blowout preventer was not designed or tested for the dynamic conditions that most likely existed at the time attempts were made to recapture well control; and the entities involved did not provide an effective systems safety approach commensurate with the risks of the Macondo well. According to the NAS Report, a number of key decisions related to the design, construction, and testing of the barriers critical to the temporary abandonment process were flawed.

The NAS Report also found, among other things, that the heavier "tail" cement slurry, intended for placement in the Macondo well shoe track, was "gravitationally unstable" on top of the lighter foam cement slurry and that the heavier tail cement slurry probably fell into or perhaps through the lighter foam cement slurry during pumping into the well, which would have left a tail slurry containing foam cement in the shoe track. The NAS Report also found, among other things, that foam cement that may have been inadvertently left in the shoe track likely would not have had the strength to resist crushing when experiencing the differential pressures exerted on the cement during the negative pressure test. In addition, the NAS Report found, among other things, that evidence available before the blowout indicated that the flapper valves in the float collar probably failed to seal, but the evidence was not acted upon and, due to BP's choice of a long-string production casing and the lack of minimum circulation of the well prior to the cement job, the possibility of mud-filled channels or poor cement bonding existed.

The NAS Report also set forth the following observations, among others: (1) there were alternative completion techniques and operational processes available that could have safely prepared the well for temporary abandonment; (2) post-incident static tests on a foam cement slurry similar to the slurry pumped into the Macondo well were performed under laboratory conditions and exhibited the settling of cement and nitrogen breakout, although because the tests were not conducted at bottom hole conditions “it is impossible to say whether the foam was stable at the bottom of the well”; (3) the “cap” cement slurry was subject to contamination by the spacer or the drilling mud that was placed ahead of the cap cement slurry and, if the cap cement slurry was heavily contaminated, it would not reach the strength of uncontaminated cement; (4) the numerous companies involved and the division of technical expertise among those companies affected their ability to perform and maintain an integrated assessment of the margins of safety for the Macondo well; (5) the regulatory regime was ineffective in addressing the risks of the Macondo well; and (6) training of key personnel and decision makers in the industry and regulatory agencies has been inadequate relative to the risks and complexities of deepwater drilling.

The NAS Report recommended, among other things: that all primary cemented barriers to flow should be tested to verify quality, quantity, and location of cement; that the integrity of mechanical barriers should be verified by using the best available test procedures; that blowout preventer systems should be redesigned for the drilling environment to which they are being applied; and that operating companies should have ultimate responsibility and accountability for well integrity, well design, well construction, and the suitability of the rig and associated safety equipment.

The Cementing Job and Reaction to Reports . We disagree with the BP Report, the National Commission, Transocean’s report, the BOEMRE Report, and the NAS Report regarding many of their findings and characterizations with respect to the cementing and surface data logging services, as applicable, on the Deepwater Horizon. We have provided information to the National Commission, its staff, and representatives of the joint investigation team for the Marine Board Investigation that we believe has been overlooked or selectively omitted from the Investigation Report and the BOEMRE Report, as applicable. We intend to continue to vigorously defend ourselves in any investigation relating to our involvement with the Macondo well that we believe inaccurately evaluates or depicts our services on the Deepwater Horizon.

The cement slurry on the Deepwater Horizon was designed and prepared pursuant to well condition data provided by BP. Regardless of whether alleged weaknesses in cement design and testing are or are not ultimately established, and regardless of whether the cement slurry was utilized in similar applications or was prepared consistent with industry standards, we believe that had BP and Transocean properly interpreted a negative-pressure test, this test would have revealed any problems with the cement. In addition, had BP designed the Macondo well to allow a full cement bond log test or if BP had conducted even a partial cement bond log test, the test likely would have revealed any problems with the cement. BP, however, elected not to conduct any cement bond log tests, and with Transocean misinterpreted the negative-pressure test, both of which could have resulted in remedial action, if appropriate, with respect to the cementing services.

At this time we cannot predict the impact of the Investigation Report, the BOEMRE Report, the NAS Report, or the conclusions of future reports of the Chemical Safety Board, Congressional committees, or any other governmental or private entity. We also cannot predict whether their investigations or any other report or investigation will have an influence on or result in us being named as a party in any action alleging liability or violation of a statute or regulation, whether federal or state and whether criminal or civil.

We intend to continue to cooperate fully with all governmental hearings, investigations, and requests for information relating to the Macondo well incident. We cannot predict the outcome of, or the costs to be incurred in connection with, any of these hearings or investigations, and therefore we cannot predict the potential impact they may have on us.

Litigation. Since April 21, 2010, plaintiffs have been filing lawsuits relating to the Macondo well incident. Generally, those lawsuits allege either (1) damages arising from the oil spill pollution and contamination (*e.g.*, diminution of property value, lost tax revenue, lost business revenue, lost tourist dollars, inability to engage in recreational or commercial activities) or (2) wrongful death or personal injuries. We are named along with other unaffiliated defendants in more than 400 complaints, most of which are alleged class actions, involving pollution damage claims and at least nine personal injury lawsuits involving four decedents and at least 21 allegedly injured persons who were on the drilling rig at the time of the incident. Another six lawsuits naming us and others relate to alleged personal injuries sustained by those responding to the explosion and oil spill. Plaintiffs originally filed the lawsuits described above in federal and state courts throughout the United States, including Alabama, Delaware, Florida, Georgia, Kentucky, Louisiana, Mississippi, South Carolina, Tennessee, Texas, and Virginia. Except for certain lawsuits not yet consolidated (including two lawsuits that are proceeding in Louisiana state court, one lawsuit that is proceeding in Louisiana federal court, two lawsuits that are proceeding in Texas state court, two lawsuits that are proceeding in Florida federal court, and four lawsuits in Florida state court for which we have not been served), the Judicial Panel on Multi-District Litigation ordered all of the lawsuits against us consolidated in the MDL proceeding before Judge Carl Barbier in the United States Eastern District of Louisiana. The pollution complaints generally allege, among other things, negligence and gross negligence, property damages, taking of protected species, and potential economic losses as a result of environmental pollution and generally seek awards of unspecified economic, compensatory, and punitive damages, as well as injunctive relief. Plaintiffs in these pollution cases have brought suit under various legal provisions, including the OPA, the CWA, the MBTA, the ESA, the OCSLA, the Longshoremen and Harbor Workers Compensation Act, general maritime law, state common law, and various state environmental and products liability statutes.

Furthermore, the pollution complaints include suits brought against us by governmental entities, including the State of Alabama, the State of Louisiana, Plaquemines Parish, the City of Greenville, and three Mexican states. Complaints brought against us by ten other parishes in Louisiana were dismissed with prejudice, and the dismissal is being appealed by those parishes. The wrongful death and other personal injury complaints generally allege negligence and gross negligence and seek awards of compensatory damages, including unspecified economic damages and punitive damages. We have retained counsel and are investigating and evaluating the claims, the theories of recovery, damages asserted, and our respective defenses to all of these claims.

Judge Barbier is also presiding over a separate proceeding filed by Transocean under the Limitation of Liability Act (Limitation Action). In the Limitation Action, Transocean seeks to limit its liability for claims arising out of the Macondo well incident to the value of the rig and its freight. Although the Limitation Action is not consolidated in the MDL, to this point the judge is effectively treating the two proceedings as associated cases. On February 18, 2011, Transocean tendered us, along with all other defendants, into the Limitation Action. As a result of the tender, we and all other defendants will be treated as direct defendants to the plaintiffs' claims as if the plaintiffs had sued each of us and the other defendants directly. In the Limitation Action, the judge intends to determine the allocation of liability among all defendants in the hundreds of lawsuits associated with the Macondo well incident, including those in the MDL proceeding that are pending in his court. Specifically, the judge will determine the liability, limitation, exoneration and fault allocation with regard to all of the defendants in a trial, which is scheduled to occur in three phases, that is set to begin in late February 2012. The three phases of this portion of the trial are scheduled to cover the liabilities associated with the blowout itself, the actions relating to the attempts to control the flow of hydrocarbons from the well, and the efforts to contain and clean-up the oil that was discharged from the Macondo well. We do not believe that a single apportionment of liability in the Limitation Action is properly applied, particularly with respect to gross negligence and punitive damages, to the hundreds of lawsuits pending in the MDL proceeding.

Damages for the cases tried in the MDL proceeding, including punitive damages, are expected to be tried following the three-phase portion of the trial described above. Under ordinary MDL procedures, such cases would, unless waived by the respective parties, be tried in the courts from which they were transferred into the MDL. It remains unclear, however, what impact the overlay of the Limitation Action will have on where these matters are tried. Document discovery and depositions among the parties to the MDL are ongoing. It is unclear how the judge will address the DOJ's civil action for alleged violations of the CWA and the OPA.

In April and May 2011, certain defendants in the proceedings described above filed numerous cross claims and third party claims against certain other defendants. BP Exploration and BP America Production Company filed claims against us seeking subrogation and contribution, including with respect to liabilities under the OPA, and direct damages, and alleging negligence, gross negligence, fraudulent conduct, and fraudulent concealment. Transocean filed claims against us seeking indemnification, and subrogation and contribution, including with respect to liabilities under the OPA and for the total loss of the Deepwater Horizon, and alleging comparative fault and breach of warranty of workmanlike performance. Anadarko filed claims against us seeking tort indemnity and contribution, and alleging negligence, gross negligence and willful misconduct, and MOEX Offshore 2007 LLC (MOEX), who has an approximate 10% interest in the Macondo well, filed a claim against us alleging negligence. Cameron International Corporation (Cameron) (the manufacturer and designer of the blowout preventer), M-I Swaco (provider of drilling fluids and services, among other things), Weatherford U.S. L.P. and Weatherford International, Inc. (together, Weatherford) (providers of casing components, including float equipment and centralizers, and services), and Dril-Quip, Inc. (Dril-Quip) (provider of wellhead systems), each filed claims against us seeking indemnification and contribution, including with respect to liabilities under the OPA in the case of Cameron, and alleging negligence. Additional civil lawsuits may be filed against us. In addition to the claims against us, generally the defendants in the proceedings described above filed claims, including for liabilities under the OPA and other claims similar to those described above, against the other defendants described above. BP has since announced that it has settled those claims between it and each of MOEX, Weatherford, Anadarko, and Cameron.

In April 2011, we filed claims against BP Exploration, BP p.l.c. and BP America Production Company (BP Defendants), M-I Swaco, Cameron, Anadarko, MOEX, Weatherford, Dril-Quip, and numerous entities involved in the post-blowout remediation and response efforts, in each case seeking contribution and indemnification and alleging negligence. Our claims also alleged gross negligence and willful misconduct on the part of the BP Defendants, Anadarko, and Weatherford. We also filed claims against M-I Swaco and Weatherford for contractual indemnification, and against Cameron, Weatherford and Dril-Quip for strict products liability, although the court has since issued orders dismissing all claims asserted against Dril-Quip and Weatherford in the MDL. We filed our answer to Transocean's Limitation petition denying Transocean's right to limit its liability, denying all claims and responsibility for the incident, seeking contribution and indemnification, and alleging negligence and gross negligence.

Judge Barbier has issued an order, among others, clarifying certain aspects of law applicable to the lawsuits pending in his court. The court ruled that: (1) general maritime law will apply and therefore dismissed all claims brought under state law causes of action; (2) general maritime law claims may be brought directly against defendants who are non-"responsible parties" under the OPA with the exception of pure economic loss claims by plaintiffs other than commercial fishermen; (3) all claims for damages, including pure economic loss claims, may be brought under the OPA directly against responsible parties; and (4) punitive damage claims can be brought against both non-responsible parties under general maritime law and responsible parties under the OPA. As discussed above, with respect to the ruling that claims for damages may be brought under the OPA against responsible parties, we have not been named as a responsible party under the OPA, but BP Exploration has filed a claim against us for contribution with respect to liabilities incurred by BP Exploration under the OPA.

In September 2011, we filed claims in Harris County, Texas against the BP Defendants seeking damages, including lost profits and exemplary damages, and alleging negligence, grossly negligent misrepresentation, defamation, common law libel, slander, and business disparagement. Our claims allege that the BP Defendants knew or should have known about an additional hydrocarbon zone in the well that the BP Defendants failed to disclose to us prior to our designing the cement program for the Macondo well. The location of the hydrocarbon zones is critical information required prior to performing cementing services and is necessary to achieve desired cement placement. We believe that had BP Defendants disclosed the hydrocarbon zone to us, we would not have proceeded with the cement program unless it was redesigned, which likely would have required a redesign of the production casing. In addition, we believe that the BP Defendants withheld this information from the BP Report and from the various investigations discussed above. In connection with the foregoing, we also moved to amend our claims against the BP Defendants in the MDL proceeding to include fraud. The BP Defendants have denied all of the allegations relating to the additional hydrocarbon zone and filed a motion to prevent us from adding our fraud claim in the MDL. In October 2011, our motion to add the fraud claim against the BP Defendants in the MDL proceeding was denied. The court's ruling does not, however, prevent us from using the underlying evidence in our pending claims against the BP Defendants.

In December 2011, BP filed a motion for sanctions against us alleging, among other things, that we destroyed evidence relating to post-incident testing of the foam cement slurry on the Deepwater Horizon and requesting adverse findings against us. A magistrate judge in the MDL proceeding denied BP's motion. BP appealed that ruling, and Judge Barbier affirmed the magistrate judge's decision.

We intend to vigorously defend any litigation, fines, and/or penalties relating to the Macondo well incident and to vigorously pursue any damages, remedies, or other rights available to us as a result of the Macondo well incident. We have incurred and expect to continue to incur significant legal fees and costs, some of which we expect to be covered by indemnity or insurance, as a result of the numerous investigations and lawsuits relating to the incident.

Macondo derivative case. In February 2011, a shareholder who had previously made a demand on our board of directors with respect to another derivative lawsuit filed a shareholder derivative lawsuit relating to the Macondo well incident. See "Shareholder derivative cases" below.

Indemnification and Insurance. Our contract with BP Exploration relating to the Macondo well generally provides for our indemnification by BP Exploration for certain potential claims and expenses relating to the Macondo well incident, including those resulting from pollution or contamination (other than claims by our employees, loss or damage to our property, and any pollution emanating directly from our equipment). Also, under our contract with BP Exploration, we have, among other things, generally agreed to indemnify BP Exploration and other contractors performing work on the well for claims for personal injury of our employees and subcontractors, as well as for damage to our property. In turn, we believe that BP Exploration was obligated to obtain agreement by other contractors performing work on the well to indemnify us for claims for personal injury of their employees or subcontractors, as well as for damages to their property. We have entered into separate indemnity agreements with Transocean and M-I Swaco, under which we have agreed to indemnify those parties for claims for personal injury of our employees and subcontractors and they have agreed to indemnify us for claims for personal injury of their employees and subcontractors.

In April 2011, we filed a lawsuit against BP Exploration in Harris County, Texas to enforce BP Exploration's contractual indemnity and alleging BP Exploration breached certain terms of the contractual indemnity provision. BP Exploration removed that lawsuit to federal court in the Southern District of Texas, Houston Division. We filed a motion to remand the case to Harris County, Texas, and the lawsuit was transferred to the MDL.

BP Exploration, in connection with filing its claims with respect to the MDL proceeding, asked that court to declare that it is not liable to us in contribution, indemnification, or otherwise with respect to liabilities arising from the Macondo well incident. Other defendants in the litigation discussed above have generally denied any obligation to contribute to any liabilities arising from the Macondo well incident.

In January 2012, the court in the MDL proceeding entered an order in response to our and BP's motions for summary judgment regarding certain indemnification matters. The court held that BP is required to indemnify us for third-party compensatory claims, or actual damages, that arise from pollution or contamination that did not originate from our property or equipment located above the surface of the land or water, even if we are found to be grossly negligent. The court did not express an opinion as to whether our conduct amounted to gross negligence, but we do not believe the performance of our services on the Deepwater Horizon constituted gross negligence. The court also held, however, that BP does not owe us indemnity for punitive damages or for civil penalties under the CWA, if any, and that fraud could void the indemnity on public policy grounds, although the court stated that it was mindful that mere failure to perform contractual obligations as promised does not constitute fraud. As discussed above, the DOJ is not seeking civil penalties from us under the CWA. The court in the MDL proceeding deferred ruling on whether our indemnification from BP covers penalties or fines under the OCSLA, whether our alleged breach of our contract with BP Exploration would invalidate the indemnity, and whether we committed an act that materially increased the risk to or prejudiced the rights of BP so as to invalidate the indemnity. We do not believe that we breached our contract with BP Exploration or committed an act that would otherwise invalidate the indemnity. The court's rulings will be subject to appeal at the appropriate time.

In responding to similar motions for summary judgment between Transocean and BP, the court also held that public policy would not bar Transocean's claim for indemnification of compensatory damages, even if Transocean was found to be grossly negligent. The court also held, among other things, that Transocean's contractual right to indemnity does not extend to punitive damages or civil penalties under the CWA.

The rulings in the MDL proceeding regarding the indemnities are based on maritime law and may not bind the determination of similar issues in lawsuits not comprising a part of the MDL proceedings. Accordingly it is possible that different conclusions with respect to indemnities will be reached by other courts.

Indemnification for criminal fines or penalties, if any, may not be available if a court were to find such indemnification unenforceable as against public policy. In addition, certain state laws, if deemed to apply, would not allow for enforcement of indemnification for gross negligence, and may not allow for enforcement of indemnification of persons who are found to be negligent with respect to personal injury claims.

Financial analysts and the press have speculated about the financial capacity of BP, and whether it might seek to avoid indemnification obligations in bankruptcy proceedings. BP's public filings indicate that BP has recognized in excess of $40 billion in pre-tax charges, excluding offsets for settlement payments received from certain defendants in the proceedings described above under "Litigation," as a result of the Macondo well incident. BP's public filings also indicate that the amount of, among other things, certain natural resource damages with respect to certain OPA claims, some of which may be included in such charges, cannot be reliably estimated as of the dates of those filings. We consider, however, the likelihood of a BP bankruptcy to be remote.

In addition to the contractual indemnities discussed above, we have a general liability insurance program of $600 million. Our insurance is designed to cover claims by businesses and individuals made against us in the event of property damage, injury or death and, among other things, claims relating to environmental damage, as well as legal fees incurred in defending against those claims. We have received and expect to continue to receive payments from our insurers with respect to covered legal fees incurred in connection with the Macondo well incident. Through January 2012, we have incurred legal fees and related expenses covered by our insurance program of approximately $76 million. To the extent we incur any losses beyond those covered by indemnification, there can be no assurance that our insurance policies will cover all potential claims and expenses relating to the Macondo well incident. In addition, we may not be insured with respect to civil or criminal fines or penalties, if any, pursuant to the terms of our insurance policies. Insurance coverage can be the subject of uncertainties and, particularly in the event of large claims, potential disputes with insurance carriers, as well as other potential parties claiming insured status under our insurance policies.

Barracuda-Caratinga arbitration

We 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. At Petrobras' direction, KBR replaced certain bolts located on the subsea flowlines that failed through mid-November 2005, and KBR 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. 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. The arbitration panel held an evidentiary hearing in March 2008 to determine which party was 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 parties presented evidence and witnesses to the panel in May 2010, and final arguments were presented in August 2010. During the third quarter of 2011, the arbitration panel issued an award against KBR in the amount of $201 million, which is reflected as a liability and a component of loss from discontinued operations in our consolidated financial statements. KBR filed a motion to vacate the arbitration award with the United States District Court for the Southern District of New York. See Note 7 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 Securities and Exchange Commission (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 was styled *Archdiocese of Milwaukee Supporting Fund (AMSF) v. Halliburton Company, et al*. AMSF has changed its name to Erica P. John Fund, Inc. (the Fund). 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 our 1998 acquisition of Dresser Industries, Inc., including that we failed to timely disclose the resulting asbestos liability exposure.

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

In September 2007, the Fund filed a motion for class certification, and our response was filed in November 2007. The district court held a hearing in March 2008, and issued an order November 3, 2008 denying the motion for class certification. The Fund appealed the district court's order to the Fifth Circuit Court of Appeals. The Fifth Circuit affirmed the district court's order denying class certification. On May 13, 2010, the Fund filed a writ of certiorari in the United States Supreme Court. In early January 2011, the Supreme Court granted the writ of certiorari and accepted the appeal. The Court heard oral arguments in April 2011 and issued its decision in June 2011, reversing the Fifth Circuit ruling that the Fund needed to prove loss causation in order to obtain class certification. The Court's ruling was limited to the Fifth Circuit's loss causation requirement, and the case was returned to the Fifth Circuit for further consideration of our other arguments for denying class certification. The Fifth Circuit returned the case to the district court, and in January 2012 the court issued an order certifying the class which we have appealed. The case is at an early stage, and we cannot predict the outcome or consequences thereof. As of December 31, 2011, 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. We intend to vigorously defend this case.

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 our detriment and the detriment of our 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 only current and former Halliburton directors and officers 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. Subsequently, a shareholder made a demand that the board take remedial action respecting the FCPA claims in the pending lawsuit. Our Board of Directors designated a special committee of independent and disinterested directors to oversee the investigation of the allegations made in the lawsuits and shareholder demand. Upon receipt of its special committee's findings and recommendations, the independent and disinterested members of the Board determined that the shareholder claims were without merit and not otherwise in the best interest of the company to pursue. The Board directed company counsel to report its determinations to the plaintiffs and demanding shareholder. As of December 31, 2011, 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.

We have agreed in principle, subject to approval by the court, to settle the lawsuits. Under the terms of the proposed settlement, we have agreed to implement certain changes to our corporate governance policies and agreed to pay the plaintiffs' legal fees.

In February 2011, the same shareholder who had made the demand on our board of directors in connection with one of the derivative lawsuits discussed above filed a shareholder derivative lawsuit in Harris County, Texas naming us as a nominal defendant and certain of our directors and officers as defendants. This case alleges that these defendants, among other things, breached fiduciary duties of good faith and loyalty by failing to properly exercise oversight responsibilities and establish adequate internal controls, including controls and procedures related to cement testing and the communication of test results, as they relate to the Macondo well incident. Our Board of Directors designated a special committee of independent and disinterested directors to oversee the investigation of the allegations made in the lawsuit and shareholder demand. Upon receipt of its special committee's findings and recommendations, the independent and disinterested members of the Board determined that the shareholder claims were without merit and not otherwise in the best interest of the company to pursue. The Board directed company counsel to report its determinations to the plaintiffs and demanding shareholder. As of December 31, 2011, 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.

Angola Investigations

We are conducting an internal investigation of certain areas of our operations in Angola, focusing on compliance with certain company policies, including our Code of Business Conduct (COBC), and the FCPA and other applicable laws. In December 2010, we received an anonymous e-mail alleging that certain current and former personnel violated our COBC and the FCPA, principally through the use of an Angolan vendor. The e-mail also alleges conflicts of interest, self-dealing and the failure to act on alleged violations of our COBC and the FCPA. We contacted the DOJ to advise them that we were initiating an internal investigation with the assistance of outside counsel and independent forensic accountants.

During the third quarter of 2011, we met with the DOJ and the SEC to brief them on the status of our investigation and provided them documents. We are currently responding to a subpoena from the SEC regarding this matter and are producing all relevant documents. We understand that one of our employees has also received a subpoena from the SEC regarding this matter.

We expect to continue to have discussions with the DOJ and the SEC, and we intend to continue to cooperate with their inquiries and requests as they investigate this matter. Because these investigations are at an early stage, we cannot predict their outcome or the consequences thereof.

Environmental

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

- the Comprehensive Environmental Response, Compensation, and Liability Act;
- the Resource Conservation and Recovery Act;
- the Clean Air Act;
- the Federal Water Pollution Control Act;
- the Toxic Substances Control Act; and
- the Oil Pollution Act of 1990.

In addition to the federal laws and regulations, states and other countries where we do business often have numerous environmental, legal, and regulatory requirements by which we must abide. We evaluate and address the environmental impact of our operations by assessing and remediating contaminated properties in order to avoid future liabilities and comply with environmental, legal, and regulatory requirements. Our Health, Safety and Environment group has several programs in place to maintain environmental leadership and to help prevent the occurrence of environmental contamination. On occasion, in addition to the matters relating to the Macondo well incident described above and the Duncan, Oklahoma matter described below, we are involved in other environmental litigation and claims, including the remediation of properties we own or have operated, as well as efforts to meet or correct compliance-related matters. We do not expect costs related to those 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 $81 million as of December 31, 2011 and $47 million as of December 31, 2010. Our total liability related to environmental matters covers numerous properties.

Between 1965 and 1991, a former Halliburton unit known as the Halliburton Industrial Services Division (HISD) performed work for the U.S. Department of Defense cleaning solid fuel from missile casings at a semi-rural facility on the north side of Duncan, Oklahoma. We closed our site in coordination with the Oklahoma Department of Environmental Quality (DEQ) in the mid-1990s, but continued to monitor the groundwater at DEQ’s request. A principal component of the missile fuel was ammonium perchlorate, a salt that is highly soluble in water, which has been discovered in the soil and groundwater on our site and in certain residential water wells near our property.

Commencing in October 2011, a number of lawsuits were filed against us, including a putative class action case in federal court in the Western District of Oklahoma and other lawsuits filed in Oklahoma state courts. The lawsuits generally allege, among other things, that operations at our Duncan facility caused releases of pollutants, including ammonium perchlorate and, in the case of the federal lawsuit, nuclear or radioactive waste, into the groundwater, and that we knew about those releases and did not take corrective actions to address them. It is also alleged that the plaintiffs have suffered from certain health conditions, including hypothyroidism, a condition that has been associated with exposure to perchlorate at sufficiently high doses over time. These cases seek, among other things, damages, including punitive damages, and the establishment of a fund for future medical monitoring. The cases allege, among other things, strict liability, trespass, private nuisance, public nuisance, and negligence and, in the case of the federal lawsuit, violations of the U.S. Resource Conservation and Recovery Act, resulting in personal injuries, property damage, and diminution of property value.

The lawsuits generally allege that the cleaning of the missile casings at the Duncan facility contaminated the surrounding soils and groundwater, including certain water wells used in a number of residential homes, through the migration of, among other things, ammonium perchlorate. The federal lawsuit also alleges that our processing of radioactive waste from a nuclear power plant over 25 years ago resulted in the release of “nuclear/radioactive” waste into the environment.

We and the DEQ have recently conducted soil and groundwater sampling relating to the allegations discussed above that has confirmed that the alleged nuclear or radioactive material is confined to the soil in a discrete area of the onsite operations and is not present in the groundwater onsite or in any areas offsite. The radiological impacts from this discrete area are not believed to present any health risk for offsite exposure. With respect to ammonium perchlorate, we have made arrangements to supply affected residents with bottled drinking water and, if needed, with a temporary water supply system, at no cost to the residents. We have worked with the City of Duncan and the DEQ to expedite expansion of the city water supply to the relevant areas.

The lawsuits described above are at an early stage, and additional lawsuits and proceedings may be brought against us. We cannot predict their outcome or the consequences thereof. As of December 31, 2011, we had accrued $35 million related to our initial estimate of response efforts, third-party property damage, and remediation related to the Duncan, Oklahoma matter. We intend to vigorously defend the lawsuits and do not believe that these lawsuits will have a material adverse effect on our liquidity, consolidated results of operations, or consolidated financial condition.

Additionally, we have subsidiaries that have been named as potentially responsible parties along with other third parties for nine federal and state superfund sites for which we have established reserves. As of December 31, 2011, those nine sites accounted for approximately $7 million of our $81 million total environmental reserve. 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 $1.7 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of December 31, 2011, including $292 million of surety bonds related to Venezuela. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization.

Leases

We are obligated under operating leases, principally for the use of land, offices, equipment, manufacturing and field facilities, and warehouses. Total rentals, net of sublease rentals, were $735 million in 2011, $591 million in 2010, and $528 million in 2009.

Future total rentals on noncancellable operating leases are as follows: $207 million in 2012; $166 million in 2013; $112 million in 2014; $87 million in 2015; $64 million in 2016; and $164 million thereafter.

Note 9. Income Taxes

The components of the (provision)/benefit for income taxes on continuing operations were:

	Year Ended December 31		
Millions of dollars	2011	2010	2009
Current income taxes:			
Federal	$ (1,026)	$ (400)	$ 30
Foreign	(334)	(287)	(250)
State	(109)	(42)	(24)
Total current	(1,469)	(729)	(244)
Deferred income taxes:			
Federal	(28)	(124)	(237)
Foreign	57	3	(31)
State	1	(3)	(6)
Total deferred	30	(124)	(274)
Provision for income taxes	$ (1,439)	$ (853)	$ (518)

The United States and foreign components of income from continuing operations before income taxes were as follows:

	Year Ended December 31		
Millions of dollars	2011	2010	2009
United States	$ 4,040	$ 1,918	$ 589
Foreign	409	737	1,093
Total	$ 4,449	$ 2,655	$ 1,682

Reconciliations between the actual provision for income taxes on continuing operations and that computed by applying the United States statutory rate to income from continuing operations before income taxes were as follows:

	Year Ended December 31		
	2011	2010	2009
United States statutory rate	35.0%	35.0%	35.0%
Domestic manufacturing deduction	(2.1)	(1.8)	–
Adjustments of prior year taxes	(1.3)	(1.2)	(2.1)
Impact of foreign income taxed at different rates	(0.5)	(1.3)	(3.3)
Other impact of foreign operations	(0.4)	(1.3)	(0.4)
Impact of devaluation of Venezuelan Bolívar Fuerte	–	0.8	–
Other items, net	1.6	1.9	1.6
Total effective tax rate on continuing operations	32.3%	32.1%	30.8%

We have not provided United States income taxes and foreign withholding taxes on the undistributed earnings of foreign subsidiaries as of December 31, 2011 because we intend to permanently reinvest such earnings outside the United States. If these foreign earnings were to be repatriated in the future, the related United States tax liability may be reduced by any foreign income taxes previously paid on these earnings. As of December 31, 2011, the cumulative amount of earnings upon which United States income taxes have not been provided is approximately $4.1 billion. It is not possible to estimate the amount of unrecognized deferred tax liability related to these earnings at this time.

The primary components of our deferred tax assets and liabilities were as follows:

Millions of dollars	December 31 2011	2010
Gross deferred tax assets:		
Employee compensation and benefits	$ 345	$ 313
Net operating loss carryforwards	139	52
Accrued liabilities	64	77
Insurance accruals	48	47
Software revenue recognition	44	50
Inventory	30	28
Capitalized research and experimentation	29	44
Other	110	106
Total gross deferred tax assets	809	717
Gross deferred tax liabilities:		
Depreciation and amortization	648	631
Joint ventures, partnerships, and unconsolidated affiliates	38	48
Other	68	57
Total gross deferred tax liabilities	754	736
Valuation allowances – net operating loss carryforwards	44	22
Net deferred income tax asset (liability)	$ 11	$ (41)

At December 31, 2011, we had a total of $346 million of foreign net operating loss carryforwards, of which $211 million will expire from 2012 through 2032. The balance will not expire due to indefinite expiration dates.

The following table presents a rollforward of our unrecognized tax benefits and associated interest and penalties.

Millions of dollars		Unrecognized Tax Benefits		Interest and Penalties
Balance at January 1, 2009	$	300	$	43
Change in prior year tax positions		(42)		(6)
Change in current year tax positions		23		2
Cash settlements with taxing authorities		(7)		(1)
Lapse of statute of limitations		(11)		(9)
Balance at December 31, 2009	$	263	$	29
Change in prior year tax positions		(74)		7
Change in current year tax positions		19		2
Cash settlements with taxing authorities		(28)		(5)
Lapse of statute of limitations		(3)		(1)
Balance at December 31, 2010	$	177(a)	$	32
Change in prior year tax positions		38		41
Change in current year tax positions		5		1
Cash settlements with taxing authorities		(12)		(3)
Lapse of statute of limitations		(3)		(2)
Balance at December 31, 2011	$	205(a)(b)	$	69

(a) Includes $67 million as of December 31, 2011 and $62 million as of December 31, 2010 in amounts to be settled in accordance with our Tax Sharing Agreement with KBR and foreign unrecognized tax benefits that would give rise to a United States tax credit. See Note 7 for further information. The remaining balance of $138 million as of December 31, 2011 and $115 million as of December 31, 2010, if resolved in our favor, would positively impact the effective tax rate and, therefore, be recognized as additional tax benefits in our statement of operations.

(b) Includes $42 million that could be resolved within the next 12 months.

We file income tax returns in the United States federal jurisdiction and in various states and foreign jurisdictions. In most cases, we are no longer subject to state, local, or non-United States income tax examination by tax authorities for years before 2000. Tax filings of our subsidiaries, unconsolidated affiliates, and related entities are routinely examined in the normal course of business by tax authorities. Currently, our United States federal tax filings are under review for tax years 2008 and 2009.

Note 10. Shareholders' Equity and Stock Incentive Plans

The following tables summarize our common stock and other shareholders' equity activity:

	Company Shareholders' Equity						
Millions of dollars	Common Shares	Paid-in Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Consolidated Subsidiaries	Total
Balance at December 31, 2008	$ 2,666	$ 484	$ (5,251)	$ 10,041	$ (215)	$ 19	$ 7,744
Cash dividends paid	–	–	–	(324)	–	–	(324)
Stock plans	3	(51)	266	–	–	–	218
Common shares purchased	–	–	(17)	–	–	–	(17)
Tax loss from exercise of options and restricted stock	–	(22)	–	–	–	–	(22)
Other	–	–	–	1	–	–	1
Total dividends and other transactions with shareholders	3	(73)	249	(323)	–	–	(144)
Comprehensive income (loss):							
Net income	–	–	–	1,145	–	10	1,155
Other comprehensive income (loss):							
Cumulative translation adjustment	–	–	–	–	(5)	–	(5)
Defined benefit and other postretirement plans, net	–	–	–	–	2	–	2
Net unrealized gains on investments, net of tax provision of $3	–	–	–	–	5	–	5
Total comprehensive income	–	–	–	1,145	2	10	1,157
Balance at December 31, 2009	$ 2,669	$ 411	$ (5,002)	$ 10,863	$ (213)	$ 29	$ 8,757
Cash dividends paid	–	–	–	(327)	–	–	(327)
Stock plans	5	(37)	252	–	–	–	220
Common shares purchased	–	–	(141)	–	–	–	(141)
Tax loss from exercise of options and restricted stock	–	(18)	–	–	–	–	(18)
Other	–	–	–	–	–	(21)	(21)
Total dividends and other transactions with shareholders	5	(55)	111	(327)	–	(21)	(287)
Treasury shares issued for acquisition	–	(17)	120	–	–	–	103
Comprehensive income (loss):							
Net income	–	–	–	1,835	–	7	1,842
Other comprehensive income (loss):							
Cumulative translation adjustment	–	–	–	–	(1)	–	(1)
Defined benefit and other postretirement plans adjustments, net	–	–	–	–	(26)	(1)	(27)
Total comprehensive income	–	–	–	1,835	(27)	6	1,814
Balance at December 31, 2010	$ 2,674	$ 339	$ (4,771)	$ 12,371	$ (240)	$ 14	$ 10,387
Cash dividends paid	–	–	–	(330)	–	–	(330)
Stock plans	9	82	267	–	–	–	358
Common shares purchased	–	–	(43)	–	–	–	(43)
Tax loss from exercise of options and restricted stock	–	34	–	–	–	–	34
Total dividends and other transactions with shareholders	9	116	224	(330)	–	–	19
Comprehensive income (loss):							
Net income	–	–	–	2,839	–	5	2,844
Other comprehensive income (loss):							
Defined benefit and other postretirement plans adjustments, net	–	–	–	–	(33)	(1)	(34)
Total comprehensive income	–	–	–	2,839	(33)	4	2,810
Balance at December 31, 2011	$ 2,683	$ 455	$ (4,547)	$ 14,880	$ (273)	$ 18	$ 13,216

Accumulated other comprehensive loss	December 31		
Millions of dollars	2011	2010	2009
Cumulative translation adjustment	$ (66)	$ (66)	$ (65)
Defined benefit and other postretirement liability adjustments (a)	(208)	(175)	(149)
Unrealized gains on investments	1	1	1
Total accumulated other comprehensive loss	$ (273)	$ (240)	$ (213)

(a) Included net actuarial losses for our international pension plans of $184 million at December 31, 2011, $170 million at December 31, 2010, and $149 million at December 31, 2009.

Shares of common stock	December 31		
Millions of shares	2011	2010	2009
Issued	1,073	1,069	1,067
In treasury	(152)	(159)	(165)
Total shares of common stock outstanding	921	910	902

Our stock repurchase program has an authorization of $5.0 billion, of which $1.7 billion remained available at December 31, 2011. The program does not require a specific number of shares to be purchased and the program may be effected through solicited or unsolicited transactions in the market or in privately negotiated transactions. The program may be terminated or suspended at any time. From the inception of this program in February 2006 through December 31, 2011, we have repurchased approximately 96 million shares of our common stock for approximately $3.3 billion at an average price per share of $34.22. There were no stock repurchases under the program in 2011.

Preferred Stock

Our preferred stock consists of five million total authorized shares at December 31, 2011, of which none are issued.

Stock Incentive Plans

The following table summarizes stock-based compensation costs for the years ended December 31, 2011, 2010 and 2009.

	Year Ended December 31		
Millions of dollars	2011	2010	2009
Stock-based compensation cost	$ 198	$ 158	$ 143
Tax benefit	$ (61)	$ (50)	$ (46)
Stock-based compensation cost, net of tax	$ 137	$ 108	$ 97

Our Stock and Incentive Plan, as amended (Stock Plan), provides for the grant of any or all of the following types of stock-based awards:

- stock options, including incentive stock options and nonqualified stock options;
- restricted stock awards;
- restricted stock unit awards;
- stock appreciation rights; and
- stock value equivalent awards.

There are currently no stock appreciation rights or stock value equivalent awards outstanding.

Under the terms of the Stock Plan, approximately 133 million shares of common stock have been reserved for issuance to employees and non-employee directors. At December 31, 2011, approximately 14 million shares were available for future grants under the Stock Plan. The stock to be offered pursuant to the grant of an award under the Stock Plan may be authorized but unissued common shares or treasury shares.

In addition to the provisions of the Stock Plan, we also have stock-based compensation provisions under our Restricted Stock Plan for Non-Employee Directors and our Employee Stock Purchase Plan (ESPP).

Each of the active stock-based compensation arrangements is discussed below.

Stock options

The majority of our options are generally issued during the second quarter of the year. All stock options under the Stock Plan are granted at the fair market value of our common stock at the grant date. Employee stock options vest ratably over a three- or four-year period and generally expire 10 years from the grant date. Compensation expense for stock options is generally recognized on a straight line basis over the entire vesting period. No further stock option grants are being made under the stock plans of acquired companies.

The following table represents our stock options activity during 2011.

Stock Options	Number of Shares *(in millions)*	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term *(years)*	Aggregate Intrinsic Value *(in millions)*
Outstanding at January 1, 2011	15.8	$ 26.79		
Granted	3.4	43.87		
Exercised	(3.9)	22.05		
Forfeited/expired	(0.4)	33.54		
Outstanding at December 31, 2011	14.9	$ 31.74	6.7	$ 94
Exercisable at December 31, 2011	8.5	$ 29.07	5.3	$ 68

The total intrinsic value of options exercised was $102 million in 2011, $38 million in 2010, and $10 million in 2009. As of December 31, 2011, there was $55 million of unrecognized compensation cost, net of estimated forfeitures, related to nonvested stock options, which is expected to be recognized over a weighted average period of approximately 2 years.

Cash received from option exercises was $160 million during 2011, $102 million during 2010, and $74 million during 2009.

The fair value of options at the date of grant was estimated using the Black-Scholes option pricing model. The expected volatility of options granted was a blended rate based upon implied volatility calculated on actively traded options on our common stock and upon the historical volatility of our common stock. The expected term of options granted was based upon historical observation of actual time elapsed between date of grant and exercise of options for all employees. The assumptions and resulting fair values of options granted were as follows:

	Year Ended December 31		
	2011	2010	2009
Expected term (in years)	5.20	5.27	5.18
Expected volatility	40%	40%	53%
Expected dividend yield	0.69 – 1.01%	0.99 – 1.71%	1.23 – 2.55%
Risk-free interest rate	0.93 – 2.29%	1.20 – 2.78%	1.38 – 2.47%
Weighted average grant-date fair value per share	$ 15.61	$ 9.94	$ 9.36

Restricted stock

Restricted shares issued under the Stock Plan are restricted as to sale or disposition. These restrictions lapse periodically over an extended period of time not exceeding 10 years. Restrictions may also lapse for early retirement and other conditions in accordance with our established policies. Upon termination of employment, shares on which restrictions have not lapsed must be returned to us, resulting in restricted stock forfeitures. The fair market value of the stock on the date of grant is amortized and charged to income on a straight-line basis over the requisite service period for the entire award.

Our Restricted Stock Plan for Non-Employee Directors (Directors Plan) allows for each non-employee director to receive an annual award of 800 restricted shares of common stock as a part of their compensation. These awards have a minimum restriction period of six months, and the restrictions lapse upon the earlier of mandatory director retirement at age 72 or early retirement from the Board after four years of service. The fair market value of the stock on the date of grant is amortized over the lesser of the time from the grant date to age 72 or the time from the grant date to completion of four years of service on the Board. We reserved 200,000 shares of common stock for issuance to non-employee directors, which may be authorized but unissued common shares or treasury shares. At December 31, 2011, 145,600 shares had been issued to non-employee directors under this plan. There were 7,200 shares, 8,000 shares, and 8,000 shares of restricted stock awarded under the Directors Plan in 2011, 2010, and 2009. In addition, during 2011, our non-employee directors were awarded 19,395 shares of restricted stock under the Stock Plan, which are included in the table below.

The following table represents our Stock Plan and Directors Plan restricted stock awards and restricted stock units granted, vested, and forfeited during 2011.

Restricted Stock	Number of Shares *(in millions)*	Weighted Average Grant-Date Fair Value per Share
Nonvested shares at January 1, 2011	13.3	$ 28.10
Granted	5.4	43.35
Vested	(3.7)	28.81
Forfeited	(0.8)	32.59
Nonvested shares at December 31, 2011	14.2	$ 33.45

The weighted average grant-date fair value of shares granted during 2010 was $29.39 and during 2009 was $22.90. The total fair value of shares vested during 2011 was $165 million, during 2010 was $100 million, and during 2009 was $59 million. As of December 31, 2011, there was $352 million of unrecognized compensation cost, net of estimated forfeitures, related to nonvested restricted stock, which is expected to be recognized over a weighted average period of 4 years.

Employee Stock Purchase Plan

Under the ESPP, eligible employees may have up to 10% of their earnings withheld, subject to some limitations, to be used to purchase shares of our common stock. Unless the Board of Directors shall determine otherwise, each six-month offering period commences on January 1 and July 1 of each year. The price at which common stock may be purchased under the ESPP is equal to 85% of the lower of the fair market value of the common stock on the commencement date or last trading day of each offering period. Under this plan, 44 million shares of common stock have been reserved for issuance. They may be authorized but unissued shares or treasury shares. As of December 31, 2011, 25.3 million shares have been sold through the ESPP.

The fair value of ESPP shares was estimated using the Black-Scholes option pricing model. The expected volatility was a one-year historical volatility of our common stock. The assumptions and resulting fair values were as follows:

	Offering period July 1 through December 31		
	2011	2010	2009
Expected term (in years)	0.5	0.5	0.5
Expected volatility	34%	43%	80%
Expected dividend yield	0.70%	1.44%	1.74%
Risk-free interest rate	0.10%	0.21%	0.33%
Weighted average grant-date fair value per share	$ 12.57	$ 6.72	$ 7.66

	Offering period January 1 through June 30		
	2011	2010	2009
Expected term (in years)	0.5	0.5	0.5
Expected volatility	43%	48%	71%
Expected dividend yield	0.88%	1.15%	1.85%
Risk-free interest rate	0.20%	0.19%	0.27%
Weighted average grant-date fair value per share	$ 10.99	$ 8.81	$ 6.69

Note 11. 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:

Millions of shares	2011	2010	2009
Basic weighted average common shares outstanding	918	908	900
Dilutive effect of stock options	4	3	2
Diluted weighted average common shares outstanding	922	911	902

Excluded from the computation of diluted income per share are options to purchase three million shares of common stock that were outstanding in 2011, five million shares of common stock that were outstanding in 2010, and seven million shares of common stock that were outstanding in 2009. These options were outstanding during these years but were excluded because they were antidilutive, as the option exercise price was greater than the average market price of the common shares.

Note 12. Financial Instruments and Risk Management

At December 31, 2011, we held $150 million of short-term, United States Treasury securities with maturities that extend through February 2012 compared to $653 million of short-term, United States Treasury securities at December 31, 2010. These securities are accounted for as available-for-sale and recorded at fair value, based on quoted market prices, in “Investments in marketable securities” on our consolidated balance sheets. The carrying amount of cash and equivalents, investments in marketable securities, receivables, and accounts payable, as reflected in the consolidated balance sheets, approximates fair value due to the short maturities of these instruments. We have no financial instruments measured at fair value using unobservable inputs.

The fair value of our long-term debt was $6.2 billion as of December 31, 2011 and $4.6 billion as of December 31, 2010, which differs from the carrying amount of $4.8 billion as of December 31, 2011 and $3.8 billion as of December 31, 2010, on our consolidated balance sheets. As of December 31, 2011, $3.6 billion of the fair value of our long-term debt and as of December 31, 2010, $4.2 billion of the fair value of our long-term debt were calculated using quoted prices in active markets for identical liabilities. As of December 31, 2011, $2.6 billion of the fair value of our long-term debt and as of December 31, 2010, $422 million of the fair value of our long-term debt were calculated using significant observable inputs for similar liabilities.

We are exposed to market risk from changes in foreign currency exchange rates and interest rates. We selectively manage these exposures through the use of derivative instruments, including forward exchange contracts and interest rate swaps. The objective of our risk management strategy is to minimize the volatility from fluctuations in foreign currency and interest rates. We do not use derivative instruments for trading purposes. The fair value of our forward exchange contracts and interest rate swaps was not material as of December 31, 2011. The counterparties to our forward exchange contracts and interest rate swaps are global commercial and investment banks.

Foreign currency exchange risk

We have operations in many international locations and are involved in transactions denominated in currencies other than the United States dollar, our functional currency, which exposes us to foreign currency exchange rate risk. Techniques in managing foreign currency exchange risk include, but are not limited to, foreign currency borrowing and investing and the use of currency derivative instruments. We attempt to selectively manage significant exposures to potential foreign currency exchange losses based on current market conditions, future operating activities, and the associated cost in relation to the perceived risk of loss. The purpose of our foreign currency risk management activities is to minimize the risk that our cash flows from the sale and purchase of services and products in foreign currencies will be adversely affected by changes in exchange rates.

We use forward exchange contracts to manage our exposure to fluctuations in the currencies of the countries in which we do the majority of our international business. These forward exchange contracts are not treated as hedges for accounting purposes, generally have an expiration date of one year or less, and are not exchange traded. While forward exchange contracts are subject to fluctuations in value, the fluctuations are generally offset by the value of the underlying exposures being managed. The use of some of these contracts may limit our ability to benefit from favorable fluctuations in foreign currency exchange rates.

Forward exchange contracts are not utilized to manage exposures in some currencies due primarily to the lack of available markets or cost considerations (non-traded currencies). We attempt to manage our working capital position to minimize foreign currency exposure in non-traded currencies and recognize that pricing for the services and products offered in these countries should account for the cost of exchange rate devaluations. We have historically incurred transaction losses in non-traded currencies.

The notional amounts of open forward exchange contracts were $268 million at December 31, 2011 and $356 million at December 31, 2010. The notional amounts of our forward exchange contracts do not generally represent amounts exchanged by the parties, and thus are not a measure of our exposure or of the cash requirements related to these contracts. As such, cash flows related to these contracts are typically not material. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the contracts, such as exchange rates.

Interest rate risk

We are subject to interest rate risk on our long-term debt. Our marketable securities and short-term borrowings do not give rise to significant interest rate risk due to their short-term nature. We had fixed rate long-term debt totaling $4.8 billion at December 31, 2011 and fixed rate long-term debt totaling $3.8 billion at December 31, 2010 with none maturing before May 2017.

We maintain an interest rate management strategy that is intended to mitigate the exposure to changes in interest rates in the aggregate for our investment portfolio. During the second quarter of 2011, we entered into a series of interest rate swaps relating to two of our debt instruments with a total notional amount of $1.0 billion at a weighted-average, LIBOR-based, floating rate of 3.57% as of December 31, 2011. We utilize interest rate swaps to effectively convert a portion of our fixed rate debt to floating rates. These interest rate swaps, which expire when the underlying debt matures, are designated as fair value hedges of the underlying debt and are determined to be highly effective. The fair value of our interest rate swaps are included in "Other assets" in our consolidated balance sheets as of December 31, 2011. The fair value of our interest rate swaps was determined using an income approach model with inputs, such as the notional amount, LIBOR rate spread, and settlement terms that are observable in the market or can be derived from or corroborated by observable data. We did not have any interest rate swaps outstanding as of December 31, 2010. At December 31, 2011, we had fixed rate debt aggregating $3.8 billion and variable rate debt aggregating $1.0 billion, after taking into account the effects of the interest rate swaps.

Credit risk

Financial instruments that potentially subject us to concentrations of credit risk are primarily cash equivalents, investments in marketable securities, and trade receivables. It is our practice to place our cash equivalents and investments in marketable securities in high quality investments with various institutions. We derive the majority of our revenue from selling products and providing services to the energy industry. Within the energy industry, our trade receivables are generated from a broad and diverse group of customers, although a significant amount of our trade receivables are generated in the United States. We maintain an allowance for losses based upon the expected collectability of all trade accounts receivable.

We do not have any significant concentrations of credit risk with any individual counterparty to our derivative contracts. We select counterparties to those contracts based on our belief that each counterparty's profitability, balance sheet, and capacity for timely payment of financial commitments is unlikely to be materially adversely affected by foreseeable events.

Note 13. Retirement Plans

Our company and subsidiaries have various plans that cover a significant number of our employees. These plans include defined contribution plans, defined benefit plans, and other postretirement plans:

- our defined contribution plans provide retirement benefits in return for services rendered. These plans provide an individual account for each participant and have terms that specify how contributions to the participant's account are to be determined rather than the amount of pension benefits the participant is to receive. Contributions to these plans are based on pretax income and/or discretionary amounts determined on an annual basis. Our expense for the defined contribution plans for continuing operations totaled $245 million in 2011, $196 million in 2010, and $186 million in 2009;
- our defined benefit plans, which include both funded and unfunded pension plans, define an amount of pension benefit to be provided, usually as a function of age, years of service, and/or compensation. The unfunded obligations and net periodic benefit cost of our United States defined benefit plans were not material for the periods presented; and
- our postretirement medical plans are offered to specific eligible employees. The accumulated benefit obligations and net periodic benefit cost for these plans were not material for the periods presented.

Funded status

For our international pension plans at December 31, 2011, the projected benefit obligation was $928 million and the fair value of plan assets was $705 million, which resulted in an unfunded obligation of $223 million. At December 31, 2010, the projected benefit obligation was $908 million and the fair value of plan assets was $691 million, which resulted in an unfunded obligation of $217 million. The accumulated benefit obligation for our international plans was $868 million at December 31, 2011 and $829 million at December 31, 2010.

The following table presents additional information about our international pension plans.

Millions of dollars	2011	2010
Amounts recognized on the Consolidated Balance Sheets		
Accrued employee compensation and benefits	$ 10	$ 15
Employee compensation and benefits	213	202
Pension plans in which projected benefit obligation exceeded plan assets at December 31		
Projected benefit obligation	$ 928	$ 902
Fair value of plan assets	705	685
Pension plans in which accumulated benefit obligation exceeded plan assets at December 31		
Accumulated benefit obligation	$ 784	$ 764
Fair value of plan assets	621	614

Fair value measurements of plan assets

The following table sets forth by level within the fair value hierarchy the fair value of assets held by our international pension plans.

Millions of dollars	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs for Similar Assets	Significant Unobservable Inputs	Total
Common/collective trust funds (a)				
Equity funds	$ –	$ 241	$ –	$ 241
Bond funds	–	110	–	110
Balanced funds	–	12	–	12
Corporate bonds	–	89	–	89
United States equity securities	67	–	–	67
Non-United States equity securities	64	–	–	64
Other assets	15	16	91	122
Fair value of plan assets at December 31, 2011	$ 146	$ 468	$ 91	$ 705
Common/collective trust funds (a)				
Equity funds	$ –	$ 155	$ –	$ 155
Bond funds	–	97	–	97
Balanced funds	–	14	–	14
Non-United States equity securities	133	–	–	133
Corporate bonds	–	84	–	84
United States equity securities	41	–	–	41
Other assets	82	6	79	167
Fair value of plan assets at December 31, 2010	$ 256	$ 356	$ 79	$ 691

(a) Strategies are generally to invest in equity or debt securities, or a combination thereof, that match or outperform certain predefined indices.

Equity securities are traded in active markets and valued based on their quoted fair value by independent pricing vendors. Government bonds and corporate bonds are valued using quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads, and estimated prepayment rates. Common/collective trust funds are valued at the net asset value of units held by the plans at year-end.

Our investment strategy varies by country depending on the circumstances of the underlying plan. Typically, less mature plan benefit obligations are funded by using more equity securities, as they are expected to achieve long-term growth while exceeding inflation. More mature plan benefit obligations are funded using more fixed income securities, as they are expected to produce current income with limited volatility. The fixed income allocation is generally invested with a similar maturity profile to that of the benefit obligations to ensure that changes in interest rates are adequately reflected in the assets of the plan. Risk management practices include diversification by issuer, industry, and geography, as well as the use of multiple asset classes and investment managers within each asset class.

For our United Kingdom pension plan, which constituted 74% of our international pension plans' projected benefit obligations at December 31, 2011, the target asset allocation is 65% equity securities and 35% fixed income securities.

Net periodic benefit cost

Net periodic benefit cost for our international pension plans was $27 million in 2011, $28 million in 2010, and $32 million in 2009.

Actuarial assumptions

Certain weighted-average actuarial assumptions used to determine benefit obligations of our international pension plans at December 31 were as follows:

	2011	2010
Discount rate	5.2%	5.7%
Rate of compensation increase	5.4%	5.2%

Certain weighted-average actuarial assumptions used to determine net periodic benefit cost of our international pension plans for the years ended December 31 were as follows:

	2011	2010	2009
Discount rate	7.1%	7.9%	7.4%
Expected long-term return on plan assets	5.7%	5.6%	5.6%
Rate of compensation increase	6.2%	6.4%	5.7%

Assumed long-term rates of return on plan assets, discount rates for estimating benefit obligations, and rates of compensation increases vary by plan according to local economic conditions. Discount rates were determined based on the prevailing market rates of a portfolio of high-quality debt instruments with maturities matching the expected timing of the payment of the benefit obligations. Expected long-term rates of return on plan assets were determined based upon an evaluation of our plan assets and historical trends and experience, taking into account current and expected market conditions.

Expected cash flows

Contributions. Funding requirements for each plan are determined based on the local laws of the country where such plan resides. In certain countries the funding requirements are mandatory, while in other countries they are discretionary. We currently expect to contribute $11 million to our international pension plans in 2012.

Benefit payments. Expected benefit payments over the next 10 years are approximately $25 million annually for our international pension plans.

Note 14. Accounting Standards Recently Adopted

In September 2011, the Financial Accounting Standards Board (FASB) issued an update to existing guidance on the assessment of goodwill impairment. This update simplifies the assessment of goodwill for impairment by allowing companies to consider qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount before performing the two step impairment review process. It also amends the examples of events or circumstances that would be considered in a goodwill impairment evaluation. We have elected to early adopt this update to be effective for the fiscal year beginning January 1, 2011. The adoption of this update did not have an impact on our annual goodwill assessment.

On January 1, 2011, we adopted an update issued by the FASB to existing guidance on revenue recognition for arrangements with multiple deliverables. This update allows companies to allocate consideration 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. It also requires additional disclosures on 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. The update is effective for fiscal years beginning after June 15, 2010. The adoption of this update did not have a material impact on our consolidated financial statements or existing revenue recognition policies.

HALLIBURTON COMPANY
Selected Financial Data [1]
(Unaudited)

Millions of dollars and shares except per share and employee data	Year Ended December 31									
		2011		2010		2009		2008		2007
Total revenue	$	24,829	$	17,973	$	14,675	$	18,279	$	15,264
Total operating income	$	4,737	$	3,009	$	1,994	$	4,010	$	3,498
Nonoperating expense, net		(288)		(354)		(312)		(161)		(51)
Income from continuing operations before income taxes		4,449		2,655		1,682		3,849		3,447
Provision for income taxes		(1,439)		(853)		(518)		(1,211)		(907)
Income from continuing operations	$	3,010	$	1,802	$	1,164	$	2,638	$	2,540
Income (loss) from discontinued operations		(166)		40		(9)		(423)		996
Net income	$	2,844	$	1,842	$	1,155	$	2,215	$	3,536
Noncontrolling interest in net (income) loss of subsidiaries		(5)		(7)		(10)		9		(50)
Net income attributable to company	$	2,839	$	1,835	$	1,145	$	2,224	$	3,486
Amounts attributable to company shareholders:										
Continuing operations	$	3,005	$	1,795	$	1,154	$	2,647	$	2,511
Discontinued operations		(166)		40		(9)		(423)		975
Net income		2,839		1,835		1,145		2,224		3,486
Basic income per share attributable to shareholders:										
Continuing operations	$	3.27	$	1.98	$	1.28	$	3.00	$	2.73
Net income		3.09		2.02		1.27		2.52		3.79
Diluted income per share attributable to shareholders:										
Continuing operations		3.26		1.97		1.28		2.91		2.63
Net income		3.08		2.01		1.27		2.45		3.65
Cash dividends per share		0.36		0.36		0.36		0.36		0.35
Return on average shareholders' equity		24.06%		19.17%		13.88%		30.24%		48.31%
Financial position:										
Net working capital	$	7,456	$	6,129	$	5,749	$	4,630	$	5,162
Total assets		23,677		18,297		16,538		14,385		13,135
Property, plant, and equipment, net		8,492		6,842		5,759		4,782		3,630
Long-term debt (including current maturities)		4,820		3,824		4,574		2,612		2,779
Total shareholders' equity		13,216		10,387		8,757		7,744		6,966
Total capitalization		18,097		14,241		13,331		10,369		9,756
Basic weighted average common shares outstanding		918		908		900		883		919
Diluted weighted average common shares outstanding		922		911		902		909		955
Other financial data:										
Capital expenditures	$	2,953	$	2,069	$	1,864	$	1,824	$	1,583
Long-term borrowings (repayments), net		978		(790)		1,944		(861)		(7)
Depreciation, depletion, and amortization		1,359		1,119		931		738		583
Payroll and employee benefits		6,756		5,370		4,783		5,264		4,585
Number of employees		68,000		58,000		51,000		57,000		51,000

(1) All periods presented reflect the reclassification of KBR, Inc. to discontinued operations in the first quarter of 2007.

HALLIBURTON COMPANY
Quarterly Data and Market Price Information (1)
(Unaudited)

Millions of dollars except per share data	Quarter First	Second	Third	Fourth	Year
2011					
Revenue	$ 5,282	$ 5,935	$ 6,548	$ 7,064	$ 24,829
Operating income	814	1,161	1,332	1,430	4,737
Net income	511	741	685	907	2,844
Amounts attributable to company shareholders:					
Income from continuing operations	512	739	848	906	3,005
Income (loss) from discontinued operations	(1)	–	(165)	–	(166)
Net income attributable to company	511	739	683	906	2,839
Basic income per share attributable to company shareholders:					
Income from continuing operations	0.56	0.81	0.92	0.98	3.27
Income (loss) from discontinued operations	–	–	(0.18)	–	(0.18)
Net income	0.56	0.81	0.74	0.98	3.09
Diluted income per share attributable to company shareholders:					
Income from continuing operations	0.56	0.80	0.92	0.98	3.26
Income (loss) from discontinued operations	–	–	(0.18)	–	(0.18)
Net income	0.56	0.80	0.74	0.98	3.08
Cash dividends paid per share	0.09	0.09	0.09	0.09	0.36
Common stock prices (1)					
High	50.47	51.45	57.77	40.43	57.77
Low	37.68	44.47	30.48	27.21	27.21
2010					
Revenue	$ 3,761	$ 4,387	$ 4,665	$ 5,160	$ 17,973
Operating income	449	762	818	980	3,009
Net income	207	483	545	607	1,842
Amounts attributable to company shareholders:					
Income from continuing operations	211	474	485	625	1,795
Income (loss) from discontinued operations	(5)	6	59	(20)	40
Net income attributable to company	206	480	544	605	1,835
Basic income per share attributable to company shareholders:					
Income from continuing operations	0.23	0.52	0.53	0.69	1.98
Income (loss) from discontinued operations	–	0.01	0.07	(0.02)	0.04
Net income	0.23	0.53	0.60	0.67	2.02
Diluted income per share attributable to company shareholders:					
Income from continuing operations	0.23	0.52	0.53	0.68	1.97
Income (loss) from discontinued operations	–	0.01	0.07	(0.02)	0.04
Net income	0.23	0.53	0.60	0.66	2.01
Cash dividends paid per share	0.09	0.09	0.09	0.09	0.36
Common stock prices (1)					
High	34.87	35.22	33.84	41.73	41.73
Low	27.71	21.10	24.27	28.86	21.10

(1) New York Stock Exchange – composite transactions high and low intraday price.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance.

The information required for the directors of the Registrant is incorporated by reference to the Halliburton Company Proxy Statement for our 2012 Annual Meeting of Stockholders (File No. 1-3492) under the captions “Election of Directors” and “Involvement in Certain Legal Proceedings.” The information required for the executive officers of the Registrant is included under Part I on pages 6 through 7 of this annual report. The information required for a delinquent form required under Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference to the Halliburton Company Proxy Statement for our 2012 Annual Meeting of Stockholders (File No. 1-3492) under the caption “Section 16(a) Beneficial Ownership Reporting Compliance,” to the extent any disclosure is required. The information for our code of ethics is incorporated by reference to the Halliburton Company Proxy Statement for our 2012 Annual Meeting of Stockholders (File No. 1-3492) under the caption “Corporate Governance.” The information regarding our Audit Committee and the independence of its members, along with information about the audit committee financial expert(s) serving on the Audit Committee, is incorporated by reference to the Halliburton Company Proxy Statement for our 2012 Annual Meeting of Stockholders (File No. 1-3492) under the caption “The Board of Directors and Standing Committees of Directors.”

Item 11. Executive Compensation.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2012 Annual Meeting of Stockholders (File No. 1-3492) under the captions “Compensation Discussion and Analysis,” “Compensation Committee Report,” “Summary Compensation Table,” “Grants of Plan-Based Awards in Fiscal 2011,” “Outstanding Equity Awards at Fiscal Year End 2011,” “2011 Option Exercises and Stock Vested,” “2011 Nonqualified Deferred Compensation,” “Employment Contracts and Change-in-Control Arrangements,” “Post-Termination Payments,” “Equity Compensation Plan Information,” and “Directors’ Compensation.”

Item 12(a). Security Ownership of Certain Beneficial Owners.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2012 Annual Meeting of Stockholders (File No. 1-3492) under the caption “Stock Ownership of Certain Beneficial Owners and Management.”

Item 12(b). Security Ownership of Management.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2012 Annual Meeting of Stockholders (File No. 1-3492) under the caption “Stock Ownership of Certain Beneficial Owners and Management.”

Item 12(c). Changes in Control.

Not applicable.

Item 12(d). Securities Authorized for Issuance Under Equity Compensation Plans.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2012 Annual Meeting of Stockholders (File No. 1-3492) under the caption “Equity Compensation Plan Information.”

Item 13. Certain Relationships and Related Transactions, and Director Independence.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2012 Annual Meeting of Stockholders (File No. 1-3492) under the caption “Corporate Governance” to the extent any disclosure is required and under the caption “The Board of Directors and Standing Committees of Directors.”

Item 14. Principal Accounting Fees and Services.

This information is incorporated by reference to the Halliburton Company Proxy Statement for our 2012 Annual Meeting of Stockholders (File No. 1-3492) under the caption “Fees Paid to KPMG LLP.”

PART IV

Item 15. Exhibits

1. Financial Statements:
   The reports of the Independent Registered Public Accounting Firm and the financial statements of the Company as required by Part II, Item 8, are included on pages 70 and 71 and pages 72 through 116 of this annual report. See index on page (i).

2. Financial Statement Schedules:
   The schedules listed in Regulation 210.5-04 have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits:

Exhibit Number	Exhibits
3.1	Restated Certificate of Incorporation of Halliburton Company filed with the Secretary of State of Delaware on May 30, 2006 (incorporated by reference to Exhibit 3.1 to Halliburton's Form 8-K filed June 5, 2006, File No. 1-3492).
3.2	By-laws of Halliburton revised effective February 10, 2010 (incorporated by reference to Exhibit 3.1 to Halliburton's Form 8-K filed February 10, 2010, File No. 1-3492).
4.1	Form of debt security of 8.75% Debentures due February 12, 2021 (incorporated by reference to Exhibit 4(a) to the Form 8-K of Halliburton Company, now known as Halliburton Energy Services, Inc. (the Predecessor), dated as of February 20, 1991, File No. 1-3492).
4.2	Senior Indenture dated as of January 2, 1991 between the Predecessor and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee (incorporated by reference to Exhibit 4(b) to the Predecessor's Registration Statement on Form S-3 (Registration No. 33-38394) originally filed with the Securities and Exchange Commission on December 21, 1990), as supplemented and amended by the First Supplemental Indenture dated as of December 12, 1996 among the Predecessor, Halliburton and the Trustee (incorporated by reference to Exhibit 4.1 of Halliburton's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-3492).
4.3	Resolutions of the Predecessor's Board of Directors adopted at a meeting held on February 11, 1991 and of the special pricing committee of the Board of Directors of the Predecessor adopted at a meeting held on February 11, 1991 and the special pricing committee's consent in lieu of meeting dated February 12, 1991 (incorporated by reference to Exhibit 4(c) to the Predecessor's Form 8-K dated as of February 20, 1991, File No. 1-3492).

4.4	Second Senior Indenture dated as of December 1, 1996 between the Predecessor and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee, as supplemented and amended by the First Supplemental Indenture dated as of December 5, 1996 between the Predecessor and the Trustee and the Second Supplemental Indenture dated as of December 12, 1996 among the Predecessor, Halliburton and the Trustee (incorporated by reference to Exhibit 4.2 of Halliburton's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-3492).
4.5	Third Supplemental Indenture dated as of August 1, 1997 between Halliburton and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee, to the Second Senior Indenture dated as of December 1, 1996 (incorporated by reference to Exhibit 4.7 to Halliburton's Form 10-K for the year ended December 31, 1998, File No. 1-3492).
4.6	Fourth Supplemental Indenture dated as of September 29, 1998 between Halliburton and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee, to the Second Senior Indenture dated as of December 1, 1996 (incorporated by reference to Exhibit 4.8 to Halliburton's Form 10-K for the year ended December 31, 1998, File No. 1-3492).
4.7	Resolutions of Halliburton's Board of Directors adopted by unanimous consent dated December 5, 1996 (incorporated by reference to Exhibit 4(g) of Halliburton's Form 10-K for the year ended December 31, 1996, File No. 1-3492).
4.8	Form of debt security of 6.75% Notes due February 1, 2027 (incorporated by reference to Exhibit 4.1 to Halliburton's Form 8-K dated as of February 11, 1997, File No. 1-3492).
4.9	Resolutions of Halliburton's Board of Directors adopted at a special meeting held on September 28, 1998 (incorporated by reference to Exhibit 4.10 to Halliburton's Form 10-K for the year ended December 31, 1998, File No. 1-3492).
4.10	Copies of instruments that define the rights of holders of miscellaneous long-term notes of Halliburton and its subsidiaries have not been filed with the Commission. Halliburton agrees to furnish copies of these instruments upon request.
4.11	Form of debt security of 7.53% Notes due May 12, 2017 (incorporated by reference to Exhibit 4.4 to Halliburton's Form 10-Q for the quarter ended March 31, 1997, File No. 1-3492).

4.12	Form of Indenture dated as of April 18, 1996 between Dresser and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), as Trustee (incorporated by reference to Exhibit 4 to Dresser's Registration Statement on Form S-3/A filed on April 19, 1996, Registration No. 333-01303), as supplemented and amended by Form of First Supplemental Indenture dated as of August 6, 1996 between Dresser and The Bank of New York Trust Company, N.A. (as successor to Texas Commerce Bank National Association), Trustee, for 7.60% Debentures due 2096 (incorporated by reference to Exhibit 4.1 to Dresser's Form 8-K filed on August 9, 1996, File No. 1-4003).
4.13	Second Supplemental Indenture dated as of October 27, 2003 between DII Industries, LLC and The Bank of New York Trust Company, N.A. (as successor to JPMorgan Chase Bank), as Trustee, to the Indenture dated as of April 18, 1996 (incorporated by reference to Exhibit 4.15 to Halliburton's Form 10-K for the year ended December 31, 2003, File No. 1-3492).
4.14	Third Supplemental Indenture dated as of December 12, 2003 among DII Industries, LLC, Halliburton and The Bank of New York Trust Company, N.A. (as successor to JPMorgan Chase Bank), as Trustee, to the Indenture dated as of April 18, 1996, (incorporated by reference to Exhibit 4.16 to Halliburton's Form 10-K for the year ended December 31, 2003, File No. 1-3492).
4.15	Indenture dated as of October 17, 2003 between Halliburton and The Bank of New York Trust Company, N.A. (as successor to JPMorgan Chase Bank), as Trustee (incorporated by reference to Exhibit 4.1 to Halliburton's Form 10-Q for the quarter ended September 30, 2003, File No. 1-3492).
4.16	Second Supplemental Indenture dated as of December 15, 2003 between Halliburton and The Bank of New York Trust Company, N.A. (as successor to JPMorgan Chase Bank), as Trustee, to the Senior Indenture dated as of October 17, 2003 (incorporated by reference to Exhibit 4.27 to Halliburton's Form 10-K for the year ended December 31, 2003, File No. 1-3492).
4.17	Form of note of 7.6% debentures due 2096 (included as Exhibit A to Exhibit 4.16 above).
4.18	Fourth Supplemental Indenture, dated as of September 12, 2008, between Halliburton and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, to the Senior Indenture dated as of October 17, 2003 (incorporated by reference to Exhibit 4.2 to Halliburton's Form 8-K filed September 12, 2008, File No. 1-3492).
4.19	Form of Global Note for Halliburton's 5.90% Senior Notes due 2018 (included as part of Exhibit 4.18).
4.20	Form of Global Note for Halliburton's 6.70% Senior Notes due 2038 (included as part of Exhibit 4.18).

4.21	Fifth Supplemental Indenture, dated as of March 13, 2009, between Halliburton and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, to the Senior Indenture dated as of October 17, 2003 (incorporated by reference to Exhibit 4.2 to Halliburton's Form 8-K filed March 13, 2009, File No. 1-3492).
4.22	Form of Global Note for Halliburton's 6.15% Senior Notes due 2019 (included as part of Exhibit 4.21).
4.23	Form of Global Note for Halliburton's 7.45% Senior Notes due 2039 (included as part of Exhibit 4.21).
4.24	Sixth Supplemental Indenture, dated as of November 14, 2011, between Halliburton and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, to the Senior Indenture dated as of October 17, 2003 (incorporated by reference to Exhibit 4.2 to Halliburton's Form 8-K filed November 14, 2011, File No. 1-3492).
4.25	Form of Global Note for Halliburton's 3.25% Senior Notes due 2021 (included as part of Exhibit 4.24).
4.26	Form of Global Note for Halliburton's 4.50% Senior Notes due 2041 (included as part of Exhibit 4.24).
10.1	Halliburton Company Restricted Stock Plan for Non-Employee Directors (incorporated by reference to Appendix B of the Predecessor's proxy statement dated March 23, 1993, File No. 1-3492).
10.2	Dresser Industries, Inc. Deferred Compensation Plan, as amended and restated effective January 1, 2000 (incorporated by reference to Exhibit 10.16 to Halliburton's Form 10-K for the year ended December 31, 2000, File No. 1-3492).
10.3	ERISA Excess Benefit Plan for Dresser Industries, Inc., as amended and restated effective June 1, 1995 (incorporated by reference to Exhibit 10.7 to Dresser's Form 10-K for the year ended October 31, 1995, File No. 1-4003).
10.4	ERISA Compensation Limit Benefit Plan for Dresser Industries, Inc., as amended and restated effective June 1, 1995 (incorporated by reference to Exhibit 10.8 to Dresser's Form 10-K for the year ended October 31, 1995, File No. 1-4003).
10.5	Employment Agreement (David J. Lesar) (incorporated by reference to Exhibit 10(n) to the Predecessor's Form 10-K for the year ended December 31, 1995, File No. 1-3492).
10.6	Employment Agreement (Mark A. McCollum) (incorporated by reference to Exhibit 10.1 to Halliburton's Form 10-Q for the quarter ended September 30, 2003, File No. 1-3492).

10.7	Halliburton Company Performance Unit Program (incorporated by reference to Exhibit 10.2 to Halliburton's Form 10-Q for the quarter ended September 30, 2001, File No. 1-3492).
10.8	Employment Agreement (Albert O. Cornelison) (incorporated by reference to Exhibit 10.3 to Halliburton's Form 10-Q for the quarter ended June 30, 2002, File No. 1-3492).
10.9	Form of Indemnification Agreement for Officers (incorporated by reference to Exhibit 10.1 to Halliburton's Form 8-K filed August 3, 2007, File No. 1-3492).
10.10	Form of Indemnification Agreement for Directors (incorporated by reference to Exhibit 10.2 to Halliburton's Form 8-K filed August 3, 2007, File No. 1-3492).
10.11	2008 Halliburton Elective Deferral Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.3 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 1-3492).
10.12	Halliburton Company Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.4 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 1-3492).
10.13	Halliburton Company Benefit Restoration Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.5 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 1-3492).
10.14	Halliburton Company Pension Equalizer Plan, as amended and restated effective March 1, 2007 (incorporated by reference to Exhibit 10.8 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 1-3492).
10.15	Halliburton Company Directors' Deferred Compensation Plan, as amended and restated effective January 1, 2007 (incorporated by reference to Exhibit 10.9 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 1-3492).
10.16	Retirement Plan for the Directors of Halliburton Company, as amended and restated effective July 1, 2007 (incorporated by reference to Exhibit 10.10 to Halliburton's Form 10-Q for the quarter ended September 30, 2007, File No. 1-3492).
10.17	Employment Agreement (James S. Brown) (incorporated by reference to Exhibit 10.36 to Halliburton's Form 10-K for the year ended December 31, 2007, File No. 1-3492).
10.18	Executive Agreement (Lawrence J. Pope) (incorporated by reference to Exhibit 10.1 to Halliburton's Form 8-K filed December 12, 2008, File No. 1-3492).
10.19	Halliburton Company Stock and Incentive Plan, as amended and restated effective February 11, 2009 (incorporated by reference to Appendix B of Halliburton's proxy statement filed April 6, 2009, File No. 1-3492).

10.20	Halliburton Company Employee Stock Purchase Plan, as amended and restated effective February 11, 2009 (incorporated by reference to Appendix C of Halliburton's proxy statement filed April 6, 2009, File No. 1-3492).
10.21	Form of Nonstatutory Stock Option Agreement (incorporated by reference to Exhibit 10.4 of Halliburton's Form 10-Q for the quarter ended September 30, 2009, File No. 1-3492).
10.22	Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.5 of Halliburton's Form 10-Q for the quarter ended September 30, 2009, File No. 1-3492).
10.23	Form of Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.6 of Halliburton's Form 10-Q for the quarter ended September 30, 2009, File No. 1-3492).
10.24	Form of Non-Employee Director Restricted Stock Agreement (incorporated by reference to Exhibit 99.5 of Halliburton's Form S-8 filed May 21, 2009, Registration No. 333-159394).
10.25	First Amendment to Halliburton Company Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.1 to Halliburton's Form 8-K filed September 21, 2009, File No. 1-3492).
10.26	Amendment No. 1 to Halliburton Company Benefit Restoration Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.2 to Halliburton's Form 8-K filed September 21, 2009, File No. 1-3492).
10.27	Halliburton Annual Performance Pay Plan, as amended and restated effective January 1, 2010 (incorporated by reference to Exhibit 10.3 to Halliburton's Form 8-K filed September 21, 2009, File No. 1-3492).
10.28	Executive Agreement (Evelyn M. Angelle) (incorporated by reference to Exhibit 10.34 to Halliburton's Form 10-K for the year ended December 31, 2008, File No. 1-3492).
10.29	Executive Agreement (Timothy J. Probert) (incorporated by reference to Exhibit 10.36 to Halliburton's Form 10-K for the year ended December 31, 2008, File No. 1-3492).
10.30	Amendment to Executive Employment Agreement (James S. Brown) (incorporated by reference to Exhibit 10.39 to Halliburton's Form 10-K for the year ended December 31, 2008, File No. 1-3492).
10.31	Amendment to Executive Employment Agreement (Albert O. Cornelison) (incorporated by reference to Exhibit 10.40 to Halliburton's Form 10-K for the year ended December 31, 2008, File No. 1-3492).
10.32	Amendment to Executive Employment Agreement (Mark A. McCollum) (incorporated by reference to Exhibit 10.43 to Halliburton's Form 10-K for the year ended December 31, 2008, File No. 1-3492).

	10.33	Amendment No. 1 to 2008 Halliburton Elective Deferral Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.41 to Halliburton’s Form 10-K for the year ended December 31, 2010, File No. 1-3492).
	10.34	Executive Agreement (Joseph F. Andolino) (incorporated by reference to Exhibit 10.42 to Halliburton’s Form 10-K for the year ended December 31, 2010, File No. 1-3492).
	10.35	Executive Agreement (Joe D. Rainey) (incorporated by reference to Exhibit 10.43 to Halliburton’s Form 10-K for the year ended December 31, 2010, File No. 1-3492).
	10.36	U.S. $2,000,000,000 Five Year Revolving Credit Agreement among Halliburton, as Borrower, the Banks party thereto, and Citibank, N.A., as Agent (incorporated by reference to Exhibit 10.1 to Halliburton’s Form 8-K filed February 23, 2011, File No. 1-3492).
	10.37	First Amendment dated February 10, 2011 to Halliburton Company Employee Stock Purchase Plan, as amended and restated effective February 11, 2009 (incorporated by reference to Exhibit 10.2 to Halliburton’s Form 10-Q for the quarter ended March 31, 2011, File No. 1-3492).
	10.38	First Amendment to the Retirement Plan for the Directors of Halliburton Company, effective September 1, 2007 (incorporated by reference to Exhibit 10.3 to Halliburton’s Form 10-Q for the quarter ended March 31, 2011, File No. 1-3492).
	10.39	Underwriting Agreement, dated November 8, 2011, among Halliburton and Citigroup Global Markets Inc., Deutsche Bank Securities Inc., HSBC Securities (USA) Inc., RBS Securities Inc., Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC and the several other underwriters identified therein (incorporated by reference to Exhibit 1.1 to Halliburton’s Form 8-K filed November 14, 2011, File No. 1-3492).
*	10.40	Executive Agreement (Christian A. Garcia).
*	10.41	First Amendment to Halliburton Company Restricted Stock Plan for Non-Employee Directors.
*	10.42	Form of Restricted Stock Agreement (Section 16 officers).
*	10.43	Form of Non-Employee Director Restricted Stock Agreement (Stock and Incentive Plan).
*	12.1	Statement of Computation of Ratio of Earnings to Fixed Charges.
*	21.1	Subsidiaries of the Registrant.
*	23.1	Consent of KPMG LLP.

*	24.1	Powers of attorney for the following directors signed in February 2012: Alan M. Bennett James R. Boyd Milton Carroll Nance K. Dicciani Murry S. Gerber S. Malcolm Gillis Abdallah S. Jum'ah Robert A. Malone J. Landis Martin Debra L. Reed
*	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.
*	9 5	Mine Safety Disclosures.
*	101.INS	XBRL Instance Document
*	101.SCH	XBRL Taxonomy Extension Schema Document
*	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*	101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

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

SIGNATURES

As required by Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has authorized this report to be signed on its behalf by the undersigned authorized individuals on this 16th day of February, 2012.

HALLIBURTON COMPANY

By

/s/ David J. Lesar
David J. Lesar
Chairman of the Board,
President, and Chief Executive Officer

As required by the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities indicated on this 16th day of February, 2012.

Signature	Title
/s/ David J. Lesar David J. Lesar	Chairman of the Board, President, Chief Executive Officer, and Director
/s/ Mark A. McCollum Mark A. McCollum	Executive Vice President and Chief Financial Officer
/s/ Evelyn M. Angelle Evelyn M. Angelle	Senior Vice President and Chief Accounting Officer

Signature	Title
* Alan M. Bennett Alan M. Bennett	Director
* James R. Boyd James R. Boyd	Director
* Milton Carroll Milton Carroll	Director
* Nance K. Dicciani Nance K. Dicciani	Director
* Murry S. Gerber Murry S. Gerber	Director
* S. Malcolm Gillis S. Malcolm Gillis	Director
* Abdallah S. Jum'ah Abdallah S. Jum'ah	Director
* Robert A. Malone Robert A. Malone	Director
* J. Landis Martin J. Landis Martin	Director
* Debra L. Reed Debra L. Reed	Director

* /s/ Christina M. Ibrahim
Christina M. Ibrahim, Attorney-in-fact

EXECUTIVE AGREEMENT

This Executive Agreement ("***Agreement***") is entered into by and between Christian A. Garcia ("***Employee***") and Halliburton Company, for and on behalf of itself, its subsidiaries, and its affiliated companies (collectively, "***Employer***"), as of January 1, 2012 (the "***Effective Date***").

RECITALS

WHEREAS, Employee is currently employed by Employer; and

WHEREAS, Employer desires to continue the employment of Employee after the Effective Date pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee desires to continue employment by Employer pursuant to such terms and conditions and for such consideration.

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

ARTICLE 1: EMPLOYMENT AND DUTIES:

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

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

1.3 Employee shall at all times comply with and be subject to such policies and procedures as Employer may establish from time to time, including, without limitation, the Halliburton Company Code of Business Conduct (the "***Code of Business Conduct***").

1.4 Employee shall, during the period of Employee's employment by Employer, devote Employee's full business time, energy, and best efforts to the business and affairs of Employer. Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of Employee's duties hereunder, is contrary to the interest of Employer or any of its affiliated companies (collectively, the "***Halliburton Entities***" or, individually, a "***Halliburton Entity***"), or requires any significant portion of Employee's business time. The foregoing notwithstanding, the parties recognize and agree that Employee may engage in passive personal investments and other business activities which do not conflict with the business and affairs of the Halliburton Entities or interfere with Employee's performance of his duties hereunder. Employee may not serve on the board of directors of any entity other than a Halliburton

Entity while employed by Employer without the approval thereof in accordance with Employer's policies and procedures regarding such service. Employee shall be permitted to retain any compensation received for approved service on any unaffiliated corporation's board of directors to the extent permitted under a Halliburton Entity's policies and procedures.

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

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

ARTICLE 2: COMPENSATION AND BENEFITS:

2.1 Employee's base salary as of the Effective Date is three hundred thirty eight thousand dollars ($338,000) per annum, which shall be paid in accordance with the Employer's standard payroll practice for its executives. Employee's base salary may thereafter be increased from time to time with the approval of the Compensation Committee of Halliburton Company's Board of Directors (the " ***Compensation Committee***") or its delegate, as applicable. Such increased base salary shall become the minimum base salary under this Agreement and may not be decreased thereafter without the written consent of Employee, unless comparable reductions in salary are effective for all similarly situated executives of Employer.

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

2.3 Employee shall be nominated for participation in the Performance Unit Program, or any similar successor long-term incentive program approved by the Compensation Committee; provided, however, that all determinations relating to Employee's participation, including, without limitation, those relating to the performance goals applicable to Employee and Employee's level of participation and incentive opportunity shall be made in accordance with applicable guidelines in place at the time of nomination, and Employee's participation shall further be subject to such other terms and conditions as set forth in the Performance Unit Program Terms and Conditions and other underlying documentation.

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

2.5 Employee shall be allowed to participate, on the same basis generally as other executive employees of Employer, in all general employee benefit plans and programs, including improvements or modifications of the same, which on the Effective Date or thereafter are made available by Employer to all or substantially all of Employer's similarly situated executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and qualified and non-qualified retirement plans. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to increase or alter in any way the rights, participation, coverage, or benefits under such benefit plans or programs than provided to similarly-situated executive employees pursuant to the terms and conditions of such benefit plans and programs. While employed by Employer, Employee shall be eligible to receive awards under the Halliburton Company Stock and Incentive Plan (" ***SIP***") or any successor stock-related plan adopted by Halliburton Company's Board of Directors.

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

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

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

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

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

(i) Death.

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

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

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

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

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

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

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

(ii) A single lump sum cash payment equal to the value of Employee's unvested shares of Halliburton Company restricted stock in accordance with the table below and based on the closing price quoted for Halliburton Company common stock on the New York Stock Exchange on the date of Employee's termination of employment or the last business day immediately preceding the date of Employee's termination of employment, with such payment, if due Employee, to be paid on the sixtieth (60th) calendar day following the first anniversary of Employee's termination of employment. (For example, if Employee holds 50,000

shares of unvested restricted stock on the date of termination of employment, has at least five (5) years of service, but less than seven (7) years of service, and the closing price of Halliburton Company common stock on that date is $40 per share, the value for purposes of calculating the amount of the payment in this (ii) would be equal to [(50,000 shares X 0.50) X $40 per share] or [25,000 shares X $40 per share] or $1,000,000.) *All remaining shares will be forfeited*.

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

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

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

and exclusive rights against the Employer or its affiliates and the Employer's sole and exclusive liability to Employee under this Agreement, in contract, tort, under statute or otherwise, for the termination of his employment relationship with Employer. Employee agrees that all disputes relating to Employee's termination of employment, including, without limitation, any dispute as to "Cause" or "Voluntary Termination" and any claims or demands against Employer based upon Employee's employment for any monies other than those specified in Section 3.4(i), shall be resolved through the Halliburton Company Dispute Resolution Plan as provided in Section 6.6 hereof; provided, however, that decisions as to whether "Cause" exists for termination of the employment relationship with Employee and whether and as of what date Employee has become permanently disabled are delegated to the Compensation Committee, or its delegate, in its sole discretion for determination and in any dispute by Employee with any such determination the arbitrator's decision shall be limited to whether the Compensation Committee, or its delegate, reached such decision in good faith. Nothing contained in this Article 3 shall be construed to be a waiver by Employee of any benefits accrued for or due Employee under any employee benefit plan (as such term is defined in the Employee Retirement Income Security Act of 1974, as amended) maintained by Employer except that Employee shall not be entitled to any severance benefits pursuant to any severance plan or program of the Employer.

3.6 In consideration of the access to the confidential information contained in Article 4, Employee agrees that, for a period of one (1) year following separation of employment, the Employee will not directly or indirectly (a) solicit, induce to terminate or reduce its business, or (b) agree to provide products and/or services that compete directly with the material products and services provided, marketed, and/or under development by the Employer at any time during the three (3) years preceding the Employee's separation from employment with Employer for any person or entity who paid or engaged Employer for products and/or services, or who received the benefit of Employer's products and/or services, or with whom the Employee had any substantial dealings, while Employee was employed by Employer, during the three (3) years preceding the Employee's separation from employment with Employer. However, this restriction applies only to those products and/or services that the Employee was personally involved in.

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

3.8 (a) In consideration of the access to confidential information and so as to enforce the confidentiality obligations contained in Article 4, the Employee specifically agrees that, for a period of one (1) year following separation of employment, except as permitted by Section 3.8(b) below, Employee will not engage, directly or indirectly, either as proprietor, stockholder, partner, officer, member, employee, consultant, or otherwise, in any existing or future business or in any existing or future division or unit of a commercially diverse business enterprise, that is owned in whole or in part or effectively controlled by any of the following companies: Baker Hughes Inc.; Cameron International Corporation; Diamond Offshore Drilling; Ensco International, Inc.; Exterran Holdings; Nabors Industries, Inc. New; National Oilwell Varco; Noble Corporation; Paradigm B.V.; Rowan Companies, Inc.; Schlumberger Ltd.; Tidewater, Inc.; Transocean, Inc.; Weatherford International New.

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

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

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

4.1 All information, ideas, concepts, improvements, discoveries, works of authorship, and inventions, whether patentable or copyrightable or not, which are conceived, reduced to practice, authored, made, developed or acquired by Employee, individually or in conjunction with others, in the scope of Employee's employment by Employer or any of its affiliates, and/or during the term of Employee’s employment (whether during business hours or otherwise and whether on Employer's premises or otherwise) which relate to the business, products or services of Employer or its affiliates (including, without limitation, all such information relating to any corporate opportunities, research, financial and sales data, pricing and trading terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names, and marks), and all documents, things, writings and items of any type or in any media embodying any of the foregoing (collectively, “ ***Developments***”), and any and all proprietary rights of any kind thereto, including without limitation all rights relating to patents, copyrights, trade secrets, and trademarks, shall be the sole and exclusive property of Employer or its affiliates, as the case may be. Employee hereby assigns to Employer any and all rights Employee might otherwise have in and to any such Developments, and any and all proprietary rights of any kind thereto, including without limitation all rights relating to patents, copyrights, trade secrets, and trademarks.

4.2 In connection with its employment of Employee, Employer shall provide to Employee such Confidential Information of Employer as is reasonably necessary for Employee to perform Employee's obligations hereunder. Employee agrees that " ***Confidential Information*** " as used herein shall include, without limitation, Employer's trade secrets, confidential information concerning the businesses of Employer and its affiliates, and their strategies, methods, products, software, books, records, data and technical information concerning their products, equipment, services, and processes, procurement procedures and pricing techniques, and the names of and other information (such as credit and financial data) concerning their vendors, customers and business affiliates. Employee agrees that such Confidential Information constitutes valuable, special, and unique assets which Employer or its affiliates use in their business to obtain a competitive advantage over their competitors. Employee further agrees that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to Employer and its affiliates in maintaining their competitive position. Employee shall not, at any time during or after the term of employment, use or disclose any Confidential Information of Employer or its affiliates, except to the extent needed to carry out Employee's obligations hereunder. Confidential Information shall not include information in the public domain (but only if the same becomes part of the public domain through a means other than a use or disclosure prohibited hereunder). The above notwithstanding, a disclosure shall not be unauthorized to the extent (i) it is required by law or by a court of competent jurisdiction or (ii) it is required in connection with any judicial, arbitration, dispute resolution or other legal proceeding in which Employee's legal rights and obligations as an employee or under this Agreement are at issue; provided, however, that Employee shall, to the extent practicable and lawful in any such event, give prior notice to Employer of Employee's intent to disclose any such confidential business information in such context so as to allow Employer or its affiliates an opportunity (which Employee will not oppose) to obtain such protective orders or similar relief with respect thereto as may be deemed appropriate, and that Employee shall limit any such disclosure to that required by the foregoing circumstances.

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

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

ARTICLE 5: POST-EMPLOYMENT COVENANTS

5.1 In consideration of the access to the Confidential Information (as described in Article 4) provided by Employer, and in consideration of the payment made under Section 3.4(ii) to protect Employer's Confidential Information, and the goodwill, customer base, and contractual relationships of Employer, Employee agrees to the provisions of Sections 5.2, 5.3 and 5.4. Employee further agrees that the provisions in Sections 5.2, 5.3 and 5.4, and the provisions in Article 4, shall survive the termination of Employee's employment regardless of the reason for or circumstances of such termination (and regardless of whether such termination of employment is voluntary or involuntary on Employee's part).

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

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

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

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

5.6 Employee agrees that the terms and conditions of this Agreement 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 Agreement or its terms and conditions. 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 Agreement to his immediate family, attorneys and financial advisors provided he informs them of this confidentiality provision and they agree to abide by it.

ARTICLE 6: MISCELLANEOUS:

6.1 Except as otherwise provided in Section 4.4 hereof, for purposes of this Agreement, the terms " ***affiliate***" or "***affiliated***" means an entity who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with a Halliburton Entity or in which a Halliburton Entity has a 50% or more equity interest.

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

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

If to Employee, to his last known personal residence.

6.3 This Agreement shall be governed by and construed and enforced, in all respects in accordance with the law of the State of Texas, without regard to principles of conflicts of law, unless preempted by federal law, in which case federal law shall govern; provided, however, that the Halliburton Company Dispute Resolution Plan and the Federal Arbitration Act shall govern in all respects with regard to the resolution of disputes hereunder. Employee and Employer further agree that any lawsuit, arbitration, or other proceeding arising out of or related in any way to this Agreement or their relationship shall be commenced and maintained only in the federal or state courts or before an arbitrator in Harris County, Texas, and each party waives any current or future objection to such venue and hereby further agrees to submit to the jurisdiction of any duly authorized court or arbitrator in Harris County, Texas with respect to any such proceeding.

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

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

6.6 It is the mutual intention of the parties to have any dispute concerning this Agreement resolved out of court. Accordingly, the parties agree that any such dispute shall, as the sole and exclusive remedy, be submitted for resolution through the Halliburton Company Dispute Resolution Plan; provided, however, that the Employer, on its own behalf and on behalf of any of the Halliburton Entities, shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any breach or the continuation of any breach of the provisions of Articles 3.6 through 3.9, 4 and/or 5 pending initiation or completion of proceedings under the Dispute Resolution Plan. Employee hereby consents that such restraining order or injunction may be granted without the necessity of the Employer posting any bond. The parties agree that the resolution of any such dispute through such Plan shall be final and binding. A copy of the Halliburton Company Dispute Resolution Plan, as currently in effect, will be made available to Employee. Halliburton Company reserves the right to amend, or discontinue such Plan, in accordance with, and subject to, the Plan's provisions regarding same.

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

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

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

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

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

[SIGNATURE PAGE FOLLOWS]

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

HALLIBURTON COMPANY

By: /s/ Lawrence J. Pope

Name: Lawrence J. Pope

Title: Executive Vice President, Administration &
Chief Human Resources Officer

EMPLOYEE

/s/ Christian A. Garcia

Name: Christian A. Garcia

FIRST AMENDMENT TO
RESTRICTED STOCK PLAN FOR NON-EMPLOYEE DIRECTORS
OF
HALLIBURTON COMPANY

WHEREAS, Halliburton Company (the "***Company***") has previously adopted the Restricted Stock Plan for Non-Employee Directors of Halliburton Company (the "***Plan***") to promote the long-term, continuing success of the Company by providing a portion of the compensation for non-employee directors in shares of Common Stock pursuant to the terms of the Plan;

WHEREAS, Section 6.3 of the Plan reserves the right to amend, modify, suspend or terminate the Plan at any time by action of the Board of Directors of the Company (the "***Board***");

WHEREAS, the Board desires to amend the Plan to provide for the payment of dividend equivalents with respect to restricted shares of Common Stock registered in the name of each Participant when such shares are authorized prior to the dividend payment date but issued after the record date, unless and until such shares are forfeited pursuant to the provisions of the Plan;

NOW, THEREFOR, the Board does hereby amend the Plan as follows, effective as of the 7th day of December, 2011:

(1) Section 5.3 Dividends shall be deleted in its entirety and replaced by the following new Section 5.3 Dividends:

"**5.3 Dividends**

Each Participant shall have the right to receive all dividends, as well as dividend equivalents (paid when an Award is authorized prior to the dividend payment date but shares are issued after the record date) and other distributions made with respect to restricted shares of Common Stock registered in his or her name, unless and until such shares are forfeited pursuant to the provisions of the Plan."

(2) All other provisions of the Plan shall remain the same and are hereby ratified.

Attested to by the Corporate Secretary of Halliburton Company as adopted by the Board of Directors effective as of the 7 th day of December, 2011.

/s Christina M. Ibrahim
Christina M. Ibrahim
Vice President & Corporate Secretary
Halliburton Company

RESTRICTED STOCK AGREEMENT

Grant Date:	**Grant Date**
Grantee ("Employee"):	**«First_Name» «Last_Name»**
Aggregate Number of Shares Subject to Award:	**«Number_Restricted_Shares»**
Restriction Period	**5 year restriction period**

This **RESTRICTED STOCK AGREEMENT** ("Agreement") is made as of **Grant Date**, between **HALLIBURTON COMPANY**, a Delaware corporation (the "Company"), and «First_Name» «Last_Name» ("Employee").

1. **Award**.

(a) **Shares**. Pursuant to the Halliburton Company Stock and Incentive Plan (the "Plan") the aggregate number of shares subject to award set forth above (the "Restricted Shares") of the Company's common stock, par value $2.50 per share ("Stock"), shall be issued as hereinafter provided in Employee's name subject to certain restrictions thereon.

(b) **Issuance of Restricted Shares**. The Restricted Shares shall be issued upon acceptance hereof by Employee and upon satisfaction of the conditions of this Agreement.

(c) **Plan Incorporated**. Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Restricted Shares shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan.

2. **Restricted Shares**. Employee hereby accepts the Restricted Shares when issued and agrees with respect thereto as follows:

(a) **Forfeiture Restrictions**. The Restricted Shares may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of to the extent then subject to the Forfeiture Restrictions (as hereinafter defined), and in the event of termination of Employee's employment with the Company or employing subsidiary for any reason other than (i) death or (ii) disability as determined by the Company or employing subsidiary, or except as otherwise provided in the last sentence of subparagraph (b) of this Paragraph 2, Employee shall, for no consideration, forfeit to the Company all Restricted Shares to the extent then subject to the Forfeiture Restrictions. The prohibition against transfer and the obligation to forfeit and surrender Restricted Shares to the Company upon termination of employment are herein referred to as "Forfeiture Restrictions." The Forfeiture Restrictions shall be binding upon and enforceable against any transferee of Restricted Shares.

(b) **Lapse of Forfeiture Restrictions**. The Forfeiture Restrictions shall lapse as to the Restricted Shares in accordance with the vesting details for this grant displayed in the Distribution Schedule in Net Benefits at www.NetBenefits.Fidelity.com.

Notwithstanding the foregoing, the Forfeiture Restrictions shall lapse as to all of the Restricted Shares on the earlier of (i) the occurrence of a Corporate Change (as such term is defined in the Plan), or (ii) the date Employee's employment with the Company is terminated by reason of death, or disability (as determined by the Company or employing subsidiary). In the event Employee's employment is terminated for any other reason, including retirement with the approval of the Company or employing subsidiary, the Committee which administers the Plan (the "Committee") or its delegate, as appropriate, may, in the Committee's or such delegate's sole discretion, approve the lapse of Forfeiture Restrictions as to any or all Restricted Shares still subject to such restrictions, such lapse to be effective on the date of such approval or Employee's termination date, if later.

(c) **Certificates**. The Restricted Shares shall be represented by a stock certificate or book entry transaction registered in the name of a nominee of the Company. Employee shall have voting rights and shall be entitled to receive all dividends, as well as dividend equivalents (paid when Restricted Shares are authorized prior to the dividend payment date but issued after the record date), unless and until the Restricted Shares are forfeited pursuant to the provisions of this Agreement. The certificate shall bear a legend evidencing the nature of the Restricted Shares, and the Company may cause the certificate to be delivered upon issuance to the Secretary of the Company or to such other depository as may be designated by the Company as a depository for safekeeping until the forfeiture occurs or the Forfeiture Restrictions lapse pursuant to the terms of the Plan and this award. Upon request of the Committee or its delegate, Employee shall deliver to the Company a stock power, endorsed in blank, relating to the Restricted Shares then subject to the Forfeiture Restrictions. Upon the lapse of the Forfeiture Restrictions without forfeiture, the Company shall cause a new certificate or certificates to be issued without legend or a book entry transaction registered in the name of Employee for the shares upon which Forfeiture Restrictions lapsed. Notwithstanding any other provisions of this Agreement, the issuance or delivery of any shares of Stock (whether subject to restrictions or unrestricted) may be postponed for such period as may be required to comply with applicable requirements of any national securities exchange or any requirements under any law or regulation applicable to the issuance or delivery of such shares. The Company shall not be obligated to issue or deliver any shares of Stock if the issuance or delivery thereof shall constitute a violation of any provision of any law or of any regulation of any governmental authority or any national securities exchange.

(d) **Compliance with Law**. Employee understands that the laws of the country in which he/she is working at the time of grant or lapse of Forfeiture Restrictions of the Restricted Stock or at the subsequent sale of shares of Stock granted to Employee under this Award (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may subject Employee to additional procedural or regulatory requirements he/she is solely responsible for and will have to independently fulfill in relation to ownership or sale of such shares.

(e) **Value of Stock**. Employee further understands and agrees that the

Company and any related company are neither responsible for any foreign exchange fluctuations between Employee's local currency and the United States Dollar that may affect the value of Stock nor liable for any decrease in the value of Stock.

3. **Withholding of Tax**. To the extent that the receipt of the Restricted Shares or the lapse of any Forfeiture Restrictions results in income to Employee for federal or state income tax purposes, FICA or other applicable tax purposes, then in accordance with the Company's Business Practice, Employee shall deliver to the Company at the time of such receipt or lapse, as the case may be, such amount of shares of unrestricted Stock as the Company may require to meet its withholding obligation under applicable tax laws or regulations, and, if Employee fails to do so, the Company is hereby authorized by Employee to withhold from any cash or Stock remuneration then or thereafter payable to Employee, any tax required to be withheld by reason of such resulting compensation income.

4. **Status of Stock**. Employee agrees that the Restricted Shares will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable federal or state securities laws. Employee also agrees (i) that the certificates representing the Restricted Shares may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws, (ii) that the Company may refuse to register the transfer of the Restricted Shares on the stock transfer records of the Company if such proposed transfer would in the opinion of counsel satisfactory to the Company constitute a violation of any applicable securities law and (iii) that the Company may give related instructions to its transfer agent, if any, to stop registration of the transfer of the Restricted Shares.

5. **Employment Relationship**. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee of either the Company, any successor corporation or a parent or subsidiary corporation (as defined in section 424 of the Internal Revenue Code) of the Company or any successor corporation. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee, or its delegate, as appropriate, and its determination shall be final.

Nothing contained in this Agreement is intended to constitute or create a contract of employment, nor shall it constitute or create the right to remain associated with or in the employ of the Company or a related company for any particular period of time. This Agreement shall not interfere in any way with the Company or a related company's right to terminate Employee's employment at any time. Furthermore, this Agreement, the Plan, and any other Plan documents are not part of Employee's employment contract, if any, and do not guarantee either Employee's right to receive any future grants under such Agreement or Plan or the inclusion of the value of any grants in the calculation of severance payments, if any, upon termination of employment.

6. **Data Privacy**. In order to perform its obligations under the Plan or for the implementation and administration of such Plan, the Company may collect, transfer, use, process, or hold certain personal or sensitive data about Employee. Such data includes, but is not limited to Employee's name, nationality, citizenship, work authorization, date of birth, age, government or tax identification number, passport number, brokerage account information, address, compensation

and equity award history, and beneficiaries' contact information. Employee explicitly consents to the collection, transfer (including to third parties in Employee's home country or the United States or other countries, such as but not limited to human resources personnel, legal and tax advisors, and brokerage administrators), use, processing, and holding, electronically or otherwise, of his/her personal information in connection with this or any other equity award. At all times, the Company shall maintain the confidentiality of Employee's personal information, except to the extent the Company is required to provide such information to governmental agencies or other parties and such actions will be undertaken by the Company only in accordance with applicable law.

7. **Mode of Communications**. Employee agrees, to the fullest extent permitted by law, in lieu of receiving documents in paper format, to accept electronic delivery of any documents that the Company or related company may deliver in connection with this grant and any other grants offered by the Company, including prospectuses, grant notifications, account statements, annual or quarterly reports, and other communications. Electronic delivery of a document may be made via the Company's email system or by reference to a location on the Company's intranet or website or a website of the Company's agent administering the Plan.

To the extent Employee has been provided with a copy of this Agreement, the Plan, or any other documents relating to this Award in a language other than English, the English language documents will prevail in case of any ambiguities or divergences as a result of translation.

8. **Committee's Powers**. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Shares.

9. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

10. **Governing Law and Forum**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas without regard to principles of conflict of laws, except to the extent that it implicates matters which are the subject of the General Corporation Law of the State of Delaware, which matters shall be governed by the latter law. For purposes of resolving any dispute that may arise directly or indirectly from this Agreement, the parties hereby agree that any such dispute that cannot be resolved by the parties shall be submitted for resolution through the Halliburton Dispute Resolution Program, which Program's last step is final and binding arbitration.

11. **Other Terms**. The provisions of this Agreement are severable and if any one or more of the provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized as of the date first above written.

HALLIBURTON COMPANY

By

David J. Lesar

Chairman of the Board, President
and Chief Executive Officer

NON-EMPLOYEE DIRECTOR

RESTRICTED STOCK AGREEMENT

AGREEMENT made as of the _____ day of __________ between **HALLIBURTON COMPANY**, a Delaware corporation (the "Company"), and __________ ("Non-Employee Director").

1. **Award.**

(a) **Shares**. Pursuant to the Halliburton Company Stock and Incentive Plan (the "Plan") _____ shares of the Company's common stock, par value $2.50 per share, shall be issued as hereinafter provided in Non-Employee Director's name subject to certain restrictions thereon (the "Restricted Shares").

(b) **Issuance of Restricted Shares**. The Restricted Shares shall be issued upon acceptance hereof by Non-Employee Director and upon satisfaction of the conditions of this Agreement.

(c) **Plan Incorporated**. Non-Employee Director acknowledges receipt of a copy of the Plan, and agrees that this award of Restricted Shares shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement.

2. **Restricted Shares**. Non-Employee Director hereby accepts the Restricted Shares when issued and agrees with respect thereto as follows:

(a) **Forfeiture Restrictions**. Restricted Shares may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of to the extent then subject to the Forfeiture Restrictions (as defined herein). The prohibition against transfers and encumbrances of Restricted Shares while serving as a Non-Employee Director and the obligation to forfeit and surrender Restricted Shares to the Company upon termination of services under circumstances that do not result in a lapse of restrictions as provided in Section 2(b) are referred to as "Forfeiture Restrictions." Upon termination of Board service, the Non-Employee Director shall, for no consideration, forfeit all Restricted Shares to the extent then subject to Forfeiture Restrictions.

(b) **Lapse of Forfeiture Restrictions.** Restricted Shares shall become free of the restrictions and shall become non-forfeitable under the earliest to occur of the following:

(1) Non-Employee Director's death or disability while serving as a member of the Board;

(2) Failure of the Non-Employee Director to be re-elected to the Board after being duly nominated;

(3) Retirement from the Board pursuant to then existing Company policy for mandatory director retirements (mandatory retirement as of the date of this Agreement is age seventy-two);

(4) Early retirement from the Board after four years of service; or

(5) Removal from the Board or failure to be duly nominated for re-election to the Board, in either event, following a Corporate Change (as defined in the Plan).

In the event of any other termination of Board service by Non-Employee Director, except in the case of (i) removal from the Board or (ii) failure to be duly nominated for re-election to the Board when Non-Employee Director has notified the Company of Non-Employee Director's intention to stand for re-election to the Board, in either case other than as a result of a Corporate Change, a portion of the Restricted Shares shall become free of restrictions and shall become non-forfeitable in accordance with the following schedule:

Years of Service From Date of Each Award to Participant Under the Plan	Portion Freed of Restrictions
1	25%
2	50%
3	75%
4	100%

Notwithstanding the foregoing, the Board of Directors may at its sole discretion, permit the lapse of restrictions or waive the Forfeiture Restrictions.

(c) **Certificates**. A certificate evidencing the Restricted Shares shall be issued by the Company in Non-Employee Director's name, or at the option of the Company, in the name of a nominee of the Company. Non-Employee Director shall have voting rights and shall be entitled to receive all dividends, as well as dividend equivalents (paid when Restricted Shares are authorized prior to the dividend payment date but issued after the record date), unless and until the Restricted Shares are forfeited pursuant to the provisions of this Agreement. The certificate shall bear a legend evidencing the nature of the Restricted Shares, and the Company may cause the certificate to be delivered upon issuance to the Secretary of the Company or to such other depository as may be designated by the Company as a depository for safekeeping until the forfeiture occurs or the Forfeiture Restrictions lapse pursuant to the terms of the Plan and this award. Upon request of the Board or its delegate, Non-Employee Director shall deliver to the Company a stock power, endorsed in blank, relating to the Restricted Shares then subject to the Forfeiture Restrictions. Upon the lapse of the Forfeiture Restrictions without forfeiture, the Company shall cause a new certificate or certificates to be issued without legend in the name of Non-Employee Director for the shares upon which Forfeiture Restrictions lapsed. Notwithstanding any other provisions of this Agreement, the issuance or delivery of any shares of Restricted Shares (whether subject to restrictions or unrestricted) may be postponed for such period as may be required to comply with applicable requirements of any governmental authority or securities exchange or any

requirements under any law or regulation applicable to the issuance or delivery of such shares. The Company shall not be obligated to issue or deliver any shares of Restricted Shares if the issuance or delivery thereof shall constitute a violation of any provision of any law or of any regulation of any governmental authority or any securities exchange.

3. **Status of Restricted Shares**. The Non-Employee Director agrees that the Company shall not be obligated to issue any Restricted Shares, at any time, when the offering of the Restricted Shares have not been registered under the Securities Act of 1933, as amended, (the "Act") and pursuant to federal or state laws or other countries rules or regulations, as the Company deems applicable or in the opinion of legal counsel for the Company, there are no exemptions from the registration requirements for the issuance and sale of such Restricted Shares. The Non-Employee Director agrees that the Restricted Shares will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable federal or state or other country laws or regulations. The Non-Employee Director also agrees (i) that the certificates representing the Restricted Shares may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws, (ii) that the Company may refuse to register the transfer of the Restricted Shares on the stock transfer records of the Company if such proposed transfer would (in the opinion of counsel satisfactory to the Company) constitute a violation of any applicable securities law and (iii) that the Company may give related instructions to its transfer agent to stop registration of the transfer of the Restricted Shares.

4. **Relationship**. For purposes of this Agreement, Non-Employee Director shall be considered to be of service as a Director to the Company as long as Non-Employee Director remains an active Director of the Company, or any successor corporation. Any question as to whether and when there has been a termination of such service, and the cause of such termination, shall be determined by the Committee administrating the respective Plan, or its delegate, as appropriate, and its determination shall be final.

5. **Committee's Powers**. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee as set forth in the Plan or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Shares.

6. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Non-Employee Director.

7. **Compliance with Law.** Notwithstanding anything to the contrary herein, the Company shall not be obligated to issue any Restricted Shares, at any time, if the offering or issuance of the Restricted Shares, or if acceptance of the lapse of Restricted Shares by a Non- Employee Director, violates or is not in compliance with any laws, rules or regulations of the United States or any state or country.

9. **Governing Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and Non-Employee Director has executed this Agreement, all as of the date first above written.

HALLIBURTON COMPANY

By: ______________________________
David J. Lesar
Chairman of the Board, President
and Chief Executive Officer

____
[Name], Director

EXHIBIT 12.1

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

	Year Ended December 31				
	2011	2010	2009	2008	2007
Earnings available for fixed charges:					
Income from continuing operations before income taxes	$ 4,449	$ 2,655	$ 1,682	$ 3,849	$ 3,447
Add:					
Distributed earnings from equity in unconsolidated affiliates	13	13	17	30	43
Fixed charges	384	402	361	232	222
Subtotal	4,846	3,070	2,060	4,111	3,712
Less:					
Equity in earnings of unconsolidated affiliates	20	20	16	50	57
Total earnings available for fixed charges	$ 4,826	$ 3,050	$ 2,044	$ 4,061	$ 3,655
Fixed charges:					
Interest expense	$ 268	$ 308	$ 297	$ 167	$ 168
Rental expense representative of interest	116	94	64	65	54
Total fixed charges	$ 384	$ 402	$ 361	$ 232	$ 222
Ratio of earnings to fixed charges	12.6	7.6	5.7	17.5	16.5

EXHIBIT 21.1

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2011

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
Baroid International Trading, LLC	United States, Delaware
BITC Holdings (US) LLC	United States, Delaware
Halliburton (Barbados) Investments SRL	Barbados
Halliburton Affiliates, LLC	United States, Delaware
Halliburton AS	Norway
Halliburton Canada Corp.	Canada
Halliburton Canada Holdings, Inc.	United States, Delaware
Halliburton de Mexico, S. de R.L. de C.V.	Mexico
Halliburton Energy Cayman Islands Limited	Cayman Islands
Halliburton Energy Services, Inc.	United States, Delaware
Halliburton Far East Pte Ltd	Singapore
Halliburton Group Canada	Canada
Halliburton International, Inc.	United States, Delaware
Halliburton Investments B.V.	Netherlands
Halliburton Latin America S.A., LLC	United States, Delaware
Halliburton Norway Holdings C.V.	Netherlands
Halliburton Overseas Limited	Cayman Islands
Halliburton Partners Canada Inc.	Canada
Halliburton Servicos Ltda.	Brazil
HES Corporation	United States, Nevada
HES Holding, Inc.	United States, Delaware
Kellogg Energy Services, Inc.	United States, Delaware
Landmark Graphics Corporation	United States, Delaware
Oilfield Telecommunications, LLC.	United States, Delaware
Professional Wireline Rentals, LLC	United States, Florida

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Halliburton Company:

We consent to the incorporation by reference in the registration statements (No. 333-177811) on Form S-3, (No. 333-166656) on Form S-4, and (Nos. 333-76496, 333-159394, and 333-162648) on Form S-8 of Halliburton Company of our reports dated February 16, 2012 with respect to the consolidated balance sheets of Halliburton Company as of December 31, 2011 and 2010, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2011, and the effectiveness of internal control over financial reporting as of December 31, 2011, which reports appear in the December 31, 2011 Annual Report on Form 10-K of Halliburton Company.

/s/ KPMG LLP
Houston, Texas
February 16, 2012

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2011 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 16th day of February, 2012.

/s/ Alan M. Bennett
Alan M. Bennett

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2011 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.
IN TESTIMONY WHEREOF, witness my hand this 16th day of February, 2012.

/s/ James R. Boyd
James R. Boyd

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2011 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 16th day of February, 2012.

/s/ Milton Carroll
Milton Carroll

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2011 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 16th day of February, 2012.

/s/ Nance K. Dicciani
Nance K. Dicciani

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2011 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 16th day of February, 2012.

/s/ Murry S. Gerber
Murry S. Gerber

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2011 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.
IN TESTIMONY WHEREOF, witness my hand this 16th day of February, 2012.

/s/ Malcolm Gillis
S. Malcolm Gillis

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2011 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 16th day of February, 2012.

/s/ Abdallah S. Jum'ah
Abdallah S. Jum'ah

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2011 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 16th day of February, 2012.

/s/ Robert A. Malone
Robert A. Malone

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2011 (the "Form 10-K"), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 16th day of February, 2012.

/s/ J. Landis Martin
J. Landis Martin

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar, Mark A. McCollum and Christina M. Ibrahim, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report on Form 10-K for the year ended December 31, 2011 (the “Form 10-K”), including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Form 10-K and any and all amendments thereto, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 16th day of February, 2012.

/s/ Debra L. Reed
Debra L. Reed

Exhibit 31.1

Section 302 Certification

I, David J. Lesar, certify that:

1. I have reviewed this annual report on Form 10-K for the year 2011 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: February 16, 2012

/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 annual report on Form 10-K for the year 2011 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: February 16, 2012

/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 Annual Report on Form 10-K for the period ended December 31, 2011 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: February 16, 2012

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 Annual Report on Form 10-K for the period ended December 31, 2011 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: February 16, 2012

EXHIBIT 95

Mine Safety Disclosures

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, each operator of a mine is required to include certain mine safety results in its periodic reports filed with the SEC. The operation of our mines is subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (Mine Act). Below, we present the following items regarding certain mining safety and health matters for the year ended December 31, 2011:

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

HALLIBURTON COMPANY
Mine Safety Disclosures
Year Ended December 31, 2011
(Unaudited)
(Whole dollars)

Operation/ MSHA Identification Number [1]	Section 104 Citations	Section 104(b) Orders	104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Proposed MSHA Assessments [2]	Fatalities	Pending Legal Actions
BPM Colony Mill/4800070	10	-	-	-	-	$ 2,018	-	-
BPM Colony Mine/4800889	3	-	-	-	-	460	-	-
BPM Lovell Mine/4801016	-	-	-	-	-	-	-	-
Corpus Christi Grinding Plant/4104010	1	-	-	-	-	-	-	-
Dunphy Mill/2600412	19	-	-	-	-	3,848	-	-
Lake Charles Plant/1601032	2	-	-	-	-	200	-	-
Larose Grinding Plant/1601504	-	-	-	-	-	-	-	-
Rossi Jig Plant/2602239	-	-	-	-	-	-	-	-
Total	35	-	-	-	-	$ 6,526	-	-

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

[2] Amounts included are the total dollar value of proposed or outstanding assessments received from MSHA on or before January 8, 2012 regardless of whether the assessment has been challenged or appealed, for citations and orders occurring during the year ended December 31, 2011.

In addition, as required by the reporting requirements regarding mine safety included in §1503(a)(2) of the Dodd-Frank Act, the following is a list for the year ended December 31, 2011, of each mine of which we or a subsidiary of ours is an operator, that has received written notice from MSHA of:

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

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

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

☑ Filed by the Registrant ☐ Filed by a Party other than the Registrant

Check the appropriate box:	
☐	Preliminary Proxy Statement
☐	CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
☑	Definitive Proxy Statement
☐	Definitive Additional Materials
☐	Soliciting Material under §240.14a-12

HALLIBURTON

HALLIBURTON COMPANY

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

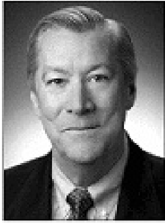
Payment of Filing Fee (Check the appropriate box):	
☑	**No fee required.**
☐	**Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.**
	(1) Title of each class of securities to which transaction applies: (2) Aggregate number of securities to which transaction applies: (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): (4) Proposed maximum aggregate value of transaction: (5) Total fee paid:
☐	**Fee paid previously with preliminary materials.**
☐	**Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.**
	(1) Amount Previously Paid: (2) Form, Schedule or Registration Statement No.: (3) Filing Party: (4) Date Filed:

HALLIBURTON

Notice of Annual Meeting of Stockholders and 2014 Proxy Statement

Wednesday, May 21, 2014 at 9:00 a.m. Central Daylight Time
3000 N. Sam Houston Parkway East, Life Center - Auditorium, Houston, Texas 77032

HALLIBURTON



To Our Valued Stockholders:

Halliburton's success is rooted in a sound strategy executed by a management team and a dedicated workforce that are never satisfied with the status quo. We are driven to provide execution certainty, deliver on our commitments, and find new ways to increase value for customers, for Halliburton, and for our stockholders.

At Halliburton, we believe in setting bold goals that stretch our abilities, drive our growth, and reflect the long-term prospects for our business. Over the past three years, we grew our deepwater business at double the market rate, tripled the size of our mature fields business, extended our unconventionals leadership, and delivered superior returns relative to our major competitors. Following the same strategies, we intend to do it again over the next three years.

We recognize the role stockholders play in our success. We greatly appreciate the confidence our stockholders continue to show in Halliburton, and the exceptional contributions of our Board of Directors, management team, and employees.

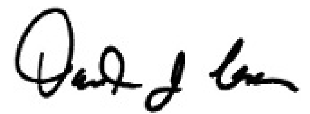
I am pleased to invite you to attend the Annual Meeting of Stockholders of Halliburton Company. The meeting will be held on Wednesday, May 21, 2014 at 9:00 a.m. Central Daylight Time at our corporate office at 3000 N. Sam Houston Parkway East, Life Center - Auditorium, Houston, Texas 77032.

Please refer to the proxy statement for detailed information on each of the proposals presented this year.

It is very important that your shares are represented and voted at the meeting. If you attend the meeting, you may vote in person even if you have previously voted.

We appreciate the continuing interest of our stockholders in the business of Halliburton, and we hope you will be able to attend the Annual Meeting.

Sincerely,



David J. Lesar
Chairman of the Board, President
and Chief Executive Officer
April 8, 2014

Table of Contents

LETTER FROM CHAIRMAN OF THE BOARD

PROXY STATEMENT SUMMARY iv

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS 1

GENERAL INFORMATION 2

CORPORATE GOVERNANCE 3

THE BOARD OF DIRECTORS AND STANDING COMMITTEES OF DIRECTORS 4

PROPOSAL NO. 1 – ELECTION OF DIRECTORS 10

Information about Nominees for Director 10

DIRECTORS' COMPENSATION 13

STOCK OWNERSHIP INFORMATION 17

PROPOSAL NO. 2 – RATIFICATION OF THE SELECTION OF AUDITORS 19

AUDIT COMMITTEE REPORT 20

FEES PAID TO KPMG LLP 21

PROPOSAL NO. 3 – ADVISORY APPROVAL OF EXECUTIVE COMPENSATION 22

COMPENSATION DISCUSSION AND ANALYSIS 23

Back to Contents

COMPENSATION COMMITTEE REPORT 35

SUMMARY COMPENSATION TABLE 36

GRANTS OF PLAN-BASED AWARDS IN FISCAL 2013 39

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2013 40

2013 OPTION EXERCISES AND STOCK VESTED 41

2013 NONQUALIFIED DEFERRED COMPENSATION 42

EMPLOYMENT CONTRACTS AND CHANGE-IN-CONTROL ARRANGEMENTS 43

POST-TERMINATION OR CHANGE-IN-CONTROL PAYMENTS 44

EQUITY COMPENSATION PLAN INFORMATION 48

PROPOSAL NO. 4 – STOCKHOLDER PROPOSAL ON HUMAN RIGHTS POLICY 49

ADDITIONAL INFORMATION 51

Involvement in Certain Legal Proceedings 51

OTHER MATTERS 52

APPENDIX A – CORPORATE GOVERNANCE GUIDELINES A-1

Back to Contents

Proxy Statement Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting. Page references are supplied to help you find further information in this proxy statement.

Eligibility to Vote (page 2)

You can vote if you were a stockholder of record at the close of business on March 24, 2014.

How to Cast Your Vote (page 2)

You can vote by any of the following methods:

- Internet (www.envisionreports.com/HAL) until 1:00 a.m. Eastern Standard Time on May 21, 2014;
- Telephone until 1:00 a.m. Eastern Standard Time on May 21, 2014;
- Completing, signing and returning your proxy or voting instruction card before May 20, 2014; or
- In person, at the annual meeting: If you are a stockholder of record, we have a record of your ownership. If your shares are held in the name of a broker, nominee or other intermediary, you must bring proof of ownership with you to the meeting.

Auditors (page 19)

As a matter of good corporate governance, we are asking our stockholders to ratify the selection of KPMG LLP as our principal independent public accountants for 2014.

Voting matters (pages 10, 19, 22, 49)

	Board Vote Recommendation	Page Reference (for more detail)
Election of Directors	FOR each Nominee	10
Management Proposals		
Ratification of the Selection of Auditors	FOR	19
Advisory Approval of Executive Compensation	FOR	22
Stockholder Proposal		
Human Rights Policy	AGAINST	49

Governance of the Company (page 3)

Corporate Governance

- Corporate Governance Guidelines and Committee Charters
- Code of Business Conduct
- Related Persons Transactions Policy

The Board of Directors and Standing Committees of Directors

- Board Attendance
- Board Leadership
- Lead Independent Director
- Independent Committees
- Board Risk Oversight
- Stockholder Nominations of Directors
- Qualifications of Directors
- Process for Selection of New Directors
- Stockholder Communication

Back to Contents

Board Nominees (page 10)

Name	Age	Director since	Occupation	Independent (Yes/No)	Committee Memberships	Other Company Boards
Alan M. Bennett	63	2006	Retired President and CEO of H & R Block	Yes	• Audit (Chair) • Nominating and Corporate Governance	• Fluor Corporation • TJX Companies, Inc.
James R. Boyd	67	2006	Retired Chairman of the Board of Arch Coal, Inc.	Yes	• Audit • Compensation (Chair)	
Milton Carroll	63	2006	Executive Chairman of the Board of CenterPoint Energy, Inc.	Yes	• Compensation • Nominating and Corporate Governance	• Western Gas Holdings, LLC • LyondellBasell Industries
Nance K. Dicciani	66	2009	Retired President and CEO of Honeywell International Specialty Materials	Yes	• Audit • Health, Safety and Environment	• Rockwood. Holdings, Inc • Praxair, Inc. • LyondellBasell Industries
Murry S. Gerber	61	2012	Retired Executive Chairman of the Board of EQT Corporation	Yes	• Audit • Compensation	• BlackRock, Inc. • United States Steel Corporation
José C. Grubisich	57	2013	Chief Executive Officer of Eldorado Brasil Celulose	Yes	• Audit • Health, Safety and Environment	• Vallourec S.A.
Abdallah S. Jum'ah	72	2010	Retired President and Chief Executive Officer of Saudi Arabian Oil Company	Yes	• Health, Safety and Environment • Nominating and Corporate Governance	• Saudi Investment Bank • Zamil Industries
David J. Lesar (Chairman)	60	2000	Chairman of the Board, President and CEO of Halliburton	No		• Agrium, Inc.
Robert A. Malone	62	2009	President and Chief Executive Officer of The First National Bank of Sonora, Texas	Yes	• Compensation • Health, Safety and Environment (Chair)	• Peabody Energy Company
J. Landis Martin (Lead Director)	68	1998	Founder of Platte River Equity	Yes	• Health, Safety and Environment • Nominating and Corporate Governance	• Chairman of Crown Castle International Corporation • Lead Director of Apartment Investment and Management Company • Lead Director of Intrepid Potash, Inc.
Debra L. Reed	57	2001	Chairman of the Board and CEO of Sempra Energy	Yes	• Nominating and Corporate Governance (Chair) • Compensation	

Named Executive Officers (page 23)

Name	Age	Occupation	Since
David J. Lesar	60	Chairman of the Board, President and Chief Executive Officer	2000
Mark A. McCollum	55	Executive Vice President and Chief Financial Officer	2008
James S. Brown	59	President - Western Hemisphere	2008
Jeffrey A. Miller	50	Executive Vice President and Chief Operating Officer	2012
Joe D. Rainey	59	President - Eastern Hemisphere	2011

2013 Financial Highlights

(for more detail please see Form 10-K)

- We set revenue records in every international region and in both divisions in 2013.
- We achieved record operating income in our Middle/East Asia region, as well as six of our 13 product lines.
- Over the past three years, we grew our deepwater business at double the market rate, tripled the size of our mature fields business, and extended our unconventionals leadership.
- We repurchased approximately $4.4 billion, or 10 percent, of our outstanding shares of common stock and increased our dividend twice for a total payout increase of 67 percent.
- In 2013, Halliburton was ranked as one of America's most-honored companies by Institutional Investor magazine. Our Chief Executive Officer, David J. Lesar, was named one of the best CEOs in the magazine's All-America Executive Team rankings.

Back to Contents

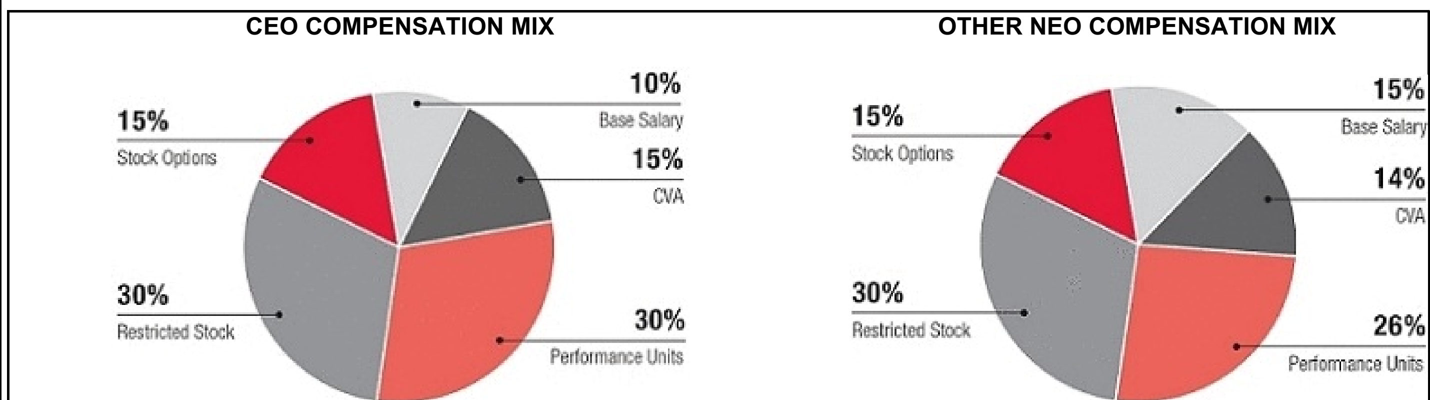
Executive Compensation

Objectives (page 24)

Our executive compensation program is composed of base salary, short-term incentives, and long-term incentives and is designed to achieve the following objectives:

- Provide a clear and direct relationship between executive pay and our performance on both a short-term and long-term basis;
- Emphasize operating performance drivers;
- Link executive pay to measures that drive stockholder value;
- Support our business strategies; and
- Maximize the return on our human resource investment.

2013 Executive Total Compensation Mix (page 25)



2013 Executive Compensation Summary (page 36)

Name	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
David J. Lesar	1,630,000	0	4,793,714	2,381,533	10,180,804	155,196	1,723,967	20,865,214
Mark A. McCollum	732,000	0	1,230,066	611,358	2,679,877	22,366	470,366	5,746,033
James S. Brown	788,000	0	1,579,344	785,785	2,743,666	57,834	992,489	6,947,118
Jeffrey A. Miller	800,000	0	1,933,684	961,939	1,565,460	3,406	676,731	5,941,220
Joe D. Rainey	788,000	0	1,579,344	785,785	2,730,866	78,858	1,995,925	7,958,778

Back to Contents

HALLIBURTON

Notice of Annual Meeting of Stockholders to be held May 21, 2014

Halliburton Company, a Delaware corporation, will hold its Annual Meeting of Stockholders on Wednesday, May 21, 2014 at 9:00 a.m. Central Daylight Time at its corporate office at 3000 N. Sam Houston Parkway East, Life Center - Auditorium, Houston, Texas 77032. At the meeting, the stockholders will be asked to consider and act upon the matters discussed in the attached proxy statement as follows:

1. To elect the eleven nominees named in the attached proxy statement as Directors to serve for the ensuing year and until their successors shall be elected and shall qualify.

2. To consider and act upon a proposal to ratify the appointment of KPMG LLP as principal independent public accountants to examine the financial statements and books and records of Halliburton for the year ending December 31, 2014.

3. To consider and act upon advisory approval of our executive compensation.

4. To consider and act upon one stockholder proposal, if properly presented at the meeting.

5. To transact any other business that properly comes before the meeting or any adjournment or adjournments of the meeting.

These items are fully described in the following pages, which are made a part of this Notice. The Board of Directors has set the close of business on Monday, March 24, 2014 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting and at any adjournment of the meeting.

INTERNET AVAILABILITY OF PROXY MATERIALS

On or about April 8, 2014, we mailed our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2014 proxy statement and 2013 Annual Report on Form 10-K and how to vote online. The notice also provides instruction on how you can request a paper copy of these documents if you desire. If you received your annual materials via email, the email contains voting instructions and links to the proxy statement and Form 10-K on the Internet.

IF YOU PLAN TO ATTEND

Attendance at the meeting is limited to stockholders and one guest each. Admission will be on a first-come, first-served basis. Registration will begin at 8:00 a.m., and the meeting will begin at 9:00 a.m. Each stockholder holding stock in a brokerage account will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Please note that you will be asked to present valid picture identification, such as a driver's license or passport.

April 8, 2014

By order of the Board of Directors,

Christina M. Ibrahim
Vice President and Corporate Secretary

You are urged to vote your shares as promptly as possible by following the voting instructions in the Notice of Internet Availability of Proxy Materials.

GENERAL INFORMATION

We are providing these proxy materials to you in connection with the solicitation by the Board of Directors of Halliburton Company, or the Board, of proxies to be voted at our 2014 Annual Meeting of Stockholders and at any adjournment or postponement of the meeting. By executing and returning the enclosed proxy, by following the enclosed voting instructions or by voting via the Internet or by telephone, you authorize the persons named in the proxy to represent you and vote your shares on the matters described in the Notice of Annual Meeting.

The Notice of Internet Availability of Proxy Materials is being sent to stockholders on or about April 8, 2014. Our Annual Report on Form 10-K, including financial statements, for the fiscal year ended December 31, 2013 accompanies this proxy statement. The Annual Report on Form 10-K shall not be considered as a part of the proxy solicitation material or as having been incorporated by reference.

Subject to space availability, all stockholders as of the record date, or their duly appointed proxies, may attend the Annual Meeting, and each may be accompanied by one guest. Admission to the Annual Meeting will be on a first-come, first-served basis. Registration will begin at 8:00 a.m., and the Annual Meeting will begin at 9:00 a.m. Please note that we will ask you to present valid picture identification, such as a driver's license or passport, when you check in at the registration desk.

If you hold your shares in "street name" (that is, through a broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date.

You may not bring cameras, recording equipment, electronic devices, large bags, briefcases or packages into the Annual Meeting.

If you attend the Annual Meeting, you may vote in person. If you are not present, you can only vote your shares if you have voted via the Internet, by telephone or returned a properly executed proxy; in these cases, your shares will be voted as you specify. If you return a properly executed proxy and do not specify a vote, your shares will be voted in accordance with the recommendations of the Board. You may revoke the authorization given in your proxy at any time before the shares are voted at the Annual Meeting.

The record date for determination of the stockholders entitled to vote at the Annual Meeting is the close of business on March 24, 2014. Our common stock, par value $2.50 per share, is our only class of capital stock that is outstanding. As of March 24, 2014, there were 844,192,203 shares of our common stock outstanding. Each of our outstanding shares of common stock is entitled to one vote on each matter submitted to the stockholders for a vote at the Annual Meeting. We will keep a complete list of stockholders entitled to vote at our principal executive office for ten days before, and will also have the list available at, the Annual Meeting. Our principal executive office is located at 3000 N. Sam Houston Parkway East, Administration Building, Houston, Texas 77032.

Votes cast by proxy or in person at the Annual Meeting will be counted by the persons we appoint to act as election inspectors for the Annual Meeting. Except as set forth below, the affirmative vote of the majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the subject matter will be the act of the stockholders. Shares for which a stockholder has elected to abstain on a matter will count for purposes of determining the presence of a quorum and, except as set forth below, will have the effect of a vote against the matter.

Each Director shall be elected by the vote of the majority of the votes cast, provided that if the number of nominees exceeds the number of Directors to be elected and any stockholder-proposed nominee has not been withdrawn before the tenth (10th) day preceding the day we mail the Notice of Internet Availability of Proxy Materials to stockholders for the Annual Meeting, the Directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at the Annual Meeting and entitled to vote on the election of Directors. A majority of the votes cast means that the number of shares voted "for" a Director must exceed the number of votes cast "against" that Director; we will not count abstentions.

The election inspectors will treat broker non-vote shares, which are shares held in street name that cannot be voted by a broker on specific matters in the absence of instructions from the beneficial owner of the shares, as shares that are present and entitled to vote for purposes of determining the presence of a quorum. In determining the outcome of any matter for which the broker does not have discretionary authority to vote, however, those shares will not have any effect on that matter. A broker may be entitled to vote those shares on other matters.

In accordance with our confidential voting policy, no particular stockholder's vote will be disclosed to our officers, Directors, or employees, except:

- as necessary to meet legal requirements and to assert claims for and defend claims against us;
- when disclosure is voluntarily made or requested by the stockholder;
- when the stockholder writes comments on the proxy card; or
- in the event of a proxy solicitation not approved and recommended by the Board.

The proxy solicitor, the election inspectors, and the tabulators of all proxies, ballots, and voting tabulations are independent and are not our employees.

Back to Contents

CORPORATE GOVERNANCE

Corporate Governance Guidelines and Committee Charters

Our Board has long maintained a formal statement of its responsibilities and corporate governance guidelines to ensure effective governance in all areas of its responsibilities. Our corporate governance guidelines, as revised in January 2013, are attached as Appendix A to this proxy statement and are also available on our website at *www.halliburton.com* by clicking on the tab "About Us," and then the "Corporate Governance" link. The guidelines are reviewed periodically and revised as appropriate to reflect the dynamic and evolving processes relating to corporate governance, including the operation of the Board.

In order for our stockholders to understand how the Board conducts its affairs in all areas of its responsibility, the full text of the charters of our Audit; Compensation; Health, Safety and Environment; and Nominating and Corporate Governance Committees are also available on our website.

Except to the extent expressly stated otherwise, information contained on or accessible from our website or any other website is not incorporated by reference into and should not be considered part of this proxy statement.

Code of Business Conduct

Our Code of Business Conduct, which applies to all of our employees and Directors and serves as the code of ethics for our principal executive officer, principal financial officer, principal accounting officer or controller, and other persons performing similar functions, is available on our website. Any waivers to our Code of Business Conduct for our Directors or executive officers can only be made by our Audit Committee. There were no waivers of the Code of Business Conduct in 2013.

Related Persons Transactions Policy

Our Board has adopted a written policy governing related persons transactions as part of the Board's commitment to good governance and independent oversight. The policy covers transactions involving any of our Directors, executive officers, nominees for Director, or greater than 5% stockholders, or any immediate family member of the foregoing, among others.

The types of transactions covered by this policy are transactions, arrangements or relationships, or any series of similar transactions, arrangements or relationships, including any indebtedness or guarantee of indebtedness, in which (1) we or any of our subsidiaries were or will be a participant, (2) the aggregate amount involved exceeds $120,000 in any calendar year, and (3) any related person had, has or will have a direct or indirect interest (other than solely as a result of being a director of, or holding less than a 10% beneficial ownership interest in, another entity).

Under the policy, we generally only enter into or ratify related persons transactions when the Board determines such transactions are in our best interests and the best interests of our stockholders. In determining whether to approve or ratify a related person transaction, the Board will consider the following factors and such other factors it deems appropriate:

- whether the related person transaction is on terms comparable to terms generally available with an unaffiliated third party under the same or similar circumstances;
- the benefits of the transaction to us;
- the extent of the related person's interest in the transaction; and
- whether there are alternative sources for the subject matter of the transaction.

THE BOARD OF DIRECTORS AND STANDING COMMITTEES OF DIRECTORS

The Board has standing Audit; Compensation; Health, Safety and Environment; and Nominating and Corporate Governance Committees. Each of the standing committees are comprised of non-employee Directors, and in the business judgment of the Board, all of the non-employee Directors are independent, after considering all relevant facts and circumstances, as well as the independence standards set forth in our corporate governance guidelines. Our corporate governance guidelines are attached as Appendix A to this proxy statement and are also available on our website at *www.halliburton.com*.

Our independence standards meet, and in some instances exceed, NYSE independence requirements. Our definition of independence and compliance with our independence standards is periodically reviewed by the Nominating and Corporate Governance Committee. There were no relevant transactions, relationships or arrangements not disclosed in this proxy statement that were considered by the Board in making its determination as to the independence of the Directors.

Board Attendance

During 2013, the Board held nine meetings and met in Executive Session, without management present, on five occasions.

Committee meetings were held as follows:

Audit Committee	9
Compensation Committee	5
Health, Safety and Environment Committee	5
Nominating and Corporate Governance Committee	5

All members of the Board attended at least 93% of the total number of meetings of the Board and the committees on which he or she served during the last fiscal year.

All of our Directors attended the 2013 Annual Meeting, as required by our corporate governance guidelines.

Board Leadership

Our By-laws provide that the Board should have the flexibility to determine the appropriate leadership of the Board, and whether the roles of Chairman and Chief Executive Officer should be combined or separate. After review and discussion, our Board has decided that a combined leadership role would best serve the needs of the Company and its stockholders. The Board believes that David J. Lesar, our current Chairman and Chief Executive Officer, with his industry expertise, financial expertise, and in-depth knowledge of Halliburton and its business, is the correct person to fill both roles.

Back to Contents

Lead Independent Director

In order to help ensure independent Board leadership and oversight, the Board has elected Mr. Martin as our Lead Independent Director. Mr. Martin's role and responsibilities are set forth in the Lead Independent Director Charter adopted by the Board and include presiding over the executive sessions of the non-employee Directors and executive sessions of the independent Directors. Mr. Martin also advises management on and approves the agenda items to be considered at meetings of the Board. With the exception of our Chairman and Chief Executive Officer, Mr. Lesar, the Board is composed of independent Directors. Our Lead Independent Director Charter can be found on our website at *www.halliburton.com*.

Independent Committees

As a governance best practice, key committees of the Board are comprised solely of independent Directors. We have established processes for the effective oversight of critical issues entrusted to independent Directors, such as:

- the integrity of our financial statements;
- CEO and senior management compensation;
- CEO and senior management succession planning;
- the election of our Lead Independent Director;
- membership of our Independent Committees;
- Board, Committee and Director evaluations; and
- nominations for Directors.

The Board believes it has a strong governance structure in place to ensure independent oversight on behalf of all stockholders.

Board Risk Oversight

We have implemented an Enterprise Risk Management system to identify and analyze enterprise level risks and their potential impact on us. At least annually, our Vice President and Treasurer reports to the Audit Committee of the Board on our processes with respect to risk assessment and risk management. Our executive officers are assigned responsibility for the various categories of risk, with the Chief Executive Officer being ultimately responsible to the Board for all risk categories. The responsibility of the Chief Executive Officer for all risk matters is consistent with his being primarily responsible for managing our day-to-day business.

Halliburton Board Leadership

- *Mr. David J. Lesar is our Chairman, President and CEO*
- *Mr. J. Landis Martin is our Lead Independent Director*
- *10 of our 11 Directors are independent*
- *All members of the Audit; Compensation; Health, Safety and Environment; and Nominating and Corporate Governance Committees are independent.*

Our Board believes that continuing to combine the position of Chairman and CEO is in the best interests of the Company and our stockholders, and that the strong presence of engaged independent Directors ensures independent oversight.

Members of the Committees of our Board of Directors

Audit Committee	Compensation Committee	Health, Safety and Environment Committee	Nominating and Corporate Governance Committee
Alan M. Bennett*	James R. Boyd*	Nance K. Dicciani	Alan M. Bennett
James R. Boyd	Milton Carroll	José C. Grubisich	Milton Carroll
Nance K. Dicciani	Murry S. Gerber	Abdallah S. Jum'ah	Abdallah S. Jum'ah
Murry S. Gerber	Robert A. Malone	Robert A. Malone*	J. Landis Martin

José C. Grubisich	Debra L. Reed	J. Landis Martin	Debra L. Reed*

** Chair*

Back to Contents

Audit Committee

The Audit Committee's responsibilities include:

- Recommending to the Board the appointment of the independent public accounting firm to audit our financial statements (the "principal independent public accountants");
- Together with the Board, being responsible for the appointment, compensation, retention, and oversight of the work of the principal independent public accountants;
- Reviewing the scope of the principal independent public accountants' examination and the scope of activities of the internal audit department;
- Reviewing our financial policies and accounting systems and controls;
- Reviewing financial statements; and
- Approving the services to be performed by the principal independent public accountants.

The Board has determined that Alan M. Bennett, James R. Boyd, Nance K. Dicciani, Murry S. Gerber, and José C. Grubisich are independent under our corporate governance guidelines and are "audit committee financial experts" as defined by the Securities and Exchange Commission, or SEC. A copy of the Audit Committee Charter is available on our website at *www.halliburton.com*.

Compensation Committee

The Compensation Committee's responsibilities include:

- Overseeing the effectiveness of our compensation program in attracting, retaining and motivating key employees;
- Utilizing our compensation program to reinforce business strategies and objectives for enhanced stockholder value;
- Administering our compensation program, including our incentive plans, in a fair and equitable manner consistent with established policies and guidelines;
- Developing an overall executive compensation philosophy and strategy; and
- Additional roles and activities with respect to executive compensation as described under Compensation Discussion and Analysis.

A copy of the Compensation Committee Charter is available on our website at *www.halliburton.com*.

Health, Safety and Environment Committee

The Health, Safety and Environment Committee's responsibilities include:

- Reviewing and assessing our health, safety and environmental policies and practices;
- Overseeing the communication and implementation of, and reviewing our compliance with, these policies, as well as applicable goals and legal requirements; and
- Assisting the Board with oversight of our risk-management processes relating to health, safety and the environment.

A copy of our Health, Safety and Environment Committee Charter is available on our website at *www.halliburton.com*.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee's responsibilities include:

- Reviewing and recommending revisions to our corporate governance guidelines;
- Overseeing our Director self-evaluation process and performance reviews;
- Identifying and screening candidates for Board and committee membership;

- Reviewing the overall composition profile of the Board for the appropriate mix of skills, characteristics, experience, and expertise; and
- Reviewing and making recommendations on Director compensation practices.

A copy of our Nominating and Corporate Governance Committee Charter is available on our website at *www.halliburton.com*.

Back to Contents

Stockholder Nominations of Directors

Stockholders may nominate persons for election to the Board at a meeting of stockholders in the manner provided in our By-laws, which include a requirement to comply with certain notice procedures. Nominations shall be made pursuant to written notice to the Vice President and Corporate Secretary at the address of our principal executive offices set forth on page 2 of this proxy statement, and for the Annual Meeting of Stockholders in 2015, must be received not less than 90 days nor more than 120 days prior to the anniversary date of the 2014 Annual Meeting of Stockholders, or no later than February 20, 2015 and no earlier than January 21, 2015.

The stockholder notice must contain, among other things, certain information relating to the stockholder and the proposed nominee as described in our By-laws. In addition, the proposed nominee may be required to furnish other information as we may reasonably require to determine the eligibility of the proposed nominee to serve as a Director. With respect to any proposed nominee nominated in accordance with Section 6 of our By-laws by a stockholder of record owning at least 1% of our issued and outstanding voting stock continuously for at least one year as of the date the written notice of the nomination is submitted to us, our Vice President and Corporate Secretary will (i) obtain from such nominee any additional relevant information the nominee wishes to provide in consideration of his or her nomination, (ii) report on each such nominee to the Nominating and Corporate Governance Committee, and (iii) facilitate having each such nominee meet with the Nominating and Corporate Governance Committee as the committee deems appropriate.

Qualifications of Directors

Candidates nominated for election or reelection to the Board should possess the following qualifications:

- Personal characteristics:
  - high personal and professional ethics, integrity, and values;
  - an inquiring and independent mind; and
  - practical wisdom and mature judgment;
- Broad training and experience at the policy-making level in business, government, education, or technology;
- Expertise that is useful to us and complementary to the background and experience of other Board members, so that an optimum balance of members on the Board can be achieved and maintained;
- Willingness to devote the required amount of time to carrying out the duties and responsibilities of Board membership;
- Commitment to serve on the Board for several years to develop knowledge about our principal operations;
- Willingness to represent the best interests of all of our stockholders and objectively appraise management performance; and
- Involvement only in activities or interests that do not create a conflict with the Director’s responsibilities to us and our stockholders.

The Nominating and Corporate Governance Committee is responsible for assessing the appropriate mix of skills and characteristics required of Board members in the context of the needs of the Board at a given point in time and shall periodically review and update the criteria. In selecting Director nominees, the Board first considers the personal characteristics, experience, and other criteria as set forth in our corporate governance guidelines. We also identify nominees based on our specific needs and the needs of our Board at the time a nominee is sought. We value all types of diversity, including diversity of our Board. In evaluating the overall mix of qualifications for a potential nominee, the Board also takes into account overall Board diversity in personal background, race, gender, age, and nationality. In considering whether current Directors should be nominated for reelection to the Board, the Nominating and Corporate Governance Committee and the Board will also consider the non-employee Directors’ annual assessment of the Board and annual performance review.

Back to Contents

Process for the Selection of New Directors

The Board is responsible for filling vacancies on the Board. The Board has delegated to the Nominating and Corporate Governance Committee the duty of selecting and recommending prospective nominees to the Board for approval. The Nominating and Corporate Governance Committee considers suggestions of candidates for Board membership made by current Board members, management, and stockholders. A stockholder who wishes to recommend a prospective candidate should notify our Vice President and Corporate Secretary. The Committee may retain an independent executive search firm to identify and/or assist in evaluating candidates for consideration.

When the Nominating and Corporate Governance Committee identifies a prospective candidate, the Committee determines the appropriate method to evaluate the candidate. This determination is based on the information provided to the Committee by the person recommending the prospective candidate and the Committee's knowledge of the candidate. This information may be supplemented by inquiries to the person who made the recommendation or to others. The preliminary determination is based on the need for additional Board members to fill vacancies or to expand the size of the Board, and the likelihood that the candidate will meet the Board membership criteria listed above. The Committee will determine, after discussion with the Chairman of the Board and other Board members, whether a candidate should continue to be considered as a potential nominee. If a candidate warrants additional consideration, the Committee may request an independent executive search firm to gather additional information about the candidate's background, experience, and reputation, and to report its findings to the Committee. The Committee then evaluates the candidate and determines whether to interview the candidate. One or more members of the Committee and others as appropriate then conduct the interviews. Once the evaluation and interviews are completed, the Committee recommends to the Board which candidates should be nominated. The Board makes a determination of nominees after review of the recommendation and the Committee's report.

Back to Contents

Stockholder Communication

To foster better communication with our stockholders, we established a process for stockholders to communicate with the Audit Committee and the Board. The process has been approved by both the Audit Committee and the Board, and meets the requirements of the New York Stock Exchange, or NYSE, and the SEC. The methods of communication with the Board include telephone, mail and e-mail.

888.312.2692
or
770.613.6348

Board of Directors
c/o Director of Business Conduct
Halliburton Company
P.O. Box 42806
Houston, Texas 77242-2806

BoardofDirectors@halliburton.com

Our Director of Business Conduct, an employee, reviews all stockholder communications directed to the Audit Committee and the Board. The Chairman of the Audit Committee is promptly notified of any substantive communication involving accounting, internal accounting controls, or auditing matters. The Lead Independent Director is promptly notified of any other significant stockholder communications, and any board related matters which are addressed to a named Director are promptly sent to that Director. Copies of all communications are available for review by any Director. It should be noted, however, that some items such as advertisements, business solicitations, junk mail, resumes, and any communication that is overly hostile, threatening or illegal will not be forwarded to the Board. Concerns may be reported anonymously or confidentially. Confidentiality shall be maintained unless disclosure is:

- required or advisable in connection with any governmental investigation or report;
- in the interests of Halliburton, consistent with the goals of our Code of Business Conduct; or
- required or advisable in our legal defense of the matter.

Information regarding these methods of communication is also on our website at *www.halliburton.com*.

Back to Contents

PROPOSAL NO. 1 ELECTION OF DIRECTORS

The eleven nominees listed below are presently our Directors. The common stock represented by properly executed and returned proxies will be voted to elect the eleven nominees as Directors unless we receive contrary instructions. If any nominee is unwilling or unable to serve, favorable and uninstructed proxies will be voted for a substitute nominee designated by the Board. If a suitable substitute is not available, the Board will reduce the number of Directors to be elected. Each nominee has indicated approval of his or her nomination and his or her willingness to serve if elected. The Directors elected will serve for the ensuing year and until their successors are elected and qualify.

Our corporate governance guidelines provide that each non-management Director shall retire from the Board immediately prior to the annual meeting of stockholders following his or her seventy-second (72nd) birthday. Though he has reached age 72, the Board has requested Abdallah S. Jum'ah to stand for reelection for another year because of his intimate knowledge of the oil and gas industry in the Middle East, where our business is growing considerably.

Information about Nominees for Director

Alan M. Bennett

Age: 63
Director Since: 2006
Halliburton Committees: Audit (Chair); Nominating and Corporate Governance

Mr. Bennett is the retired President and Chief Executive Officer of H&R Block, Inc. (a tax and financial services provider). Mr. Bennett served as the President and Chief Executive Officer of H&R Block, Inc. from 2010 to 2011, the Interim Chief Executive Officer of H&R Block, Inc. from 2007 to 2008, and the Senior Vice President and Chief Financial Officer of Aetna, Inc. from 2001 to 2007. Mr. Bennett is a director of Fluor Corporation (since 2011) and TJX Companies, Inc. (since 2007), and is a former director of H&R Block, Inc. (2008-2011). The Board determined that Mr. Bennett should be nominated for election as a Director because of his financial expertise, ranging from internal audit to corporate controller to chief financial officer of a large, public company. He is a certified public accountant and also has chief executive officer experience.

James R. Boyd

Age: 67
Director Since: 2006
Halliburton Committees: Compensation (Chair); Audit

Mr. Boyd is the retired Chairman of the Board of Arch Coal, Inc. (one of the largest United States coal producers). Mr. Boyd served as a director of Arch Coal, Inc. from 1990 to 2013, and as Chairman of the Board of Arch Coal, Inc. from 1998 to 2006. The Board determined that Mr. Boyd should be nominated for election as a Director because of his experience as a chief executive officer, chairman, and lead director of a large company and his career experience in corporate business development, operations, and strategic planning.

Milton Carroll

Age: 63
Director Since: 2006
Halliburton Committees: Compensation; Nominating and Corporate Governance

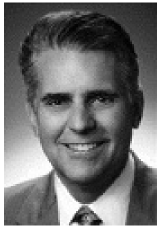
Mr. Carroll has been the Executive Chairman of the Board of CenterPoint Energy, Inc. (a public utility holding company) since 2013 and Chairman of Health Care Service Corporation (a large health insurance company) since 2002. Mr. Carroll served as Non-Executive Chairman of the Board of CenterPoint Energy, Inc., from 2002 to 2013. Mr. Carroll is a director of Western Gas Holdings, LLC, the general partner of Western Gas Partners L.P. (since 2008) and LyondellBasell Industries (since 2010). Mr. Carroll served as Chairman of Instrument Products, Inc. (a private oil-tool manufacturing company) (1977-2014) and as a director of LRE GP, LLC, the general partner of LRR Energy, L.P. (2011-2014). The Board determined that Mr. Carroll should be nominated for election as a Director because of his public company board experience as an independent director and his knowledge of the oil and natural gas services industry.

Back to Contents

Nance K. Dicciani

Age: 66
Director Since: 2009
Halliburton Committees: Audit; Health, Safety and Environment

Ms. Dicciani is the retired President and Chief Executive Officer of Honeywell International Specialty Materials (a diversified technology and manufacturing company). Ms. Dicciani served as the President and Chief Executive Officer of Honeywell International Specialty Materials from 2001 to 2008. Ms. Dicciani is a director of Rockwood Holdings, Inc. (since 2008), Praxair, Inc. (since 2008), and LyondellBasell Industries (since 2013). The Board determined that Ms. Dicciani should be nominated for election as a Director because of her technical expertise in the chemical industry, her international operations expertise, and her executive experience as a chief executive officer of a multi-billion dollar strategic business group of a major multinational corporation.



Murry S. Gerber

Age: 61
Director Since: 2012
Halliburton Committees: Audit; Compensation

Mr. Gerber is the retired Executive Chairman of the Board of EQT Corporation (a leading producer of unconventional natural gas). Mr. Gerber served as the Executive Chairman of the Board of EQT Corporation from 2010 to 2011, the Chairman and Chief Executive Officer of EQT Corporation from 2000 to 2010, and the Chief Executive Officer and President of EQT Corporation from 1998 to 2007. Mr. Gerber is a director of BlackRock, Inc. (since 2000) and United States Steel Corporation (since 2012). The Board determined that Mr. Gerber should be nominated for election as a Director because of his executive leadership skills and his experience with the Marcellus shale and unconventional oil and natural gas basins.

José C. Grubisich

Age: 57
Director Since: 2013
Halliburton Committees: Audit; Health, Safety and Environment

Mr. Grubisich has been Chief Executive Officer of Eldorado Brasil Celulose (a leader in the world cellulose market) since 2012. Previously, Mr. Grubisich served as President and Chief Executive Officer of ETH Bioenergia S.A. (an integrated producer of ethanol and electricity from biomass) from 2008 to 2012. Mr. Grubisich is a director of Vallourec S.A. (since 2012). The Board determined that Mr. Grubisich should be nominated for election as a Director because of his significant international business experience in Latin America and his executive leadership experience.

Abdallah S. Jum’ah

Age: 72
Director Since: 2010
Halliburton Committees: Health, Safety and Environment; Nominating and Corporate Governance

Mr. Jum’ah is the retired President and Chief Executive Officer of Saudi Arabian Oil Company (Saudi Aramco) (the world’s largest producer of crude oil). Mr. Jum’ah was the President and Chief Executive Officer of Saudi Aramco from 1995 to 2008. Mr. Jum’ah has served as Chairman of the Board of The Saudi Investment Bank since 2013 (Director since 2010). Mr. Jum’ah is a Board member of Economic Cities Authority and Zamil Industries, and is a former Vice Chairman of the International Advisory Board at King Fahd University of Petroleum and Minerals (2007-2009). The Board determined that Mr. Jum’ah should be nominated for election as a Director because of his industry expertise, including significant international business experience in the Eastern Hemisphere, and his executive experience as president and chief executive officer leading the world’s largest producer of crude oil.

David J. Lesar

Age: 60
Director Since: 2000 (Chairman)

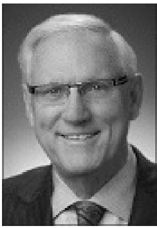
Mr. Lesar has been our Chairman of the Board, President and Chief Executive Officer since 2000. Mr. Lesar is a director of Agrium, Inc. (since 2010). The Board determined that Mr. Lesar should be nominated for election as a Director because of his industry expertise, financial expertise, and in-depth knowledge of Halliburton and its business.

Robert A. Malone

Age: 62
Director Since: 2009
Halliburton Committees: Compensation; Health, Safety and Environment (Chair)

Mr. Malone has been the President and Chief Executive Officer of The First National Bank of Sonora, Texas (a community bank) since 2009. Previously, Mr. Malone was the Executive Vice President of BP plc and Chairman of the Board and President, BP America Inc. (one of the nation's largest producers of oil and natural gas) from 2006 to 2009. Mr. Malone is a director of Peabody Energy Company (since 2009). The Board determined that Mr. Malone should be nominated for election as a Director because of his industry expertise and his executive leadership experience, including crisis management and safety performance.

Back to Contents



J. Landis Martin

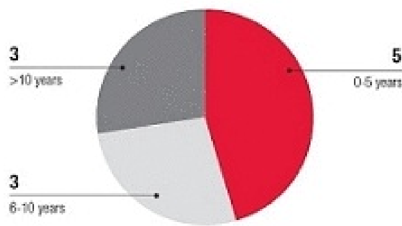
Age: 68
Director Since: 1998
Halliburton Committees: Health, Safety and Environment; Nominating and Corporate Governance

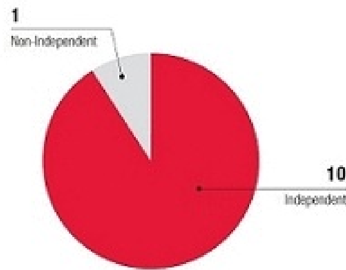
Mr. Martin is the founder of Platte River Equity (formerly Platte River Ventures, L.L.C.) (a private equity firm) and has served as its Managing Director since 2005. Previously, Mr. Martin was the Chairman, from 1989 to 2005, and Chief Executive Officer, from 1995 to 2005, of Titanium Metals Corporation. Mr. Martin serves as our Lead Independent Director. Mr. Martin is the Lead Director of Apartment Investment and Management Company (Director since 1994), the Chairman of Crown Castle International Corporation (since 2002) and Director (since 1999), and the Lead Director of Intrepid Potash, Inc. (since 2008). The Board determined that Mr. Martin should be nominated for election as a Director because of his industry expertise, his executive and board leadership experience, and his knowledge of our operations.

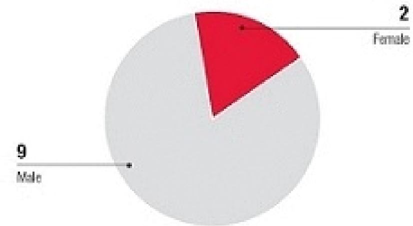
Debra L. Reed

Age: 57
Director Since: 2001
Halliburton Committees: Nominating and Corporate Governance (Chair); Compensation

Ms. Reed has been the Chief Executive Officer of Sempra Energy (an energy infrastructure and regulated holding company) since 2011 and has served as Chairman of the Board of Sempra Energy since 2012. Previously, Ms. Reed was the Executive Vice President of Sempra Energy from 2010 to 2011 and the President and Chief Executive Officer of Southern California Gas Company and San Diego Gas & Electric Company from 2006 to 2010. Ms. Reed is a former director of Avery Dennison Corporation (2009-2011) and of Genentech, Inc. (2005-2009). The Board determined that Ms. Reed should be nominated for election as a Director because of her executive, operational, financial, and administrative expertise, and her experience as an independent director on public company boards.







Back to Contents

DIRECTORS' COMPENSATION

Directors' Fees

All non-employee Directors receive an annual retainer of $100,000. The Lead Independent Director receives an additional annual retainer of $25,000 and the chairperson of each committee also receives an additional retainer annually for serving as chair as follows:

Audit - $20,000; Compensation - $15,000; Health, Safety and Environment - $15,000; and Nominating and Corporate Governance - $15,000. Non-employee Directors are permitted to defer all or part of their fees under the Directors' Deferred Compensation Plan described below.

Directors' Equity Awards

Each non-employee Director receives an annual equity award with a value of approximately $160,000 on the date of the award. Prior to 2012, each non-employee Director received an annual equity award consisting of restricted shares of common stock. Beginning in 2012, each non-employee Director receives an annual equity award consisting of restricted stock units (RSUs), each of which represents the right to receive a share of common stock at a future date. The actual number of RSUs is determined by dividing $160,000 by the average of the closing price of our common stock on the NYSE on each business day during the month of July. These annual awards are made on or about the first of August of each year. The value of the award may be more or less than $160,000 based on the closing price of our common stock on the NYSE on the date of the award in August. Non-employee Directors are permitted to defer all of their RSUs under the Directors' Deferred Compensation Plan.

Additionally, when a non-employee Director is first elected to the Board, he or she receives an equity award shortly thereafter. Prior to May of 2012, each newly elected non-employee Director received an equity award consisting of 2,000 restricted shares of common stock. Each non-employee Director first elected to the Board after May of 2012 receives an equity award of RSUs equal to a pro-rated value of the annual equity award of $160,000. The factor used to determine the pro-rated award is the number of whole months of service from the beginning of the month in which the Director is elected to the following first of August divided by 12. The number of RSUs awarded is determined by dividing the pro-rated award amount by the average of the closing price of our common stock on the NYSE on each business day during the month immediately preceding the Director's election to the Board.

Directors may not sell, assign, pledge, otherwise transfer, or encumber restricted shares or RSUs until the restrictions are removed. Restrictions on RSUs lapse 25% a year over four years of service with the applicable underlying shares of common stock distributed annually to the non-employee Director. Except as provided in the next sentence, if a non-employee Director has a separation of service from the Board before completing four years of service since the applicable award date, any unvested RSUs would be forfeited. Restrictions on restricted shares and RSUs lapse following termination of Board service only under specified circumstances, which may include, subject to the Board's discretion, death or disability, retirement under the Director mandatory retirement policy, or early retirement after at least four years of service.

During the restriction period, Directors have the right to (i) vote restricted shares, but not shares underlying RSUs, and (ii) receive dividends or dividend equivalents in cash on restricted shares and RSUs that are not subject to a deferral election. RSUs that are subject to a deferral election receive dividend equivalents under the Directors' Deferred Compensation Plan.

Directors' Deferred Compensation Plan

The Directors' Deferred Compensation Plan is a non-qualified deferred compensation plan and participation is completely voluntary. Under the plan, non-employee Directors are permitted to defer all or part of their retainer fees and all of the shares of common stock underlying their RSUs when they vest. If a non-employee Director elects to defer retainer fees under the plan, then the Director may elect to have his or her deferred fees accumulate under an interest bearing account or translate on a quarterly basis into Halliburton common stock

equivalent units (SEUs) under a stock equivalents account. If a non-employee Director elects to defer receipt of the shares of common stock underlying his or her RSUs when they vest, then those shares are retained as deferred RSUs under the plan. The interest bearing account is credited quarterly with interest at the prime rate of Citibank, N.A. The stock equivalents account and deferred RSUs are credited quarterly with dividend equivalents based on the same dividend rate as Halliburton common stock and those amounts are translated into additional SEUs or RSUs, respectively.

After a Director's retirement, distributions under the plan are made to the Director in a single distribution or in annual installments over a 5- or 10-year period as elected by the Director. Distributions under the interest bearing account are made in cash, while distributions of SEUs under the stock equivalents account and deferred RSUs are made in shares of Halliburton common stock. Ms. Dicciani, Ms. Reed, and Messrs. Bennett, Boyd, and Carroll have elected to defer all or part of their retainer fees under the plan, and Ms. Dicciani, Ms. Reed, and Messrs. Bennett, Boyd, Carroll, Grubisich, Jum'ah, and Martin have elected to defer all of their RSUs under the plan.

Directors' Stock Ownership Requirements

We have stock ownership requirements for all non-employee Directors to further align their interests with our stockholders. As a result, all non-employee Directors are required to own Halliburton common stock in an amount equal to or in excess of the greater of (A) the cash portion of the Director's annual retainer for the five-year period beginning on the date the Director is first elected to the Board or (B) $500,000. The Nominating and Corporate Governance Committee reviews the holdings of all non-employee Directors, which include restricted shares, other Halliburton common stock, and RSUs owned by the Director, at each May meeting. Each non-employee Director has five years to meet the requirements, measured from the later of September 12, 2011, or the date he or she is first elected to the Board. Each non-employee Director currently meets the stock ownership requirements or is on track to do so within the requisite five-year period.

Director Clawback Policy

In January 2013, we adopted a clawback policy under which we will seek, in all appropriate cases, to recoup incentive compensation paid to, awarded to, or credited for the benefit of a Director if and to the extent that:

- it is determined that, in connection with the performance of that Director's duties, he or she substantially participated in a breach of a fiduciary duty arising from a material violation of a U.S. federal or state law, or recklessly disregarded his or her duty to exercise reasonable oversight; or

- the Director is named as a defendant in a law enforcement proceeding for having substantially participated in a breach of a fiduciary duty arising from a material violation of a U.S. federal or state law, the Director disagrees with the allegations relating to the proceeding and either (A) we initiate a review and determine that the alleged action is not indemnifiable or (B) the Director does not prevail at trial, enters into a plea arrangement, agrees to the entry of a final administrative or judicial order imposing sanctions, or otherwise admits to the violation in a legal proceeding.

Depending on the circumstances described above, the disinterested members of the Board, the disinterested members of the Compensation Committee, and/or the disinterested members of the Nominating and Corporate Governance Committee may be involved in the process of reviewing, considering, and making determinations regarding the Director's alleged conduct, whether recoupment is appropriate or required, and the type and amount of incentive compensation to be recouped from the Director.

The policy also provides that, to the extent permitted by applicable law and not previously disclosed in a filing with the SEC, we will disclose in our proxy statement the circumstances of any recoupment arising under the policy or that there has not been any recoupment pursuant to the policy for the prior calendar year. There was no recoupment under the policy in 2013.

Back to Contents

Charitable Contributions and Other Benefits

Matching Gift Programs

To further our support for charities, Directors may participate in the Halliburton Foundation's matching gift programs for educational institutions, not-for-profit hospitals, and medical foundations. For each eligible contribution, the Halliburton Foundation makes a contribution of two times the amount contributed by the Director, subject to approval by its Trustees. The maximum aggregate of all contributions each calendar year by a Director eligible for matching is $50,000, resulting in a maximum aggregate amount contributed annually by the Halliburton Foundation in the form of matching gifts of up to $100,000 for any Director who participates in the programs. Neither the Halliburton Foundation nor we have made a charitable contribution, within the preceding three years, to any charitable organization in which a Director serves as an employee or an immediate family member of the Director serves as an executive officer that exceeds in any single year the greater of $1 million or 2% of such charitable organization's consolidated gross revenues.

Accidental Death and Dismemberment

We offer an optional accidental death and dismemberment policy for non-employee Directors for individual coverage or family coverage with a benefit per Director of up to $250,000 and lesser amounts for family members. Ms. Dicciani and Messrs. Carroll, Gerber, and Malone elected individual coverage at a cost of $99 annually. Messrs. Grubisich and Martin elected family coverage at a cost of $159 annually. These premiums are included in the All Other Compensation column of the 2013 Director Compensation table for those who participate.

2013 Director Compensation

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Alan M. Bennett	120,000	167,215	0	123,915	411,130
James R. Boyd	115,000	167,215	0	77,375	359,590
Milton Carroll	100,000	167,215	0	25,152	292,367
Nance K. Dicciani	100,000	167,215	0	114,733	381,948
Murry S. Gerber	100,000	167,215	0	104,908	372,123
S. Malcolm Gillis[1]	42,651	0	0	24,144	66,795
José C. Grubisich	78,056	231,502	0	1,601	311,159
Abdallah S. Jum'ah	100,000	167,215	0	8,579	275,794
Robert A. Malone	109,437	167,215	0	111,650	388,302
J. Landis Martin	125,000	167,215	0	122,407	414,622
Debra L. Reed	115,000	167,215	0	76,687	358,902

(1) Dr. Gillis retired from the Board on May 15, 2013.

Fees Earned or Paid In Cash. The amounts in this column represent retainer fees earned in fiscal year 2013, but not necessarily paid in 2013. Refer to the section Directors' Fees for information on annual retainer fees.

Stock Awards. The amounts in the Stock Awards column reflect the grant date fair value of RSUs awarded in 2013. Accounting Standards Codification (ASC) 718 requires the reporting of the aggregate grant date fair value of equity awards granted to the Director during the fiscal year. We calculate the fair value of equity awards by multiplying the number of RSUs granted by the closing stock price as of the award's grant date.

The number of restricted shares, RSUs, and SEUs held at December 31, 2013 by non-employee Directors are:

Name	Restricted Shares	RSUs	SEUs
Alan M. Bennett	25,236	8,984	13,972
James R. Boyd	25,236	8,984	26,120
Milton Carroll	20,271	8,984	21,675
Nance K. Dicciani	14,843	8,984	6,506
Murry S. Gerber	2,000	7,557	—
José C. Grubisich	0	5,267	—
Abdallah S. Jum'ah	9,126	8,984	—
Robert A. Malone	14,843	7,557	—
J. Landis Martin	35,162	8,984	—
Debra L. Reed	33,562	8,984	10,680

Change in Pension Value and Nonqualified Deferred Compensation Earnings. None of the Directors had a change in pension value or nonqualified deferred compensation earnings that represented above market earnings in 2013.

All Other Compensation. This column includes compensation related to the Halliburton Foundation, Accidental Death and Dismemberment program, dividends or dividend equivalents in cash on restricted shares or RSUs, and dividend equivalents associated with the Directors' Deferred Compensation Plan.

Directors who participated in the matching gift programs under the Halliburton Foundation and the corresponding match provided by the Halliburton Foundation are: Mr. Bennett - $100,000; Mr. Boyd - $47,500; Ms. Dicciani - $100,000; Mr. Gerber - $100,000; Dr. Gillis - $14,000; Mr. Malone - $100,000; Mr. Martin - $100,000; and Ms. Reed - $50,100. The amounts reflected indicate matching payments made by the Halliburton Foundation in 2013.

Directors who participated in the Accidental Death and Dismemberment program and incurred imputed income for the benefit amount of $99 for individual coverage and $159 for family coverage are: Mr. Carroll - $99; Ms. Dicciani - $99; Mr. Gerber - $99; Dr. Gillis - $159; Mr. Grubisich - $159; Mr. Malone - $99; and Mr. Martin - $159.

Directors who received dividends or dividend equivalents in cash on restricted shares or RSUs held on Halliburton record dates are: Mr. Bennett - $13,249; Mr. Boyd - $13,249; Mr. Carroll - $10,642; Ms. Dicciani - $7,793; Mr. Gerber - $4,809; Dr. Gillis - $7,190; Mr. Jum'ah - $4,791; Mr. Malone - $11,551; Mr. Martin - $18,460; and Ms. Reed - $17,620.

Directors who received dividend equivalents attributable to their stock equivalents account under the Directors' Deferred Compensation Plan are: Mr. Bennett - $6,878; Mr. Boyd - $12,838; Mr. Carroll - $10,623; Ms. Dicciani - $3,053; and Ms. Reed - $5,179.

Directors who received dividend equivalents attributable to their deferred RSUs under the Directors' Deferred Compensation Plan are: Mr. Bennett - $3,788; Mr. Boyd - $3,788; Mr. Carroll - $3,788; Ms. Dicciani - $3,788; Dr. Gillis - $2,795; Mr. Grubisich - $1,442; Mr. Jum'ah - $3,788; Mr. Martin - $3,788; and Ms. Reed - $3,788.

STOCK OWNERSHIP INFORMATION

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our Directors and executive officers to file reports of holdings and transactions in Halliburton stock with the SEC and the NYSE. Based on our records and other information, we believe that in 2013 our Directors and our officers who are subject to Section 16 met all applicable filing requirements.

Stock Ownership of Certain Beneficial Owners and Management

The following table sets forth beneficial ownership information about persons or groups that own or have the right to acquire more than 5% of our common stock, based on information contained in Schedules 13G filed with the SEC.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
BlackRock, Inc.	55,350,728(1)	6.5%
40 East 52nd Street, New York, NY 10022		

(1) BlackRock, Inc. is a parent holding company and is deemed to be the beneficial owner of 55,350,728 shares. BlackRock has sole power to vote or to direct the vote of 45,330,561 shares and has sole power to dispose or to direct the disposition of 55,290,316 shares. BlackRock has shared power to vote or to direct the vote, and shared power to dispose or to direct the disposition of 60,412 shares.

The following table sets forth information, as of March 6, 2014, regarding the beneficial ownership of our common stock by each Director, each Named Executive Officer, and by all Directors and executive officers as a group.

Name of Beneficial Owner or Number of Persons in Group	Amount and Nature of Beneficial Ownership		
	Sole Voting and Investment Power (1), (2)	Shared Voting or Investment Power	Percent of Class
Alan M. Bennett	27,236		*
James R. Boyd	47,236		*
James S. Brown	457,975		*
Milton Carroll	20,271		*
Nance K. Dicciani	19,843		*
Murry S. Gerber	33,318		*
José C. Grubisich	0		
Abdallah S. Jum'ah	9,126		*
David J. Lesar	1,394,230	18,308(3)	*
Robert A. Malone	16,161		*
J. Landis Martin	96,764(4)		*
Mark A. McCollum	268,121		*
Jeffrey A. Miller	282,102		*
Joe D. Rainey	200,220		*
Debra L. Reed	33,562	500(5)	*
Shares owned by all current Directors and executive officers as a group (20 persons)	3,419,161		*

** Less than 1% of shares outstanding.*

(1) The table includes shares of common stock eligible for purchase pursuant to outstanding stock options within 60 days of March 6, 2014 for the following: Mr. Brown - 149,201; Mr. Lesar - 770,034; Mr. McCollum - 129,035; Mr. Miller - 52,501; and five unnamed executive officers – 127,637. Until the options are exercised, these individuals will not have voting or investment power over the underlying shares of common stock, but will only have the right to acquire beneficial ownership of the shares through exercise of their respective options. The table also includes restricted shares of common stock over which the individuals have voting power but no investment power.

Back to Contents

(2) The table does not include restricted stock units (RSUs) held by non-employee Directors or stock equivalent units (SEUs) held by non-employee Directors under the Directors' Deferred Compensation Plan for the following (RSUs/SEUs): Mr. Bennett - 8,984 / 13,972; Mr. Boyd - 8,984 / 26,120; Mr. Carroll - 8,984 / 21,675; Ms. Dicciani - 8,984 / 6,506; Mr. Gerber - 7,557 / 0; Mr. Grubisich – 5,267 / 0; Mr. Jum'ah - 8,984 / 0; Mr. Malone - 7,557 / 0; Mr. Martin - 8,984 / 0; and Ms. Reed - 8,984 / 10,680. Until the underlying shares of common stock are distributed with respect to the RSUs or SEUs, non-employee Directors will not have voting or investment power over such shares. No shares of common stock with respect to RSUs will be distributed within 60 days of March 6, 2014, unless the Board in its discretion vests the RSUs upon a non-employee Director's separation of service from the Board. No shares of common stock with respect to SEUs will be distributed within 60 days of March 6, 2014, because such shares are distributed in January of the year following the year the non-employee Director has a separation of service from the Board.

(3) Shares held by Mr. Lesar's spouse. Mr. Lesar disclaims the beneficial ownership of these shares.

(4) Includes 61,602 shares held by Martin Enterprises LLC. Mr. Martin is the sole manager, and Mr. Martin and trusts (of which Mr. Martin is the sole trustee) formed solely for the benefit of his children, are the sole members of Martin Enterprises LLC.

(5) Shares held by Ms. Reed's spouse in an Individual Retirement Account.

Back to Contents

PROPOSAL NO. 2 RATIFICATION OF THE SELECTION OF AUDITORS

The Audit Committee is responsible for the appointment, compensation, retention, and oversight of the work of the principal independent public accountants retained to audit our financial statements. The Audit Committee and Board have approved the appointment of KPMG LLP as our principal independent public accountants to examine our financial statements for the year ending December 31, 2014, and a resolution will be presented at the Annual Meeting to ratify this appointment.

KPMG began serving as our principal independent public accountants for the year ended December 31, 2002. The current appointment was made based on a careful review by the Audit Committee of KPMG's qualification to continue to serve as independent public accountants for us, including the nature and extent of non-audit services performed by KPMG and other factors required to be considered when assessing KPMG's independence from Halliburton and its management. In order to assure continued auditor independence, the Audit Committee periodically considers whether there should be a rotation of the principal independent public accountants. Further, in conjunction with the mandated rotation of the firm's lead engagement partner, the Audit Committee and its Chairman are involved in the process for selecting KPMG's new lead engagement partner. The Audit Committee and Board believe that the continued retention of KPMG to serve as our principal independent public accountants is in the best interests of Halliburton and our stockholders.

Representatives of KPMG are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions from stockholders.

The affirmative vote of the holders of a majority of the shares of our common stock represented at the Annual Meeting and entitled to vote on the matter is needed to approve the proposal.

If the stockholders do not ratify the selection of KPMG, the Board will reconsider the selection of independent public accountants.

The Board of Directors recommends a vote FOR ratification of the appointment of KPMG LLP as principal independent public accountants to examine our financial statements and books and records for the year ending December 31, 2014.

AUDIT COMMITTEE REPORT

We operate under a written charter, a copy of which is available on Halliburton's website, *www.halliburton.com*. As required by the charter, we review and reassess the charter annually and recommend any changes to the Board for approval.

Halliburton's management is responsible for preparing Halliburton's financial statements and the principal independent public accountants are responsible for auditing those financial statements. The Audit Committee's role is to provide oversight of management in carrying out management's responsibility and to appoint, compensate, retain, and oversee the work of the principal independent public accountants. The Audit Committee is not providing any expert or special assurance as to Halliburton's financial statements or any professional certification as to the principal independent public accountants' work.

In fulfilling our oversight role for the year ended December 31, 2013, we:

- reviewed and discussed Halliburton's audited financial statements with management;
- discussed with KPMG LLP, Halliburton's principal independent public accountants, the matters required by Statement on Auditing Standards No. 61 relating to the conduct of the audit;
- received from KPMG the written disclosures and letter required by the Public Company Accounting Oversight Board regarding KPMG's independence; and
- discussed with KPMG its independence and reviewed other matters required to be considered under Securities and Exchange Commission rules regarding KPMG's independence.

Based on our:

- review of the audited financial statements;
- discussions with management;
- discussions with KPMG; and
- review of KPMG's written disclosures and letter,

we recommended to the Board that the audited financial statements be included in Halliburton's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, for filing with the Securities and Exchange Commission.

THE AUDIT COMMITTEE
Alan M. Bennett
James R. Boyd
Nance K. Dicciani
Murry S. Gerber
José C. Grubisich

Back to Contents

FEES PAID TO KPMG LLP

During 2013 and 2012, we incurred the following fees for services performed by KPMG LLP.

	2013 (In millions)	2012 (In millions)
Audit fees	$ 11.8	$ 13.0
Audit-related fees	0.4	0.3
Tax fees	2.6	2.1
All other fees	0.1	0.4
TOTAL	**$ 14.9**	**$ 15.8**

Audit Fees

Audit fees represent the aggregate fees for professional services rendered by KPMG for the integrated audit of our annual financial statements for the fiscal years ended December 31, 2013 and December 31, 2012. Audit fees also include the audits of many of our subsidiaries in regards to compliance with statutory requirements in foreign countries, reviews of our financial statements included in the Forms 10-Q we filed during fiscal years 2013 and 2012, and reviews of registration statements.

Audit-Related Fees

Audit-related fees primarily include professional services rendered by KPMG for audits of our employee benefit plans.

Tax Fees

The aggregate fees for tax services primarily consisted of international tax compliance and tax return services related to our expatriate employees.

All Other Fees

All other fees comprise professional services rendered by KPMG related to nonrecurring miscellaneous services.

Fee Approval Policies and Procedures

The Audit Committee has established a written policy that requires the approval by the Audit Committee of all services provided by KPMG as the principal independent public accountants that examine our financial statements and books and records and of all audit services provided by other independent public accountants. Prior to engaging KPMG for the annual audit, the Audit Committee reviews a Principal Independent Public Accountants Auditor Services Plan. KPMG then performs services throughout the year as approved by the Committee. KPMG reviews with the Committee, at least quarterly, a projection of KPMG's fees for the year. Periodically, the Audit Committee approves revisions to the plan if the Committee determines changes are warranted. Our Audit Committee also considered whether KPMG's provisions of tax services and all other fees as reported above are compatible with maintaining KPMG's independence as our principal independent public accountants. All of the fees described above for services provided by KPMG to us were approved in accordance with the policy.

PROPOSAL NO. 3 ADVISORY APPROVAL OF EXECUTIVE COMPENSATION

Pursuant to Section 14A of the Securities Exchange Act of 1934, our stockholders are being presented with the opportunity to vote to approve, on an advisory (nonbinding) basis, the compensation of our named executive officers as disclosed in this proxy statement. As approved by our stockholders at the 2011 Annual Meeting of Stockholders, consistent with our Board's recommendation, we are submitting this proposal for a non-binding vote on an annual basis.

As described in detail under Compensation Discussion and Analysis, our executive compensation programs are designed to attract, motivate, and retain our named executive officers, who are critical to our success. Under these programs, our named executive officers are rewarded for the achievement of specific annual, long-term and strategic goals, corporate goals, and the realization of increased stockholder value. Please read Compensation Discussion and Analysis for additional details about our executive compensation programs, including information about the fiscal year 2013 compensation of our named executive officers.

The Compensation Committee continually reviews the compensation programs for our named executive officers to ensure the programs achieve the desired goals of aligning our executive compensation structure with our stockholders' interests and current market practices. We believe our executive compensation program achieves the following objectives identified in Compensation Discussion and Analysis:

- Provide a clear and direct relationship between executive pay and our performance on both a short-term and long-term basis;
- Emphasize operating performance drivers;
- Link executive pay to measures that drive stockholder value;
- Support our business strategies; and
- Maximize the return on our human resource investment.

We are asking our stockholders to indicate their support for our named executive officers' compensation as described in this proxy statement and ask that our stockholders vote "FOR" the following resolution at the Annual Meeting:

"RESOLVED, that the compensation paid to Halliburton's named executive officers, as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby approved."

The say-on-pay vote is advisory and, therefore, not binding on us, the Compensation Committee or our Board. Our Board and our Compensation Committee value the opinions of our stockholders. To the extent there is any significant vote against the named executive officers' compensation as disclosed in this proxy statement, the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

The Board of Directors recommends a vote FOR the approval, on an advisory basis, of the compensation of our named executive officers.

Back to Contents

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

In this Compensation Discussion and Analysis, we review the objectives and elements of Halliburton's executive compensation program and discuss the 2013 compensation earned by our Named Executive Officers, or NEOs.

For 2013, our NEOs were:

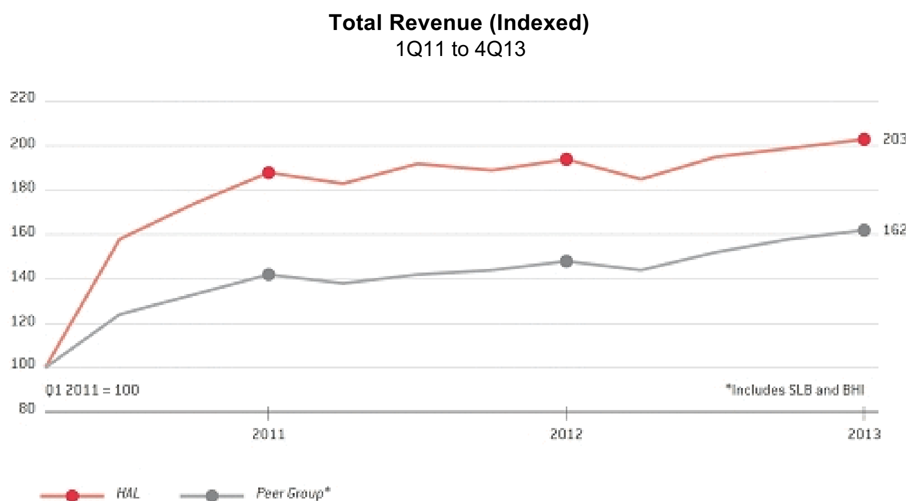
Name	Age	Occupation	Since
David J. Lesar	60	Chairman of the Board, President and Chief Executive Officer	2000
Mark A. McCollum	55	Executive Vice President and Chief Financial Officer	2008
James S. Brown	59	President - Western Hemisphere	2008
Jeffrey A. Miller	50	Executive Vice President and Chief Operating Officer	2012
Joe D. Rainey	59	President - Eastern Hemisphere	2011

2013 Financial Highlights

- We set revenue records in every international region and in both divisions in 2013.
- We achieved record operating income in our Middle/East Asia region, as well as six of our 13 product lines.
- Over the past three years, we grew our deepwater business at double the market rate, tripled the size of our mature fields business, and extended our unconventionals leadership.
- We repurchased approximately $4.4 billion, or 10 percent, of our outstanding shares of common stock and increased our dividend twice for a total payout increase of 67 percent.
- In 2013, Halliburton was ranked as one of America's most-honored companies by Institutional Investor magazine. Our Chief Executive Officer, David J. Lesar, was named one of the best CEOs in the magazine's All-America Executive Team rankings.

During 2013, we grew our revenue to a new record of $29.4 billion, which increased $0.9 billion, or 3%, from 2012, mainly due to increased activity in all of our international regions and the Gulf of Mexico. We set new revenue records this year in all of our international regions and in both of our divisions. Additionally, during 2013, our revenue outside of North America comprised 48% of consolidated revenue. The percentage of our revenue that relates to our international operations has been steadily increasing and is representative of our ongoing strategy to grow our international business and balance our geographic mix. Our 2013 operating income of $3.1 billion, which reflects an operating margin of 11%, was negatively impacted by a $1.0 billion, pre-tax, Macondo-related loss contingency.

Total Revenue (Indexed)
1Q11 to 4Q13



Results of 2013 Advisory Vote on Executive Compensation

In accordance with our stockholders preference, we submit our executive compensation program to an advisory vote annually. In 2013, our compensation program received the support of 92% of the total votes cast at our annual meeting. The Committee believes that our compensation program closely aligns the interests of the company with our stockholders' interests. The positive results of the advisory vote on executive compensation held at the 2013 annual meeting reinforces this. The Committee determined, therefore, that no changes to the compensation program were necessary.

Halliburton's Executive Compensation Objectives and Practices

Our executive compensation program is designed to achieve the following objectives:

- Provide a clear and direct relationship between executive pay and our performance on both a short-term and long-term basis;
- Emphasize operating performance drivers;
- Link executive pay to measures that drive stockholder value;
- Support our business strategies; and
- Maximize the return on our human resource investment.

These objectives serve to assure our long-term success and are built on the following compensation principles:

- Executive compensation is managed from a total compensation perspective (*i.e.*, base salary, short- and long-term incentives, and retirement are reviewed altogether).
- Each component of the total compensation package is analyzed in order to determine that compensation opportunities for our NEOs are competitive and market-driven.
- All elements of compensation are compared to the total compensation packages of a comparator peer group, which includes both competitors and companies representing general industry that reflect the markets in which we compete for business and people.

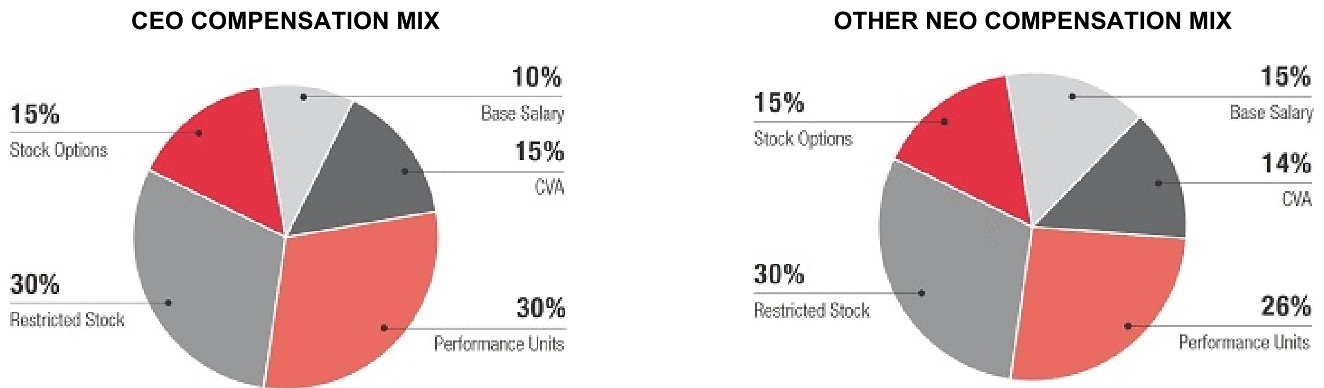
Summary of our Executive Compensation Practices

Compensation Practice	Pursued at Halliburton?	More information
Pay for performance	YES. The majority of our NEO compensation is performance based.	*p28*
Alignment between long-term objectives and the creation of stockholder value	YES. Long-term incentives reward the achievement of value creation and performance goals while aligning management with stockholders' interests.	*p30*
Benchmarking against a relevant peer group	YES. The Compensation Committee reviews market data for peer group companies as well as general industry surveys.	*p26*
Independent, External Compensation Consultant	YES. Pearl Meyer & Partners provides executive compensation consulting services to the Committee.	*p26*
Stock Ownership Requirements	YES. Robust executive and director stock ownership requirements.	*p14 and 34*
Clawback Policy	YES. Our policy provides for the forfeiture, recovery, or reimbursement of incentive plan awards. We also will report to stockholders if any clawback occurred.	*p14 and 33*
Annual "Say on Pay" vote	YES. Support of 92% of the total votes cast at our 2013 annual meeting.	*p28*
Repricing of underwater stock options	NO. We prohibit repricing.	
Exchange underwater options	NO. We prohibit the buyout or exchange of underwater options.	
Stock or option recycling	NO. We prohibit stock and option recycling.	
Excise-tax gross-ups	NO. We do not provide for excise tax gross-ups.	*p44*
Guaranteed bonuses or uncapped incentives	NO. We do not provide guaranteed bonuses or uncapped incentives.	

[Back to Contents](#)

Elements of our Executive Compensation Program for Fiscal 2013

Halliburton's executive compensation program is composed of base salary, short-term incentives, and long-term incentives, each of which is described below:



	REWARD ELEMENT	OBJECTIVE	KEY FEATURES	HOW AWARD VALUE IS CALCULATED	2013 DECISIONS
FIXED	Base Salary	To attract and retain the best talent.	Fixed element of compensation paid in cash.	Reviewed against individual's level of skill, experience, and responsibilities. Benchmarked against a group of comparably sized corporations and industry peers.	All of our NEOs had changes to base salary in 2013. [Page 29]
AT RISK	Short-Term Incentive	To motivate and incentivize performance over a one-year period.	Award value and measures are reviewed annually to ensure they support our strategy. Targets are set at the beginning of the year.	Performance is measured against Cash Value Added, or CVA, performance measures.	Short-term Incentives awards were set at the median for 2013. [Page 30]
	Long-Term Incentive Award	To motivate and incentivize sustained performance over the long-term. Aligns interests of our executives with long-term stockholders.	Long-term incentive value is delivered: 40% Performance Units; 40% Restricted Stock; and 20% Stock Options. Performance Units are measured over three years against targets set at the beginning of the performance period.	Restricted Stock and Stock Options have time based vesting and value is driven by our share price. Performance Units use both absolute and relative Return on Capital Employed as performance measures.	Long-term Incentive awards were targeted at the market 75th percentile for 2013. [Page 31]

As illustrated below, the majority of our CEO's and NEO's total direct compensation opportunity is performance-based, at-risk, and long-term. The graphs depict the mix of total direct compensation set for our NEOs during 2013 and assumes plan performance levels are achieved.

CEO COMPENSATION MIX

15% Stock Options
10% Base Salary
15% CVA
30% Restricted Stock
30% Performance Units

OTHER NEO COMPENSATION MIX

15% Stock Options
15% Base Salary
14% CVA
30% Restricted Stock
26% Performance Units

Executive Compensation Procedures

Our compensation procedures guide the actions taken by the Compensation Committee, or Committee. This ensures consistency from year to year and adherence to the responsibilities listed in the Committee's Charter. The Committee reviews and approves total compensation annually, which includes:

- Selecting and engaging an independent, external compensation consultant;
- Identifying the comparator peer group companies;
- Reviewing market data on benchmark positions; and
- Reviewing performance results against operating plans and our comparator peer group.

These procedures are used to make the final determination of total compensation for our NEOs.

Our internal stock nomination process under the Halliburton Company Stock and Incentive Plan, or the Stock and Incentive Plan, ensures

that all award grant dates are prospective and not retroactive. For NEOs, the grant date is the day the Committee determines annual compensation actions, generally in December of each year. However, awards may be approved by the Committee throughout the year as they determine, such as for retention or performance purposes. Exercise prices are set at the closing stock price on the date of the approved grant.

Role of the CEO in Setting Compensation

Mr. Lesar does not provide recommendations concerning his own compensation, nor is he present when his compensation is discussed by the Committee. The Committee, with input from its independent, external compensation consultant, discusses the elements of his compensation in executive session and makes a recommendation to all of the non-employee members of the Board for discussion and final approval. At the Committee's request, a member of our management team may attend the executive session to answer questions from the Committee.

Mr. Lesar does, however, assist the Committee in setting executive compensation for the other NEOs. He and the independent, external compensation consultant to the Committee are guided by our compensation principles. They also consider current business conditions.

The following recommendations are made to the Committee for each NEO:

- Base salary adjustments, taking into account comparator peer group data, and the NEO's individual performance and role within the company.
- Performance measures, target goals, and award schedules for short-term incentive opportunities under our performance pay plan, with performance targets being set relative to the projected business cycle and business plan.
- Long-term incentive awards made under the Stock and Incentive Plan, including developing and providing specific recommendations to the Committee on the aggregate number and types of shares to be awarded annually, reviewing the rationale and guidelines for annual stock awards, and recommending changes to the grant types, when appropriate.
- Retirement awards, which are calculated by an external actuary, under the Halliburton Company Supplemental Executive Retirement Plan.

Use of Independent Consultants and Advisors

The Committee engaged Pearl Meyer & Partners, or PM&P, as its independent, external compensation consultant during 2013. PM&P provides executive compensation consulting services to the Committee. In 2013, PM&P also provided industry related compensation survey data to us, the fees for which were less than $5,000. The primary responsibilities of the independent, external compensation consultant were to:

- Provide the Committee with independent and objective market data;
- Conduct compensation analysis;
- Recommend potential changes to the comparator peer group;
- Recommend plan design changes;
- Advise on risks associated with compensation plans; and
- Review and advise on pay programs and pay levels.

These services are provided as requested by the Committee throughout the year.

Executive Compensation Benchmarking

The companies comprising the comparator peer group are selected based on the following considerations:

- Market capitalization;
- Revenue and number of employees;
- Scope in terms of global impact and reach; and
- Industry affiliation.

Industry affiliation includes companies that are involved in the oil and natural gas and energy services industries. The comparator peer group is reviewed annually by the Committee to ensure relevance, with data provided to the Committee by the independent, external compensation consultant. The Committee targets between 20 and 25 companies for our comparator peer group.

Back to Contents

Comparator Peer Group

The 2013 comparator peer group was composed of specific peer companies within the energy industry as well as selected companies representing general industry. This peer group was utilized to determine market levels of total compensation for the 2013 calendar year.

The comparator peer group used for our 2013 compensation review, which remains unchanged from the comparator peer group used for our 2012 compensation review, consisted of the following companies:

- 3M Company
- Anadarko Petroleum Corporation
- Apache Corporation
- Baker Hughes Incorporated
- Caterpillar Inc.
- Deere and Company
- Devon Energy Corporation
- Emerson Electric Co.
- Fluor
- Hess Corporation
- Honeywell International Inc.
- Johnson Controls, Inc.
- Murphy Oil Corporation
- National Oilwell Varco, Inc.
- Occidental Petroleum Corporation
- Raytheon Co.
- Schlumberger Ltd.
- Transocean Ltd.
- Weatherford International, Ltd.
- The Williams Companies, Inc.

A slightly different comparator peer group is utilized for the 2013 cycle Performance Unit Program and is described in the *Long-term Incentives—Performance Units* section.

Analysis of Market Data

The market data is size adjusted by revenue as necessary so that it is comparable with our trailing 12 month revenue. We size adjust the total compensation benchmarking data because of variances in market capitalization and revenue size among the companies comprising our comparator peer group. These adjusted values are used as the basis of comparison of compensation between our executives and those of the comparator peer group.

Total executive compensation for each NEO is structured to target market competitive pay levels in base salary and short- and long-term incentive opportunities. We also place an emphasis on variable pay at risk, which enables this compensation structure to position actual pay above or below the 50th percentile of our comparator peer group depending on performance.

A consistent pre-tax, present value methodology is used in assessing stock-based and other long-term incentive awards, including the Black-Scholes model used to value stock option grants.

The independent, external compensation consultant gathers and performs an analysis of market data for each NEO, comparing each of their individual components of compensation as well as total compensation to that of the comparator peer group. This competitive analysis consists of market data comparing each of the pay elements and total compensation at the 25th, 50th, and 75th percentiles of the comparator peer group to current compensation for each of the NEOs.

Integration of Compensation Components, Plan Design, and Decision-Making

The Committee considers all elements of the executive compensation package for each NEO for the upcoming year in December. The Committee receives historical and prospective breakdowns of the total compensation components for each NEO as follows:

- Individual two-year total compensation history, which includes base salary, short- and long-term incentives, and other benefits and perquisites;
- Total company-awarded stock position, including vested and unvested awards;
- Detailed supplemental retirement award calculations; and

- The market analysis prepared by the independent, external compensation consultant.

Back to Contents

The Committee also reviews the results of the advisory vote on executive compensation held at the prior year's annual meeting and considers those results, along with many other factors, when evaluating our executive compensation program. Because 92% of our stockholders voting at our Annual Meeting approved the compensation paid to our executives as described in the 2013 proxy statement, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, and because the Committee believes that our compensation program aligns our executive compensation structure with our stockholders' interests and current market practices, the Committee did not implement any changes to our executive compensation program for 2014.

In making compensation decisions, each of the following compensation elements is reviewed separately and collectively:

- Base salary;
- Short-term (annual) incentives;
- Long-term incentives; and
- Supplemental executive retirement benefits.

Of these elements, all but base salary are variable and at risk of forfeiture. The Committee uses base salary as the primary reference point for determining the target value and actual value of each of the above elements of compensation, individually and in the aggregate, for each NEO. This assists the Committee in confirming that our compensation package for NEOs is appropriate and competitive to our comparator peer group.

The Committee then considers the following when making final compensation determinations:

- How compensation elements serve to appropriately motivate and reward each NEO;
- Competitively positioning each NEO's total compensation to retain their services;
- Individual NEO performance in reaching financial and operational objectives;
- Sustained levels of performance, future potential, time in position, and years of service; and
- Other factors including operational or functional goals as the Committee determines are appropriate.

These factors are considered on an unweighted basis in making final pay decisions and to ensure internal equity among positions having similar scope and responsibility.

After considering these factors, the Committee then sets the final compensation opportunity for each NEO so that their actual total compensation is consistent with our executive compensation philosophy of paying at the 50th percentile or higher for those years of superior performance and paying below the 50th percentile when performance does not meet competitive standards.

The procedures used to set compensation for each of the NEOs are the same. Variations do exist in the amounts of compensation among the NEOs as a result of each NEO's position and corresponding scope of responsibility, individual performance, length of time in the role, and differences in the competitive market pay levels for their positions.

Generally, in years when we achieve financial results substantially above or below expectations, actual compensation may fall outside the initial targets established by the Committee.

Determination of CEO and NEO Target Total Compensation

When determining target total compensation for Mr. Lesar, the Committee takes into consideration competitive market pay levels for the CEOs in the comparator peer group. They also consider Mr. Lesar's performance and accomplishments in the areas of business development and expansion, management succession, development and retention of management, ethical leadership, and the achievement of financial and operational objectives.

Each year, Mr. Lesar and the members of the Board agree upon a set of objectives addressing the following areas specified in our corporate governance guidelines:

- Leadership and vision;
- Integrity;
- Keeping the Board informed on matters affecting Halliburton and its operating units;
- Performance of the business;
- Development and implementation of initiatives to provide long-term economic benefit to Halliburton;
- Accomplishment of strategic objectives; and

- Development of management.

The Board determined that Mr. Lesar met these objectives in 2013 through the following achievements:

- Halliburton and its business units maintained superior relative performance against major competitors in terms of revenue, margins and Return on Capital Employed (performance of the business);
- Led the organization through the business cycle through effective stakeholder communication and high visibility with employees, investors, and customers (leadership and vision);
- Continued international diversification realizing major tender wins throughout Halliburton's international portfolio and outperformed major competitors in year over year Eastern Hemisphere revenue growth (accomplishment of strategic objectives and development and implementation of initiatives to provide long-term economic benefit to Halliburton);
- Maintained unwavering commitment to our Health, Safety and Environment program and ensured that all employees and other key stakeholders understand that an incident-free workplace is achievable and must be driven by leadership and teamwork of our employees (leadership and vision);

Back to Contents

- Continued to expose management to the Board, further enhanced management/employee succession process, and focused senior management on talent development initiatives (development of management);
- Maintained unwavering commitment to our Code of Business Conduct and continued to act in a role model capacity as it relates to ethical behavior (integrity); and
- Communicated regularly with the members of the Board providing status reports and notification of issues of concern (keeping the Board informed).

Other NEO compensation is determined similar to that of the CEO by evaluating each NEO's performance and considering the market competitive pay levels of the comparator peer group for the NEO's position.

Base Salary

The Committee generally targets base salaries at the median of the comparator peer group; however, the Committee also considers the following factors when setting base salary:

- Level of responsibility;
- Experience in current role and equitable compensation relationships among internal peers;
- Performance and leadership; and
- External factors involving competitive positioning, general economic conditions, and marketplace compensation trends.

No specific formula is applied to determine the weight of each factor. Salary reviews are conducted annually to evaluate each executive; however, individual salaries are not necessarily adjusted each year.

As a result of increases in base salary in our comparator peer group and, in the case of Mr. Miller, to recognize his September 2012 promotion to Executive Vice President and Chief Operating Officer, the Committee approved the following base salary increases for 2013:

NEO	2012 Salary	2013 Salary	% Increase
Mr. Lesar	$ 1,530,000	$ 1,630,000	6.5%
Mr. McCollum	$ 661,000	$ 732,000	10.7%
Mr. Brown	$ 633,000	$ 788,000	24.5%
Mr. Miller	$ 425,000	$ 800,000	88.2%
Mr. Rainey	$ 550,000	$ 788,000	43.3%

As a result of the changes shown above, our NEOs averaged slightly above the market median as provided by our independent, external compensation consultant, PM&P.

Short-Term (Annual) Incentives

The Committee established the Annual Performance Pay Plan to:

- Reward executives and other key members of management for improving financial results that drive the creation of economic value for our stockholders; and
- Provide a means to connect individual cash compensation directly to our performance.

The Annual Performance Pay Plan provides for performance awards in accordance with the terms of the Stock and Incentive Plan.

The Annual Performance Pay Plan provides an incentive to our NEOs to achieve the business objective of generating more earnings than normally expected by the investors who have provided us with capital to grow our business. We measure achievement of this objective using Cash Value Added, or CVA.

CVA is a financial measurement that demonstrates the amount of economic value added to our business. The formula for calculating CVA is as follows:

Operating Income
+ Interest Income
+ Foreign Currency Gains (Losses)
+ Other Nonoperating Income (Expense), Net

=   Net Operating Profit

     – Income Taxes

=   **Net Operating Profit After Taxes**

Net Invested Capital

x Weighted Average Cost of Capital

=   **Capital Charge**

Cash Value Added (CVA) = Net Operating Profit After Taxes - Capital Charge

Net Operating Profit After Taxes equals the sum of operating income plus interest income plus foreign currency gains (losses) plus other nonoperating income (expense), reduced by our income taxes. When determining actual CVA performance, we apply our effective income tax rate.

Capital Charge equals total assets (excluding deferred income tax assets) less total liabilities (excluding debt and deferred income tax liabilities) multiplied by a weighted average cost of capital percentage.

Cash Value Added is computed monthly and accumulated throughout the calendar year. Adjustments in the calculation of the CVA payout may, at times, be approved by the Committee and can include the treatment of unusual items that may have impacted our actual results.

At the beginning of each plan year, the Committee approves an incentive award schedule that equates given levels of CVA performance with varying reward opportunities paid in cash. The performance goals range from “Threshold” to “Target” to “Maximum.” Threshold reflects the minimum CVA performance level which must be achieved in order for awards to be earned and Maximum reflects the maximum level that can be earned.

These goals are based on our annual operating plan, as reviewed and approved by our Board, and are set at levels believed to be sufficient to meet or exceed stockholder expectations of our performance, as well as expectations of the relative performance to our competitors.

Given the cyclical nature of our business, our performance goals vary from year to year, which can similarly impact the difficulty in achieving these goals.

The Committee set the 2013 performance goals for our NEOs based on company-wide consolidated CVA results, specifying when these goals were set that the impact of any Macondo well incident related charges would be excluded from the CVA calculation. Threshold CVA was based on 89% of planned operating income, Target CVA on 100% of planned operating income, and Maximum CVA on 111% of planned operating income. The CVA targets for 2013 were $185 million at Threshold, $494 million at Target, and $802 million at Maximum. Actual CVA for 2013 was $630 million.

Individual incentive award opportunities are established as a percentage of base salary at the beginning of the plan year. The maximum amount a NEO can receive is limited to two times the target opportunity level. The level of achievement of annual CVA performance determines the dollar amount of incentive compensation payable to participants following completion of the plan year.

The Committee set incentive award opportunities under the plan as follows:

NEO	Threshold Opportunity	Target Opportunity	Maximum Opportunity
Mr. Lesar	60%	150%	300%
Mr. McCollum	36%	90%	180%
Mr. Brown	40%	100%	200%
Mr. Miller	40%	100%	200%
Mr. Rainey	40%	100%	200%

Threshold, Target, and Maximum opportunity dollar amounts can be found in the Grants of Plan-Based Awards in Fiscal 2013 table.

Over the past ten years, the Annual Performance Pay Plan achieved Maximum performance levels six times, achieved Target performance level two times, and fell short of the Threshold performance level two times.

Long-Term Incentives

The Committee established the Stock and Incentive Plan to achieve the following objectives:

- Reward consistent achievement of value creation and operating performance goals;
- Align management with stockholder interests; and
- Encourage long-term perspectives and commitment.

Our Stock and Incentive Plan provides for a variety of cash and stock-based awards, including nonqualified and incentive stock options, restricted stock and units, performance shares and units, stock appreciation rights, and stock value equivalents. Under the Stock and Incentive Plan, the Committee may, at its discretion, select from among these types of awards to establish individual long-term incentive awards.

Long-term incentives represent the largest component of total executive compensation opportunity. We believe this at-risk based compensation ties executive pay closely to stockholders’ interests.

For 2013, we used a combination of long-term incentive vehicles, including time-based restricted stock or restricted stock units, performance units, and nonqualified stock options. Except where there is a distinction to make between restricted stock and restricted stock units, this Compensation Discussion and Analysis refers to both restricted stock and restricted stock units as “restricted stock”. Operations-based incentives in the form of performance units targeted 40% of the long-term incentive value, another 40% was delivered through restricted stock, and the remaining 20% was delivered in stock options.

Using a mix of incentives allows us to provide a diversified yet balanced long-term incentive program that effectively addresses volatility in our industry and in the stock market, in addition to maintaining an incentive to meet performance goals. Value to be earned by a NEO from stock options and restricted stock are directly tied to our stock price performance and, therefore, directly to stockholder value. Additionally, restricted stock provides a significant retention incentive

while the Performance Unit Program motivates the NEOs to also focus on improving long-term returns on capital employed, measured on both absolute and relative bases.

In determining the size of long-term incentive awards, the Committee first considers market data for comparable positions and then may adjust the awards upwards or downwards based on the Committee's review of internal equity. This can result in positions of similar magnitude and pay receiving awards of varying size. The 2013 restricted stock and stock option awards for each NEO were based primarily on market data and were targeted at the 75th percentile of our comparator peer group to recognize our NEOs for delivering strong performance in 2013.

Restricted Stock and Stock Options

Our restricted stock and stock option awards are granted under the Stock and Incentive Plan and are listed in the Grants of Plan-Based Awards in Fiscal 2013 table.

Restricted stock grants are generally subject to a graded vesting schedule of 20% per year over five years. However, different vesting schedules may be utilized at the discretion of the Committee. Shares of restricted stock receive dividend or dividend equivalent payments.

Stock option awards vest over a three-year graded vesting period with 33 ⅓% of the grant vesting each year. All options are priced at the closing stock price on the date the grant is approved by the Committee.

The stock and option award columns in the Summary Compensation Table reflect the aggregate grant date fair value of the restricted stock and option awards for each NEO.

Performance Units

The Performance Unit Program provides NEOs and other selected executives with incentive opportunities based on our consolidated Return on Capital Employed, or ROCE, during three-year performance periods. This program reinforces our objectives for sustained long-term performance and value creation. It also reinforces strategic planning processes and balances short- and long-term decision making.

The program measures ROCE on both an absolute and a relative basis to the results of our comparator peer group companies used for the Performance Unit Program. The three-year performance period aligns this measurement with our and our comparator peer group's business cycles.

ROCE indicates the efficiency and profitability of our capital investments and is determined based on the ratio of earnings divided by average capital employed. The calculation is as follows:

$$\textbf{ROCE} = \frac{\text{Net income + after-tax interest expense}}{\text{Stockholders' equity (average of beginning and end of period) + Debt (average of beginning and end of period)}}$$

The comparator peer group used for the Performance Unit Program is comprised of oilfield equipment and service companies and domestic and international exploration and production companies. This comparator peer group is used for the Performance Unit Program because these companies represent the timing, cyclicality, and volatility of the oil and natural gas industry and provide an appropriate industry group to measure our relative performance against.

The comparator peer group for the 2013 cycle Performance Unit Program remains unchanged from the comparator peer group used for the 2012 cycle Performance Unit Program and consists of the following companies:

- Anadarko Petroleum Corporation
- Apache Corporation
- Baker Hughes Incorporated
- Cameron International Corporation
- Chesapeake Energy Corporation
- Devon Energy Corporation
- Hess Corporation
- Marathon Oil Corporation
- Murphy Oil Corporation
- Nabors Industries Ltd.
- National Oilwell Varco, Inc.
- Schlumberger Ltd.
- Transocean Ltd.
- Weatherford International, Ltd.
- The Williams Companies, Inc.

The program allows for rewards to be paid in cash, stock, or a combination of cash and stock. Over the past ten years, the program has achieved maximum performance levels six times, between maximum and target three times, and below target one time.

Back to Contents

2011 Cycle Performance Unit Program Payout for NEOs

The 2011 cycle of the Performance Unit Program ended on December 31, 2013. Both the absolute and relative performance measures established at the beginning of the cycle were approved by the Committee. The 2011 cycle required a three-year average ROCE above 13% to achieve the Maximum level on an absolute basis, and a three-year average ROCE above the 75 th percentile of the ROCE for our comparator peer group to achieve the Maximum level on a relative basis. The three-year average ROCE for our comparator peer group at the 75 th percentile was 10.01%. Our three-year average ROCE for the 2011 cycle was 15.25%. Because our results for this cycle were in excess of the Maximum levels on both an absolute basis and relative to our comparator peer group, the NEOs received payments in 2014 as set forth in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table and in the related narrative following the table.

2013 Cycle Performance Unit Program Opportunities for NEOs

Individual incentive opportunities are established based on market references and the NEO's role within the organization. The Threshold, Target, and Maximum columns under the heading Estimated Future Payouts Under Non-Equity Incentive Plan Awards in the Grants of Plan-Based Awards in Fiscal 2013 table indicate the potential payout for each NEO under the Performance Unit Program for the 2013 cycle. The potential payouts are performance driven and completely at risk. Actual payout amounts, if any, will not be determined until the three year cycle closes on December 31, 2015.

Supplemental Executive Retirement Plan

The objective of the Supplemental Executive Retirement Plan, or SERP, is to provide a competitive level of pay replacement upon retirement. The current pay replacement target is 75% of final base salary at age 65 with 25 years of service.

The material factors and guidelines considered in making an allocation include:

- Retirement benefits provided, both qualified and nonqualified;
- Current compensation;
- Length of service; and
- Years of service to normal retirement.

The calculation takes into account the following variables:

- Base salary;
- Years of service;
- Age;
- Employer portion of qualified plan savings;
- Age 65 value of any defined benefit plan; and
- Existing nonqualified plan balances and any other retirement plans.

Several assumptions are made annually and include a base salary increase percentage, qualified and nonqualified plan contributions and investment earnings, and an annuity rate. These factors are reviewed and approved annually by the Committee in advance of calculating any awards.

To determine the annual benefit, external actuaries calculate the total lump sum retirement benefit needed at age 65 from all company retirement sources to produce an annual retirement benefit of 75% of final base salary. Company retirement sources include any qualified benefit plans and contributions to nonqualified benefit plans. If the combination of these two sources does not yield a total retirement balance that will meet the 75% objective, then contributions may be made annually through the SERP to bring the total benefit up to the targeted level.

To illustrate, assume $10 million is needed at age 65 to produce an annual retirement benefit equal to 75% of final base salary. The participant is projected to have $3 million in his qualified benefit plans at retirement and $4 million in his nonqualified retirement plans at retirement. Since the total of these two sources is $7 million, a shortfall of $3 million results. This is the amount needed to achieve the 75% pay replacement objective. Such shortfall may be offset through annual contributions to the SERP.

Participation in the SERP is limited to the direct reports of the CEO and other selected executives as recommended by the CEO and approved at the discretion of the Committee. However, participation one year does not guarantee future participation. In 2013, the Committee authorized retirement allocations under the SERP to all NEOs as listed in the 2013 Nonqualified Deferred Compensation table and as included in the All Other Compensation column in the Summary Compensation Table. The average annual amounts allocated over the history of participation are as follows: Mr. Lesar: $303,600; Mr. McCollum: $154,455; Mr. Brown: $419,333; Mr. Miller: $334,000; and Mr. Rainey: $343,750.

Messrs. Lesar, Brown, and Rainey are fully vested in their respective account balances. Balances earn interest at an annual rate of 5%. In 2009, the Committee approved a change to the vesting schedule of the SERP for awards made in 2009 and in future years. The new vesting schedule requires participants to be at least 55 years of age with 10 years of service with us or meet the Rule of 70 (age plus years of service equal 70 or more). This change was made to increase the retentive value of the plan. Messrs. McCollum and Miller do not meet the vesting requirements for awards made in 2009 and subsequent years.

Back to Contents

Other Executive Benefits and Policies

Retirement and Savings Plan

All NEOs participate in the Halliburton Retirement and Savings Plan, which is the defined contribution benefit plan available to all eligible U.S. employees. The matching contributions amounts we contributed on behalf of each NEO are included in the Supplemental Table: All Other Compensation.

Elective Deferral Plan

All NEOs may participate in the Halliburton Elective Deferral Plan, which was established to provide highly compensated employees with an opportunity to defer earned base salary and incentive compensation in order to help meet retirement and other future income needs.

The Elective Deferral Plan is a nonqualified deferred compensation plan and participation is completely voluntary. Pre-tax deferrals of up to 75% of base salary and/or eligible incentive compensation are allowed each calendar year. Gains or losses are credited based upon the participant's election from among 12 benchmark investment choices with varying degrees of risk.

In 2013, none of our NEOs participated in this plan. Messrs. Lesar, Brown, and Rainey have account balances from participation in prior years. Messrs. McCollum and Miller are not participants in the plan. Further details can be found in the 2013 Nonqualified Deferred Compensation table.

Benefit Restoration Plan

The Halliburton Company Benefit Restoration Plan provides a vehicle to restore qualified plan benefits which are reduced as a result of limitations imposed under the Internal Revenue Code or due to participation in other plans we sponsor. It also serves to defer compensation that would otherwise be treated as excessive employee remuneration within the meaning of Section 162(m) of the Internal Revenue Code.

In 2013, all NEOs received awards under this plan in the amounts included in the Supplemental Table: All Other Compensation and the 2013 Nonqualified Deferred Compensation table.

Perquisites

Country club memberships are limited and provided on an as-needed basis for business purposes only. Messrs. Brown and Rainey had club memberships in 2013.

We do not provide cars to our NEOs. However, for security purposes and to allow for the efficient use of Mr. Lesar's time, a company-leased car and part-time driver are provided for Mr. Lesar for the primary purpose of commuting to and from work.

A taxable benefit for executive financial planning is provided with the amount dependent on the NEO's level within the company. This benefit does not include tax return preparation. It is paid, only if used, on a reimbursable basis.

We also provided for security at the personal residences of Messrs. Lesar, McCollum, and Miller during 2013.

At the direction of the Board, Mr. Lesar, his spouse, and children use company aircraft for all travel. The only personal use of the company aircraft in 2013 for other NEOs is for spousal and dependent travel on select business trips.

Mr. Rainey is an expatriate under our long-term expatriate business practice and as such receives certain assignment allowances including a goods and services differential and host country housing and utilities.

A differential is commonly paid to expatriates in assignment locations where the cost of goods and services is greater than the cost for the same goods and services in the expatriate's home country. Differentials are determined by ORC Worldwide, a third-party consultant. As part of his expatriate assignment, Mr. Rainey also participates in our tax equalization program, which neutralizes the tax effect of the international assignment and approximates the tax obligation the expatriate would pay in his home country.

Specific amounts for the above mentioned perquisites are detailed for each NEO in the Supplemental Table: All Other Compensation immediately following the Summary Compensation Table.

Clawback Policy

We have a clawback policy under which we will seek to recoup incentive compensation in all appropriate cases paid to, awarded to, or credited for the benefit of any of our executive officers, which include all the NEOs, if and to the extent that:

- The amount of incentive compensation was calculated on the achievement of financial results that were subsequently reduced due to a restatement of our financial results;

- The officer engaged in fraudulent conduct that caused the need for the restatement; and
- The amount of incentive compensation that would have been awarded or paid to the officer, had our financial results been properly reported, would have been lower than the amount actually paid or awarded.

Any such officer who receives incentive compensation based on the achievement of financial results that are subsequently the subject of a restatement will not be subject to recoupment unless the officer personally participates in the fraudulent conduct.

In addition, in January 2013 we amended the policy to provide that we will seek to recoup incentive compensation in all appropriate cases paid to, awarded to, or credited for the benefit of any of our executive officers, which include all the NEOs, and certain other senior officers if and to the extent that:

- It is determined that, in connection with the performance of that officer's duties, he or she substantially participated in a breach of

a fiduciary duty arising from a material violation of a U.S. federal or state law, or both (A) had direct supervisory responsibility over an employee who substantially participated in such a violation and (B) recklessly disregarded his or her own supervisory responsibilities; or

- the officer is named as a defendant in a law enforcement proceeding for having substantially participated in a breach of a fiduciary duty arising from a material violation of a U.S. federal or state law, the officer disagrees with the allegations relating to the proceeding and either (A) we initiate a review and determine that the alleged action is not indemnifiable or (B) the officer does not prevail at trial, enters into a plea arrangement, agrees to the entry of a final administrative or judicial order imposing sanctions, or otherwise admits to the violation in a legal proceeding.

Depending on the officer and the circumstances described in the immediately preceding paragraph, the disinterested members of the Board, the disinterested members of the Compensation Committee, the disinterested members of the Nominating and Corporate Governance Committee and/or the members of a management committee may be involved in the process of reviewing, considering and making determinations regarding the officer's alleged conduct, whether recoupment is appropriate or required, and the type and amount of incentive compensation to be recouped from the officer.

The policy also provides that, to the extent permitted by applicable law and not previously disclosed in a filing with the SEC, we will disclose in our proxy statement the circumstances of any recoupment arising under the policy or that there has not been any recoupment pursuant to the policy for the prior calendar year. There was no recoupment under the policy in 2013.

Stock Ownership Requirements

We have stock ownership requirements for our executive officers, which include all the NEOs, to further align their interests with our stockholders.

As a result, Mr. Lesar is required to own Halliburton common stock in an amount equal to or in excess of six times his annual base salary. Executive officers that report directly to Mr. Lesar are required to own an amount of Halliburton common stock equal to or in excess of three times their annual base salary, and all other executive officers are required to own an amount of Halliburton common stock equal to or in excess of two times their annual base salary. The Committee reviews their holdings, which include restricted shares and all other Halliburton common stock owned by the officer, at each December meeting. Each executive officer has five years to meet the requirements, measured from the later of September 12, 2011 or the date the officer first becomes subject to the ownership level for the applicable office.

As of December 31, 2013, all NEOs met the requirements.

Elements of Post-Termination Compensation and Benefits

Termination events that trigger payments and benefits include normal or early retirement, change-in-control, cause, death, disability, and voluntary termination. Post-termination payments may include severance, accelerated vesting of restricted stock and stock options, maximum payments under cash-based short- and long-term incentive plans, nonqualified account balances, and health benefits, among others. The Post-Termination or Change-In Control Payment table in this proxy statement indicates the impact of various termination events on each element of compensation for the NEOs.

Impact of Regulatory Requirements on Compensation

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation paid to the CEO or any of the four other most highly compensated officers to the extent the compensation exceeds $1 million in any year. Qualifying performance-based compensation is not subject to this limit if certain requirements are met.

Our policy is to utilize available tax deductions whenever appropriate and consistent with our compensation philosophy. When designing and implementing executive compensation programs, we consider all relevant factors, including tax deductibility of compensation. Accordingly, we have attempted to preserve the federal tax deductibility of compensation in excess of $1 million a year to the extent doing so is consistent with our executive compensation objectives; however, we may from time to time pay compensation to our executives that may not be fully deductible.

Our Stock and Incentive Plan enables qualification of stock options, stock appreciation rights, and performance share awards as well as short- and long-term cash performance plans under Section 162(m).

To the extent required by Section 304 of the Sarbanes-Oxley Act of 2002, we will make retroactive adjustments to any cash or equity-based incentive compensation paid to the CEO and CFO where the payment was predicated upon the achievement of certain financial results that were subsequently the subject of restatement. When and where applicable, we will seek to recover any amount determined to have been inappropriately received by the CEO and CFO.

Back to Contents

COMPENSATION COMMITTEE REPORT

We have reviewed and discussed the Compensation Discussion and Analysis with Company management and, based on such review and discussions, we recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

THE COMPENSATION COMMITTEE
James R. Boyd
Milton Carroll
Murry S. Gerber
Robert A. Malone
Debra L. Reed

SUMMARY COMPENSATION TABLE

The following tables set forth information regarding the CEO, CFO, and our three other most highly compensated executive officers for the fiscal year ended December 31, 2013.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change In Pension Value and NQDC Earnings ($)	All Other Compensation ($)	Total ($)
David J. Lesar	2013	1,630,000	0	4,793,714	2,381,533	10,180,804	155,196	1,723,967	20,865,214
Chairman of the Board,	2012	1,530,000	0	5,055,150	2,602,894	6,400,000	256,922	1,606,845	17,451,811
President and Chief									
Executive Officer	2011	1,430,000	0	3,912,700	1,719,828	7,182,000	189,120	1,443,970	15,877,618
Mark A. McCollum	2013	732,000	0	1,230,066	611,358	2,679,877	22,366	470,366	5,746,033
Executive Vice	2012	661,000	0	1,068,650	549,486	2,021,600	35,746	405,052	4,741,534
President and Chief									
Financial Officer	2011	652,000	0	917,706	402,384	2,233,400	21,526	423,148	4,650,164
James S. Brown	2013	788,000	0	1,579,344	785,785	2,743,666	57,834	992,489	6,947,118
President – Western	2012	633,000	0	1,376,850	708,974	2,274,400	81,363	725,457	5,800,044
Hemisphere	2011	629,000	0	6,205,842	529,644	2,100,550	29,312	709,566	10,203,914
Jeffrey A. Miller	2013	800,000	0	1,933,684	961,939	1,565,460	3,406	676,731	5,941,220
Executive Vice	2012	425,000	0	3,997,150	1,109,917	692,437	1,126	378,556	6,604,186
President and Chief									
Operating Officer									
Joe D. Rainey	2013	788,000	0	1,579,344	785,785	2,730,866	78,858	1,995,925	7,958,778
President – Eastern	2012	550,000	0	1,376,850	708,974	490,000	83,757	642,677	3,852,258
Hemisphere	2011	450,000	0	2,984,323	529,644	1,008,750	51,693	800,818	5,825,228

Salary. The amounts represented in the Salary column are attributable to annual salary earned by each NEO. Information related to salary increases in 2013 is discussed in the Compensation Discussion and Analysis under Base Salary.

Stock Awards. The amounts in the Stock Awards column reflect the grant date fair value of the restricted stock awarded in 2013. Except where there is a distinction to make between the two types of awards, this proxy statement refers to both restricted stock and restricted stock units as "restricted stock." ASC 718 requires the reporting of the aggregate grant date fair value of stock awards granted to the NEO during the fiscal year. We calculate the fair value of restricted stock awards by multiplying the number of restricted shares or units granted by the closing stock price as of the award's grant date.

Option Awards. The amounts in the Option Awards column reflect the grant date fair value of the stock options awarded in 2013. ASC 718 requires the reporting of the aggregate grant date fair value of stock options granted to the NEO during the fiscal year. The fair value of stock options is estimated using the Black-Scholes option pricing model. For a discussion of the assumptions made in these valuations, refer to Note 11 to the Consolidated Financial Statements, Stock-based Compensation, in the Halliburton Company Form 10-K for the fiscal year ended December 31, 2013.

Non-Equity Incentive Plan Compensation. The amounts represented in the Non-Equity Incentive Plan Compensation column are for amounts earned in 2013 and paid in 2014 for the Halliburton Annual Performance Pay Plan and the 2011 cycle Performance Unit Program.

Information about these programs can be found in the Compensation Discussion and Analysis under Short-term (Annual) Incentives for the Halliburton Annual Performance Pay Plan and under Long-term Incentives—Performance Units for the Performance Unit Program.

The Threshold, Target, and Maximum amounts for the 2013 Halliburton Annual Performance Pay Plan and the 2013 cycle of the Performance Unit Program can be found in the Grants of Plan-Based Awards in Fiscal 2013 table under the Estimated Future Payouts Under Non-Equity Incentive Plan Awards.

The 2013 Halliburton Annual Performance Pay Plan amounts paid to each NEO are: $3,523,734 for Mr. Lesar; $949,477 for Mr. McCollum; $1,135,666 for Mr. Brown; $1,152,960 for Mr. Miller; and $1,135,666 for Mr. Rainey.

The 2011 cycle Performance Unit Program amounts paid to each NEO are: $6,657,070 for Mr. Lesar; $1,730,400 for Mr. McCollum; $1,608,000 for Mr. Brown; $412,500 for Mr. Miller; and $1,595,200 for Mr. Rainey.

The amounts paid to the NEOs for the 2011 cycle Performance Unit Program differ from what is shown in the Grants of Plan-Based Awards in Fiscal Year 2013 table under Estimated Future Payments Under Non-Equity Incentive Plan Awards. The Grants of Plan-Based Awards in Fiscal Year 2013 table indicates the potential award amounts for Threshold, Target, and Maximum under the 2013 cycle Performance Unit Program, which will close on December 31, 2015. The Summary Compensation Table shows amounts paid for the 2011 cycle Performance Unit Program, which closed on December 31, 2013.

Change in Pension Value and NQDC Earnings. The amounts in the Change in Pension Value and NQDC Earnings column are attributable to the above-market earnings for various nonqualified plans. The methodology for determining what constitutes above-market earnings is the difference between the interest rate as stated in the applicable nonqualified plan document and the Internal Revenue Service Long-Term 120% AFR rate as of December 31, 2013. The 120% AFR rate used for determining above-market earnings in 2013 was 3.99%.

Halliburton Company Supplemental Executive Retirement Plan Above-Market Earnings. The current interest rate for participant accounts in the Halliburton Company Supplemental Executive Retirement Plan is 5% as defined by the plan document. The above-market earnings for the plan equaled 1.01% (5% (plan interest) minus 3.99% (120% AFR rate)) for 2013. The amounts shown in this column differ from the amounts shown for the Halliburton Company Supplemental Executive Retirement Plan in the 2013 Nonqualified Deferred Compensation table under the Aggregate Earnings in Last Fiscal Year column because that table includes all earnings and losses, and the Summary Compensation Table shows above-market earnings only.

NEOs earned above-market earnings for their balances associated with the Halliburton Company Supplemental Executive Retirement Plan as follows: $78,988 for Mr. Lesar; $17,100 for Mr. McCollum; $20,898 for Mr. Brown; $2,330 for Mr. Miller; and $8,564 for Mr. Rainey.

Halliburton Company Benefit Restoration Plan Above-Market Earnings. In accordance with the plan document, participants earn monthly interest at the 120% AFR rate, provided the interest rate shall be no less than 6% per annum or greater than 10% per annum. Because the 120% AFR rate was below the 6% minimum interest threshold, the above-market earnings associated with this plan were 2.01% (6% (plan interest earned in 2013) minus 3.99% (120% AFR rate)) for 2013. The amounts shown in this column differ from the amounts shown for the Halliburton Company Benefit Restoration Plan in the 2013 Nonqualified Deferred Compensation table under the Aggregate Earnings in Last Fiscal Year column because that table includes all earnings and losses, and the Summary Compensation Table shows above-market earnings only.

NEOs earned above-market earnings for their balances associated with the Halliburton Company Benefit Restoration Plan as follows: $51,625 for Mr. Lesar; $5,266 for Mr. McCollum; $4,478 for Mr. Brown; $1,076 for Mr. Miller; and $2,412 for Mr. Rainey.

Halliburton Company Elective Deferral Plan Above-Market Earnings. The average earnings for the balances associated with the Halliburton Company Elective Deferral Plan were 8.4% for 2013. The above-market earnings associated with this plan equaled 4.41% (8.4% minus 3.99% (120% AFR rate)) for 2013. The amounts shown in this column differ from the amounts shown for the Halliburton Company Elective Deferral Plan in the 2013 Nonqualified Deferred Compensation table under the Aggregate Earnings in Last Fiscal Year column because that table includes all earnings and losses and the Summary Compensation Table shows above-market earnings only.

Messrs. Lesar, Brown, and Rainey earned above-market earnings for balances associated with the Halliburton Company Elective Deferral Plan as follows: $24,583 for Mr. Lesar; $32,458 for Mr. Brown; and $67,882 for Mr. Rainey. Messrs. McCollum and Miller are not participants in and do not have any prior balances in the Halliburton Company Elective Deferral Plan.

All Other Compensation. Detailed information for amounts included in the All Other Compensation column can be found in the Supplemental Table: All Other Compensation below.

Supplemental Table: All Other Compensation

The following table details the components of the All Other Compensation column of the Summary Compensation Table for 2013.

Name	Financial Planning ($)	Halliburton Foundation ($)	Halliburton Giving Choices ($)	HALPAC ($)	Restricted Stock Dividends ($)	HRSP Employer Match ($)	HRSP Basic Contribution ($)	Benefit Restoration Plan ($)	SERP ($)	All Other ($)	Total ($)
David J. Lesar	25,130	100,000	1,000	5,000	218,142	12,750	10,200	123,750	580,000	647,995	1,723,967
Mark A. McCollum	0	40,000	1,000	5,000	49,755	12,620	10,200	42,930	251,000	57,861	470,366
James S. Brown	11,665	0	750	4,935	191,730	12,750	10,200	47,970	604,000	108,489	992,489
Jeffrey A. Miller	0	30,500	425	5,000	109,434	12,750	10,200	49,050	434,000	25,372	676,731
Joe D. Rainey	10,275	0	600	5,000	0	9,850	10,200	47,970	553,000	1,359,030	1,995,925

Financial Planning. This program allows NEOs to receive financial planning services by accredited financial planners. Tax planning is not covered under this program. The amount is based on the services the NEO received in 2013. If they do not utilize the program, the amount is forfeited.

Halliburton Foundation. The Halliburton Foundation allows NEOs and other employees to donate to approved universities, medical hospitals, and primary schools of their choice. In 2013, the Halliburton Foundation matched donations up to $20,000 on a two-for-one basis. Mr. Lesar participates in the Halliburton Foundation’s matching program for Directors, which allowed his 2013 contributions up to $50,000 to qualified organizations to be matched on a two-for-one basis.

Halliburton Giving Choices. The Halliburton Giving Choices Program allows NEOs and other employees to donate to approved not-for-profit charities of their choice. We match donations by contributing ten cents for every dollar contributed by employees up to a maximum of $1,000. The amounts shown represent the match amounts the program donated to charities on behalf of the NEOs in 2013.

Halliburton Political Action Committee. The Halliburton Political Action Committee, or HALPAC, allows NEOs and other eligible employees to donate to political candidates and participate in the political process. We match the NEO's donation to HALPAC dollar-for-dollar to a 501(c)(3) status nonprofit organization of the contributor's choice. The amounts shown represent the match amounts the program donated to charities on behalf of the NEOs in 2013.

Restricted Stock Dividends. This is the amount of dividends paid on restricted stock held by NEOs in 2013. Restricted stock units do not receive dividend payments.

Halliburton Retirement and Savings Plan Employer Match. The amount shown is the contribution we made on behalf of each NEO to the Halliburton Company Retirement and Savings Plan, our defined contribution plan. We match employee contributions up to 5% of each employee's eligible base salary, up to the 401(a)(17) compensation limit of $255,000 in 2013.

Halliburton Retirement and Savings Plan Basic Contribution. This is the contribution we made on behalf of each NEO to the Halliburton Company Retirement and Savings Plan. If actively employed on December 31, 2013, each employee receives a contribution equal to 4% of their eligible base pay, up to the 401(a)(17) compensation limit of $255,000 in 2013.

Halliburton Company Benefit Restoration Plan. This is the award earned under the Halliburton Company Benefit Restoration Plan in 2013. The plan provides a vehicle to restore qualified plan benefits which are reduced as a result of limitations on contributions imposed under the Internal Revenue Code or due to participation in other plans we sponsor and to defer compensation that would otherwise be treated as excessive employee remuneration within the meaning of Section 162(m) of the Internal Revenue Code. Associated interest, awards, and beginning and ending balances for the Halliburton Company Benefit Restoration Plan are included in the 2013 Nonqualified Deferred Compensation table. Above-market interest earned on these awards and associated balances are shown in the Summary Compensation Table under the Change in Pension Value and NQDC Earnings column.

Halliburton Company Supplemental Executive Retirement Plan. These are awards approved under the Halliburton Company Supplemental Executive Retirement Plan as discussed in the Supplemental Executive Retirement Plan section of the Compensation Discussion and Analysis. Awards are approved by our Compensation Committee annually. The SERP provides a competitive level of pay replacement for key executives upon retirement. Associated interest, awards, and beginning and ending balances for the SERP are included in the 2013 Nonqualified Deferred Compensation table.

All Other.

- *Country Club Membership Dues.* Club memberships are approved for business purposes only. During 2013, we paid club membership dues for Messrs. Brown and Rainey. The amounts incurred were $27,705 for Mr. Brown and $680 and for Rainey.

- *Aircraft Usage.* Mr. Lesar, his spouse, and children use our aircraft for all travel for security reasons as directed by the Board. The only personal use of company aircraft in 2013 for other NEOs was for spousal and dependent travel on select business trips. For 2013, the incremental cost to us for this personal use of our aircraft was as follows: $463,329 for Mr. Lesar; $36,283 for Mr. McCollum; $47,893 for Mr. Brown; and $11,248 for Mr. Miller. For total compensation purposes in 2013, we valued the incremental cost of the personal use of aircraft using a method that takes into account: landing, parking, hanger, flight planning services, and dead-head costs; crew travel expenses; supplies and catering; aircraft fuel and oil expenses per hour of flight; any customs, foreign permit, and similar fees; and passenger ground transportation. For tax purposes, we impute income to the NEO for the value of the spousal and dependent travel on select business trips and reimburse the NEO for the tax impact of the imputed income. For 2013, tax reimbursements for imputed income associated with this spousal and dependent travel were as follows: $93,160 for Mr. Lesar; $20,542 for Mr. McCollum; $32,891 for Mr. Brown; $13,137 for Mr. Miller; and $5,026 for Mr. Rainey.

- *Home Security.* We provide security for residences based on risk assessments which consider the NEO's position. In 2013, home security costs were as follows: $68,041 for Mr. Lesar; $1,036 for Mr. McCollum; and $987 for Mr. Miller.

- *Car/Driver.* A car and driver have been assigned to Mr. Lesar so that he can work while in transit to allow him to meet customer and our needs. In 2013, the cost to us was $18,532.

- *Other Compensation for Mr. Lesar.* In 2013, Mr. Lesar received $2,894 in imputed income for relocation and $2,039 for tax equalization.

- *Other Compensation for Mr. Rainey.* In 2013, Mr. Rainey received $36,741 for cost of living adjustment; $78,800 mobility premium; $1,108,641 for tax equalization; $500 for tax preparation fees; $117,499 for imputed housing allowance; and $11,143 for auto imputed allowance. All compensation amounts are associated with his expatriate assignment and other expatriates on comparable assignments receive similar types of adjustments.

GRANTS OF PLAN-BASED AWARDS IN FISCAL 2013

The following table represents amounts associated with the 2013 cycle Performance Unit Program, the 2013 Annual Performance Pay Plan, and restricted stock and stock option awards granted in 2013 to our NEOs.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards						
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Share)	Grant Date Fair Value of Stock and Option Awards ($)
David J. Lesar		2,399,805	4,799,610	9,599,220(1)				
		978,000	2,445,000	4,890,000(2)				
	12/04/2013				94,700			4,793,714
	12/04/2013					137,900	50.62	2,381,533
Mark A. McCollum		507,276	1,014,552	2,029,104(1)				
		263,520	658,800	1,317,600(2)				
	12/04/2013				24,300			1,230,066
	12/04/2013					35,400	50.62	611,358
James S. Brown		653,914	1,307,828	2,615,656(1)				
		315,200	788,000	1,576,000(2)				
	12/04/2013				31,200			1,579,344
	12/04/2013					45,500	50.62	785,785
Jeffrey A. Miller		887,487	1,774,974	3,549,948(1)				
		320,000	800,000	1,600,000(2)				
	12/04/2013				38,200			1,933,684
	12/04/2013					55,700	50.62	961,939
Joe D. Rainey		653,914	1,307,828	2,615,656(1)				
		315,200	788,000	1,576,000(2)				
	12/04/2013				31,200			1,579,344
	12/04/2013					45,500	50.62	785,785

(1) Opportunity levels under the 2013 cycle of the Performance Unit Program.

(2) Opportunity levels under the 2013 Halliburton Annual Performance Pay Plan.

As indicated by footnote (1), the opportunities for each NEO under the 2013 cycle Performance Unit Program if the Threshold, Target or Maximum levels are achieved are reflected under Estimated Future Payouts Under Non-Equity Incentive Plan Awards. This program measures our consolidated Return on Capital Employed as compared to our internal goals as well as relative to our comparator peer group utilized for the program during three-year cycles. The potential payouts are performance driven and completely at risk. For more information on the 2013 cycle Performance Unit Program, refer to Long-term Incentives in the Compensation Discussion and Analysis.

As indicated by footnote (2), the opportunities for each NEO under the 2013 Halliburton Annual Performance Pay Plan are also reflected under Estimated Future Payouts Under Non-Equity Incentive Plan Awards. This plan measures company Cash Value Added as compared to our pre-established goals during a one-year period. The potential payouts are performance driven and completely at risk. For more information on the 2013 Halliburton Annual Performance Pay Program, refer to Short-term (Annual) Incentives in the Compensation Discussion and Analysis.

All restricted stock and nonqualified stock option awards are granted under the Stock and Incentive Plan. The awards listed under All Other Stock Awards: Number of Shares of Stock or Units and under All Other Option Awards: Number of Securities Underlying Options were awarded to each NEO on the date indicated by the Compensation Committee. The annual restricted stock grants awarded to the NEOs in 2013 are subject to a graded vesting schedule of 20% per year over five years. This vesting schedule serves to motivate our NEOs to remain employed with us. All restricted shares are priced at fair market value on the date of grant. Quarterly dividends are paid on the restricted shares at the same time and rate payable on our common stock, which was $0.125 per share during the first three quarters of 2013 and $0.15 per share in the fourth quarter of 2013. Quarterly dividends are not paid on restricted stock units. The shares may not be sold, transferred or used as collateral until fully vested. The shares remain subject to forfeiture during the restricted period in the event of a NEO’s termination of employment or an unapproved early retirement.

Nonqualified stock options granted in 2013 vest over a three-year graded vesting period with 33 1/3% of the grants vesting each year. All options are priced at the fair market value on the date of grant using the Black-Scholes options pricing model. There are no voting or dividend rights unless the NEO exercises the options and acquires the shares.

The Estimated Future Payouts Under Equity Incentive Plan Awards columns have been omitted because awards under the Performance Unit Program and Halliburton Annual Performance Pay Plan are expected to be paid in cash and are disclosed under Estimated Future Payouts Under Non-Equity Incentive Plan Awards.

Back to Contents

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2013

The following table represents outstanding stock option and restricted stock awards for our NEOs as of December 31, 2013.

		Option Awards				Stock Awards	
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock Not Vested (#)	Market Value of Shares or Units of Stock Not Vested ($)
David J. Lesar[(1)]	12/07/2005	80,000	0	32.39	12/07/2015		
	12/06/2006	198,699	0	33.17	12/06/2016	25,313	1,284,635
	12/05/2007	110,700	0	36.90	12/05/2017		
	12/01/2009	128,400	0	29.35	12/01/2019	21,000	1,065,750
	12/01/2010	108,000	0	39.19	12/01/2020	38,520	1,954,890
	12/06/2011	94,601	47,299	35.57	12/06/2021	66,000	3,349,500
	12/05/2012	69,634	139,266	33.50	12/05/2022	120,720	6,126,540
	12/04/2013	0	137,900	50.62	12/04/2023	94,700	4,806,025
TOTAL		**790,034**	**324,465**			**366,253**	**18,587,340**
Mark A. McCollum[(2)]	12/06/2006	0	0			3,900	197,925
	12/05/2007	12,000	0	36.90	12/05/2017		
	02/13/2008	11,500	0	35.67	02/13/2018		
	12/01/2009	40,600	0	29.35	12/01/2019	6,640	336,980
	12/01/2010	28,100	0	39.19	12/01/2020	10,000	507,500
	12/06/2011	22,134	11,066	35.57	12/06/2021	15,480	785,610
	12/05/2012	14,701	29,399	33.50	12/05/2022	25,520	1,295,140
	12/04/2013	0	35,400	50.62	12/04/2023	24,300	1,233,225
TOTAL		**129,035**	**75,865**			**85,840**	**4,356,380**
James S. Brown[(3)]	01/06/2006	6,000	0	33.03	01/06/2016		
	01/03/2007	13,400	0	29.87	01/03/2017	5,200	263,900
	02/13/2008	10,000	0	35.67	02/13/2018		
	12/02/2008					97,276	4,936,757
	12/01/2009	45,600	0	29.35	12/01/2019	7,460	378,595
	12/01/2010	26,100	0	39.19	12/01/2020	9,320	472,990
	05/18/2011					106,474	5,403,556
	12/06/2011	29,134	14,566	35.57	12/06/2021	20,340	1,032,255
	12/05/2012	18,967	37,933	33.50	12/05/2022	32,880	1,668,660
	12/04/2013	0	45,500	50.62	12/04/2023	31,200	1,583,400
TOTAL		**149,201**	**97,999**			**310,150**	**15,740,113**
Jeffrey A. Miller[(4)]	01/03/2007					1,200	60,900
	01/02/2009					1,420	72,065
	01/01/2010	10,800	0	30.09	01/01/2020	7,600	385,700
	01/01/2011	5,534	2,766	40.83	01/01/2021	7,500	380,625
	09/27/2011					50,000	2,537,500
	01/03/2012	3,834	7,666	34.15	01/03/2022	7,200	365,400
	09/19/2012					50,000	2,537,500
	12/05/2012	25,734	51,466	33.50	12/05/2022	44,640	2,226,548
	12/04/2013	0	55,700	50.62	12/04/2023	38,200	1,938,650
TOTAL		**45,902**	**117,598**			**207,760**	**10,543,820**
Joe D. Rainey[(5)]	01/03/2007					1,200	60,900
	01/01/2010					7,600	385,700
	12/01/2010					9,240	468,930
	12/06/2011	0	14,566	35.57	12/06/2021	20,340	1,032,255
	12/06/2011					50,000	2,537,500
	12/05/2012	0	37,933	33.50	12/05/2022	32,880	1,668,660
	12/04/2013	0	45,500	50.62	12/04/2023	31,200	1,583,400
TOTAL		**0**	**97,999**			**152,460**	**7,737,345**

(1) Mr. Lesar's stock option awards vest annually in equal amounts over three-year vesting schedules. His restricted stock awards vest in equal amounts over each grant's five-year vesting schedule, except for the December 6, 2006 award, which vests in equal amounts over ten years.

(2) Mr. McCollum's stock option awards vest annually in equal amounts over three-year vesting schedules. His restricted stock awards vest in equal amounts over each grant's five-year vesting schedule, except for the December 6, 2006 award, which vests in equal amounts over ten years.

(3) Mr. Brown's stock option awards vest annually in equal amounts over three-year vesting schedules. His restricted stock awards vest in equal amounts over each grant's five-year vesting schedule, except for the January 3, 2007 award, which vests in equal amounts over ten years, the December 2, 2008 restricted stock, which begins vesting on the sixth anniversary of the award, at which time it vests 20% annually through year ten, and the May 18, 2011 restricted stock award, which vests 100% on May 30, 2016.

(4) Mr. Miller's stock option awards vest annually in equal amounts over three-year vesting schedules. His restricted stock awards vest in equal amounts over each grant's five-year vesting schedule, except for the January 3, 2007 award, which vests in equal amounts over ten years, and the September 27, 2011, and September 19, 2012 awards, which vest 100% on the fifth anniversary of the grant.

(5) Mr. Rainey's stock option awards vest annually in equal amounts over three-year vesting schedules. His restricted stock awards vest in equal amounts over each grant's five-year vesting schedule, except for the December 6, 2011 restricted stock award of 50,000 shares, which vest 100% on the fifth anniversary of the grant.

The nonqualified stock option awards listed under Option Awards include outstanding awards, exercisable and unexercisable, as of December 31, 2013.

The restricted stock awards under Stock Awards are the number of shares not vested as of December 31, 2013. The market value shown was determined by multiplying the number of unvested restricted shares at year end by the closing price of our common stock on the NYSE of $50.75 on December 31, 2013.

The Equity Incentive Plan Awards columns are omitted as we do not utilize this type of award at this time.

The narratives under the Summary Compensation Table and the Grants of Plan-Based Awards in Fiscal 2013 table contain additional information on stock option and restricted stock awards.

2013 OPTION EXERCISES AND STOCK VESTED

The following table represents stock options exercised and restricted shares that vested during fiscal year 2013 for our NEOs.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
David J. Lesar	337,716	6,026,991	151,483	7,709,023
Mark A. McCollum	20,400	347,474	36,280	1,852,583
James S. Brown	16,566	456,890	108,858	5,398,842
Jeffrey A. Miller	13,800	277,439	51,780	2,292,483
Joe D. Rainey	117,532	2,055,955	27,270	1,315,830

The value realized for vested restricted stock awards was determined by multiplying the fair market value of the shares (closing price of our common stock on the NYSE on the vesting date) by the number of shares that vested. Shares vested on various dates throughout the year; therefore, the value listed represents the aggregate value of all shares that vested for each NEO in 2013.

Back to Contents

2013 NONQUALIFIED DEFERRED COMPENSATION

The 2013 Nonqualified Deferred Compensation table reflects balances in our nonqualified plans as of January 1, 2013, contributions made by the NEO and us during 2013, any earnings (the net of the gains and losses on funds, as applicable), and the ending balance as of December 31, 2013. The plans are described in the Compensation Discussion and Analysis or the narratives to the Summary Compensation Table, and brief summaries are provided below.

Name	Plan	01/01/13 Balance ($)	Executive Contributions In Last Fiscal Year ($)	Registrant Contributions In Last Fiscal Year ($)	Aggregate Earnings In Last Fiscal Year ($)	Aggregate Withdrawals/ Distribution ($)	Aggregate Balance At Last Fiscal Year End ($)
David J. Lesar	SERP	7,833,118	0	580,000	391,529	0	8,804,647
	Benefit Restoration	2,571,826	0	123,750	154,241	0	2,849,817
	Elective Deferral	1,067,769	0	0	67,155	0	1,134,924
	TOTAL	**11,472,713**	**0**	**703,750**	**612,925**	**0**	**12,789,388**
Mark A. McCollum	SERP	1,697,232	0	251,000	84,820	0	2,033,052
	Benefit Restoration	262,920	0	42,930	15,756	0	321,606
	TOTAL	**1,960,152**	**0**	**293,930**	**100,576**	**0**	**2,354,658**
James S. Brown	SERP	2,076,599	0	604,000	103,755	0	2,784,354
	Benefit Restoration	223,660	0	47,970	13,402	0	285,032
	Elective Deferral	811,575	0	0	64,818	0	876,393
	TOTAL	**3,111,834**	**0**	**651,970**	**181,975**	**0**	**3,945,779**
Jeffrey A. Miller	SERP	234,000	0	434,000	11,667	0	679,667
	Benefit Restoration	53,944	0	49,050	3,229	0	106,223
	TOTAL	**287,944**	**0**	**483,050**	**14,896**	**0**	**785,890**
Joe D. Rainey	SERP	853,458	0	553,000	42,617	0	1,449,075
	Benefit Restoration	120,684	0	47,970	7,227	0	175,881
	Elective Deferral	2,144,652	0	0	153,394	(71,920)	2,226,126
	TOTAL	**3,118,794**	**0**	**600,790**	**203,238**	**(71,920)**	**3,851,082**

Halliburton Company Supplemental Executive Retirement Plan. The SERP provides a competitive level of pay replacement for key executives upon retirement. The current pay replacement target is 75% of final base salary at age 65 with 25 years of service. Several assumptions are made annually and include a base salary increase percentage, qualified and nonqualified plan contributions, qualified and nonqualified plan investment earnings, and an annuity rate.

Allocations under the SERP can be made once a year and are approved by the Compensation Committee at their discretion. The material factors and guidelines considered in making an allocation include:

- Retirement benefits provided from our other programs, both qualified and nonqualified;
- Current compensation;
- Length of service; and
- Years of service to normal retirement.

Messrs. Lesar, Brown, and Rainey are fully vested in their respective account balances. Balances earn interest at an annual rate of 5%. In 2009, the Compensation Committee approved a change to the vesting schedule of the SERP for awards made in 2009 and in future years. The new vesting schedule requires participants to be at least 55 years of age with 10 years of service with us or meet the Rule of 70 (age plus years of service equal 70 or more). This change was made to increase the retentive value of the plan. Messrs. McCollum and Miller do not meet the vesting requirements for awards made in 2009 and subsequent years.

SERP amounts shown in the Registrant Contributions in Last Fiscal Year column are included in the Summary Compensation Table under All Other Compensation.

Halliburton Company Benefit Restoration Plan. The Halliburton Company Benefit Restoration Plan provides a vehicle to restore qualified plan benefits which are reduced as a result of limitations on contributions imposed under the Internal Revenue Code or due to participation in other plans we sponsor and to defer compensation that would otherwise be treated as excessive remuneration within the meaning of Section 162(m) of the Internal Revenue Code. Awards are made annually to those who meet these criteria and earned interest at an annual rate as defined by the plan document. Awards and corresponding interest balances are 100% vested and distributed upon separation.

In accordance with the plan document, participants earn monthly interest at the 120% AFR rate, provided the interest rate shall be no less than 6% per annum or greater than 10% per annum. Because the 120% AFR rate was below the 6% minimum interest threshold, plan participants earned interest at an annual rate of 6% in 2013.

Back to Contents

Benefit Restoration amounts shown in the Registrant Contributions in Last Fiscal Year column are included in the Summary Compensation Table under All Other Compensation.

Halliburton Company Elective Deferral Plan. The Halliburton Company Elective Deferral Plan allows participants to save for retirement utilizing eligible pre-tax base and/or eligible incentive compensation. Participants may elect to defer up to 75% of their annual base salary and up to 75% of their incentive compensation into the plan. Deferral elections must be made on an annual basis, including the type and timing of distribution. Plan earnings are based on the NEO's choice of up to 12 investment options with varying degrees of risk, including the risk of loss. Investment options may be changed by the NEO daily. The amounts shown in the Aggregate Earnings in Last Fiscal Year column reflect the aggregate of all gains and losses on outstanding balances in 2013. Only the above-market interest is shown in the Summary Compensation Table, under Change in Pension Value and NQDC Earnings.

EMPLOYMENT CONTRACTS AND CHANGE-IN-CONTROL ARRANGEMENTS

Employment Contracts

Messrs. Lesar, McCollum, Brown, Miller, and Rainey have employment agreements with us. Under the terms of Mr. Lesar's agreement, a termination for cause is a termination for (i) gross negligence or willful misconduct in the performance of his duties and responsibilities, or (ii) a conviction of a felony. In the event we terminate Mr. Lesar for any reason other than termination for cause, we are obligated to pay Mr. Lesar a severance payment equal to (i) the value of any restricted shares that are forfeited because of termination, and (ii) five times his annual base salary.

Under the terms of the agreements with Messrs. McCollum, Brown, Miller, and Rainey, the reasons for termination of employment (other than death) are defined as follows:

(i) Retirement means either (a) retirement at or after normal retirement at age 65 (either voluntarily or under our retirement policy), or (b) voluntary termination of employment in accordance with our early retirement policy for other than a Good Reason. "Good Reason" means a termination of employment by employee because of (a) our material breach of any material provision of the employment agreement, or (b) a material reduction in employee's rank or responsibility with us, provided that (i) employee provides written notice to us of the circumstances employee claims constitute "Good Reason" within 90 calendar days of the first to occur of such circumstances, (ii) such breach remains uncorrected for 30 calendar days following written notice, and (iii) employee's termination occurs within 180 calendar days after the date that the circumstances employee claims constitute Good Reason first occurred.

(ii) Permanent disability means the employee's physical or mental incapacity to perform his or her usual duties with such condition likely to remain continuously and permanently as reasonably determined by the Compensation Committee in good faith.

(iii) Voluntary termination means a termination of employment in the sole discretion and at the election of the employee for other than Good Reason.

(iv) Termination for cause means our termination of employee's employment for Cause. "Cause" means any of the following: (a) employee's gross negligence or willful misconduct in the performance of the duties and services required of the employee; (b) employee's final conviction of a felony; (c) a material violation of our Code of Business Conduct; or (d) employee's material breach of any material provision of his or her employment agreement which remains uncorrected for 30 days following our written notice of such breach to employee.

If the employment of Messrs. McCollum or Brown terminates for any reason other than death, retirement (either at age 65 or voluntarily prior to age 65), permanent disability, voluntary termination or termination for cause, the executive is entitled to each of the following:

- At the Committee's election, either the retention of all restricted shares following termination or a payment equal to the value of any restricted shares that are forfeited because of termination;
- A payment equal to two years' base salary;
- Any unpaid amounts earned under the Annual Performance Pay Plan in prior years; and
- Any amount payable for the year under the Annual Performance Pay Plan in which his employment is terminated, determined as if he had remained employed for the full year.

If the employment of Messrs. Miller or Rainey terminates for any reason other than death, retirement (either at age 65 or voluntarily prior to age 65), permanent disability, voluntary termination or termination for cause, the executive is entitled to each of the following:

- A payment equal to two years' base salary; and
- A single lump sum cash payment equal to the value of any restricted shares that are forfeited because of termination. The payout is contingent upon compliance with a non-compete agreement and subject to vesting restrictions.

Back to Contents

Change-In-Control Arrangements

We do not maintain individual change-in-control agreements or provide for excise tax gross-ups on any payments associated with a change-in-control. Some of our compensation plans, however, contain change-in-control provisions, which could result in payment of specific benefits.

Under the Stock and Incentive Plan, in the event of a change-in-control, the following will occur automatically:

- any outstanding options and stock appreciation rights shall become immediately vested and fully exercisable;
- any restrictions on restricted stock awards shall immediately lapse;
- all performance measures upon which an outstanding performance award is contingent are deemed achieved and the holder receives a payment equal to the maximum amount of the award he or she would have been entitled to receive, pro-rated to the effective date; and
- any outstanding cash awards, including stock value equivalent awards, immediately vest and are paid based on the vested value of the award.

Under the Annual Performance Pay Plan:

- in the event of a change-in-control during a plan year, a participant will be entitled to an immediate cash payment equal to the maximum dollar amount he or she would have been entitled to for the year, prorated through the date of the change-in-control; and
- in the event of a change-in-control after the end of a plan year but before the payment date, a participant will be entitled to an immediate cash payment equal to the incentive earned for the plan year.

Under the Performance Unit Program:

- in the event of a change-in-control during a performance cycle, a participant will be entitled to an immediate cash payment equal to the maximum amount he or she would have been entitled to receive for the performance cycle, pro-rated to the date of the change-in-control; and
- in the event of a change-in-control after the end of a performance cycle but before the payment date, a participant will be entitled to an immediate cash payment equal to the incentive earned for that performance cycle.

Under the Employee Stock Purchase Plan, in the event of a change-in-control, unless the successor corporation assumes or substitutes new stock purchase rights:

- the purchase date for the outstanding stock purchase rights will be accelerated to a date fixed by the Compensation Committee prior to the effective date of the change-in-control; and
- upon such effective date, any unexercised stock purchase rights will expire and we will refund to each participant the amount of his or her payroll deductions made for purposes of the Employee Stock Purchase Plan that have not yet been used to purchase stock.

POST-TERMINATION OR CHANGE-IN-CONTROL PAYMENTS

The following tables and narratives represent the impact of certain termination events or a change-in-control on each element of compensation for NEOs as of December 31, 2013.

		Termination Event						
Name	Payments	Resignation ($)	Early Retirement w/o Approval ($)	Early Retirement w/Approval ($)	Normal Retirement ($)	Term for Cause ($)	Term w/o Cause ($)	Change in Control ($)
David J. Lesar	Severance	0	0	0	0	0	8,150,000	0
	Annual Perf. Pay Plan	0	0	4,890,000	4,890,000	0	4,890,000	4,890,000
	Restricted Stock	0	0	18,587,338	18,587,338	0	18,587,338	18,587,338
	Stock Options	13,128,593	13,128,593	16,266,857	16,266,857	13,128,593	16,266,857	16,266,857
	Performance Units	0	0	8,517,607	8,517,607	0	0	8,517,607
	Nonqualified Plans	12,789,388	12,789,388	12,789,388	12,789,388	12,789,388	12,789,388	0
	Health Benefits	0	12,000	12,000	0	0	0	0
	TOTAL	**25,917,981**	**25,929,981**	**61,063,190**	**61,051,190**	**25,917,981**	**60,683,583**	**48,261,802**
Mark A. McCollum	Severance	0	0	0	0	0	1,464,000	0
	Annual Perf. Pay Plan	0	0	1,317,600	1,317,600	0	1,317,600	1,317,600
	Restricted Stock	0	0	4,356,380	4,356,380	0	4,356,380	4,356,380
	Stock Options	1,798,046	1,798,046	2,477,763	2,477,763	1,798,046	2,477,763	2,477,763
	Performance Units	0	0	1,921,701	1,921,701	0	0	1,921,701
	Nonqualified Plans	1,086,756	1,086,756	1,086,756	1,086,756	1,086,756	1,086,756	0
	Health Benefits	0	0	0	0	0	0	0
	TOTAL	**2,884,802**	**2,884,802**	**11,160,200**	**11,160,200**	**2,884,802**	**10,702,499**	**10,073,444**

Name	Payments	Resignation ($)	Early Retirement w/o Approval ($)	Early Retirement w/Approval ($)	Normal Retirement ($)	Term for Cause ($)	Term w/o Cause ($)	Change in Control ($)
		Termination Event						
James S. Brown	Severance	0	0	0	0	0	1,576,000	0
	Annual Perf. Pay Plan	0	0	1,576,000	1,576,000	0	1,576,000	1,576,000
	Restricted Stock	0	0	15,740,113	15,740,113	0	15,740,113	15,740,113
	Stock Options	2,583,933	2,583,933	3,465,304	3,465,304	2,583,933	3,465,304	3,465,304
	Performance Units	0	0	2,509,218	2,509,218	0	0	2,509,218
	Nonqualified Plans	3,945,779	3,945,779	3,945,779	3,945,779	3,945,779	3,945,779	0
	Health Benefits	0	12,000	12,000	0	0	0	0
	TOTAL	**6,529,712**	**6,541,712**	**27,248,414**	**27,236,414**	**6,529,712**	**26,303,196**	**23,290,635**
Jeffrey A. Miller	Severance	0	0	0	0	0	1,600,000	0
	Annual Perf. Pay Plan	0	0	1,600,000	1,600,000	0	1,600,000	1,600,000
	Restricted Stock	0	0	10,543,820	10,543,820	0	10,543,820	10,543,820
	Stock Options	785,581	785,581	1,835,305	1,835,305	785,581	1,835,305	1,835,305
	Performance Units	0	0	1,551,649	1,551,649	0	0	1,551,649
	Nonqualified Plans	106,223	106,223	106,223	106,223	106,223	106,223	0
	Health Benefits	0	0	0	0	0	0	0
	TOTAL	**891,804**	**891,804**	**15,636,997**	**15,636,997**	**891,804**	**15,685,348**	**15,530,774**
Joe D. Rainey	Severance	0	0	0	0	0	1,576,000	0
	Annual Perf. Pay Plan	0	0	1,576,000	1,576,000	0	1,576,000	1,576,000
	Restricted Stock	0	0	5,199,846	5,199,846	0	5,199,846	5,199,846
	Stock Options	0	0	881,371	881,371	0	881,371	881,371
	Performance Units	0	0	2,509,218	2,509,218	0	0	2,509,218
	Nonqualified Plans	3,923,002	3,923,002	3,923,002	3,923,002	3,923,002	3,923,002	0
	Health Benefits	0	12,000	12,000	0	0	0	0
	TOTAL	**3,923,002**	**3,935,002**	**14,101,437**	**14,089,437**	**3,923,002**	**13,156,219**	**10,166,435**

Resignation. Resignation is defined as leaving employment with us voluntarily, without having attained early or normal retirement status (see the applicable sections below for information on what constitutes these statuses). Upon resignation, the following actions will occur for a NEO's various elements of compensation:

- *Severance Pay.* No severance would be paid to the NEO.
- *Annual Performance Pay Plan.* No payment would be made to the NEO under the Performance Pay Plan.
- *Restricted Stock.* Any restricted stock holdings would be forfeited upon the date of resignation. Restricted stock holdings information can be found in the Outstanding Equity Awards at Fiscal Year End 2013 table.
- *Stock Options.* The NEO must exercise outstanding, vested options within 30-90 days after the NEO's resignation or the options will be forfeited as per the terms of the stock option agreements. Any unvested stock options would be forfeited. Stock option information can be found in the Outstanding Equity Awards at Fiscal Year End 2013 table.
- *Performance Units.* The NEO would not be eligible to receive payments under the Performance Unit Program.
- *Nonqualified Plans.* Under all circumstances, the NEO is entitled to any vested benefits under the applicable nonqualified plans as shown in the 2013 Nonqualified Deferred Compensation table. Payments from the Halliburton Company Supplemental Executive Retirement Plan and Halliburton Company Benefit Restoration Plan are paid out of an irrevocable grantor trust held at State Street Bank and Trust Company. The principal and income of the trust are treated as our assets and income for federal income tax purposes and are subject to the claims of our general creditors to the extent provided in the plan. The Halliburton Elective Deferral Plan is unfunded and we make payments from our general assets. Payments from these plans may be paid in a lump sum or in annual installments for a maximum ten year period.
- *Health Benefits.* The NEO would not be eligible for the $12,000 credit to assist in paying for retiree medical costs because the NEO resigned from employment with us.

Early Retirement. A NEO becomes eligible for early retirement by either attaining age 50 or by attaining 70 points via a combination of age plus years of service. Eligibility for early retirement does not guarantee retention of stock awards (lapse of forfeiture restrictions on restricted stock and ability to exercise outstanding options for the remainder of the stated term). Early retirement eligibility is a condition that must be met before the Compensation Committee will consider retention of stock awards upon separation from employment. For example, if a NEO is eligible for early retirement but is leaving us to go to work for a competitor, then the NEO's stock awards would not be considered for retention.

Early Retirement (Without Approval). The following actions will occur for a NEO's various elements of compensation:

- *Severance Pay.* No severance would be paid to the NEO.
- *Annual Performance Pay Plan.* No payment would be made to the NEO under the Performance Pay Plan.

Back to Contents

- *Restricted Stock.* Any restricted stock holdings would be forfeited upon the date of early retirement. Restricted stock holdings information can be found in the Outstanding Equity Awards at Fiscal Year End 2013 table.

- *Stock Options.* The NEO must exercise outstanding, vested options within 30-90 days after the NEO's early retirement or the options will be forfeited as per the terms of the stock option agreements. Any unvested stock options would be forfeited. Stock option information can be found in the Outstanding Equity Awards at Fiscal Year End 2013 table.

- *Performance Units.* The NEO would not be eligible to receive payments under the Performance Unit Program.

- *Nonqualified Plans.* Under all circumstances, the NEO is entitled to any vested benefits under the applicable nonqualified plans as shown in the 2013 Nonqualified Deferred Compensation table. Refer to the *Resignation* section for more information on Nonqualified Plans.

- *Health Benefits.* A NEO that was age 40 or older as of December 31, 2004 and qualifies for early retirement under our health and welfare plans, which requires that the NEO has attained age 55 with ten years of service or that the NEO's age and years of service equals 70 points with a minimum of ten years of service, is eligible for a $12,000 credit toward retiree medical costs incurred prior to age 65. The credit is only applicable if the NEO chooses Halliburton retiree medical coverage. This benefit is amortized as a monthly credit applied to the cost of retiree medical coverage based on the number of months from the time of early retirement to age 65. For example, if a NEO is 10 years or 120 months away from age 65 at the time of the NEO's early retirement, the NEO will receive a monthly credit in the amount of $100 ($12,000/120 months). Should the NEO choose not to elect coverage with Halliburton after the NEO's separation, the NEO would not receive any cash in lieu of the credit.

Early Retirement (With Approval). The following actions will occur for a NEO's various elements of compensation:

- *Severance Pay.* No severance would be paid to the NEO.

- *Annual Performance Pay Plan.* For Messrs. McCollum and Brown, participation is continued for the full year of separation and at the existing participation level at separation; however, any payments are made at the time all other participants receive payment and only if our performance yields a payment under the terms of the plan. These payments usually occur no later than the end of February in the year following the plan year. If Messrs. Lesar, Miller, or Rainey were to retire prior to the end of the plan year for any reason other than death or disability, he would forfeit any payment due under the plan, unless the Compensation Committee determines that the payment should be prorated for the partial plan year.

- *Restricted Stock.* Any stock holdings restrictions would lapse upon the date of early retirement. Restricted stock holdings information can be found in the Outstanding Equity Awards at Fiscal Year End 2013 table.

- *Stock Options.* The NEO will be granted retention of the NEO's option awards. The unvested awards will continue to vest per the vesting schedule outlined in the NEO stock option agreements and any vested options will not expire until 10 years from the grant award date. Stock option information can be found in the Outstanding Equity Awards at Fiscal Year End 2013 table.

- *Performance Units.* The NEO will participate on a pro-rated basis for any Performance Unit Program cycles that have not been completed at the time of the NEO's early retirement. These payments, if earned, are paid out and the NEO would receive payments at the same time as other participants, which is usually no later than March of the year following the close of the cycle.

- *Nonqualified Plans.* Under all circumstances, the NEO is entitled to any vested benefits under the applicable nonqualified plans as shown in the 2013 Nonqualified Deferred Compensation table. Refer to the *Resignation* section for more information on Nonqualified Plans.

- *Health Benefits.* A NEO that was age 40 or older as of December 31, 2004 and qualifies for early retirement under our health and welfare plans is eligible for a $12,000 credit toward retiree medical costs. Refer to the *Early Retirement (Without Approval)* section for more information on Health Benefits.

Normal Retirement. A NEO would be eligible for normal retirement should the NEO cease employment at age 65 or later. The following actions will occur for a NEO's various elements of compensation:

- *Severance Pay.* No severance would be paid to the NEO.

- *Annual Performance Pay Plan.* For Messrs. McCollum and Brown, participation is continued for the full year of separation and at the existing participation level at separation; however, any payments are made at the time all other participants receive payment and only if our performance yields a payment under the terms of the plan. These payments usually occur no later than the end of February in the year following the plan year. If Messrs. Lesar, Miller, or Rainey were to retire prior to the end of the plan year for any reason other than death or disability, he would forfeit any payment due under the plan, unless the Compensation Committee determines that the payment should be prorated for the partial plan year.

- *Restricted Stock.* Any restricted stock holdings would vest upon the date of normal retirement. Restricted stock holdings information can be found in the Outstanding Equity Awards at Fiscal Year End 2013 table.

- *Stock Options.* The NEO will be granted retention of the NEO's outstanding option awards. The unvested awards will continue to vest per the vesting schedule outlined in the NEO's stock option agreements and any vested options will not expire until 10 years from the grant award date. Stock option information can be found in the Outstanding Equity Awards at Fiscal Year End 2013 table.

- *Performance Units.* The NEO will participate on a pro-rated basis for any Performance Unit Program cycles that have not been completed at the time of the NEO's normal retirement. These payments, if earned, are paid out and the NEO would receive payments at the same time as other

participants, which is usually no later than March following the close of the cycle.

- *Nonqualified Plans.* Under all circumstances, the NEO is entitled to any vested benefits under the applicable nonqualified plans as shown in the 2013 Nonqualified Deferred Compensation table. Refer to the *Resignation* section for more information on Nonqualified Plans.

- *Health Benefits.* The NEO would not be eligible for the $12,000 credit as the NEO would be age 65 or older at the time of normal retirement.

Back to Contents

Termination (For Cause). Should we terminate the NEO for cause, such as violating a Code of Business Conduct policy, the following actions will occur for the NEO's various elements of compensation:

- *Severance Pay.* No severance would be paid to the NEO.
- *Annual Performance Pay Plan.* No payment would be paid to the NEO under the Performance Pay Plan.
- *Restricted Stock.* Any restricted stock holdings would be forfeited upon the date of termination. Restricted stock holdings information can be found in the Outstanding Equity Awards at Fiscal Year End 2013 table.
- *Stock Options.* The NEO must exercise outstanding, vested options within 30-90 days after the NEO's termination or the options will be forfeited as per the terms of the stock option agreements. Any unvested stock options would be forfeited. Stock option information can be found in the Outstanding Equity Awards at Fiscal Year End 2013 table.
- *Performance Units.* No payment would be paid to the NEO under the Performance Unit Program.
- *Nonqualified Plans.* Under all circumstances, the NEO is entitled to any vested benefits under the applicable nonqualified plans as shown in the 2013 Nonqualified Deferred Compensation table. Refer to the *Resignation* section for more information on Nonqualified Plans.
- *Health Benefits.* The NEO would not be eligible for the $12,000 credit to assist in paying for retiree medical costs.

Termination (Without Cause). Should a NEO with an employment agreement be terminated without cause by us, such as termination at our convenience, then the provisions of the NEO's employment agreement related to severance payments, annual performance pay plan (if applicable), and lapsing of stock restrictions would apply. In the case of Messrs. McCollum, Brown, Miller, and Rainey, payments for these items are conditioned on a release agreement being executed by the NEO. The following actions will occur for the NEO's various elements of compensation:

- *Severance Pay.* Severance is paid according to terms of the applicable employment agreement. Mr. Lesar's severance multiple is five times base salary at the time of termination. Messrs. McCollum, Brown, Miller, and Rainey would receive severance in the amount of two times base salary at the time of termination. Severance paid under the terms of the employment agreement fully satisfies any and all other claims for severance under our plans or policies.
- *Annual Performance Pay Plan.* For Messrs. McCollum and Brown, participation is continued for the full year of separation and at the existing participation level at separation; however, any payments are made at the time all other participants receive payment and only if our performance yields a payment under the terms of the plan. These payments usually occur no later than the end of February in the year following the plan year. If Messrs. Lesar, Miller, or Rainey were terminated prior to the end of the plan year for any reason other than death or disability, he would forfeit any payment due under the plan, unless the Compensation Committee determines that a payment should be prorated for the partial plan year.
- *Restricted Stock.* For all NEOs, except Messrs. Miller and Rainey, restricted shares under the Stock and Incentive Plan are automatically vested or are forfeited and an equivalent value is paid to the NEO at the Compensation Committee's discretion. Messrs. Miller and Rainey entered into non-compete agreements with us and agreed not to work for a competitor of ours for two years following separation. If they comply with the terms of their agreements, they will receive a single lump sum payment equal to the value of any unvested restricted shares that were forfeited because of termination. Restricted stock holdings information can be found in the Outstanding Equity Awards at Fiscal Year End 2013 table.
- *Stock Options.* If the NEO is eligible for early retirement, then the NEO will be granted retention of the NEO's option awards. The unvested awards will continue to vest per the vesting schedule outlined in the NEO's stock option agreements and any vested options will not expire until 10 years from the grant award date. If the NEO is not eligible for early retirement, then the NEO must exercise outstanding, vested options within 30-90 days after the NEO's termination or the options will be forfeited as per the terms of the stock option agreements. Any unvested stock options would be forfeited. Stock option information can be found in the Outstanding Equity Awards at Fiscal Year End 2013 table.
- *Performance Units.* No payment would be paid to the NEO under the Performance Unit Program.
- *Nonqualified Plans.* Under all circumstances, the NEO is entitled to any vested benefits under the applicable nonqualified plans as shown in the 2013 Nonqualified Deferred Compensation table. Refer to the *Resignation* section for more information on Nonqualified Plans.
- *Health Benefits.* The NEO would not be eligible for the $12,000 credit to assist in paying for retiree medical costs.

Change-in-Control. Should a change-in-control take place, the following actions will occur for a NEO's various elements of compensation:

- *Annual Performance Pay Plan.* In the event of a change-in-control during a plan year, a plan participant is entitled to an immediate cash payment equal to the maximum dollar amount he or she would have been entitled to for the year, pro-rated through the date of the change-in-control. In the event of a change-in-control after the end of a plan year but before the payment date, the plan participant is entitled to an immediate cash payment equal to the incentive earned for the plan year. The employment contracts of Messrs. McCollum and Brown each provide that he is entitled to any amount payable for the year under the Annual Performance Pay Plan in which his employment is terminated, determined as if he had remained employed for the full year. Such amounts shall be paid at the time that similarly situated employees are paid.
- *Restricted Stock.* Restricted shares under the Stock and Incentive Plan are automatically vested. Restricted stock holdings information can be

found in the Outstanding Equity Awards at Fiscal Year End 2013 table.

- *Stock Options.* Any outstanding options shall become immediately vested and fully exercisable by the NEO. Stock option information can be found in the Outstanding Equity Awards at Fiscal Year End 2013 table.
- *Performance Units.* In the event of a change-in-control during a performance cycle, NEOs will be entitled to an immediate cash payment equal to the maximum amount he or she would have been entitled to receive for the performance cycle, pro-rated to the date of the change-in-control. In the event of a change-in-control after the end of a performance cycle but before the payment date, NEOs will be entitled to an immediate cash payment equal to the incentive earned for that performance cycle.

Back to Contents

EQUITY COMPENSATION PLAN INFORMATION

The following table provides certain information, as of December 31, 2013, with respect to our equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	18,060,968	$ 36.57	38,519,680
Equity compensation plans not approved by security holders	—	—	—
TOTAL	**18,060,968**	**$ 36.57**	**38,519,680**

Back to Contents

PROPOSAL NO. 4 STOCKHOLDER PROPOSAL ON HUMAN RIGHTS POLICY

The Sisters of Charity of the Blessed Virgin Mary (the "Sisters"), located at 8 th Day Center, 205 W. Monroe, Suite 5, Chicago, IL 60606, have notified us that they intend to present the resolution set forth below to the Annual Meeting for action by the stockholders. Their supporting statement for the resolution and the Board's statement in opposition are set forth below. As of November 29, 2013, the Sisters beneficially owned 200 shares of our common stock. One other organization is a co-sponsor of this proposal.

We are not responsible for the content of the resolution or supporting statement. The Board recommends a vote **AGAINST** the proposal for the reasons set forth below. Proxies solicited on behalf of the Board will be voted AGAINST this proposal unless stockholders specify a contrary choice in their proxies. The Sisters' proposal is as follows:

"RESOLVED, that shareholders of Halliburton Company ("Halliburton") urge the Board of Directors to report to shareholders, at reasonable cost and omitting proprietary information, on Halliburton's process for identifying and analyzing potential and actual human rights risks of Halliburton's operations and supply chain (referred to herein as a "human rights risk assessment") addressing the following:

- Human rights principles used to frame the assessment
- Frequency of assessment
- Methodology used to track and measure performance
- Nature and extent of consultation with relevant stakeholders in connection with the assessment
- How the results of the assessment are incorporated into company policies and decision making

The report should be made available to shareholders on Halliburton's website no later than October 31, 2014.

SUPPORTING STATEMENT, As long-term shareholders, we favor policies and practices protecting and enhancing the value of our investments. There is increasing recognition that company risks related to human rights violations, such as litigation, reputational damage, and project delays and disruptions, can adversely affect shareholder value. Investors need full disclosure of such risks to be able to take them into account when making investment decisions.

Halliburton, like many other companies, has adopted a code of conduct addressing human rights issues. (Human Rights Policy Statement, http://www.halliburton.com/en-US/about-us/corporate-governance/halliburton-human-rights.page?node-id=hgeyxt6w .) But adoption of principles is only the first step. Companies must also assess the risks to shareholder value posed by human rights practices in their operations and supply chain in order to effectively translate principles into protective practices.

The importance of human rights risk assessment is reflected in the United Nations Guiding Principles on Business and Human Rights (the "Ruggie Principles") approved by the UN Human Rights Council in 2011. The Ruggie Principles urge that "business enterprises should carry out human rights due diligence ... assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed." (http://www.business-humanrights.org/media/documents/ruggie/ruggie-guiding-principles-21-mar-2011.pdf)

Halliburton's business—providing products and services to companies, including national or state-owned oil companies ("NOCs"), that explore, develop and produce oil and natural gas—exposes the company to significant human rights risks. As Halliburton admitted in its most recent 10-K, "NOCs often operate in countries with unsettled political conditions, war, civil unrest, or other types of community issues. These types of issues may also result in similar cost overruns, delays, and project losses." (10-K for 2012, at 12) Halliburton does business in areas and countries like Middle East, North Africa, Azerbaijan, Colombia, Nigeria and Russia, where human rights abuses have occurred. (*See id.* at 9).

Halliburton has also been embroiled in human rights controversies. For example, Halliburton subsidiary KBR has faced federal charges of knowingly violating the Trafficking Victims Protection Act for labor trafficking in Iraq. Human rights risk assessment and reporting would help companies to identify and mitigate such risks and shareholders to understand their potential effect on shareholder value.

We urge support for this proposal."

The Board of Directors recommends a vote AGAINST this proposal.
Our statement in opposition is as follows:

We have adopted policies and practices that support and promote the legal and ethical treatment of our employees, customers, contractors, and suppliers. Also, we have created a network of reporting options to allow our employees and third parties to report any suspected or real violation of our policies, practices or law. As an additional level of protection, we have an audit program that reviews our business and employment activities on a regular basis. Furthermore, we have adopted a policy statement on human rights, which is set forth below and is included in our Corporate Sustainability Report that details our commitment to human rights. The policy statement and the report can be found on our website at *www.halliburton.com*.

Halliburton Human Rights Policy Statement:

Halliburton operates in approximately 80 countries around the world, with stockholders, customers, suppliers, and employees that represent virtually every race, national origin, religion, culture, custom, political philosophy, and language. This diversity embodies Halliburton’s belief in the dignity, human rights, and personal aspirations of all people as the foundation of our culture of business excellence.

Halliburton and its board of directors support universal human rights as defined by the United Nations Universal Declaration of Human Rights. We respect the sovereignty of governments throughout the world and we believe it is the primary responsibility of local government to safeguard and protect the basic human rights of their citizens.

We have historically demonstrated our commitment to human dignity, human rights, and fairness in our employment practices, non-discrimination policies, minimum age requirements, fair compensation policies, and our policies on health, safety, and security for our employees. Halliburton clearly communicates its support for these issues in our Code of Business Conduct.

Our Code, business values, and culture reflect a fundamental respect for human rights and freedoms. Halliburton supports these beliefs and core values by requiring compliance with laws, regulations, and customs in all locations where we do business. However, we also expect our employees to abide by both the letter and spirit of our Code of Business Conduct and other Company policies and processes, in all of their business activities. To ensure compliance with these standards of conduct, we provide training and conduct audits, and we make available various avenues for reporting violations, including our Ethics Helpline.

We believe that our policy statement, coupled with our continuing efforts to maintain and enforce these policies through our Code of Business Conduct, are sufficient and that further assessment and reporting are not appropriate.

The Board of Directors recommends a vote AGAINST the Sisters' proposal. Proxies solicited by the Board of Directors will be voted against the proposal unless instructed otherwise.

ADDITIONAL INFORMATION

Involvement in Certain Legal Proceedings

There are no legal proceedings to which any of our Directors, or executive officers, or any associate of any of our Directors or executive officers, is a party adverse to us or has a material interest adverse to us.

Advance Notice Procedures

Under our By-laws, no business, including nominations of a person for election as a director, may be brought before an Annual Meeting unless it is specified in the notice of the Annual Meeting or is otherwise brought before the Annual Meeting by or at the direction of the Board or by a stockholder who meets the requirements specified in our By-laws and has delivered notice to us (containing the information specified in the By-laws). To be timely, a stockholder's notice for matters to be brought before the Annual Meeting of Stockholders in 2015 must be delivered to or mailed and received at our principal executive office specified on page 2 of this proxy statement not less than 90 days nor more than 120 days prior to the anniversary date of the 2014 Annual Meeting of Stockholders, or no later than February 20, 2015 and no earlier than January 21, 2015. These requirements are separate from and in addition to the SEC's requirements that a stockholder must meet in order to have a stockholder proposal included in our proxy statement. This advance notice requirement does not preclude discussion by any stockholder of any business properly brought before the Annual Meeting in accordance with these procedures.

Proxy Solicitation Costs

We are soliciting the proxies accompanying this proxy statement, and we will bear the cost of soliciting those proxies. We have retained Georgeson Inc. to aid in the solicitation of proxies. For these services, we will pay Georgeson a fee of $14,000 and reimburse it for out-of-pocket disbursements and expenses. Our officers and employees may solicit proxies personally and by telephone or other telecommunications with some stockholders if proxies are not received promptly. We will, upon request, reimburse banks, brokers, and others for their reasonable expenses in forwarding proxies and proxy materials to beneficial owners of our stock.

Stockholder Proposals for the 2015 Annual Meeting

Stockholders interested in submitting a proposal for inclusion in the proxy materials for the Annual Meeting of Stockholders in 2015 may do so by following the procedures prescribed in SEC Rule 14a-8. To be eligible for inclusion, stockholder proposals must be received by our Vice President and Corporate Secretary at 3000 N. Sam Houston Parkway East, Administration Building, Houston, TX 77032, no later than December 9, 2014. The 2015 Annual Meeting will be held on May 20, 2015.

Back to Contents

OTHER MATTERS

As of the date of this proxy statement, we know of no business that will be presented for consideration at the Annual Meeting other than the matters described in this proxy statement. If any other matters should properly come before the Annual Meeting for action by stockholders, it is intended that proxies will be voted on those matters in accordance with the judgment of the person or persons voting the proxies.

By Authority of the Board of Directors,

Christina M. Ibrahim
Vice President and Corporate Secretary
April 8, 2014

Back to Contents

APPENDIX A

Corporate Governance Guidelines

Revised effective as of January 1, 2013

The Board of Directors has adopted these Guidelines to assist it in the exercise of its responsibilities. These Guidelines are reviewed annually by the Nominating and Corporate Governance Committee and revised as appropriate.

The Board believes that the primary responsibility of the Directors is to provide effective governance over Halliburton's affairs for the benefit of its stockholders. That responsibility includes:

A. Evaluate the performance of the Chief Executive Officer and take appropriate action, including removal, when warranted. Specifically:

   1. In an executive session, each year, the Lead Director shall facilitate the discussion of the non-management Directors to evaluate the performance of the Chief Executive Officer. In evaluating the Chief Executive Officer, the non-management Directors shall consider the Chief Executive Officer's performance in both qualitative and quantitative areas, including:

      a. Leadership and vision;

      b. Integrity;

      c. Keeping the Board informed on matters affecting Halliburton and its operating units;

      d. Performance of the business (including such measurements as total stockholder return and achievement of financial objectives and goals);

      e. Development and implementation of initiatives to provide long-term economic benefits to Halliburton;

      f. Accomplishment of strategic objectives; and

      g. Development of management.

      The Lead Director will communicate the evaluation to the Chief Executive Officer.

      While the Lead Director communicates the evaluation to the Chief Executive Officer, the Compensation Committee meets in an independent session to review the performance evaluation of the Chief Executive Officer and the market study conducted by an independent, outside compensation consultant. Based upon such review, the Compensation Committee will generate the Chief Executive Officer's compensation recommendation for the upcoming fiscal year. The Compensation Committee will then present its recommendation to the non-management Directors when they reconvene in an executive session.

   2. The non-management Directors will set the Chief Executive Officer's compensation for the next year based upon the recommendation from the Compensation Committee.

B. Select, evaluate, and set the compensation of executive management of Halliburton.

C. Annually review and evaluate the succession plans and management development programs for all members of executive management, including the Chief Executive Officer. Specifically, the Board will oversee a Chief Executive Officer succession management process, which will:

   1. Develop criteria for the CEO position that reflects Halliburton's business strategy;

   2. Utilize a formal assessment process to evaluate CEO candidates;

   3. Identify and develop internal candidates for the CEO position;

   4. Ensure non-emergency CEO planning at least three (3) years before an expected transition; and

   5. Develop and maintain an emergency CEO succession plan.

D. Conduct periodic reviews of and approve strategic and business plans, and monitor corporate performance against such plans.

E. Review:

   1. Applicable laws and regulations, including periodic updates from management provided to the Health, Safety and Environment

Committee regarding health, safety and environmental laws and regulations applicable to Halliburton's major areas of operation;

2. Updates from management, which shall be provided at least once per year, regarding any political contributions made by Halliburton to U.S. local, state and federal government officials who oversee or regulate Halliburton's operations, including any expenditures on lobbyists and political action committees, and any contributions to U.S. trade organizations;

3. Maintenance of accounting, financial, disclosure and other controls;

4. Adequacy of compliance systems and controls;

5. Policies to govern corporate conduct and compliance, and adopt the same; and

6. Matters of corporate governance.

F. Conduct an annual evaluation of the overall effectiveness of the Board.

Back to Contents

Board Structure

A. **Chairman of the Board and Chief Executive Officer:** The Board believes that, under normal circumstances, the Chief Executive Officer should also serve as the Chairman of the Board. The Chairman of the Board and Chief Executive Officer is responsible to stockholders for the overall management and functioning of Halliburton. Notwithstanding the foregoing, on an annual basis the Board will consider whether it is appropriate that the Chairman of the Board and the Chief Executive Officer be the same individual and, if it determines that it is no longer appropriate, will take the necessary steps to have a different individual appointed to each of the positions.

B. **Lead Director:** If the offices of Chairman of the Board and Chief Executive Officer are held by the same person, the independent members of the Board will, after considering the recommendation of the Nominating and Corporate Governance Committee, annually elect an independent Director to serve in a lead capacity. Although elected annually, the Lead Independent Director is generally expected to serve for more than one year. The Lead Director of the Board shall preside at each executive session of the non-management Directors and each executive session of the independent Directors and, in his or her absence, the independent Directors shall select one of their number to preside. The Lead Director is responsible for periodically scheduling and conducting separate meetings and coordinating the activities of the non-management and independent Directors, providing input into and approving agendas for Board meetings and performing various other duties as may be appropriate, including advising the Chairman of the Board.

C. **Director Independence:** The Nominating and Corporate Governance Committee will review the definition of independence and compliance with these guidelines periodically.

1. At least three-fourths of the members of the Board shall be independent Directors. In order to be independent, a Director cannot have a material relationship with the Company. A Director will not be considered independent if he or she:

    a) Is or has been employed by the Company or any of its affiliates in the preceding five calendar years, or any member of the Director’s immediate family has been employed as an Executive Officer of the Company or any of its affiliates in the preceding five calendar years;

    b) Has received in the current calendar year, in any of the immediately preceding three calendar years or during any twelve-month period within the last three years, more than $120,000 in direct compensation or personal remuneration from the Company, other than director’s fees, committee fees and pension or other forms of deferred compensation for prior service as a Director (provided such compensation is not contingent in any way on continued service);

    c) Has an immediate family member who has received during any twelve-month period within the last three years, more than $120,000 in direct compensation or personal remuneration from the Company, other than director’s fees, committee fees and pension or other forms of deferred compensation for prior service as a Director (provided such compensation is not contingent in any way on continued service);

    d) (i) is a current partner or employee of the Company’s external auditor or (ii) during the past three years, was a partner or employee of the Company’s external auditor and personally worked on the Company’s audit within that time;

    e) Has an immediate family member who (i) is a current partner of the Company’s external auditor, (ii) is a current employee of the Company’s external auditor and personally works on the Company’s audit or (iii) during the past three years, was a partner or employee of the Company’s external auditor and personally worked on the Company’s audit within that time;

    f) Is a partner, member or officer of, or employed in a similar position with, any entity that provides accounting, consulting, legal, investment banking or financial advisory services to the Company for which such entity receives payments from the Company in excess of $120,000 per year; provided that this provision does not apply to a Director who is a limited partner or non-managing member of, or is employed in a similar position with, such entity and has no active role in providing such services to the Company;

    g) Is a current employee, or has an immediate family member who is a current executive officer, of an entity that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other entity’s consolidated gross revenues;

    h) Is or has been within the preceding three years part of an interlocking directorate in which the Chief Executive Officer or another Executive Officer of the Company serves on the compensation committee of another entity that employs the Director, or an immediate family member of the Director, as an Executive Officer;

    i) Is or has an immediate family member who is currently a party to one or more personal services contract(s) with the Company or any Executive Officer of the Company that provides in the aggregate for payments to the Director or immediate family member in excess of $120,000 per year;

    j) Serves or has an immediate family member who serves as an executive officer of any tax-exempt entity that has received the greater of 1% of such tax-exempt entity’s consolidated gross revenues or $120,000 from the Company in any of the three immediately preceding fiscal years; or

    k) During the current calendar year or any of the three immediately preceding calendar years, has had any other business relationship with the Company for which the Company has been required to make disclosure under Item 404(a) of Regulation S-K of the Securities and Exchange Commission; provided, however, that this Section C.1.k shall not apply if such relationship arose in connection with such Director’s status as a past or current senior executive of a company in the oil and gas industry and such Director satisfies the independence tests set forth above and any other then-current applicable regulatory standards for independence.

Back to Contents

2. All Directors complete independence questionnaires at least annually and the Board makes determinations of the independence of its members.

3. For purposes of the foregoing Section C:

   a) "affiliate" means any individual or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company;

   b) "Company" means Halliburton and includes any parent or subsidiary in a consolidated group with Halliburton;

   c) "Executive Officer" has the meaning given to "officer" in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended; and

   d) "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who shares such person's home. For purposes of the look-back provision in Sections C.1.a, C.1.c, C.1.e and C.1.i above, "immediate family member" will not include individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated.

D. **Management Directors:** The Board believes that management Directors should number not more than two (2). While this number is not an absolute limitation, other than the Chief Executive Officer, who should at all times be a member of the Board, management Directors should be limited only to those officers whose positions or potential make it appropriate for them to sit on the Board.

E. **Size of the Board:** The Board believes that, optimally, the Board should number between ten (10) and fourteen (14) members. Halliburton's By-laws prescribe that the number of Directors will not be less than eight (8) nor more than twenty (20).

F. **Service of Former CEOs and Other Former Management on the Board:** Management Directors shall retire from the Board at the time of their retirement as an employee unless continued service as a Director is requested and approved by the Board.

G. **Annual Election of All Directors:** As provided in Halliburton's By-laws, all Directors are elected annually by the majority of votes cast, unless the number of nominees exceeds the number of Directors to be elected, in which event the Directors shall be elected by a plurality vote. Should a Director's principal title change during the year, he or she must submit a letter of Board resignation to the Chairman of the Nominating and Corporate Governance Committee who, with the full Committee, shall have the discretion to accept or reject the resignation.

H. **Process for the Selection of New Directors:** The Board is responsible for filling Board vacancies that may occur between annual meetings of stockholders. The Board has delegated to the Nominating and Corporate Governance Committee the duty of selecting and recommending prospective nominees to the Board for approval. The Nominating and Corporate Governance Committee considers suggestions of candidates for Board membership made by current Committee and Board members, Halliburton management, and stockholders. The Committee may retain an independent executive search firm to identify candidates for consideration.

   A stockholder who wishes to recommend a prospective candidate should notify Halliburton's Corporate Secretary, as described in Halliburton's annual proxy statement. The Nominating and Corporate Governance Committee also considers whether to nominate persons put forward by stockholders pursuant to Halliburton's By-laws relating to stockholder nominations. For each individual nominated in accordance with Halliburton's By-laws by a stockholder owning at least 1% of the issued and outstanding voting stock of Halliburton, the Corporate Secretary will (i) obtain from such nominee any additional relevant information the nominee wishes to provide in consideration of his or her nomination, (ii) report on each such nominee to the Nominating and Corporate Governance Committee and (iii) facilitate having each such nominee meet with the Nominating and Corporate Governance Committee as the Committee deems appropriate.

   When it is necessary to add a Director to the Board, the Nominating and Corporate Governance Committee, in consultation with the Board, determines the specific criteria for a new Director candidate. After the Nominating and Corporate Governance Committee identifies a prospective candidate, the Committee determines the appropriate method to evaluate the candidate. This determination is based on the information provided to the Committee by the person recommending the prospective candidate and the Committee's knowledge of the candidate. This information may be supplemented by inquiries to the person who made the recommendation or to others. The preliminary determination is based on the need for additional Board members to fill vacancies or to expand the size of the Board, and the likelihood that the candidate will meet the Board membership criteria listed in Section I below. The Committee will determine, after discussion with the Chairman of the Board and other Board members, whether a candidate should continue to be considered as a potential nominee. If a candidate warrants additional consideration, the Committee may request an independent executive search firm to gather additional information about the candidate's background, experience and reputation, and to report its findings to the Committee. The Committee then evaluates the candidate and determines whether to interview the candidate. One or more members of the Committee and others as appropriate perform candidate interviews. Once the evaluation and interviews are completed, the Committee recommends to the Board which candidates should be nominated. The Board makes a determination of nominees after review of the recommendation and the Committee's report.

I. **Board Membership Criteria:** Directors and nominees should possess the following qualifications:

1. Personal characteristics:

   a) High personal and professional ethics, integrity and values;

   b) An inquiring and independent mind; and

c) Practical wisdom and mature judgment.

2. Broad training and experience at the policy-making level in business, government, education or technology.

3. Expertise that is useful to Halliburton and complementary to the background and experience of other Board members, so that an optimum balance of members on the Board can be achieved and maintained.

Back to Contents

4. Willingness to devote the required amount of time to carrying out the duties and responsibilities of Board membership.
5. Commitment to serve on the Board for several years to develop knowledge about Halliburton's principal operations.
6. Willingness to represent the best interests of all Halliburton stockholders and objectively appraise management performance.
7. Involvement only in activities or interests that do not create a conflict with the Director's responsibilities to Halliburton and its stockholders.

The Board evaluates nominees annually for election and reelection, and on an as-needed basis to fill vacancies, to ensure they meet the above criteria. The findings of the reviews and self-assessments conducted in accordance with Sections J and K below will be taken into consideration by the Nominating and Corporate Governance Committee and by the Board in connection with the decision as to who should be nominated for election and reelection.

J. **Annual Performance Review:** The Nominating and Corporate Governance Committee will conduct annual performance reviews of each non-management Director. While the Nominating and Corporate Governance Committee will be responsible for determining how to evaluate director performance, each evaluation will include a review of the non-management Director's:

1. Attendance and participation;
2. Changes in independence;
3. Changes in qualifications, including expertise;
4. Changes in status relating to principal occupation; and
5. Other contributions to the Board and its committees.

The Nominating and Corporate Governance Committee will review each evaluation and, if appropriate, discuss the evaluation with the applicable non-management Director.

K. **Annual Review of Board Composition; Self-Assessment:** The Nominating and Corporate Governance Committee will conduct an annual review of the overall composition profile of the Board to determine whether the then-current non-management Directors collectively represent an appropriate mix of experience and expertise. One or more members of the Board shall have significant experience with an energy-focused company, with a manufacturing company in the chemical, energy or materials industry, or in matters relating to health, safety and the environment. In addition, the non-management Directors will conduct an annual self-assessment of the Board, including assessments of the following:

1. General makeup and composition of the Board;
2. Sufficiency of materials and information provided to the Board;
3. Board meeting mechanics and structure;
4. Board responsibilities and accountability; and
5. Board meeting content and conduct.

L. **Service on Other Public Company Boards:** (1) The Chief Executive Officer will not serve on the boards of directors of more than a total of two publicly traded companies in addition to Halliburton, and (2) no other Director will serve on the boards of directors of more than three publicly traded companies in addition to Halliburton, provided, however, that any such other Director may serve on boards of directors of additional companies if that Director served on such boards of directors at the time of the Director's election to Halliburton's Board and that Director undertakes not to stand for reelection or appointment to the boards of directors of those additional companies. In evaluating prospective nominees for the Board and the continued service of current Directors, the Nominating and Corporate Governance Committee will take into consideration the individual's membership on the boards of directors of other companies in order to ensure that such individual's service on such other boards of directors does not impair the individual's ability to devote sufficient time and commitment to serve effectively as a Halliburton Director.

M. **Diversity:** The Nominating and Corporate Governance Committee is responsible for assessing the appropriate mix of skills and characteristics required of Board members in the context of the needs of the Board at a given point in time and shall periodically review and update the criteria as deemed necessary. Personal experience and background, race, gender, age and nationality are reviewed for the Board as a whole, and diversity in these factors may be taken into account in considering individual candidates.

N. **Director Tenure:** The Nominating and Corporate Governance Committee, in consultation with the Chief Executive Officer, will perform an annual review of each Director's continuation on the Board in making its recommendation to the Board concerning his or her nomination for election or reelection as a Director. As a condition to being nominated by the Board for continued service as a Director, each incumbent Director nominee shall sign and deliver to the Board irrevocable letters of resignation, in forms satisfactory to the Board. The first resignation letter is limited to and conditioned on that Director failing to achieve a majority of the votes cast at an election where Directors are elected by majority vote. For any Director nominee who fails to be elected by a majority of votes cast, where Directors are elected by majority vote, his or her irrevocable letter of resignation will be deemed tendered on the date the election results are certified. Such resignation shall only be effective upon acceptance by the Board. The second resignation letter is limited to and conditioned on the Director being found to have

substantially participated in a significant violation of U.S. federal or state law or to have recklessly disregarded his or her duty to exercise reasonable oversight, as more fully described in Halliburton's By-laws. Such resignation shall only be effective upon acceptance by the disinterested members of the Board. Each non-incumbent Director nominee shall agree upon his or her election as a Director to sign and deliver to the Board such irrevocable letters of resignation. Further, the Board shall fill vacancies and new directorships only with candidates who agree to tender the letters of resignation as described above, promptly following their appointment as a Director. The Board's expectation is that any Director whose resignation has been tendered as described in this section will abstain from participation in both the Nominating and Corporate Governance Committee's consideration of the resignation, if they are a member of that committee, and the Board's decision regarding the resignation. There are no term limits on Directors' service, other than mandatory retirement.

Back to Contents

O. **Director Compensation Review:** It is appropriate for executive management of Halliburton, assisted by an independent compensation consultant, to report periodically to the Nominating and Corporate Governance Committee on the status of Halliburton's Director compensation practices in relation to other companies of comparable size and Halliburton's competitors.

P. **Form and Amount of Director Compensation:** The Nominating and Corporate Governance Committee annually reviews the competitiveness of Halliburton's Director compensation practices. In doing so, the Committee, with the assistance of an independent compensation consultant, compares Halliburton's practices with those of its comparator group, which includes both peer and general industry companies. Specific components reviewed include cash compensation, equity compensation, benefits and perquisites. Information is gathered directly from published proxy statements of comparator group companies. Additionally, the Committee utilizes external market data gathered from a variety of survey sources to serve as a reference point against a broader group of companies. Determinations as to the form and amount of Director compensation are based on Halliburton's competitive position resulting from this review.

Q. **Changes to Director Compensation:** Changes in Director compensation, if any, should come upon the recommendation of the Nominating and Corporate Governance Committee, but with full discussion and concurrence by the Board.

R. **Annual Meeting Attendance:** It is the policy of the Board that all Directors attend the Annual Meeting of Stockholders, and Halliburton's annual proxy statement shall state the number of Directors who attended the prior year's Annual Meeting.

S. **Director Retirement:** It is the policy of the Board that each non-management Director shall retire from the Board immediately prior to the annual meeting of stockholders following his or her seventy-second (72nd) birthday. Management Directors shall retire at the time of their retirement from employment with Halliburton unless the Board approves continued service as a Director.

Operation of the Board Meetings

A. **Executive Sessions:** During each regular Board meeting, the non-management Directors meet in scheduled executive sessions presided over by the Lead Director. During any year, if there exists a non-management Director who is not independent, the independent Directors will meet in at least one executive session presided over by the Lead Director.

B. **Frequency of Board Meetings:** The Board has five regularly scheduled meetings per year. Special meetings are called as necessary. It is the responsibility of the Directors to attend the meetings.

C. **Attendance of Non-Directors at Board Meetings:** The Chief Financial Officer and the General Counsel will be present during Board meetings, except where there is a specific reason for one or both of them to be excluded. In addition, the Chairman of the Board may invite one or more members of management to be in regular attendance at Board meetings and may include other officers and employees from time to time as appropriate to the circumstances.

D. **Board Access to Management:** Directors have open access to Halliburton's management. In addition, members of Halliburton's executive management routinely attend Board and Committee meetings and they and other managers frequently brief the Board and the Committees on particular topics. The Board encourages executive management to bring managers into Board or Committee meetings and other scheduled events who (i) can provide additional insight into matters being considered or (ii) represent managers with future potential whom executive management believe should be given exposure to the members of the Board.

E. **Board Access to Independent Advisors:** The Board has the authority to retain, set terms of engagement, and dismiss such independent advisors, including legal counsel or other experts, as it deems appropriate, and to approve the fees and expenses of such advisors.

F. **Conflicts of Interest:** If an actual or potential conflict of interest develops because of significant dealings or competition between Halliburton and a business with which the Director is affiliated, the Director should report the matter immediately to the Chairman of the Board for evaluation by the Board. In the case of a significant conflict, the conflict must be resolved or the Director should resign. If a Director has a personal interest in a matter before the Board, the Director shall disclose the interest to the full Board and excuse him or herself from participation in the discussion and shall not vote on the matter.

G. **Strategic and Business Planning:** Strategic and business plans will be reviewed annually at one of the Board's regularly scheduled meetings.

H. **Agenda Items for Board Meetings:** The Chairman of the Board and Chief Executive Officer prepares a draft agenda for each Board meeting and the agenda and meeting schedule are submitted to the Lead Director for approval. The other Board members may suggest items for inclusion on the agenda, and each Director may also raise, at any Board meeting, subjects that are not on the agenda.

I. **Board/Committee Forward Calendars:** A forward calendar of matters requiring recurring and focused attention by the Board and each Committee will be prepared and distributed prior to the beginning of each calendar year in order to ensure that all required actions are taken in a timely manner and are given adequate consideration. The Board or Committee shall annually review the recurring events calendars and may change or revise them as deemed appropriate.

J. **Advance Review of Meeting Materials:** In advance of each Board or Committee meeting, a proposed agenda will be distributed to each Director. In addition, to the extent feasible or appropriate, information and data important to the Directors' understanding of the matters to be considered, including background summaries and presentations to be made at the meeting, will be distributed in advance of the meeting. The Lead Director advises management on and approves information distributed to the Directors. Directors also routinely receive monthly financial statements, earnings reports, press releases, analyst reports and other information designed to keep them informed of the material aspects of Halliburton's business, performance and prospects. It is each Director's responsibility to review the meeting materials and other information provided by Halliburton.

Back to Contents

Committees of the Board

A. **Number and Types of Committees:** A substantial portion of the analysis and work of the Board is done by standing Board Committees. A Director is expected to participate actively in the meetings of each Committee to which he or she is appointed.

B. **Standing Committees:** The Board has established the following standing Committees: Audit, Compensation, Health, Safety and Environment, and Nominating and Corporate Governance. Each Committee's charter is to be reviewed annually by the Committee and the Board.

C. **Composition of Committees:** It is the policy of the Board that only non-management Directors serve on Board Committees. Further, only independent Directors serve on the Audit, the Compensation, the Nominating and Corporate Governance and the Health, Safety and Environment Committees, provided that the Directors may appoint one non-independent Director as a member (but not as the Chairman) of the Health, Safety and Environment Committee as they deem appropriate.

D. **Interlocking Directorates:** A Director who is or has been within the preceding three years part of an interlocking directorate (*i.e.*, one in which the Chief Executive Officer or another Halliburton officer serves on the compensation committee of another entity that employs the Director, or an immediately family member of the Director) may not serve on the Compensation Committee. The composition of the Board Committees will be reviewed annually to ensure that each of its members meet the criteria set forth in applicable SEC, NYSE, and IRS rules and regulations.

E. **Committee Rotation:** The Nominating and Corporate Governance Committee, in consultation with the Chief Executive Officer, recommends annually to the Board the membership of the various Committees and their Chairmen, and the Board approves the Committee assignments. In making its recommendations to the Board, the Nominating and Corporate Governance Committee takes into consideration the need for continuity, subject matter expertise, applicable SEC, IRS, or NYSE requirements, tenure and the desires of individual Board members.

F. **Frequency and Length of Committee Meetings:** Each Committee shall meet as frequently and for such length of time as may be required to carry out its assigned duties and responsibilities. The schedule for regular meetings of the Board and Committees for each year is submitted and approved by the Board in advance. In addition, the Chairman of a Committee may call a special meeting at any time if deemed advisable.

G. **Committee Agendas/Reports to the Board:** Members of management and staff will prepare draft agenda and related background information for each Committee meeting which, to the extent desired by the relevant Committee Chairman, will be reviewed and approved by the Committee Chairman in advance of distribution to the other members of the Committee. A forward calendar of recurring topics to be discussed during the year will be prepared for each Committee and furnished to all Directors. Each Committee member is free to suggest items for inclusion on the agenda and to raise at any Committee meeting subjects that are not on the agenda for that meeting.

   Reports on each Committee meeting are made to the full Board. All Directors are furnished copies of each Committee's minutes.

Other Board Practices

A. **Non-Management Director Orientation and Continuing Education:** An orientation program has been developed for new non-management Directors which includes: comprehensive information about Halliburton's business and operations; general information about the Board and its Committees, including a summary of Director compensation and benefits; and a review of Director duties and responsibilities. Each non-management Director is required to annually attend at least six hours (or such greater number of hours as best practices suggest are appropriate) of external or internal director continuing education programs, conferences or similar presentations approved (whether before or after the non- management Director's participation) by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee and management shall identify and communicate external and internal training and educational opportunities for non-management Directors' continuing education in areas of importance to Halliburton, including with respect to duties and responsibilities of directors of publicly traded companies, provided that at least two hours of continuing education shall be devoted to issues relating to health, safety and the environment. Halliburton will provide sufficient internal continuing education programs for the non-management Directors to meet this requirement. Attendance at any approved external program shall count for the requirement, but any associated expenses will be for the account of the individual non-management Director except with prior approval by the Audit Committee.

B. **Board Interaction with Institutional Investors and Other Stakeholders:** The Board believes that it is executive management's responsibility to speak for Halliburton. Individual Board members may, from time to time, meet or otherwise communicate with outside constituencies that are involved with Halliburton. In those instances, however, it is expected that Directors will do so only with the knowledge of executive management and, absent unusual circumstances, only at the request of executive management.

C. **Stockholder Communications with Directors:** To foster better communication with Halliburton's stockholders, Halliburton established a process for stockholders to communicate with the Audit Committee and the Board. The process has been approved by both the Audit Committee and the Board, and meets the requirements of the NYSE and the SEC. The methods of communication with the Board include mail (Board of Directors c/o Director of Business Conduct, Halliburton Company, P. O. Box 42806, Houston, Texas 77242, USA), a dedicated telephone number (888-312-2692 or 770-613-6348) and an e-mail address (BoardofDirectors@halliburton.com). Information regarding these methods of communication is also on Halliburton's website, www.halliburton.com, under "Corporate Governance."

   Halliburton's Director of Business Conduct, a Company employee, reviews all stockholder communications directed to the Audit Committee and the Board. The Chairman of the Audit Committee is promptly notified of any significant communication involving accounting, internal accounting controls, or auditing matters.

The Lead Director is promptly notified of any other significant stockholder communications and communications addressed to a named Director are promptly sent to the Director. A report summarizing all communications is sent to each Director quarterly and copies of communications are available for review by any Director.

D. **Core Values:** The Board Is committed to promoting Halliburton's core values.

E. **Periodic Review of these Guidelines:** The operation of the Board is a dynamic and evolving process. Accordingly, the Nominating and Corporate Governance Committee will review these Guidelines periodically and any recommended revisions will be submitted to the full Board for consideration and approval.

Approved as revised:
Halliburton Company
Board of Directors
December 6, 2012
Supersedes previous version dated March 20, 2010

Back to Contents

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Back to Contents

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Back to Contents

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Back to Contents

DIRECTIONS TO THE HALLIBURTON ANNUAL MEETING OF STOCKHOLDERS

The Halliburton North Belt Facility is located on the North Sam Houston Parkway (Beltway 8 Tollway) south feeder between Aldine Westfield and JFK Boulevard.

3000 N. Sam Houston Parkway East
Houston, Texas 77032
281-871-4000

From I45	**From 59 and IAH**
Take the Sam Houston Parkway East Exit Aldine Westfield	Take the Sam Houston Parkway West Exit Aldine Westfield “U-Turn” at Aldine Westfield and proceed east on the Sam Houston Parkway feeder

The main entrance to the North Belt facility will be on your right, about halfway between Aldine Westfield and JFK Blvd.

HALLIBURTON

IMPORTANT ANNUAL MEETING INFORMATION

Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Eastern Standard Time, on May 21, 2014

Vote by Internet

- Go to **www.envisionreports.com/HAL**
- Or scan the QR code with your smartphone
- Follow the steps outlined on the secure website

Vote by telephone

- Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone
- Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

Annual Meeting Proxy Card

▼ **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** ▼

A Proposals — The Board of Directors recommends a vote "FOR" the listed nominees and "FOR" Proposals 2 and 3, and "AGAINST" Proposal 4.

1. Election of Directors:

	For	Against	Abstain		For	Against	Abstain		For	Against	Abstain
01 - A.M. Bennett	☐	☐	☐	02 - J.R. Boyd	☐	☐	☐	03 - M. Carroll	☐	☐	☐
04 - N.K. Dicciani	☐	☐	☐	05 - M.S. Gerber	☐	☐	☐	06 - J.C. Grubisich	☐	☐	☐
07 - A.S. Jum'ah	☐	☐	☐	08 - D.J. Lesar	☐	☐	☐	09 - R.A. Malone	☐	☐	☐
10 - J.L. Martin	☐	☐	☐	11 - D.L. Reed	☐	☐	☐				

	For	Against	Abstain		For	Against	Abstain
2. Proposal for Ratification of the Selection of Auditors.	☐	☐	☐	3. Advisory Approval of the Company's Executive Compensation.	☐	☐	☐
4. Proposal on Human Rights Policy.	☐	☐	☐				

5. IN THEIR DISCRETION, UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING.

B Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below

NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Date (mm/dd/yyyy) — Please print date below.	Signature 1 — Please keep signature within the box.	Signature 2 — Please keep signature within the box.
/ /		

1 U P X

01SBOB

Important notice regarding the Internet Availability of Proxy Materials for the Annual Meeting of Stockholders.
The Proxy Statement and the 2013 Annual Report on Form 10-K are available at: **www.edocumentview.com/HAL**

▼ IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

HALLIBURTON

Proxy — Halliburton Company

PROXY FOR 2014 ANNUAL MEETING OF STOCKHOLDERS
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints D. J. Lesar, R. L. Voyles, and C. M. Ibrahim, and any of them, proxies or proxy with full power of substitution and revocation as to each of them, to represent the undersigned and to act and vote, with all powers which the undersigned would possess if personally present, at the Annual Meeting of Stockholders of Halliburton Company to be held at 3000 N. Sam Houston Parkway East, Life Center - Auditorium, Houston, Texas 77032, on Wednesday, May 21, 2014, on the following matters and in their discretion on any other matters which may come before the meeting or any adjournments thereof. Receipt of Notice-Proxy Statement dated April 8, 2014, is acknowledged.

This proxy when properly executed will be voted in the manner directed herein by the undersigned. In the absence of such direction the proxy will be voted FOR the nominees listed in Proposal 1, FOR Proposals 2 and 3, and AGAINST Proposal 4.

(Continued and to be marked, dated and signed, on the other side)

C Non-Voting Items

Change of Address — Please print your new address below.

Comments — Please print your comments below.

Meeting Attendance
Mark the box to the right if you plan to attend the Annual Meeting. ☐

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, 2014

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 18, 2014, 844,520,116 shares of Halliburton Company common stock, $2.50 par value per share, were outstanding.

HALLIBURTON COMPANY

Index

		Page No.
PART I.	**FINANCIAL INFORMATION**	1
Item 1.	Financial Statements	1
	- Condensed Consolidated Statements of Operations	1
	- Condensed Consolidated Statements of Comprehensive Income	2
	- Condensed Consolidated Balance Sheets	3
	- Condensed Consolidated Statements of Cash Flows	4
	- Notes to Condensed Consolidated Financial Statements	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	27
Item 4.	Controls and Procedures	27
PART II.	**OTHER INFORMATION**	28
Item 1.	Legal Proceedings	28
Item 1(a).	Risk Factors	28
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	28
Item 3.	Defaults Upon Senior Securities	28
Item 4.	Mine Safety Disclosures	28
Item 5.	Other Information	28
Item 6.	Exhibits	29
SIGNATURES		30

Table of Contents

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 2014	2013
Revenue:		
Services	$ 5,540	$ 5,334
Product sales	1,808	1,640
Total revenue	7,348	6,974
Operating costs and expenses:		
Cost of services	4,765	4,614
Cost of sales	1,538	1,386
Loss contingency for Macondo well incident	—	1,000
General and administrative	75	72
Total operating costs and expenses	6,378	7,072
Operating income (loss)	970	(98)
Interest expense, net of interest income of $3 and $3	(93)	(71)
Other, net	(31)	(14)
Income (loss) from continuing operations before income taxes	846	(183)
Income tax (provision) benefit	(229)	172
Income (loss) from continuing operations	617	(11)
Loss from discontinued operations, net of income tax benefit of $1 and $2	(1)	(5)
Net income (loss)	$ 616	$ (16)
Noncontrolling interest in net (income) loss of subsidiaries	6	(2)
Net income (loss) attributable to company	$ 622	$ (18)
Amounts attributable to company shareholders:		
Income (loss) from continuing operations	$ 623	$ (13)
Loss from discontinued operations, net	(1)	(5)
Net income (loss) attributable to company	$ 622	$ (18)
Basic income (loss) per share attributable to company shareholders:		
Income (loss) from continuing operations	$ 0.73	$ (0.01)
Loss from discontinued operations, net	—	(0.01)
Net income (loss) per share	$ 0.73	$ (0.02)
Diluted income (loss) per share attributable to company shareholders:		
Income (loss) from continuing operations	$ 0.73	$ (0.01)
Loss from discontinued operations, net	—	(0.01)
Net income (loss) per share	$ 0.73	$ (0.02)
Cash dividends per share	$ 0.15	$ 0.125
Basic weighted average common shares outstanding	849	931
Diluted weighted average common shares outstanding	853	931

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

Millions of dollars	Three Months Ended March 31 2014	Three Months Ended March 31 2013
Net income (loss)	$ 616	$ (16)
Other comprehensive income, net of income taxes:		
Defined benefit and other postretirement plan adjustments	$ 3	$ 4
Other	1	2
Other comprehensive income, net of income taxes	4	6
Comprehensive income (loss)	$ 620	$ (10)
Comprehensive (income) loss attributable to noncontrolling interest	6	(3)
Comprehensive income (loss) attributable to company shareholders	$ 626	$ (13)

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Balance Sheets

Millions of dollars and shares except per share data	March 31, 2014 (Unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and equivalents	$ 2,123	$ 2,356
Receivables (less allowance for bad debts of $112 and $117)	6,314	6,181
Inventories	3,415	3,305
Other current assets	1,634	1,862
Total current assets	13,486	13,704
Property, plant, and equipment, net of accumulated depreciation of $10,004 and $9,480	11,463	11,322
Goodwill	2,193	2,168
Other assets	2,114	2,029
Total assets	$ 29,256	$ 29,223
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 2,525	$ 2,365
Accrued employee compensation and benefits	823	1,029
Loss contingency for Macondo well incident	278	278
Other current liabilities	1,306	1,354
Total current liabilities	4,932	5,026
Long-term debt	7,816	7,816
Loss contingency for Macondo well incident	1,022	1,022
Employee compensation and benefits	570	584
Other liabilities	1,164	1,160
Total liabilities	15,504	15,608
Shareholders' equity:		
Common shares, par value $2.50 per share (authorized 2,000 shares, issued 1,072 shares)	2,680	2,680
Paid-in capital in excess of par value	410	415
Accumulated other comprehensive loss	(303)	(307)
Retained earnings	19,337	18,842
Treasury stock, at cost (229 and 223 shares)	(8,399)	(8,049)
Company shareholders' equity	13,725	13,581
Noncontrolling interest in consolidated subsidiaries	27	34
Total shareholders' equity	13,752	13,615
Total liabilities and shareholders' equity	$ 29,256	$ 29,223

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Statements of Cash Flows
(Unaudited)

Millions of dollars	Three Months Ended March 31 2014	2013
Cash flows from operating activities:		
Net income (loss)	$ 616	$ (16)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation, depletion, and amortization	510	448
Loss contingency for Macondo well incident	—	1,000
Other changes:		
Receivables	(175)	(406)
Accounts payable	160	158
Inventories	(105)	(70)
Payment of Barracuda-Caratinga obligation	—	(219)
Other	(52)	(546)
Total cash flows from operating activities	954	349
Cash flows from investing activities:		
Capital expenditures	(643)	(685)
Purchases of investment securities	(55)	(28)
Sales of investment securities	50	9
Other investing activities	(26)	53
Total cash flows from investing activities	(674)	(651)
Cash flows from financing activities:		
Payments to reacquire common stock	(500)	(50)
Dividends to shareholders	(127)	(116)
Other financing activities	113	21
Total cash flows from financing activities	(514)	(145)
Effect of exchange rate changes on cash	1	(8)
Decrease in cash and equivalents	(233)	(455)
Cash and equivalents at beginning of period	2,356	2,484
Cash and equivalents at end of period	$ 2,123	$ 2,029
Supplemental disclosure of cash flow information:		
Cash payments (receipts) during the period for:		
Interest	$ 167	$ 123
Income taxes	$ (25)	$ 137

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 2013 Annual Report on Form 10-K.

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

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

Ultimate results could differ from our estimates.

In our opinion, the condensed consolidated financial statements included herein contain all adjustments necessary to present fairly our financial position as of March 31, 2014, the results of our operations for the three months ended March 31, 2014 and 2013, and our cash flows for the three months ended March 31, 2014 and 2013. Such adjustments are of a normal recurring nature. In addition, certain reclassifications of prior period balances have been made to conform to current period presentation. The results of our operations for the three months ended March 31, 2014 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, such as the loss contingency related to the Macondo well incident recorded during the first quarter of 2013.

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

	Three Months Ended March 31	
Millions of dollars	2014	2013
Revenue:		
Completion and Production	$ 4,420	$ 4,100
Drilling and Evaluation	2,928	2,874
Total revenue	$ 7,348	$ 6,974
Operating income (loss):		
Completion and Production	$ 661	$ 615
Drilling and Evaluation	398	407
Total operations	1,059	1,022
Corporate and other	(89)	(1,120)
Total operating income (loss)	$ 970	$ (98)
Interest expense, net of interest income	(93)	(71)
Other, net	(31)	(14)
Income (loss) from continuing operations before income taxes	$ 846	$ (183)

Receivables

As of March 31, 2014, 37% of our gross trade receivables were from customers in the United States. As of December 31, 2013, 34% of our gross trade receivables were from customers in the United States. No other country or single customer accounted for more than 10% of our gross trade receivables at these dates.

Venezuela. We continue to experience delays in collecting payment on our receivables from our primary customer in Venezuela. These receivables are not disputed, and we have not historically had material write-offs relating to this customer. Our total outstanding trade receivables in Venezuela were $577 million, or approximately 9% of our gross trade receivables, as of March 31, 2014, compared to $486 million, or approximately 8% of our gross trade receivables, as of December 31, 2013. Of the $577 million of receivables in Venezuela as of March 31, 2014, $233 million have been classified as long-term and included within "Other assets" on our condensed consolidated balance sheets. Of the $486 million of receivables in Venezuela as of December 31, 2013, $183 million have been classified as long-term and included within "Other assets" on our condensed consolidated balance sheets.

In February 2013, the Venezuelan government devalued the Bolívar, from the preexisting exchange rate of 4.3 Bolívares per United States dollar to 6.3 Bolívares per United States dollar.

In recent months, the Venezuelan government has made available two new foreign exchange rate mechanisms through which a company may be able to legally convert Bolívares to United States dollars, in addition to the National Center of Foreign Commerce official rate of 6.3 Bolívares per United States dollar:

(1) a bid rate established via weekly auctions under the Complementary System of Foreign Currency Acquirement (SICAD I); and
(2) an auction rate which is intended to more closely resemble a market-driven exchange rate (SICAD II).

The availability of new currency mechanisms had no impact on our results of operations during the quarter ended March 31, 2014 as we continue to use the official exchange rate to remeasure net assets denominated in Bolívares. We believe that the current official exchange rate continues to reflect the economics of our business activity in the country, and we have not utilized nor do we intend at this time to utilize any of the newly available exchange mechanisms to transact business in Venezuela.

We will continue to monitor any future impact of these mechanisms on the exchange rate we use to remeasure our Venezuelan subsidiary's financial statements.

For additional information, see Part I, Item 1(a), "Risk Factors" in our 2013 Annual Report on Form 10-K.

Note 3. Inventories

Inventories are stated at the lower of cost or market value. In the United States, we manufacture certain finished products and parts inventories for drill bits, completion products, bulk materials, and other tools that are recorded using the last-in, first-out method, which totaled $180 million as of March 31, 2014 and $157 million as of December 31, 2013. If the average cost method had been used, total inventories would have been $35 million higher than reported as of March 31, 2014 and December 31, 2013. The cost of the remaining inventory was recorded on the average cost method. Inventories consisted of the following:

Millions of dollars	March 31, 2014	December 31, 2013
Finished products and parts	$ 2,509	$ 2,445
Raw materials and supplies	744	720
Work in process	162	140
Total	$ 3,415	$ 3,305

Finished products and parts are reported net of obsolescence reserves of $134 million as of March 31, 2014 and $130 million as of December 31, 2013.

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, 2013	$	13,615	$	13,581	$	34
Shares repurchased		(500)		(500)		—
Stock plans		146		146		—
Payments of dividends to shareholders		(127)		(127)		—
Other		(2)		(1)		(1)
Comprehensive income		620		626		(6)
Balance at March 31, 2014	$	13,752	$	13,725	$	27

Millions of dollars		Total shareholders' equity		Company shareholders' equity		Noncontrolling interest in consolidated subsidiaries
Balance at December 31, 2012	$	15,790	$	15,765	$	25
Stock plans		128		128		—
Payments of dividends to shareholders		(116)		(116)		—
Shares repurchased		(50)		(50)		—
Other		(5)		(4)		(1)
Comprehensive (loss) income		(10)		(13)		3
Balance at March 31, 2013	$	15,737	$	15,710	$	27

Our Board of Directors has authorized a program to repurchase our common stock from time to time. During the quarter ended March 31, 2014, under that program we repurchased approximately 8.9 million shares of our common stock at an average price of $55.88 per share for a total cost of $500 million. As of March 31, 2014, approximately $1.2 billion remains available under the stock purchase authorization. From the inception of this program in February 2006 through March 31, 2014, we repurchased approximately 197 million shares of our common stock for a total cost of approximately $8.1 billion.

Accumulated other comprehensive loss consisted of the following:

Millions of dollars		March 31, 2014		December 31, 2013
Defined benefit and other postretirement liability adjustments	$	(239)	$	(241)
Cumulative translation adjustments		(67)		(69)
Other		3		3
Total accumulated other comprehensive loss	$	(303)	$	(307)

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. We entered into various agreements relating to the separation of KBR, including, among others, a Master Separation Agreement (MSA) and a Tax Sharing Agreement (TSA). We recorded a liability at that time reflecting the estimated fair value of the indemnities provided to KBR. Since the separation, we have recorded adjustments to reflect changes to our estimation of our remaining obligation. All such adjustments are recorded in "Income (loss) from discontinued operations, net of income tax (provision) benefit." During the first quarter of 2013, we paid $219 million to satisfy our obligation under a guarantee related to the Barracuda-Caratinga matter, a legacy KBR project. Accordingly, there were no amounts accrued for indemnities provided to KBR at March 31, 2014.

Tax Sharing Agreement

The TSA provides for the calculation and allocation of United States and certain other jurisdiction tax liabilities between KBR and us for the periods 2001 through the date of separation. The TSA is complex, and finalization of amounts

owed between KBR and us under the TSA can occur only after income tax audits are completed by the taxing authorities and both parties have had time to analyze the results.

During the second quarter of 2012, we sent a notice under the TSA to KBR requesting the appointment of an arbitrator in accordance with the terms of the TSA. This request asked the arbitrator to find that KBR owed us a certain amount pursuant to the TSA. KBR denied that it owed us any amount and asserted instead that we owed KBR a certain amount under the TSA. KBR also asserted that it believes the MSA controls its defenses to our TSA claim and demanded arbitration of those defenses under the MSA. In July 2012, we filed suit in the District Court of Harris County, Texas, seeking to compel KBR to arbitrate the entire dispute in accordance with the provisions of the TSA, rather than the MSA. KBR filed a cross-motion seeking to compel arbitration of its defenses under the MSA. In September 2012, the court denied our motion and granted KBR's motion to compel arbitration under the MSA. We continue to believe that the TSA was intended to govern the entire matter and have appealed. The appeal is pending before the court of appeals.

In May 2013, KBR's defenses were arbitrated before a panel appointed pursuant to the MSA. In June 2013, the panel issued its decision, finding it had jurisdiction to hear the dispute and that a portion of our claims made under the TSA were barred by the time limitation provision in the MSA. In September 2013, we filed a motion and an application to vacate the panel's decision with the District Court of Harris County, Texas. The court has not ruled on the motion or application.

The MSA panel also ordered the parties to return to the TSA arbitrator for determination of the parties' remaining claims under the TSA. On October 9, 2013, the TSA arbitrator issued a report regarding the claims made by each party. The report found that KBR owes us a net amount of approximately $105 million, plus interest, with each party bearing its own costs related to the matter.

On October 21, 2013, KBR submitted a request for clarification and reconsideration of the TSA arbitrator's report. In December 2013, the TSA arbitrator issued a supplemental report that reaffirmed the award.

In January 2014, KBR filed a motion with the MSA panel to enforce the panel's June 2013 decision. KBR's motion claimed, among other things, that certain of our claims submitted to the TSA arbitrator were time-barred under the MSA and that the TSA arbitrator misinterpreted the TSA. In February 2014, we filed a response to KBR's motion with the MSA panel. In March 2014, the MSA panel denied KBR's motion.

On February 3, 2014, we also filed an application to confirm the TSA arbitrator's award with the District Court of Harris County, Texas. On February 24, 2014, KBR filed its response and a cross-motion to vacate the TSA arbitrator's award. A hearing on our application and KBR's response was held in April 2014. The district court has taken the matters under advisement, but has indicated that it will not rule on them until the court of appeals has ruled on our appeal of the district court's September 2012 decision to grant KBR's motion to compel arbitration under the MSA.

Due to the uncertainty surrounding the ultimate determination of the parties' claims under the TSA, no material anticipated recovery amounts or liabilities related to this matter have been recognized in the condensed consolidated financial statements as of March 31, 2014.

Note 6. Commitments and Contingencies

Macondo well incident

Overview. The semisubmersible drilling rig, Deepwater Horizon, sank on April 22, 2010 after an explosion and fire onboard the rig that began on April 20, 2010. The Deepwater Horizon was owned by Transocean Ltd. and had been drilling the Macondo exploration well in Mississippi Canyon Block 252 in the Gulf of Mexico for the lease operator, BP Exploration & Production, Inc. (BP Exploration), an indirect wholly owned subsidiary of BP p.l.c. We performed a variety of services for BP Exploration, including cementing, mud logging, directional drilling, measurement-while-drilling, and rig data acquisition services. Crude oil flowing from the well site spread across thousands of square miles of the Gulf of Mexico and reached the United States Gulf Coast. Efforts to contain the flow of hydrocarbons from the well were led by the United States government and by BP p.l.c., BP Exploration, and their affiliates (collectively, BP). There were eleven fatalities and a number of injuries as a result of the Macondo well incident.

We are currently unable to fully estimate the impact the Macondo well incident will have on us. The multi-district litigation (MDL) proceeding referred to below is ongoing. We cannot predict the outcome of the many lawsuits and investigations relating to the Macondo well incident, including orders and rulings of the court that impact the MDL, the results of the MDL trial, the effect that the settlements between BP and the Plaintiffs' Steering Committee (PSC) in the MDL and other settlements may have on claims against us, or whether we might settle with one or more of the parties to any lawsuit or investigation. The first two phases of the MDL trial have concluded, and the MDL court could begin issuing rulings at any time. A determination that the performance of our services on the Deepwater Horizon constituted gross negligence could result in substantial liability to the numerous plaintiffs for punitive damages and potentially to BP with respect to its direct claims against us.

As of March 31, 2014, our loss contingency reserve for the Macondo well incident, relating to the MDL, remained at $1.3 billion, consisting of a current portion of $278 million and a non-current portion of $1.0 billion. This reserve represents a loss contingency that is probable and for which a reasonable estimate of a loss can be made, although we continue to believe that we have substantial legal arguments and defenses against any liability and that BP's indemnity obligation protects us as described below. This loss contingency reserve does not include potential recoveries from our insurers.

We have participated in intermittent discussions with the PSC regarding the potential for a settlement that would resolve a substantial portion of the claims pending in the MDL trial. BP, however, has not participated in any recent settlement discussions with us. Reaching a settlement involves a complex process, and there can be no assurance as to whether or when we may complete a settlement. In addition, the settlement discussions we have had to date do not cover all parties and claims relating to the Macondo well incident. Accordingly, there are additional loss contingencies relating to the Macondo well incident that are reasonably possible but for which we cannot make a reasonable estimate. Given the numerous potential developments relating to the MDL and other lawsuits and investigations, which could occur at any time, we may adjust our estimated loss contingency reserve in the future. Liabilities arising out of the Macondo well incident could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Investigations and Regulatory Action. Several regulatory agencies and others, including the specially constituted National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling (National Commission), conducted investigations of the Macondo well incident, and reports issued as a result of those investigations have been critical of BP, Transocean, and us, among others. For example, one or more of those reports have concluded that primary cement failure was a direct cause of the blowout, that cement testing performed by an independent laboratory “strongly suggests” that the foam cement slurry used on the Macondo well was unstable, and that numerous other oversights and factors caused or contributed to the cause of the incident, including BP's failure to run a cement bond log, BP's and Transocean's failure to properly conduct and interpret a negative-pressure test, the failure of the drilling crew and our surface data logging specialist to recognize that an unplanned influx of oil, natural gas, or fluid into the well was occurring, communication failures among BP, Transocean, and us, and flawed decisions relating to the design, construction, and testing of barriers critical to the temporary abandonment of the well.

In October 2011, the Bureau of Safety and Environmental Enforcement (BSEE) issued a notification of Incidents of Noncompliance (INCs) to us for allegedly violating federal regulations relating to the failure to take measures to prevent the unauthorized release of hydrocarbons, the failure to take precautions to keep the Macondo well under control, the failure to cement the well in a manner that would, among other things, prevent the release of fluids into the Gulf of Mexico, and the failure to protect health, safety, property, and the environment as a result of a failure to perform operations in a safe and workmanlike manner. According to the BSEE's notice, we did not ensure an adequate barrier to hydrocarbon flow after cementing the production casing and did not detect the influx of hydrocarbons until they were above the blowout preventer stack. We understand that the regulations in effect at the time of the alleged violations provide for fines of up to $35,000 per day per violation. We have appealed the INCs to the Interior Board of Land Appeals (IBLA). In January 2012, the IBLA, in response to our and the BSEE's joint request, suspended the appeal pending certain proceedings in the MDL trial. Once the MDL court issues a final decision in the trial, we expect to file a proposal for further action in the appeal within 60 days. The BSEE has announced that the INCs will be reviewed for possible imposition of civil penalties once the appeal has ended. The BSEE has stated that this is the first time the Department of the Interior has issued INCs directly to a contractor that was not the well's operator.

The Cementing Job and Reaction to Reports. We disagree with the reports referred to above regarding many of their findings and characterizations with respect to our cementing and surface data logging services, as applicable, on the Deepwater Horizon. We have provided information to the National Commission, its staff, and representatives of other investigatory bodies that we believe has been overlooked or omitted from their reports, as applicable. We intend to continue to vigorously defend ourselves in any investigation relating to our involvement with the Macondo well that we believe inaccurately evaluates or depicts our services on the Deepwater Horizon.

The cement slurry on the Deepwater Horizon was designed and prepared pursuant to well condition data provided by BP. Regardless of whether alleged weaknesses in cement design and testing are or are not ultimately established, and regardless of whether the cement slurry was utilized in similar applications or was prepared consistent with industry standards, we believe that had BP and Transocean properly interpreted a negative-pressure test, this test would have revealed any problems with the cement. In addition, had BP designed the Macondo well to allow a full cement bond log test or if BP had conducted even a partial cement bond log test, the test likely would have revealed any problems with the cement. BP, however, elected not to conduct any cement bond log tests, and with Transocean misinterpreted the negative-pressure test, both of which could have resulted in remedial action, if appropriate, with respect to the cementing services. Also, we believe that BP knew or should have known about a critical, additional hydrocarbon zone in the well that BP failed to disclose to us prior to the design of the cement program for the Macondo well.

At this time we cannot predict the impact of the investigations or reports referred to above, or the conclusions or impact of future investigations or reports. We also cannot predict whether any investigations or reports will have an influence on or result in us being named as a party in any action alleging liability or violation of a statute or regulation. We intend to

continue to cooperate fully with all hearings, investigations, and requests for information relating to the Macondo well incident. We cannot predict the outcome of, or the costs to be incurred in connection with, any of these hearings or investigations, and therefore we cannot predict the potential impact they may have on us.

DOJ Investigations and Actions. On June 1, 2010, the United States Attorney General announced that the United States Department of Justice (DOJ) was launching civil and criminal investigations into the Macondo well incident to closely examine the actions of those involved, and that the DOJ was working with attorneys general of states affected by the Macondo well incident. The DOJ announced that it was reviewing, among other traditional criminal statutes, possible violations of and liabilities under The Clean Water Act (CWA), The Oil Pollution Act of 1990 (OPA), and the Endangered Species Act of 1973 (ESA).

The CWA provides authority for civil penalties for discharges of oil into or upon navigable waters of the United States, adjoining shorelines, or in connection with the Outer Continental Shelf Lands Act (OCSLA) in quantities that are deemed harmful. A single discharge event may result in the assertion of numerous violations under the CWA. Civil proceedings under the CWA can be commenced against an “owner, operator, or person in charge of any vessel, onshore facility, or offshore facility from which oil or a hazardous substance is discharged” in violation of the CWA. The civil penalties that can be imposed against responsible parties range from up to $1,100 per barrel of oil discharged in the case of those found strictly liable to $4,300 per barrel of oil discharged in the case of those found to have been grossly negligent.

The OPA establishes liability for discharges of oil from vessels, onshore facilities, and offshore facilities into or upon the navigable waters of the United States. Under the OPA, the “responsible party” for the discharging vessel or facility is liable for removal and response costs as well as for damages, including recovery costs to contain and remove discharged oil and damages for injury to natural resources and real or personal property, lost revenues, lost profits, and lost earning capacity. The cap on liability under the OPA during 2010 was the full cost of removal of the discharged oil plus up to $75 million for damages, except that the $75 million cap does not apply in the event the damage was proximately caused by gross negligence or the violation of certain federal safety, construction or operating standards. The OPA defines the set of responsible parties differently depending on whether the source of the discharge is a vessel or an offshore facility. Liability for vessels is imposed on owners and operators; liability for offshore facilities is imposed on the holder of the permit or lessee of the area in which the facility is located.

The ESA establishes liability for injury and death to wildlife. The ESA provides for civil penalties for knowing violations that can range up to $25,000 per violation.

On December 15, 2010, the DOJ filed a civil action seeking damages and injunctive relief against BP Exploration, Anadarko Petroleum Corporation and Anadarko E&P Company LP (together, Anadarko), which had an approximate 25% interest in the Macondo well, certain subsidiaries of Transocean Ltd., and others for violations of the CWA and the OPA. The DOJ’s complaint seeks an action declaring that the defendants are strictly liable under the CWA as a result of harmful discharges of oil into the Gulf of Mexico and upon United States shorelines as a result of the Macondo well incident. The complaint also seeks an action declaring that the defendants are strictly liable under the OPA for the discharge of oil that has resulted in, among other things, injury to, loss of, loss of use of, or destruction of natural resources and resource services in and around the Gulf of Mexico and the adjoining United States shorelines and resulting in removal costs and damages to the United States far exceeding $75 million. BP Exploration has been designated, and has accepted the designation, as a responsible party for the pollution under the CWA and the OPA. Others have also been named as responsible parties, and all responsible parties may be held jointly and severally liable for any damages under the OPA. A responsible party may make a claim for contribution against any other responsible party or against third parties it alleges contributed to or caused the oil spill. In connection with the proceedings discussed below under “Litigation,” in April 2011 BP Exploration filed a claim against us for equitable contribution with respect to liabilities incurred by BP Exploration under the OPA or another law, which subsequent court filings have indicated may include the CWA, and requested a judgment that the DOJ assert its claims for OPA financial liability directly against us. We filed a motion to dismiss BP Exploration’s claim, and that motion is pending. In July 2013, we also filed a motion for summary judgment requesting a court order that we are not liable to BP or Transocean for equitable indemnification or contribution with regard to any CWA fines and penalties that have been assessed or may be assessed against BP or Transocean. That motion is also pending.

We were not named as a responsible party under the CWA or the OPA in the DOJ civil action, and we do not believe we are a responsible party under the CWA or the OPA. While we were not included in the DOJ’s civil complaint, there can be no assurance that federal governmental authorities will not bring a civil action against us under the CWA, the OPA, and/or other statutes or regulations.

In July 2013, we reached an agreement with the DOJ to conclude the federal government's criminal investigation of us in relation to the Macondo well incident. Pursuant to a cooperation guilty plea agreement, Halliburton Energy Services, Inc., our wholly owned subsidiary (HESI), agreed to plead guilty to one misdemeanor violation of federal law concerning the deletion of certain computer files created after the occurrence of the Macondo well incident. Pursuant to the plea agreement, HESI agreed to pay a criminal fine of $0.2 million within five days of sentencing and agreed to three years' probation. The DOJ has agreed that it will not pursue further criminal prosecution of us, including our subsidiaries, for any conduct relating to or arising out of the Macondo well incident. We have agreed to continue to cooperate with the DOJ in any ongoing investigation related to or arising from the incident. In September 2013, our guilty plea was entered and approved by a federal district court judge on the terms and conditions of the plea agreement, and the DOJ closed its criminal investigation of us in relation to the Macondo well incident.

In November 2012, BP announced that it reached an agreement with the DOJ to resolve all federal criminal charges against it stemming from the Macondo well incident. BP agreed to plead guilty to 14 criminal charges, with 13 of those charges based on the negligent misinterpretation of the negative-pressure test conducted on the Deepwater Horizon. BP also agreed to pay $4.0 billion, including approximately $1.3 billion in criminal fines, to take actions to further enhance the safety of drilling operations in the Gulf of Mexico, to a term of five years' probation, and to the appointment of two monitors with four-year terms, one relating to process safety and risk management procedures concerning deepwater drilling in the Gulf of Mexico and one relating to the improvement, implementation, and enforcement of BP's code of conduct.

In January 2013, Transocean announced that it reached an agreement with the DOJ to resolve certain claims for civil penalties and potential criminal claims against it arising from the Macondo well incident. Transocean agreed to plead guilty to one misdemeanor violation of the CWA for negligent discharge of oil into the Gulf of Mexico, to pay $1.0 billion in CWA penalties and $400 million in fines and recoveries, to implement certain measures to prevent a recurrence of an uncontrolled discharge of hydrocarbons, and to a term of five years' probation.

Litigation. Since April 21, 2010, plaintiffs have been filing lawsuits relating to the Macondo well incident. Generally, those lawsuits allege either (1) damages arising from the oil spill pollution and contamination (*e.g.*, diminution of property value, lost tax revenue, lost business revenue, lost tourist dollars, inability to engage in recreational or commercial activities) or (2) wrongful death or personal injuries. We are named along with other unaffiliated defendants in more than 1,800 complaints most of which are alleged class actions, involving pollution damage claims and at least seven personal injury lawsuits involving four decedents and at least two allegedly injured persons who were on the drilling rig at the time of the incident. At least six additional lawsuits naming us and others relate to alleged personal injuries sustained by those responding to the explosion and oil spill. Additional civil lawsuits may be filed against us.

The pollution complaints generally allege, among other things, negligence and gross negligence, property damages, taking of protected species, and potential economic losses as a result of environmental pollution, and generally seek awards of unspecified economic, compensatory, and punitive damages, as well as injunctive relief. Plaintiffs in these pollution cases have brought suit under various legal provisions, including the OPA, the CWA, The Migratory Bird Treaty Act of 1918, the ESA, the OCSLA, the Longshoremen and Harbor Workers Compensation Act, general maritime law, state common law, and various state environmental and products liability statutes. Furthermore, the pollution complaints include suits brought against us by governmental entities, including all of the coastal states of the Gulf of Mexico, numerous local governmental entities, the Mexican State of Yucatan, and the United Mexican States.

The wrongful death and other personal injury complaints generally allege negligence and gross negligence and seek awards of compensatory damages, including unspecified economic damages, and punitive damages. We have retained counsel and are investigating and evaluating the claims, the theories of recovery, damages asserted, and our respective defenses to all of these claims.

Plaintiffs originally filed the lawsuits described above in federal and state courts throughout the United States. Except for a relatively small number of lawsuits not yet consolidated, the Judicial Panel on Multi-District Litigation ordered all of the lawsuits against us consolidated in the MDL proceeding before Judge Carl Barbier in the United States Eastern District of Louisiana.

Judge Barbier is also presiding over a separate proceeding filed by Transocean under the Limitation of Liability Act (Limitation Action). In the Limitation Action, Transocean seeks to limit its liability for claims arising out of the Macondo well incident to the value of the rig and its freight. While the Limitation Action has been formally consolidated into the MDL, the court is nonetheless, in some respects, treating the Limitation Action as an associated but separate proceeding. In February 2011, Transocean tendered us, along with all other defendants, into the Limitation Action. As a result of the tender, we and all other defendants are being treated as direct defendants to the plaintiffs' claims as if the plaintiffs had sued us and the other defendants directly. In the Limitation Action, the judge intends to determine the allocation of liability among all defendants in the hundreds of lawsuits associated with the Macondo well incident, including those in the MDL proceeding that are pending in his court. Specifically, the judge intends to determine the liability, limitation, exoneration, and fault allocation with regard to all of the defendants in a trial, which to date has occurred in two phases. We do not believe that a single determination of liability in the Limitation Action is properly applied, particularly with respect to gross negligence and punitive damages, to the hundreds of lawsuits pending in the MDL proceeding.

The defendants in the proceedings described above have filed numerous cross claims and third party claims against certain other defendants. Claims against us seek subrogation, contribution, indemnification, including with respect to liabilities under the OPA, and direct damages, and allege negligence, gross negligence, fraudulent conduct, willful misconduct, fraudulent concealment, comparative fault, and breach of warranty of workmanlike performance. In addition to the claims against us, generally the defendants in the proceedings described above, including us, filed claims, including for liabilities under the OPA and other claims similar to those described above, against the other defendants. Our claims against the other defendants seek contribution and indemnification, and allege negligence, gross negligence and willful misconduct. Several of the parties have settled claims among themselves, and claims against some parties have been dismissed. We have also filed an answer to Transocean's Limitation petition denying Transocean's right to limit its liability, denying all claims and responsibility for the incident, seeking contribution and indemnification, and alleging negligence and gross negligence.

Judge Barbier has issued an order, among others, clarifying certain aspects of law applicable to the lawsuits pending in his court. The court ruled that: (1) general maritime law will apply, and therefore all claims brought under state law causes of action were dismissed; (2) general maritime law claims may be brought directly against defendants who are non-“responsible parties” under the OPA with the exception of pure economic loss claims by plaintiffs other than commercial fishermen; (3) all claims for damages, including pure economic loss claims, may be brought under the OPA directly against responsible parties; and (4) punitive damage claims may be brought against both responsible and non-responsible parties under general maritime law. As discussed above, with respect to the ruling that claims for damages may be brought under the OPA against responsible parties, we have not been named as a responsible party under the OPA, but BP Exploration has filed a claim against us for contribution with respect to liabilities incurred by BP Exploration under the OPA. The rulings in the court's order remain subject to each applicable party's right to appeal. Certain parishes in Louisiana appealed the dismissal of their state law claims under the order, but the United States Fifth Circuit Court of Appeals (Fifth Circuit) affirmed Judge Barbier's dismissal of their claims.

The MDL court has dismissed: (1) claims by or on behalf of owners, lessors, and lessees of real property that allege to have suffered a reduction in the value of real property even though the property was not physically touched by oil and the property was not sold; (2) claims for economic losses based solely on consumers' decisions not to purchase fuel or goods from BP fuel stations and stores based on consumer animosity toward BP; and (3) claims by or on behalf of recreational fishermen, divers, beachgoers, boaters and others that allege damages such as loss of enjoyment of life from their inability to use portions of the Gulf of Mexico for recreational and amusement purposes. In dismissing those claims, the MDL court also noted that we are not liable with respect to those claims under the OPA because we are not a “responsible party” under the OPA. A group of plaintiffs appealed the order, but the Fifth Circuit dismissed the appeal.

In April 2012, BP announced that it had reached definitive settlement agreements with the PSC to resolve the substantial majority of eligible private economic loss and medical claims stemming from the Macondo well incident. The PSC acts on behalf of individuals and business plaintiffs in the MDL. The settlements do not include claims against BP made by the DOJ or other federal agencies or by states and local governments. In addition, the settlements provide that, to the extent permitted by law, BP will assign to the settlement class certain of its claims, rights, and recoveries against Transocean and us for damages, including BP's alleged direct damages such as damages for clean-up expenses and damage to the well and reservoir. We do not believe that our contract with BP Exploration permits the assignment of certain claims to the settlement class without our consent. The MDL court has since confirmed certification of the classes for both settlements and granted final approval of the settlements. We objected to the settlements on the grounds set forth above, among other reasons. The MDL court held, however, that we, as a non-settling defendant, lacked standing to object to the settlements but noted that it did not express any opinion as to the validity of BP's assignment of certain claims to the settlement class and that the settlements do not affect any of our procedural or substantive rights in the MDL. BP has been challenging certain provisions of its settlement of economic loss claims in the MDL court and before the Fifth Circuit. Appeals relating to the settlement of the medical claims have been dismissed, and that settlement is final as of February 2014. We are unable to predict at this time the effect that the settlements, or any challenge, modification, or overturning of the settlements, may have on claims against us.

The first phase of the MDL trial, which concluded in April 2013, covered issues arising out of the conduct and degree of culpability of various parties allegedly relevant to the loss of well control, the ensuing fire and explosion on and sinking of the Deepwater Horizon, and the initiation of the release of hydrocarbons from the Macondo well. At the conclusion of the plaintiffs' case, we and the other defendants each submitted a motion requesting the MDL court to dismiss certain claims. In March 2013, the MDL court denied our motion and declined to dismiss any claims, including those alleging gross negligence, against BP, Transocean and us. In addition, the MDL court dismissed all claims against M-I Swaco and claims alleging gross negligence against Cameron International Corporation (Cameron). In April 2013, the MDL court dismissed all remaining claims against Cameron, leaving BP, Transocean, and us as the remaining defendants with respect to the matters addressed during the first phase of the trial.

Also in March 2013, we advised the MDL court that we had recently found a rig sample of dry cement blend collected at another well that was cemented before the Macondo well using the same dry cement blend as used on the Macondo production casing. In April 2013, we advised the MDL parties that we had recently discovered some additional documents related to the Macondo well incident. BP and others have asked the court to impose sanctions and adverse findings against us because, according to their allegations, we should have identified the cement sample in 2010 and the additional documents by

October 2011. BP also reasserted its previous allegations that we destroyed evidence relating to post-incident testing of the foam cement slurry on the Deepwater Horizon. The MDL court has not ruled on the requests for sanctions and adverse findings. We believe that the discoveries were the result of simple misunderstandings or mistakes and do not involve any material evidence, and that sanctions are not warranted.

When our plea agreement with the DOJ was announced in July 2013, BP filed a motion requesting that the MDL court re-open the evidence for phase one of the MDL trial to take into account our guilty plea and re-urging their request for sanctions. After the plea was entered, the PSC and the States of Alabama and Louisiana (as coordinating counsel for the states involved in the MDL) filed a motion likewise seeking to admit the guilty plea agreement and other court filings into evidence and asking that the MDL court use that evidence as a basis for assessing punitive damages against us. We filed replies opposing both motions and setting forth our position that the deleted post-incident computer simulations were not evidence, were not relevant, and in any event were re-created. The MDL court has not ruled on the motions.

The second phase of the MDL trial was split into two parts, with testimony presented in October 2013. The first part covered attempts to collect, control, or halt the flow of hydrocarbons from the well, while the second part covered the quantification of hydrocarbons discharged from the well. The parties submitted proposed findings of fact and conclusions of law, post-trial briefs and responses during December 2013 and January 2014. According to a stipulation and post-trial filings, BP contends that 2.45 million barrels of oil were released into the Gulf of Mexico and the DOJ contends that a total of 4.2 million barrels were released. The MDL court has not issued a ruling on the questions that were the subject of the first two phases of the trial, although those rulings could be issued at any time.

Although the DOJ participated in the first two phases of the trial with regard to BP's conduct and the amount of hydrocarbons discharged from the well, the MDL court anticipates that the DOJ's civil action for the CWA violations, fines, and penalties will be addressed by the court in a third phase of the trial currently scheduled to begin in January 2015.

Damages for the cases tried in the MDL proceeding, including punitive damages, are expected to be tried following the issuance of the MDL court’s rulings regarding the first two phases of the MDL trial. Under ordinary MDL procedures, such cases would, unless waived by the respective parties, be tried in the courts from which they were transferred into the MDL. It remains unclear, however, what impact the overlay of the Limitation Action will have on where these matters are tried. The judge has indicated that he intends for the State of Alabama’s OPA and general maritime law compensatory damages claims to be tried as a test case, and that case could involve claims for punitive damages against any party that is found to have been grossly negligent.

We intend to vigorously defend any litigation, fines, and/or penalties relating to the Macondo well incident and to vigorously pursue any damages, remedies, or other rights available to us as a result of the Macondo well incident. We have incurred and expect to continue to incur significant legal fees and costs, some of which we expect to be covered by indemnity or insurance, as a result of the numerous investigations and lawsuits relating to the incident.

Indemnification and Insurance. Our contract with BP Exploration relating to the Macondo well generally provides for our indemnification by BP Exploration for certain potential claims and expenses relating to the Macondo well incident, including those resulting from pollution or contamination (other than claims by our employees, loss or damage to our property, and any pollution emanating directly from our equipment). Also, under our contract with BP Exploration, we have, among other things, generally agreed to indemnify BP Exploration and other contractors performing work on the well for claims for personal injury of our employees and subcontractors, as well as for damage to our property. In turn, we believe that BP Exploration was obligated to obtain agreement by other contractors performing work on the well to indemnify us for claims for personal injury of their employees or subcontractors, as well as for damages to their property. We have entered into separate indemnity agreements with Transocean and M-I Swaco, under which we have agreed to indemnify those parties for claims for personal injury of our employees and subcontractors and they have agreed to indemnify us for claims for personal injury of their employees and subcontractors.

In April 2011, we filed a lawsuit against BP Exploration in Harris County, Texas to enforce BP Exploration’s contractual indemnity and alleging BP Exploration breached certain terms of the contractual indemnity provision. BP Exploration removed that lawsuit to federal court in the Southern District of Texas, Houston Division. We filed a motion to remand the case to Harris County, Texas, and the lawsuit was transferred to the MDL.

BP Exploration, in connection with filing its claims with respect to the MDL proceeding, asked that court to declare that it is not liable to us in contribution, indemnification, or otherwise with respect to liabilities arising from the Macondo well incident. Other defendants in the litigation discussed above have generally denied any obligation to contribute to any liabilities arising from the Macondo well incident.

In January 2012, the court in the MDL proceeding entered an order in response to our and BP’s motions for summary judgment regarding certain indemnification matters. The court held that BP is required to indemnify us for third-party compensatory claims, or actual damages, that arise from pollution or contamination that did not originate from our property or equipment located above the surface of the land or water, even if we are found to be grossly negligent. The court did not express an opinion as to whether our conduct amounted to gross negligence, but we do not believe the performance of our services on the Deepwater Horizon constituted gross negligence. The court also held, however, that BP does not owe us indemnity for punitive damages or for civil penalties under the CWA, if any, and that fraud could void the indemnity on public

policy grounds, although the court stated that it was mindful that mere failure to perform contractual obligations as promised does not constitute fraud. As discussed above, the DOJ is not seeking civil penalties from us under the CWA, but BP has filed a claim for equitable contribution against us with respect to its liabilities. The court in the MDL proceeding deferred ruling on whether our indemnification from BP covers penalties or fines under the OCSLA, whether our alleged breach of our contract with BP Exploration would invalidate the indemnity, and whether we committed an act that materially increased the risk to or prejudiced the rights of BP so as to invalidate the indemnity. We do not believe that we breached our contract with BP Exploration or committed an act that would otherwise invalidate the indemnity. The court's rulings will be subject to appeal at the appropriate time.

The rulings in the MDL proceeding regarding the indemnities are based on maritime law and may not bind the determination of similar issues in lawsuits not comprising a part of the MDL proceeding. Accordingly, it is possible that different conclusions with respect to indemnities will be reached by other courts.

Indemnification for criminal fines or penalties, if any, may not be available if a court were to find such indemnification unenforceable as against public policy. In addition, certain state laws, if deemed to apply, would not allow for enforcement of indemnification for gross negligence, and may not allow for enforcement of indemnification of persons who are found to be negligent with respect to personal injury claims.

In addition to the contractual indemnities discussed above, we have a general liability insurance program of $600 million. Our insurance is designed to cover claims by businesses and individuals made against us in the event of property damage, injury, or death and, among other things, claims relating to environmental damage, as well as legal fees incurred in defending against those claims. We have received and expect to continue to receive payments from our insurers with respect to covered legal fees incurred in connection with the Macondo well incident. Through March 31, 2014, we have incurred legal fees and related expenses of approximately $278 million, of which $249 million has been reimbursed under or is expected to be covered by our insurance program. To the extent we incur any losses beyond those covered by indemnification, there can be no assurance that our insurance policies will cover all potential claims and expenses relating to the Macondo well incident. In addition, we may not be insured with respect to civil or criminal fines or penalties, if any, pursuant to the terms of our insurance policies. Insurance coverage can be the subject of uncertainties and, particularly in the event of large claims, potential disputes with insurance carriers, as well as other potential parties claiming insured status under our insurance policies.

BP's public filings indicate that BP has recognized in excess of $40 billion in pre-tax charges, excluding offsets for settlement payments received from certain defendants in the proceedings described above under "Litigation," as a result of the Macondo well incident. BP's public filings also indicate that the amount of, among other things, certain natural resource damages with respect to certain OPA claims, some of which may be included in such charges, cannot be reliably estimated as of the dates of those filings.

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 Securities and Exchange Commission (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 was styled *Archdiocese of Milwaukee Supporting Fund (AMSF) v. Halliburton Company, et al*. AMSF has changed its name to Erica P. John Fund, Inc. (the Fund). 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 our 1998 acquisition of Dresser Industries, Inc., including that we failed to timely disclose the resulting asbestos liability exposure.

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

In September 2007, the Fund filed a motion for class certification, and our response was filed in November 2007. The district court held a hearing in March 2008, and issued an order in November 2008 denying the motion for class certification. The Fund appealed the district court’s order to the Fifth Circuit Court of Appeals. The Fifth Circuit affirmed the district court’s order denying class certification. In May 2010, the Fund filed a writ of certiorari in the United States Supreme Court. In January 2011, the Supreme Court granted the writ of certiorari and accepted the appeal. The Court heard oral arguments in April 2011 and issued its decision in June 2011, reversing the Fifth Circuit ruling that the Fund needed to prove loss causation in order to obtain class certification. The Court’s ruling was limited to the Fifth Circuit’s loss causation requirement, and the case was returned to the Fifth Circuit for further consideration of our other arguments for denying class certification. The Fifth Circuit returned the case to the district court, and in January 2012 the court issued an order certifying the class. We filed a Petition for Leave to Appeal with the Fifth Circuit, which was granted. In April 2013, the Fifth Circuit issued an order affirming the District Court's order certifying the class.

We filed a writ of certiorari with the United States Supreme Court seeking an appeal of the Fifth Circuit decision. In November 2013, the Supreme Court granted our writ. Oral argument was held before the Supreme Court in March 2014. We expect the Supreme Court to issue its decision no later than June 2014. Fact discovery in this case has resumed. We cannot predict the outcome or consequences of this case, which we intend to vigorously defend.

Investigations

We are conducting internal investigations of certain areas of our operations in Angola and Iraq, focusing on compliance with certain company policies, including our Code of Business Conduct (COBC), and the FCPA and other applicable laws.

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

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

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

We expect to continue to have discussions with the DOJ and the SEC regarding the Angola and Iraq matters described above and have indicated that we would further update them as our investigations progress. We have engaged outside counsel and independent forensic accountants to assist us with these investigations.

During the second quarter of 2013, we received a civil investigative demand from the Antitrust Division of the DOJ regarding pressure pumping services. We have engaged in discussions with the DOJ on this matter and have provided responses to the DOJ's information requests. We understand there have been others in our industry who have received similar correspondence from the DOJ, and we do not believe that we are being singled out for any particular scrutiny.

We intend to continue to cooperate with the DOJ's and the SEC's inquiries and requests in these investigations. Because these investigations are ongoing, we cannot predict their outcome or the consequences thereof.

Environmental

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

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

In addition to the federal laws and regulations, states and other countries where we do business often have numerous environmental, legal, and regulatory requirements by which we must abide. We evaluate and address the environmental impact of our operations by assessing and remediating contaminated properties in order to avoid future liabilities and comply with environmental, legal, and regulatory requirements. Our Health, Safety, and Environment group has several programs in place to maintain environmental leadership and to help prevent the occurrence of environmental contamination. On occasion, in addition to the matters relating to the Macondo well incident described above, we are involved in other environmental litigation and claims, including the remediation of properties we own or have operated, as well as efforts to meet or correct compliance-related matters. We do not expect costs related to those claims and remediation requirements to have a material adverse effect on our liquidity, consolidated results of operations, or consolidated financial position. Excluding our loss contingency for the Macondo well incident, our accrued liabilities for environmental matters were $60 million as of March 31, 2014 and $66 million as of December 31, 2013. Because our estimated liability is typically within a range and our accrued liability may be the amount on the low end of that range, our actual liability could eventually be well in excess of the amount accrued. Our total liability related to environmental matters covers numerous properties.

Additionally, we have subsidiaries that have been named as potentially responsible parties along with other third parties for nine federal and state Superfund sites for which we have established reserves. As of March 31, 2014, those nine sites accounted for approximately $4 million of our $60 million total environmental reserve. Despite attempts to resolve these Superfund matters, the relevant regulatory agency may at any time bring suit against us for amounts in excess of the amount accrued. With respect to some Superfund sites, we have been named a potentially responsible party by a regulatory agency; however, in each of those cases, we do not believe we have any material liability. We also could be subject to third-party claims with respect to environmental matters for which we have been named as a potentially responsible party.

Guarantee arrangements

In the normal course of business, we have agreements with financial institutions under which approximately $2.1 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of March 31, 2014, including $182 million of surety bond guarantees related to our Venezuelan operations. 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.

For the three months ended March 31, 2014, differences between basic and diluted weighted average common shares outstanding resulted from the dilutive effect of awards granted under our stock incentive plans. There were no antidilutive shares outstanding for the quarter.

For the three months ended March 31, 2013, we incurred losses from continuing operations attributable to company shareholders and accordingly excluded all potentially dilutive securities from the determination of diluted loss per share as their impact was antidilutive. Excluded from this computation are four million shares of common stock associated with awards granted under stock incentive plans as well as options to purchase four million shares of common stock that were outstanding during the three months ended March 31, 2013.

Note 8. Fair Value of Financial Instruments

At March 31, 2014, we held $378 million of investments in fixed income securities with maturities ranging from less than one year to March 2017, compared to $373 million of investments in fixed income securities held at December 31, 2013. These securities are accounted for as available-for-sale and recorded at fair value as follows:

	March 31, 2014			December 31, 2013		
Millions of dollars	Level 1	Level 2	Total	Level 1	Level 2	Total
Fixed income securities:						
U.S. treasuries (a)	$ 100	$ —	$ 100	$ 100	$ —	$ 100
Other (b)	—	278	278	—	273	273
Total	$ 100	$ 278	$ 378	$ 100	$ 273	$ 373

(a) These securities are classified as "Other current assets" in our condensed consolidated balance sheets.

(b) Of these securities, $138 million are classified as “Other current assets” and $140 million are classified as “Other assets” on our condensed consolidated balance sheets as of March 31, 2014, compared to $139 million classified as “Other current assets” and $134 million classified as “Other assets” as of December 31, 2013. These securities consist primarily of municipal bonds, corporate bonds, and other debt instruments.

Our Level 1 asset fair values are based on quoted prices in active markets and our Level 2 asset fair values are based on quoted prices for identical assets in less active markets. We have no financial instruments measured at fair value using unobservable inputs (Level 3). The carrying amount of cash and equivalents, receivables, and accounts payable, as reflected in the condensed consolidated balance sheets, approximates fair value due to the short maturities of these instruments.

The carrying amount and fair value of our long-term debt is as follows:

	March 31, 2014				December 31, 2013			
Millions of dollars	Level 1	Level 2	Total fair value	Carrying value	Level 1	Level 2	Total fair value	Carrying value
Long-term debt	$ 8,712	$ 294	$ 9,006	$ 7,816	$ 8,405	$ 292	$ 8,697	$ 7,816

Our Level 1 debt fair values are calculated using quoted prices in active markets for identical liabilities with transactions occurring on the last two days of period-end. Our Level 2 debt fair values are calculated using significant observable inputs for similar liabilities where estimated values are determined from observable data points on our other bonds and on other similarly rated corporate debt or from observable data points of transactions occurring prior to two days from period-end and adjusting for changes in market conditions. We have no debt measured at fair value using unobservable inputs (Level 3).

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

EXECUTIVE OVERVIEW

Organization

We are a leading provider of services and products to the energy industry. We serve the upstream oil and natural gas industry throughout the lifecycle of the reservoir, from locating hydrocarbons and managing geological data, to drilling and formation evaluation, well construction and completion, and optimizing production through the life of the field. Activity levels within our operations are significantly impacted by spending on upstream exploration, development, and production programs by major, national, and independent oil and natural gas companies. We report our results under two segments, the Completion and Production segment and the Drilling and Evaluation segment:

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

The business operations of our segments are organized around four primary geographic regions: North America, Latin America, Europe/Africa/CIS, and Middle East/Asia. We have significant manufacturing operations in various locations, including the United States, Canada, Malaysia, Mexico, Singapore, and the United Kingdom.

With over 78,000 employees, we operate in approximately 80 countries around the world, and our corporate headquarters are in Houston, Texas and Dubai, United Arab Emirates.

Financial results

During the first quarter of 2014, we produced revenue of $7.3 billion and operating income of $1.0 billion. Revenue increased $374 million, or 5%, from the first quarter of 2013, mainly due to increased activity in the Eastern Hemisphere and higher production enhancement activity in the United States land market, partially offset by lower activity levels in Latin America. Revenue outside of North America comprised approximately 47% of consolidated revenue in the first quarters of both 2014 and 2013, and represents our ongoing strategy to grow our international business and balance our geographic mix.

The $1.1 billion increase in operating income during the first quarter of 2014, as compared to the first quarter of 2013, was primarily due to a $1.0 billion, pre-tax, increase in our loss contingency reserve related to the Macondo well incident recorded in the first quarter of 2013.

Business outlook

We continue to believe in the strength of the long-term fundamentals of our business. Energy demand is expected to increase over the long term driven by economic growth in developing countries despite current underlying downside risks in the industry, such as sluggish growth in developed countries and uncertainties associated with geopolitical tension in North Africa. Furthermore, development of new resources is expected to be more complex, resulting in higher service intensity as our customers move increasingly to horizontal drilling.

In North America, we continue to experience pricing pressures, which have impacted our margins. However, we believe the current environment and our focus on an efficient cost structure continues to favor us. As a result of the industry's activity shift from natural gas plays to oil and liquids-rich basins, operators have been allocating their budgets to basins with better economics. In addition, we are observing a meaningful switch to multi-well pad activity among our customer base, which is resulting in increased drilling and completion service efficiency. We believe the incremental efficiency gains provided by multi-well pad drilling will enable us to leverage our operational scale and expertise.

Outside of North America, both revenue and operating income increased in the first quarter of 2014 compared to the first quarter of 2013. We believe that international growth in 2014 will come from volume increases as we deploy resources on our recent contract wins and new projects, continued improvement in markets where we have made strategic investments, the introduction of new technology, and increased pricing and cost recovery on select contracts. We also believe that international unconventional oil and natural gas, mature field, and deepwater projects will contribute to activity improvements over the long term, and we plan to leverage our extensive experience in North America to capitalize on these opportunities. Consistent with our long-term strategy to grow our operations outside of North America, we also expect to continue to invest in capital equipment for our international operations. In Latin America, we expect 2014 to be a challenging year due to a decline in existing integrated project management work in Mexico as we begin transitioning to newly-tendered projects, and due to reduced activity in Brazil. However, this does not change our long-term outlook for Latin America, which we expect to contribute significantly to our future growth and profitability.

We are continuing to execute several key initiatives in 2014, which include the following strategies:

- focusing on unconventional plays, mature fields, and deepwater markets by leveraging our broad technology offerings to provide value to our customers through integrated solutions and enabling them to more efficiently drill and complete their wells;
- exploring opportunities for acquisitions that will enhance or augment our current portfolio of services and products, including those with unique technologies or distribution networks in areas where we do not already have significant operations;
- making key investments in technology and infrastructure to maximize growth opportunities. To that end, we are continuing to push our technology and manufacturing capacity, as well as our supply chain, closer to our customers in the Eastern Hemisphere;
- improving working capital, and managing our balance sheet to maximize our financial flexibility. We are deploying a project to improve service delivery that we expect to result in, among other things, additional investments in our systems and significant improvements to our current order-to-cash and purchase-to-pay processes;
- growing our international revenues and margins by continuing to invest capital and resources in these markets;
- improving our North America margins by leveraging technologies and reducing costs through more efficient operations; and
- continuing to seek ways to be one of the most cost efficient service providers in the industry by maintaining capital discipline and leveraging our scale and breadth of operations.

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

Financial markets, liquidity, and capital resources

We believe we have invested our cash balances conservatively and secured sufficient financing to help mitigate any near-term negative impact on our operations from adverse market conditions. For additional information, see “Liquidity and Capital Resources” and “Business Environment and Results of Operations.”

LIQUIDITY AND CAPITAL RESOURCES

We ended the first quarter of 2014 with cash and equivalents of $2.1 billion, compared to $2.4 billion at the end of 2013. As of March 31, 2014, approximately $402 million of the $2.1 billion of cash and equivalents was held by our foreign subsidiaries and would be subject to United States tax if repatriated. However, our intent is to permanently reinvest these funds outside of the United States and our current plans do not suggest a need to repatriate them to fund our United States operations. At March 31, 2014, we also held $378 million of investments in fixed income securities compared to $373 million at December 31, 2013. These securities are reflected in "Other current assets" and "Other assets" in our condensed consolidated balance sheets.

Significant sources and uses of cash

Cash flows from operating activities were $1.0 billion in the first quarter of 2014.

Capital expenditures were $643 million in the first quarter of 2014, and were predominantly made in our Production Enhancement, Sperry Drilling, Wireline and Perforating, Cementing, and Boots & Coots product service lines.

During the quarter ended March 31, 2014, we repurchased approximately 8.9 million shares of our common stock for a total cost of $500 million.

During the first quarter of 2014, we received a $155 million income tax refund, including interest, for agreed upon tax items for the tax years 2003 through 2006 and 2008 through 2009.

We paid $127 million in dividends to our shareholders in the first quarter of 2014.

During the first quarter of 2014, our primary components of working capital (receivables, inventories, and accounts payable) increased by a net $120 million, primarily due to increased business activity.

Future sources and uses of cash

In 2013, we were awarded $105 million by an arbitrator regarding amounts owed by KBR under our Tax Sharing Agreement with KBR. KBR is contesting the award and, although the arbitrator recently issued a supplemental report that reaffirmed the original award, there is uncertainty as to the ultimate timing and amount of any payment. See Note 5 to the condensed consolidated financial statements for further information.

Capital spending for 2014 is currently expected to be approximately $3 billion. The capital expenditures plan for 2014 is primarily directed toward our Production Enhancement, Sperry Drilling, Cementing, Wireline and Perforating, and Boots & Coots product service lines, with an increasing amount dedicated to our international operations.

Subject to Board of Directors approval, our intention is to pay dividends representing at least 15% to 20% of our net income on an annual basis. Currently, our dividend rate is $0.15 per common share, or approximately $127 million per quarter. Additionally, we have approximately $1.2 billion available under our share repurchase authorization, which may be used for open market and other share purchases.

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

Other factors affecting liquidity

Financial position in current market. As of March 31, 2014, we had $2.1 billion of cash and equivalents, $378 million in fixed income investments, and a total of $3.0 billion of available committed bank credit under our revolving credit facility. Furthermore, we have no financial covenants or material adverse change provisions in our bank agreements, and our debt maturities extend over a long period of time. Although a portion of earnings from our foreign subsidiaries is reinvested outside the United States indefinitely, we do not consider this to have a significant impact on our liquidity. We currently believe that our capital expenditures, working capital investments, and dividends, if any, during the remainder of 2014 can be fully funded through cash from operations.

As a result, we believe we have a reasonable amount of liquidity and, if necessary, additional financing flexibility given the current market environment to fund our potential contingent liabilities, if any. However, as discussed in Note 6 to the condensed consolidated financial statements, there are numerous future developments that may arise as a result of the Macondo well incident that could have a material adverse effect on our liquidity.

Guarantee agreements. In the normal course of business, we have agreements with financial institutions under which approximately $2.1 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of March 31, 2014. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization.

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 to pay our invoices due to, among other reasons, a reduction in our customers' cash flow from operations and their access to the credit markets as well as unsettled political conditions. If our customers delay paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition. See "Business Environment and Results of Operations – International operations – Venezuela" for further discussion related to Venezuela.

BUSINESS ENVIRONMENT AND RESULTS OF OPERATIONS

We operate in approximately 80 countries throughout the world to provide a comprehensive range of discrete and integrated services and products to the energy industry related to the exploration, development, and production of oil and natural gas. A significant amount of our consolidated revenue is derived from the sale of services and products to major, national, and independent oil and natural gas companies worldwide. The industry we serve is highly competitive with many substantial competitors in each segment of our business. In the first quarter of 2014, based upon the location of the services provided and products sold, 50% of our consolidated revenue was from the United States, compared to 49% of consolidated revenue from the United States in the first quarter of 2013. 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, foreign currency exchange restrictions, and highly inflationary currencies, as well as other geopolitical factors. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country, other than the United States, would be materially adverse to our consolidated results of operations.

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

Some of the more significant determinants of current and future spending levels of our customers are oil and natural gas prices, the world economy, the availability of credit, government regulation, 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. Additionally, due to improved drilling and completion efficiencies as
more of our customers move to multi-well pad drilling, our financial performance is impacted by well count in the North America market.

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

	Three Months Ended March 31		Year Ended December 31
	2014	2013	2013
Oil price - WTI (1)	$ 98.80	$ 94.34	$ 97.99
Oil price - Brent (1)	107.81	112.49	108.71
Natural gas price - Henry Hub (2)	5.20	3.49	3.73

(1) Oil price measured in dollars per barrel

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

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

	Three Months Ended March 31		Year Ended December 31
Land vs. Offshore	2014	2013	2013
United States:			
Land	1,725	1,706	1,705
Offshore (incl. Gulf of Mexico)	55	52	56
Total	1,780	1,758	1,761
Canada:			
Land	526	535	352
Offshore	1	1	2
Total	527	536	354
International (excluding Canada):			
Land	1,019	959	978
Offshore	318	315	318
Total	1,337	1,274	1,296
Worldwide total	3,644	3,568	3,411
Land total	3,270	3,200	3,035
Offshore total	374	368	376

	Three Months Ended March 31		Year Ended December 31
Oil vs. Natural Gas	2014	2013	2013
United States (incl. Gulf of Mexico):			
Oil	1,433	1,332	1,375
Natural gas	347	426	386
Total	1,780	1,758	1,761
Canada:			
Oil	338	398	234
Natural gas	189	138	120
Total	527	536	354
International (excluding Canada):			
Oil	1,070	1,021	1,029
Natural gas	267	253	267
Total	1,337	1,274	1,296
Worldwide total	3,644	3,568	3,411
Oil total	2,841	2,751	2,638
Natural gas total	803	817	773

	Three Months Ended March 31		Year Ended December 31
Drilling Type	2014	2013	2013
United States (incl. Gulf of Mexico):			
Horizontal	1,184	1,127	1,102
Vertical	387	441	435
Directional	209	190	224
Total	1,780	1,758	1,761

Our customers’ cash flows, in most 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, while the opposite is true for higher oil and natural gas prices.

During the first quarter of 2014, WTI and Brent crude oil spot prices averaged approximately $99 and $108 per barrel, respectively. Relative to first quarter averages in 2013, WTI crude oil spot prices experienced a slight increase from $94 per barrel, while Brent crude oil spot prices experienced a slight decrease from $112 per barrel. According to the United States Energy Information Administration (EIA), the WTI crude oil spot prices increased towards the latter part of the first quarter of 2014 as a result of strong midwestern refinery runs and the startup of the Marketlink pipeline moving crude from Cushing, Oklahoma to the Gulf Coast. In 2014, the EIA projects WTI and Brent crude oil spot prices to average $96 and $105 per barrel, respectively.

According to the International Energy Agency's (IEA) April 2014 "Oil Market Report," 2014 global oil demand is expected to average approximately 92.7 million barrels per day, which is up 1.5% from 2013. The IEA also forecasts overall demand momentum to accelerate modestly in 2014, supported by a strengthening global macroeconomic backdrop.

During the first quarter of 2014, average Henry Hub natural gas prices in the United States increased approximately 49% compared to the first quarter of 2013, primarily due to an unseasonably harsh winter, which caused natural gas storage levels to decline to the lowest they have been in eleven years. Although the average of natural gas prices was high in the first quarter, the spot price began to decline in March as the cold weather became less extreme. The EIA projects that Henry Hub natural gas spot prices will continue to decline in the spring and average $4.44 per MMBtu in 2014.

North America operations

Volatility in oil and natural gas prices can impact our customers’ drilling and production activities, particularly in North America. For the first quarter of 2014, the average natural gas directed rig count fell by 5% while the average oil directed rig count increased 2%, compared to the first quarter of 2013. Relative to the first quarter of 2013, in the first quarter of 2014 our North America revenue increased 5% while operating income was flat. The first quarter of 2014 was impacted by lower pressure pumping pricing, severe weather related disruptions, and higher logistics costs. We are optimistic about the potential of increased activity levels in the second half of the year and expect our North America margins to expand over the remainder of 2014.

In the United States land market, we have seen a moderate increase in rig count over the past year, which is primarily driven by an increase in horizontal rigs in the Permian Basin. We see service intensity expanding across many basins which is evidenced by longer laterals, increased stage density, and rising volumes per stage. This trend is beneficial to our overall business and should enable us to leverage our broad technology offerings.

In the Gulf of Mexico, our deepwater activity outlook remains positive as we are expecting additional rigs to arrive by the end of 2014. Over the long term, the continued growth in the Gulf of Mexico is dependent on, among other things, governmental approvals for permits, our customers' actions, and new deepwater rigs entering the market.

International operations

The industry experienced steady volume increases in the first quarter of 2014, with average international rig count improving by 5% compared to the first quarter of 2013, and by 3% compared to levels at the end of 2013. In the Eastern Hemisphere, we continue to execute our growth strategy. Relative to the first quarter of 2013, we grew our Eastern Hemisphere revenue and operating income by 11% and 16%, respectively, as a result of growth in both the Middle East/Asia and Europe/Africa/CIS regions. We saw strong growth in our Saudi Arabia operations due to an increase in integrated project activity. We are seeing our Eastern Hemisphere activity expand at a steady rate and expect to continue this growth for the remainder of 2014.

We expect 2014 to be a transitional year for Latin America. Over the long term, however, we are optimistic about our position in Latin America and the future growth potential of this market. Constitutional changes in Mexico seem to be progressing as planned by the government, and we believe the opportunity for foreign investment in this market will be beneficial to our business.

Venezuela. As of March 31, 2014, our total net investment in Venezuela was approximately $457 million, including net monetary assets of $115 million denominated in Bolívares. Also, at March 31, 2014 we had $182 million of surety bond guarantees outstanding relating to our Venezuelan operations.

We continue to experience delays in collecting payment on our receivables from our primary customer in Venezuela. These receivables are not disputed, and we have not historically had material write-offs relating to this customer. Additionally, we routinely monitor the financial stability of our customers. Our total outstanding trade receivables in Venezuela were $577 million, or approximately 9% of our gross trade receivables, as of March 31, 2014, compared to $486 million, or approximately 8% of our gross trade receivables, as of December 31, 2013. Of the $577 million receivables in Venezuela as of March 31, 2014, $233 million has been classified as long-term and included within “Other assets” on our condensed consolidated balance sheets.

In February 2013, the Venezuelan government devalued the Bolívar, from the preexisting exchange rate of 4.3 Bolívares per United States dollar to 6.3 Bolívares per United States dollar.

In recent months, the Venezuelan government has made available two new foreign exchange rate mechanisms through which a company may be able to legally convert Bolívares to United States dollars, in addition to the National Center of Foreign Commerce official rate of 6.3 Bolívares per United States dollar:

(1) a bid rate established via weekly auctions under the Complementary System of Foreign Currency Acquirement (SICAD I); and
(2) an auction rate which is intended to more closely resemble a market-driven exchange rate (SICAD II).

The availability of new currency mechanisms had no impact on our results of operations during the quarter ended March 31, 2014 as we continue to use the official exchange rate to remeasure net assets denominated in Bolívares. We believe that the current official exchange rate continues to reflect the economics of our business activity in the country, and we have not utilized nor do we intend at this time to utilize any of the newly available exchange mechanisms to transact business in Venezuela. Had we used the SICAD I rate of 10.8 Bolívares per United States dollar to remeasure our net monetary position as of March 31, 2014, we would have incurred a foreign currency loss of $48 million for the first quarter of 2014.

We will continue to monitor any future impact of these mechanisms on the exchange rate we use to remeasure our Venezuelan subsidiary's financial statements.

For additional information, see Part I, Item 1(a), "Risk Factors" in our 2013 Annual Report on Form 10-K.

Table of Contents

RESULTS OF OPERATIONS IN 2014 COMPARED TO 2013

Three Months Ended March 31, 2014 Compared with Three Months Ended March 31, 2013

REVENUE: *Millions of dollars*	Three Months Ended March 31 2014	2013	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 4,420	$ 4,100	$ 320	8 %
Drilling and Evaluation	2,928	2,874	54	2
Total revenue	$ 7,348	$ 6,974	$ 374	5 %
By geographic region:				
Completion and Production:				
North America	$ 2,927	$ 2,745	$ 182	7 %
Latin America	355	355	—	—
Europe/Africa/CIS	607	532	75	14
Middle East/Asia	531	468	63	13
Total	4,420	4,100	320	8
Drilling and Evaluation:				
North America	974	961	13	1
Latin America	504	590	(86)	(15)
Europe/Africa/CIS	692	655	37	6
Middle East/Asia	758	668	90	13
Total	2,928	2,874	54	2
Total revenue by region:				
North America	3,901	3,706	195	5
Latin America	859	945	(86)	(9)
Europe/Africa/CIS	1,299	1,187	112	9
Middle East/Asia	1,289	1,136	153	13

OPERATING INCOME: *Millions of dollars*	Three Months Ended March 31 2014	2013	Favorable (Unfavorable)	Percentage Change
Completion and Production	$ 661	$ 615	$ 46	7 %
Drilling and Evaluation	398	407	(9)	(2)
Corporate and other	(89)	(1,120)	1,031	92
Total operating income (loss)	$ 970	$ (98)	$ 1,068	1,090 %
By geographic region:				
Completion and Production:				
North America	$ 446	$ 432	$ 14	3 %
Latin America	48	28	20	71
Europe/Africa/CIS	78	64	14	22
Middle East/Asia	89	91	(2)	(2)
Total	661	615	46	7
Drilling and Evaluation:				
North America	156	173	(17)	(10)
Latin America	52	81	(29)	(36)
Europe/Africa/CIS	68	57	11	19
Middle East/Asia	122	96	26	27
Total	398	407	(9)	(2)
Total operating income by region (excluding Corporate and other):				
North America	602	605	(3)	—
Latin America	100	109	(9)	(8)
Europe/Africa/CIS	146	121	25	21

Middle East/Asia	211	187	24	13

The 5% increase in consolidated revenue in the first quarter of 2014, as compared to the first quarter of 2013, was primarily attributable to increased drilling activity in the Eastern Hemisphere and higher production enhancement activity in the United States land market, partially offset by lower activity levels in Latin America. On a consolidated basis, over half of our product service lines experienced revenue growth from the first quarter of 2013. Revenue outside of North America was 47% of consolidated revenue in the first quarters of both 2014 and 2013.

The $1.1 billion increase in consolidated operating income during the first quarter of 2014, as compared to the first quarter of 2013, was primarily due to a $1.0 billion increase in our loss contingency reserve related to Macondo well incident recorded in the first quarter of 2013. Additionally, we experienced higher stimulation activity in United States land market and strong results in the Eastern Hemisphere.

Completion and Production consolidated revenue in the first quarter of 2014 rose 8%, as compared to the first quarter of 2013, primarily due to increased stimulation activity in the United States land market and higher completion tools sales in all of our regions. North America revenue increased 7% due to increased production enhancement services and higher completion tools sales in the United States, which more than offset reduced activity levels in Canada. Latin America revenue was flat, as increased stimulation and cementing activity in Argentina was offset by a decline in production enhancement services in Mexico. Europe/Africa/CIS revenue rose 14%, driven by higher completions tools sales in Angola and Norway, improved Boots & Coots activity in Algeria, and increased stimulation activity in the United Kingdom. These increases were partially offset by decreased stimulation activity in Denmark and reduced Boots & Coots activity in Norway. Middle East/Asia revenue grew 13% as a result of improved activity levels in Saudi Arabia, increased completion tools sales in China, and higher cementing activity in Thailand, which more than offset a decline in Boots & Coots activity in Australia and India and lower completion tools sales in Malaysia. Revenue outside of North America was 34% of total segment revenue in the first quarter of 2014 and 33% of total segment revenue in the first quarter of 2013.

Completion and Production operating income improved by 7% in the first quarter of 2014, as compared to the first quarter of 2013, due to stronger stimulation activity in the United States land market and higher completion tools sales in the Eastern Hemisphere. North America operating income increased 3% due to increased stimulation activity in the United States land market, which was partially offset by pricing pressures associated with pressure pumping services. Latin America operating income grew 71% as a result of improved profitability for pressure pumping in Argentina, which was partially offset by pricing pressures associated with completion tools sales in Brazil and activity reductions in Mexico. Europe/Africa/CIS operating income rose 22% due to higher completion tools sales in Angola and Norway, and increased Boots & Coots activity in Algeria. Middle East/Asia operating income was down 2% compared to first quarter of 2013, due to lower demand for completion tools sales in Malaysia and decreased Boots & Coots activity in Australia and India, which were partially offset by increased completion tools sales in Saudi Arabia and China.

Drilling and Evaluation revenue was up 2% in the first quarter of 2014, as compared to the first quarter of 2013, primarily driven by higher drilling activity in the Eastern Hemisphere and improved testing activity in all regions, which more than offset the decline in Latin America activity. North America revenue was essentially flat compared to the first quarter of 2013, as increased demand for fluid services in the United States land market was offset by a decline in activity levels in Canada. Latin America revenue declined by 15% as a result of a decline in drilling related activity in Brazil and activity reduction in Mexico. Europe/Africa/CIS revenue increased 6% led by increased drilling activity in the United Kingdom and Angola, which was partially offset by lower fluid services in Norway. Middle East/Asia revenue grew 13%, primarily due to higher activity levels in Saudi Arabia and Malaysia, as well as increased drilling activity in Thailand, which more than offset a decline in logging activity in China. Revenue outside of North America was 67% of total segment revenue in the first quarters of both 2014 and 2013.

Drilling and Evaluation operating income decreased 2% in the first quarter of 2014, as compared to the first quarter of 2013, primarily due to reduced activity in the Western Hemisphere, which was partially offset by growth in the Eastern Hemisphere. North America operating income declined 10% as a result of reduced activity levels in Canada and reduced logging services in the United States land market, which were partially offset by increased testing services in the Gulf of Mexico. Latin America operating income decreased 36%, primarily due to a decline in drilling activity in Brazil and activity reduction in Mexico. Europe/Africa/CIS operating income improved 19% as a result of increased drilling activity in the United Kingdom and Angola, which was partially offset by declines in fluid services in Norway and logging services in Nigeria. Middle East/Asia operating income grew 27% driven by increased drilling services in Thailand and Saudi Arabia, which more than offset lower demand for logging services in China.

Corporate and other expenses were $89 million in the first quarter of 2014 and $1.1 billion in the first quarter of 2013. The significant decrease was due to a $1.0 billion Macondo-related loss contingency recorded in the first quarter of 2013.

NONOPERATING ITEMS

Interest expense, net of interest income increased $22 million in the first quarter of 2014 as compared to the first quarter of 2013, primarily due to higher interest expense as a result of the issuance of $3.0 billion aggregate principal amount of senior notes in August 2013.

Other, net increased $17 million as compared to the first quarter of 2013, primarily as a result of foreign currency exchange losses driven by currency devaluations in Argentina and Kazakhstan in the first quarter of 2014.

Effective tax rate. Our effective tax rate on continuing operations was 27.1% for the quarter ended March 31, 2014, and was positively impacted by a revised estimate of the tax basis of foreign leased assets as well as lower tax rates in certain foreign jurisdictions, as we continue to reposition our technology, supply chain, and manufacturing infrastructure to more effectively serve our international customers. Our effective tax rate on continuing operations in the first quarter of 2013 was also positively impacted by lower tax rates in certain foreign jurisdictions, as well as federal tax benefits of approximately $50 million due to the reinstatement of certain tax benefits and credits related to the first quarter of 2013 enactment of the American Taxpayer Relief Act of 2012. Also contributing to lower tax rate in the first quarter of 2013 was a $1.0 billion loss contingency related to the Macondo well incident, which was tax-effected at the United States statutory rate.

ENVIRONMENTAL MATTERS

We are subject to numerous environmental, legal, and regulatory requirements related to our operations worldwide. For information related to environmental matters, see Note 6 to the condensed consolidated financial statements.

FORWARD-LOOKING INFORMATION

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

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk, see Part II, Item 7(a), “Quantitative and Qualitative Disclosures About Market Risk,” in our 2013 Annual Report on Form 10-K. Our exposure to market risk has not changed materially since December 31, 2013.

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, 2014 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, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Information related to Item 1. Legal Proceedings is included in Note 6 to the condensed consolidated financial statements on page 8 of this quarterly report.

Item 1(a). Risk Factors

As of March 31, 2014, there have been no material changes from the risk factors previously disclosed in Part I, Item 1(a), of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

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

Following is a summary of our repurchases of our common stock during the three months ended March 31, 2014.

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased Under the Program (b)
January 1 - 31	187,791	$50.33	—	$1,693,971,527
February 1 - 28	3,961,963	$54.85	3,949,574	$1,477,305,265
March 1 - 31	5,009,392	$56.68	4,998,635	$1,193,971,545
Total	9,159,146	$55.76	8,948,209	

(a) Of the 9,159,146 shares purchased during the first quarter of 2014, 210,937 shares 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.

(b) Our Board of Directors has authorized a program to repurchase our common stock from time to time. During the quarter ended March 31, 2014, under that program we repurchased approximately 8.9 million shares of our common stock for a total cost of $500 million. As of March 31, 2014, approximately $1.2 billion remains available under the stock purchase authorization. From the inception of this program in February 2006 through March 31, 2014, we repurchased approximately 197 million shares of our common stock for a total cost of approximately $8.1 billion.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Our barite and bentonite mining operations, in support of our fluid services business, are subject to regulation by the federal Mine Safety and Health Administration under the Federal Mine Safety and Health Act of 1977 . Information concerning mine safety violations or other regulatory matters required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 9 5 to this quarterly report.

Item 5. Other Information

None.

Item 6. Exhibits

	3.1	By-laws of Halliburton Company revised effective February 12, 2014 (incorporated by reference to Exhibit 3.1 to Halliburton's Form 8-K filed February 18, 2014, File No. 001-03492).
*	12.1	Statement Regarding the Computation of Ratio of Earnings to Fixed Charges.
*	31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*	31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**	32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**	32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*	95	Mine Safety Disclosures
*	101.INS	XBRL Instance Document
*	101.SCH	XBRL Taxonomy Extension Schema Document
*	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*	101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
	*	Filed with this Form 10-Q
	**	Furnished with this Form 10-Q

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	/s/ Christian A. Garcia
Mark A. McCollum	Christian A. Garcia
Executive Vice President and	Senior Vice President and
Chief Financial Officer	Chief Accounting Officer

Date: April 25, 2014

Exhibit 12.1

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

	Three Months Ended March 31, 2014	Year Ended December 31				
		2013	2012	2011	2010	2009
Earnings available for fixed charges:						
Income from continuing operations before income taxes	$ 846	$ 2,764	$ 3,822	$ 4,449	$ 2,655	$ 1,682
Add:						
Distributed earnings from equity in unconsolidated affiliates	—	19	4	13	13	17
Fixed charges	139	511	445	384	402	361
Subtotal	985	3,294	4,271	4,846	3,070	2,060
Less:						
Equity in earnings of unconsolidated affiliates	6	9	14	20	20	16
Total earnings available for fixed charges	$ 979	$ 3,285	$ 4,257	$ 4,826	$ 3,050	$ 2,044
Fixed charges:						
Interest expense	$ 96	$ 339	$ 305	$ 268	$ 308	$ 297
Rental expense representative of interest	43	172	140	116	94	64
Total fixed charges	$ 139	$ 511	$ 445	$ 384	$ 402	$ 361
Ratio of earnings to fixed charges	7.0	6.4	9.6	12.6	7.6	5.7

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, 2014 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 25, 2014

/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, 2014 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 25, 2014

/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, 2014 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 25, 2014

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, 2014 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 25, 2014

Exhibit 95

Mine Safety Disclosures

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, each operator of a mine is required to include certain mine safety results in its periodic reports filed with the SEC. The operation of our mines is subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (Mine Act). Below, we present the following items regarding certain mining safety and health matters for the quarter ended March 31, 2014:

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

HALLIBURTON COMPANY
Mine Safety Disclosures
Three Months Ended March 31, 2014:
(Unaudited)

(Whole dollars)

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

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

(2) Amounts included are the total dollar value of proposed or outstanding assessments received from MSHA on or before April 9, 2014 regardless of whether the assessment has been challenged or appealed, for citations and orders occurring during the three months ended March 31, 2014.

In addition, as required by the reporting requirements regarding mine safety included in §1503(a)(2) of the Dodd-Frank Act, the following is a list for the quarter ended March 31, 2014, of each mine of which we or a subsidiary of ours is an operator, that has received written notice from MSHA of:

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

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