

HALLIBURTON CO

Form 10-K

February 13, 2019

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

(Mark One)

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

For the fiscal year ended December 31, 2018

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 (I.R.S. Employer
incorporation or organization) 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:

| <u>Title of each class</u> | <u>Name of each exchange on which registered</u> |
|----------------------------|--|
|----------------------------|--|

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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 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

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

Yes No

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

Yes No

Indicate by check mark 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.

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

Large Accelerated Filer Accelerated Filer

Non-accelerated Filer Smaller Reporting Company

Emerging Growth Company

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

The aggregate market value of Halliburton Company Common Stock held by nonaffiliates on June 30, 2018, determined using the per share closing price on the New York Stock Exchange Composite tape of \$45.06 on that date, was approximately \$39.5 billion.

As of February 8, 2019, there were 872,542,842 shares of Halliburton Company Common Stock, \$2.50 par value per share, outstanding.

Portions of the Halliburton Company Proxy Statement for our 2019 Annual Meeting of Stockholders (File No. 001-03492) are incorporated by reference into Part III of this report.

HALLIBURTON COMPANY
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For the Year Ended December 31, 2018

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SIGNATURES

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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. With approximately 60,000 employees, representing 140 nationalities in more than 80 countries, we help our customers maximize value throughout the lifecycle of the reservoir - from locating hydrocarbons and managing geological data, to drilling and formation evaluation, well construction and completion and optimizing production throughout the life of the asset. 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.

Completion and Production delivers cementing, stimulation, intervention, pressure control, specialty chemicals, artificial lift and completion products and services. The segment consists of the following product service lines:

Production Enhancement: includes 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: involves bonding the well and well casing while isolating fluid zones and maximizing wellbore stability. Our cementing product 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.

Production Solutions: provides customized well intervention solutions to increase well performance, which includes coiled tubing, hydraulic workover units and downhole tools.

Pipeline & Process Services: provides a complete range of pre-commissioning, commissioning, maintenance and decommissioning services to the onshore and offshore pipeline and process plant construction, commissioning and maintenance industries.

Multi-Chem: provides customized specialty oilfield completion, production, and downstream water and process treatment chemicals and services to maximize production, ensure integrity of well and pipeline assets and address production, processing and transportation challenges.

Artificial Lift: provides services to maximize reservoir and wellbore recovery by applying lifting technology, intelligent field management solutions and related services throughout the life of the well, including electrical submersible pumps and progressive cavity pumps.

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 the following product service lines:

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 that offer directional control for precise wellbore placement while providing important measurements about the characteristics of the drill string and geological formations while drilling wells. 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.

Wireline and Perforating: provides open-hole logging services that supply 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, including perforating, pipe recovery services, through-casing formation evaluation and reservoir monitoring, casing and cement integrity measurements and well intervention services.

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: supplies integrated exploration, drilling and production software and related professional and data management services for the upstream oil and natural gas industry.

Testing and Subsea: provides 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 integrated solutions to our customers by leveraging the full line of our oilfield services, products and technologies to solve customer challenges throughout the oilfield lifecycle. It includes project management, consulting, integrated asset management and well control and prevention services.

See Note 2 to the consolidated financial statements for further financial information related to each of our business segments. We have manufacturing operations in various locations, the most significant of which are located in the United States, Canada, Malaysia, Singapore and the United Kingdom.

Business strategy

Our value proposition is to collaborate and engineer solutions to maximize asset value for our customers. We strive to achieve superior growth and returns for our shareholders by delivering technology and services that improve efficiency, increase recovery and maximize production for our customers. 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.

For further discussion on our business strategies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Executive Overview."

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; 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 more than 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 2018, 2017 and 2016, based on the location of services provided and products sold, 58%, 53% and 41% 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" for additional information about our geographic operations. 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 service and sales organizations.

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

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 single 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 (primarily sand), hydrochloric acid and gels, including guar gum (a blending additive used in hydraulic fracturing). 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.

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 technology covered by patents owned by others, and we license others to utilize technology covered by our patents. 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 normally results in reduced activity levels in the North Sea and Russia.

Additionally, customer spending patterns for software, completion tools and various other oilfield services and products typically result in higher activity in the fourth quarter of the year. Conversely, customer budget constraints may lead to lower demand for our services and products in the fourth quarter of the year.

Employees

At December 31, 2018, we employed approximately 60,000 people worldwide compared to approximately 55,000 at December 31, 2017. At December 31, 2018, approximately 13% 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

Hydraulic fracturing is a process that creates fractures extending from the well bore into the rock formation to enable natural gas or oil to move more easily from the rock pores to a production conduit. 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.

At the direction of our customer, we design and generally implement a hydraulic fracturing operation to 'stimulate' the well's production, 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 generally supply the proppant

(primarily sand) and at least a portion of the 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 and/or recycling for further use any materials that are subsequently produced or 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 freshwater aquifers or 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. In December 2016, the EPA released a final report, "*Hydraulic Fracturing for Oil and Gas: Impacts from the Hydraulic Fracturing Water Cycle on Drinking Water Resources in the United States*" representing the culmination of a six-year study requested by Congress. While the EPA report noted a potential for some impact to drinking water sources caused by hydraulic fracturing, the agency confirmed the overall incidence of impacts is low. Moreover, a number of the areas of potential impact identified in the report involve activities for which we are not generally responsible, such as potential impacts associated with withdrawals of surface water for use as a base fluid and management of wastewater.

We 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. We have also invested considerable resources in developing hydraulic fracturing technologies, in both the equipment and chemistry portions of our business, 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 that uses ultraviolet light to control the growth of bacteria in hydraulic fracturing fluids, 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 environment-friendly development of the world's oil and natural gas reserves, and that reduce noise while complying with Tier 4 lower emission legislation.

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, 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. For further information on risks related to hydraulic fracturing, see Item 1(a), "Risk Factors."

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 Securities Exchange Act of 1934 are made available free of charge on our internet web site (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 SEC maintains an internet site (www.sec.gov) that contains our reports, proxy and information statements and our other SEC filings. 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 2018, 2017, or 2016. 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 13, 2019, including all offices and positions held by each in the past five years:

| <u>Name and Age</u> | <u>Offices Held and Term of Office</u> |
|----------------------------------|---|
| Anne L. Beaty (Age 62) | Senior Vice President, Finance of Halliburton Company, since March 2017 Senior Vice President, Internal Assurance Services of Halliburton Company, November 2013 to March 2017 |
| Eric J. Carre (Age 52) | Executive Vice President, Global Business Lines of Halliburton Company, since May 2016 Senior Vice President, Drilling and Evaluation Division of Halliburton Company, June 2011 to April 2016 |
| Charles E. Geer, Jr. (Age 48) | Vice President and Corporate Controller of Halliburton Company, since January 2015 Vice President, Finance of Halliburton Company, December 2013 to December 2014 |
| Myrtle L. Jones (Age 59) | Senior Vice President, Tax of Halliburton Company, since March 2013 |
| Lance Loeffler (Age 41) | Executive Vice President and Chief Financial Officer of Halliburton Company, since November 2018 Vice President of Investor Relations of Halliburton Company, April 2016 to November 2018 Vice President of Corporate Development of Halliburton Company, August 2014 to April 2016 Director of Deutsche Bank, March 2011 to August 2014 |
| Timothy M. McKeon (Age 46) | Vice President and Treasurer of Halliburton Company, since January 2014 |
| Jeffrey A. Miller (Age 55) | Chairman of the Board, President and Chief Executive Officer of Halliburton Company, since January 2019 Member of the Board of Directors, President and Chief Executive Officer of Halliburton Company, June 2017 to December 2018 Member of the Board of Directors and President of Halliburton Company, August 2014 to May 2017 Executive Vice President and Chief Operating Officer of Halliburton Company, September 2012 to July 2014 |
| Lawrence J. Pope (Age 50) | Executive Vice President of Administration and Chief Human Resources Officer of Halliburton Company, since January 2008 |
| Joe D. Rainey (Age 62) | President, Eastern Hemisphere of Halliburton Company, since January 2011 |
| Mark J. Richard (Age 57) | President, Western Hemisphere of Halliburton Company, since February 2019 Senior Vice President, Northern U.S. Region of Halliburton Company, August 2018 to January 2019 |

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Senior Vice President, Business Development and Marketing of Halliburton Company, November 2015 to July 2018

Senior Vice President, Europe/Sub-Saharan Africa Region of Halliburton Company, February 2014 to October 2015

Robb L. Voyles Executive Vice President, Secretary and General Counsel of Halliburton Company, since May 2015
(Age 61) Interim Chief Financial Officer of Halliburton Company, March 2017 to June 2017
Executive Vice President and General Counsel of Halliburton Company, January 2014 to April 2015

There are no family relationships between the executive officers of the registrant or between any director and any executive officer of the registrant.

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Item 1(a). Risk Factors.

The statements in this section describe the known material risks to our business and should be considered carefully.

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. 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. Given the long-term nature of many large-scale development projects, even the perception of longer-term lower oil and natural gas prices by oil and natural gas companies can cause them to reduce or defer major expenditures. We also have a small number of integrated projects that have remuneration tied to hydrocarbon production. Reduction in oil and gas prices can affect the overall returns for these projects, either lengthening the time until the expected returns are realized or by impairing the value of the asset. Any prolonged reductions of commodity prices or expectations of such reductions could have a material adverse effect on our business, consolidated results of operations and consolidated financial condition, and could result in asset impairments and severance costs.

Factors affecting the prices of oil and natural gas include:

- the level of supply and demand for oil and natural gas;
- the ability or willingness of the Organization of Petroleum Exporting Countries (OPEC) to set and maintain oil production levels;
- the level of oil production in the U.S. and by other non-OPEC countries;
- oil refining capacity and shifts in end-customer preferences toward fuel efficiency and the use of natural gas;
- the cost of, and constraints associated with, producing and delivering oil and natural gas;
- 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; and
- increased demand for alternative fuels and electric vehicles, including government initiatives to promote the use of renewable energy sources and public sentiment around alternatives to oil and gas.

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;
- restrictions on our customers' ability to get their produced oil and natural gas to market due to infrastructure limitations (such as those that currently exist in the U.S. Permian Basin);
- the consolidation of our customers;
- customer personnel changes; and
- adverse developments in the business or operations of our customers, including write-downs of oil and natural gas reserves and borrowing base reductions under customer credit facilities.

Any significant reduction in commodity prices or a change in our customers' expectations of commodity prices, economic growth or supply and demand for oil and natural gas may result in capital budget reductions in the future. For example, we believe that the drop in the price of oil at the end of 2018, despite the recovery during January 2019, had a negative impact on certain of our customers' expectations about prices during 2019 and, as a result, the amount of their capital spending budgets for 2019. Any substantial and unexpected drop in commodity prices in the future, even if the drop is relatively short-lived, could similarly affect our customers' expectations and capital spending, which could result in a material adverse effect on our business, 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 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, war and 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 or our operations, restrict payments, or limit the movement of funds;
 - impose sanctions on our ability to conduct business with certain customers or persons;
 - 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, 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, cause us to cease operating in certain countries, 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, Azerbaijan, 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 subject to cyberattacks that could have a material adverse effect on our business, consolidated results of operations and consolidated financial condition.

We are increasingly dependent on digital technologies and services to conduct our business. We use these technologies for internal purposes, including data storage, processing and transmissions, as well as in our interactions with customers and suppliers. Examples of these digital technologies include analytics, automation, and cloud services. Digital technologies and services are subject to the risk of cyberattacks and, given the nature of such attacks, some incidents can remain undetected for a period of time despite our efforts to detect and respond to them in a timely manner. We routinely monitor our systems for cyber threats and have processes in place to detect and remediate vulnerabilities. Nevertheless, we have experienced occasional cyberattacks and attempted breaches over the past year, including phishing emails and ransomware infections. We detected and remediated all of these incidents. No known leakage of financial, technical or customer data occurred and none of the incidents had a material adverse effect on our business, operations, reputation, or consolidated results of operations or consolidated financial condition.

If our systems for protecting against cybersecurity risks prove not to be sufficient, we could be adversely affected by, among other things: loss of or damage to intellectual property, proprietary or confidential information, or customer, supplier, or employee data; interruption of our business operations; and increased costs required to prevent, respond to, or mitigate cybersecurity attacks. These risks could harm our reputation and our relationships with customers, suppliers, employees and other third parties, and may result in claims against us. 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 anti-corruption laws, even though some of 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. 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. Allegations of violations of applicable anti-corruption laws have resulted and may in the future result in internal, independent, or government investigations. Violations of anti-corruption laws 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, the shipment of goods, services and technology across international borders subjects us to extensive trade laws and regulations. Our import activities are governed by the unique customs laws and regulations in each of the countries where we operate. Moreover, many countries, including the United States, control the export and re-export of certain goods, services and technology and impose related export recordkeeping and reporting obligations. Governments may also impose economic sanctions against certain countries, persons and entities that may restrict or prohibit transactions involving such countries, persons and entities, which may limit or prevent our conduct of business in certain jurisdictions. During 2014, the United States and European Union imposed sectoral sanctions directed at Russia's oil and gas industry. Among other things, these sanctions restrict the provision of U.S. and EU goods, services and technology in support of exploration or production for deep water, Arctic offshore, or shale projects that have the potential to produce oil in Russia. These sanctions resulted in our winding down and ending work on two projects in Russia in 2014, and have prevented us from pursuing certain other projects in Russia. In 2017 and 2018, the U.S. Government imposed additional sanctions against Russia, Russia's oil and gas industry and certain Russian companies. Our ability to engage in certain future projects in Russia or involving certain Russian customers is dependent upon whether or not our involvement in such projects is restricted under U.S. or EU sanctions laws and the extent to which any of our current or prospective operations in Russia or with certain Russian customers may be subject to those laws. Those laws may change from time to time, and any expansion of sanctions against Russia's oil and gas industry could further hinder our ability to do business in Russia or with certain Russian customers, which could have a material adverse effect on our consolidated results of operations.

In 2017, the U.S. Government announced sanctions directed at certain Venezuelan individuals and imposed additional economic sanctions around certain categories of trade financing transactions in Venezuela. In the first quarter of 2018, the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury issued additional guidance on these sanctions which purports to prohibit the acceptance of payments on receivables issued on or after August 25, 2017 and outstanding longer than 90 days from customers subject to U.S. sanctions related to Venezuela in the absence of an OFAC license. During the first quarter of 2018, we wrote down all of our remaining investment in Venezuela. See Note 4 to the consolidated financial statements for further information. On January 28, 2019, OFAC issued additional sanctions targeting the Venezuela energy sector and granted a general license to us to continue our operations in Venezuela until July 27, 2019, subject to previously issued OFAC sanctions. We are continuing our limited operations in Venezuela pursuant to this general license and are evaluating our operations in advance of the July 27, 2019 termination of the general license.

The laws and regulations concerning import activity, export recordkeeping and reporting, export control and economic sanctions are complex and constantly changing. These laws and regulations can cause delays in shipments and unscheduled operational downtime. Moreover, any failure to comply with applicable legal and regulatory trading obligations could result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from governmental contracts, seizure of shipments and loss of import and export privileges. In addition, investigations by governmental authorities and 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.

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 business, consolidated results of operations and consolidated financial condition.

Various federal and state legislative and regulatory initiatives, as well as actions in other countries, have been or could be undertaken which could result in additional requirements or restrictions being imposed on hydraulic fracturing operations. For example, legislation and/or regulations have been adopted in many U.S. states that require additional disclosure regarding chemicals used in the hydraulic fracturing process but that generally include protections for proprietary information. Legislation, regulations and/or policies have also been adopted at the state level that impose other types of requirements on hydraulic fracturing operations (such as limits on operations in the event of certain levels of seismic activity). Additional 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 prohibitions on hydraulic fracturing operations in certain areas) that could affect our operations. Three states (New York, Maryland and Vermont) have banned the use of high volume hydraulic fracturing. Local jurisdictions in some states have adopted ordinances that restrict or in certain cases prohibit the use of hydraulic fracturing, although many of these ordinances have been challenged and some have been overturned. 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 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 business, consolidated results of operations and consolidated financial condition.

Liabilities arising out of catastrophic well incidents could have a material adverse effect on our business, consolidated results of operations and consolidated financial condition.

Catastrophic events can occur at well sites where we conduct our operations, including blowouts resulting in explosions, fires, personal injuries, property damage, pollution and regulatory responsibility. Generally, we rely on contractual indemnities, releases and limitations on liability with our customers, and liability insurance coverage, to protect us from potential liability related to such occurrences. However, we do not have these contractual provisions in all contracts, and even where we do, it is possible that the respective customer or insurer could seek to avoid or be financially unable to meet its obligations or a court may decline to enforce such provisions. Damages that are not indemnified or released could greatly exceed available insurance coverage and could have a material adverse effect on our business, 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 business, 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. 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. Liability for damages arising as a result of environmental laws or related third-party claims could be substantial and could have a material adverse effect on our business, consolidated results of operations and consolidated financial condition.

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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 business, 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 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;
- the use of underground injection wells; and
- the protection of worker safety both onshore and offshore.

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

- 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 or costs arising from regulatory compliance, including compliance with changes in or expansion of applicable regulatory requirements, could have a material adverse effect on our business, consolidated results of operations and consolidated financial condition.

Existing or future laws, regulations, treaties or international agreements related to greenhouse gases, climate change and alternative energy sources could have a negative impact on our business and may result in additional compliance obligations that could have a material adverse effect on our business, consolidated results of operations and consolidated financial condition.

Changes in environmental requirements related to greenhouse gases, climate change and alternative energy sources 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 in areas in which we conduct business continue to evaluate, and in some instances adopt, climate-related legislation and other regulatory initiatives that would restrict emissions of greenhouse gases. 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, may reduce demand for oil and natural gas and could have a negative impact on our business. 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 business, consolidated results of operations and consolidated financial condition.

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 Canada, 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 oil and 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 more than 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 the 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 that have restricted or limited trading markets for their local currencies and restrict or limit cash repatriation. We may accumulate cash in those geographies, but we may be limited in our ability to convert our profits into United States dollars or to repatriate the profits from those countries.

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 we lose one or more of our significant customers or 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 business, consolidated results of operations and consolidated financial condition.

We depend on a limited number of significant customers. While no single customer 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 or commodity price 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 business, consolidated results of operations and consolidated financial condition.

We sometimes provide integrated project management services in the form of 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.

We sometimes provide integrated project management services outside our normal discrete business in the form of long-term, fixed price contracts. Some of these contracts are required by our customers, primarily national oil companies (NOCs). These services include acting 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, such as proppants (primarily sand), hydrochloric acid, and gels, including guar gum, are normally readily available. Shortage of raw materials as a result of high levels of demand or loss of suppliers during market challenges 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 business, 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 venture interests. 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 use cash on hand or be financed by additional borrowings or by the issuance of our common stock. These transactions may also affect our business, consolidated results of operations and consolidated financial condition.

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

- any acquisitions we attempt will be completed on the terms announced, or at all;
- 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; or
- any dispositions, investments, or acquisitions, including integration efforts, would not divert management resources.

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 in which unaffiliated third parties may control the operations of the joint venture or we may share control. As with any joint venture arrangement, differences in views among the joint venture participants may result in delayed decisions, the joint venture operating in a manner that is contrary to our preference 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 attract, 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 attract, employ and retain technical personnel with the ability to design, utilize and enhance these services and products. 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. We also have numerous small facilities that include sales, project and support offices and bulk storage facilities throughout the world. All of our owned properties are unencumbered. We believe all properties that we currently occupy are suitable for their intended use.

The following locations represent our major facilities by segment:

Completion and Production: Arbroath, United Kingdom; Johor Bahru, Malaysia; and Lafayette, Louisiana

Drilling and Evaluation: Alvarado, Texas; Nisku, Canada; and The Woodlands, Texas

Shared/corporate facilities: Bangalore, India; Carrollton, Texas; Denver, Colorado; Dhahran, Saudi Arabia; Dubai, United Arab Emirates (corporate executive offices); Duncan, Oklahoma; Houston, Texas (corporate executive offices); Kuala Lumpur, Malaysia; London, England; Moscow, Russia; Panama City, Panama; Pune, India; Rio de Janeiro, Brazil; Singapore; and Tananger, Norway

Item 3. Legal Proceedings.

Information related to Item 3. Legal Proceedings is included in Note 8 to the consolidated financial statements.

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 under the symbol "HAL." Information related to quarterly dividend payments is included under the caption "Quarterly Financial Data" in the consolidated financial statements. 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 continue paying dividends at our current rate during 2019.

The following graph and table compare total shareholder return on our common stock for the five-year period ended December 31, 2018, 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, 2013 and the reinvestment of all dividends. The shareholder return set forth is not necessarily indicative of future performance. The following graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that Halliburton specifically incorporates it by reference into such filing.

| | December 31 | | | | | |
|--|-------------|----------|----------|-----------|-----------|----------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Halliburton | \$ 100.00 | \$ 78.40 | \$ 69.09 | \$ 111.64 | \$ 102.44 | \$ 56.78 |
| Philadelphia Oil Service Index (OSX) | 100.00 | 76.49 | 58.60 | 69.72 | 57.73 | 31.63 |
| Standard & Poor's 500 [®] Index | 100.00 | 113.69 | 115.26 | 129.05 | 157.22 | 150.33 |

At February 8, 2019, we had 11,774 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, 2018.

| 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 | 2,885,114 | \$34.88 | 2,868,100 | \$5,400,004,968 |
| November 1 - 30 | 2,907,936 | \$34.52 | 2,896,800 | \$5,300,007,172 |
| December 1 - 31 | 193,064 | \$30.45 | — | \$5,300,007,172 |
| Total | 5,986,114 | \$34.56 | 5,764,900 | |

(a) Of the 5,986,114 shares purchased during the three-month period ended December 31, 2018, 221,214 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 stock.

(b) Our Board of Directors has authorized a plan to repurchase a specified dollar amount of our common stock from time to time. During the fourth quarter of 2018, we repurchased approximately 5.8 million shares of our common stock pursuant to our share repurchase program for a total cost of approximately \$200 million at an average price of \$34.69 per share. Approximately \$5.3 billion remained authorized for repurchases as of December 31, 2018.

From the inception of this program in February 2006 through December 31, 2018, we repurchased approximately 212 million shares of our common stock for a total cost of approximately \$8.8 billion.

Item 6. Selected Financial Data.

Information related to selected financial data is included on page 61 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 19 through 32 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" and Note 13 to the consolidated financial statements.

Item 8. Financial Statements and Supplementary Data.

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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, 2018 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, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

See page 33 for Management’s Report on Internal Control Over Financial Reporting and page 35 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

Our business strengthened in 2018 as we continued to build for a longer-term industry recovery. We experienced some challenges in North America during the latter half of the year as a result of offtake capacity limitations and customer budget constraints, but we believe these are temporary in nature. We successfully maintained our global market share in 2018, which was accomplished by our investments in strategic growth areas and by competing in key markets as we continue to collaborate and engineer solutions to maximize asset value for our customers and align our business with customers in the fastest growing market segments.

We generated total company revenue of \$24.0 billion during 2018, a 16% increase from the \$20.6 billion of revenue generated in 2017, with our Completion and Production segment improving 22% and our Drilling and Evaluation segment improving 6%. We also reported total company operating income of approximately \$2.5 billion in 2018, an 80% increase from operating income of \$1.4 billion in 2017. These improvements were primarily associated with pressure pumping services, drilling activity and artificial lift in North America, as well as drilling activity in the Eastern Hemisphere.

Our North America revenue in 2018 increased 25% compared to 2017, outperforming the average North American rig count growth of 13%. However, the United States land rig count was relatively flat over the second half of 2018, with an average quarterly increase of less than 2%. A combination of offtake capacity limitations and customer budget constraints led to less demand for completion services during the fourth quarter of 2018. The lower demand created excess equipment capacity in the market and had a detrimental effect on pricing. As a result, our North America revenue decreased by 11% from the third quarter of 2018 to the fourth quarter of 2018, primarily driven by lower activity and pricing in stimulation services.

Our international business continues to show signs of a steady recovery and delivered annual revenue growth for the first time since 2014, with a 6% improvement from 2017 to 2018. This underscores the versatility and global reach of our business portfolio. Improvements in revenue were driven primarily by increased drilling and well intervention activity in the Middle East. While the international markets are continuing to improve, they are in the early stages of a recovery and pricing pressure remains a challenge. We have grown our international market share throughout the downturn because of our service quality and technology offerings and our willingness to collaborate with our customers. Our product service lines continue to focus on technology-driven value propositions to help our customers increase production and lower costs.

Business outlook

Commodity prices fell towards the end of 2018, with both West Texas Intermediate (WTI) and Brent crude oil spot prices dropping over 40% to levels not experienced since June of 2017. This price volatility created headwinds as we entered 2019. However, oil prices have climbed since the beginning of 2019, and we believe supply and demand fundamentals for multi-year industry growth are still intact. Our industry is going through a transformation brought on by the shale revolution and the recent down-cycle. The industry has removed substantial costs from the system and introduced significant efficiencies and many of our customers in North America appear to have shifted their strategy from production growth to operating within cash flow and generating returns. We believe this is a positive sign for the long-term prospects of our industry.

In North America, the drop in oil prices at the end of 2018 appears to have created some uncertainty about our customers' expectations about future prices, which in turn led to customer budgets for 2019 that are more limited than

previously anticipated. Although we expect these reloaded budgets will drive modest improvement in completion activity levels in 2019, we anticipate that pressure on services pricing will continue in the first quarter. We believe, however, that there are several catalysts for a potential completions activity rebound in North America. These catalysts include what we expect will be a supportive commodity price environment, offtake capacity constraints alleviating in the Permian basin, and a high inventory of drilled but uncompleted (DUC) wells. If these catalysts materialize, we believe they will increase customer urgency and, in turn, drive higher pricing in the second half of 2019. We will continue to adjust our cost structure to market conditions. We are actively maintaining and improving the condition of our fleet to position our North America land business for success as the market improves.

Internationally, the market recovery continues at a modest pace. Over the course of 2019, we believe activity will improve across all international regions, although off of a low base in some geographies, such as Asia Pacific and Africa. This international recovery is led by mature fields as customers broadly favor shorter cycle returns and lower risk projects in today's environment. We believe in the strength of our mature fields technology portfolio, and we intend to continue building our mature fields capabilities in 2019 and beyond. We believe we are well-positioned for continued growth as a result of the significant investments we made to grow our global footprint in the last cycle, which included increasing our product service line operations in various geographies, expanding our manufacturing capacity in Singapore and opening technology centers in Saudi Arabia, India and Brazil. We intend to continue collaborating with our customers to improve their project economics and our profitability through advanced technology and increased operating efficiency.

During 2018, we had approximately \$2.0 billion of capital expenditures, an increase of 48% from 2017, which were predominantly made in our Production Enhancement, Sperry Drilling, Artificial Lift, Wireline and Perforating, and Cementing product service lines. We intend to reduce our capital expenditures by 20% in 2019 to approximately \$1.6 billion. We intend to focus our 2019 capital expenditures on key technologies and capabilities that deliver differentiation and drive returns, such as our new directional drilling platform and the expansion of our production business.

In 2019, we will continue to build the foundation for a longer-term recovery. We intend to dynamically respond to the changing market, invest effectively and remain flexible in our cost structure. We will maintain an appropriate level of capital spending to support our business. We believe in responsible capital stewardship, prioritizing capital efficiency, investing in the technologies that deliver differentiation and returns, and generating strong cash flow. We remain committed to generating strong cash flow by using cost levers, managing working capital, and remaining flexible on our capital spending with a focus on strong return-generating opportunities. In 2018, we continued our focus on returning capital to shareholders through share repurchases and dividends, which totaled over \$1 billion. Going forward, we plan to use excess cash on strategic investments that meet our returns thresholds, for reducing debt, and for returning cash to our shareholders.

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

- directing capital and resources into strategic growth markets, including unconventional plays and mature fields;
- leveraging our broad technology offerings to provide value to our customers and enable them to more efficiently drill and complete their wells;
- exploring additional opportunities for acquisitions that will enhance or augment our current portfolio of services and products, including those with unique technologies or distribution networks in areas where we do not already have significant operations;
- investing in technology that will help our customers reduce reservoir uncertainty and increase operational efficiency;
- improving working capital and managing our balance sheet to maximize our financial flexibility;
- seeking additional ways to be one of the most cost-efficient service providers in the industry by maintaining capital discipline and leveraging our scale and breadth of operations;
- collaborating and engineering solutions to maximize asset value for our customers;
- and
- striving to achieve superior growth and returns for our shareholders.

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

Financial markets, liquidity and capital resources

We believe we have invested our cash balances conservatively and secured sufficient financing to help mitigate any near-term negative impact on our operations from adverse market conditions. We had \$2.0 billion of cash and equivalents as of December 31, 2018, and we generated approximately \$3.2 billion in operating cash flow and retired \$400 million in senior notes during 2018. We also have \$3.0 billion available under our revolving credit facility which, combined with our cash balance, we believe provides us with sufficient liquidity to address the challenges and opportunities of the current market. For additional information on market conditions, see “Liquidity and Capital Resources” and “Business Environment and Results of Operations.”

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2018, we had \$2.0 billion of cash and equivalents, compared to \$2.3 billion at December 31, 2017.

Significant sources and uses of cash in 2018

Sources of cash:

Cash flows from operating activities were \$3.2 billion in 2018. This included the impact of changes in our primary components of working capital (receivables, inventories and accounts payable), which increased during the year by a net \$384 million, primarily due to increased business activity, and thus reduced our operating cash flows.

We sold \$104 million of investment securities, net of purchases.

Uses of cash:

Capital expenditures were \$2.0 billion in 2018 and were predominantly made in our Production Enhancement, Sperry Drilling, Artificial Lift, Wireline and Perforating and Cementing product service lines.

We paid \$630 million of dividends to our shareholders.

We repurchased approximately 10.5 million shares of our common stock under our share repurchase program at a total cost of approximately \$400 million.

We paid \$400 million to retire our senior notes which matured in August 2018.

We paid \$187 million for acquisitions of various businesses, net of cash acquired, to further enhance our existing product service lines.

Future sources and uses of cash

We manufacture most of our own equipment, which allows us flexibility to increase or decrease our capital expenditures based on market conditions. Capital spending for 2019 is currently expected to be approximately \$1.6 billion. The capital expenditures plan for 2019 is primarily directed towards key technologies and capabilities that deliver differentiation and drive returns, such as our new directional drilling platform and the expansion of our production business.

Currently, our quarterly dividend rate is \$0.18 per share, or approximately \$158 million per quarter. Subject to Board of Directors approval, our intention is to continue paying dividends at our current rate during 2019. Our Board of Directors has authorized a program to repurchase a specified dollar amount of our common stock from time to time. Approximately \$5.3 billion remained authorized for repurchases as of December 31, 2018, and may be used for open market and other share purchases.

Contractual obligations

The following table summarizes our significant contractual obligations and other long-term liabilities as of December 31, 2018:

| <i>Millions of dollars</i> | Payments Due | | | | | | Total |
|---------------------------------|----------------|--------------|----------------|--------------|----------------|-----------------|-----------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Thereafter | |
| Long-term debt (a) | \$34 | \$27 | \$696 | \$12 | \$1,114 | \$8,664 | \$10,547 |
| Interest on debt (b) | 571 | 568 | 558 | 531 | 528 | 7,961 | 10,717 |
| Operating leases | 275 | 146 | 122 | 100 | 78 | 254 | 975 |
| Purchase obligations (c) | 688 | 77 | 21 | — | — | 15 | 801 |
| Other long-term liabilities (d) | 24 | — | — | — | — | — | 24 |
| Total | \$1,592 | \$818 | \$1,397 | \$643 | \$1,720 | \$16,894 | \$23,064 |

(a) Represents principal amounts of long-term debt, including capital lease obligations and current maturities of debt, which excludes any unamortized debt issuance costs and discounts. See to the consolidated financial statements.

(b) Interest on debt includes 78 years of interest on \$300 million of debentures at 7.6% interest that become due in 2096.

(c) Amount in 2019 primarily represents certain purchase orders for goods and services utilized in the ordinary course of our business.

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(d) Represents pension funding obligations associated with international plans for 2019 only and are based on assumptions that are subject to change as we are currently not able to reasonably estimate our contributions for years after 2019.

Due to the uncertainty with respect to the timing of potential future cash outflows associated with our uncertain tax positions, we are not able to reasonably estimate the period of cash settlement with the respective taxing authorities. Therefore, gross unrecognized tax benefits have been excluded from the contractual obligations table above. We had \$417 million of gross

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unrecognized tax benefits, excluding penalties and interest, at December 31, 2018, of which we estimate \$399 million may require a cash payment by us. We estimate that \$378 million of the cash payment will not be settled within the next 12 months.

Other factors affecting liquidity

Financial position in current market. As of December 31, 2018, we had \$2.0 billion of cash and equivalents and \$3.0 billion of available committed bank credit under our revolving credit facility. Furthermore, we have no financial covenants or material adverse change provisions in our bank agreements, and our debt maturities extend over a long period of time. We believe our cash on hand, cash flows generated from operations and our available credit facility will provide sufficient liquidity to address our global cash needs in 2019, including capital expenditures, working capital investments, dividends, if any, and contingent liabilities.

Guarantee agreements. In the normal course of business, we have agreements with financial institutions under which approximately \$2.0 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of December 31, 2018. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization.

Credit ratings. Our credit ratings with Standard & Poor's (S&P) remain A- for our long-term debt and A-2 for our short-term debt, with a stable outlook. Our credit ratings with Moody's Investors Service (Moody's) remain Baa1 for our long-term debt and P-2 for our short-term debt, with a stable outlook.

Customer receivables. In line with industry practice, we bill our customers for our services in arrears and are, therefore, subject to our customers delaying or failing to pay our invoices. In weak economic environments, we may experience increased delays and failures to pay our invoices due to, among other reasons, a reduction in our customers' cash flow from operations and their access to the credit markets, as well as unsettled political conditions. If our customers delay paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, consolidated results of operations and consolidated financial condition. See Note 4 to the consolidated financial statements for further discussion related to our receivables, including our receivables in Venezuela.

BUSINESS ENVIRONMENT AND RESULTS OF OPERATIONS

We operate in more than 80 countries throughout the world to provide a comprehensive range of services and products to the energy industry. A significant amount of our consolidated revenue is derived from the sale of services and products to major, national and independent oil and natural gas companies worldwide. The industry we serve is highly competitive with many substantial competitors in each segment of our business. In 2018, 2017 and 2016, based on the location of services provided and products sold, 58%, 53% and 41%, respectively, 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, sanctions, expropriation or other governmental actions, inflation, changes in foreign currency exchange rates, foreign currency exchange restrictions and highly inflationary currencies, as well as other geopolitical factors. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country, other than the United States, would have a material adverse effect on our business, consolidated results of operations or consolidated financial condition.

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

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

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

| | 2018 | 2017 | 2016 |
|--|---------|---------|---------|
| Oil price - WTI ⁽¹⁾ | \$64.94 | \$50.93 | \$43.14 |
| Oil price - Brent ⁽¹⁾ | 71.08 | 54.30 | 43.55 |
| Natural gas price - Henry Hub ⁽²⁾ | 3.17 | 3.04 | 2.52 |

⁽¹⁾ Oil price measured in dollars per barrel

⁽²⁾ Natural gas price measured in dollars per million

British thermal units (Btu), or MMBtu

| | Three Months Ended December 31, 2018 | Month Ended December 31, 2018 |
|-------------------|--|--|
| Oil price - WTI | \$ 59.08 | \$ 49.52 |
| Oil price - Brent | 67.78 | 57.56 |

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

| | 2018 | 2017 | 2016 |
|---------------|-------|------|------|
| U.S. Land | 1,013 | 856 | 486 |
| U.S. Offshore | 19 | 20 | 23 |

| | | | |
|-----------------|-------|-------|-------|
| Canada | 191 | 206 | 130 |
| North America | 1,223 | 1,082 | 639 |
| International | 988 | 949 | 955 |
| Worldwide total | 2,211 | 2,031 | 1,594 |

Crude oil prices have been extremely volatile over the past few years. WTI oil spot prices declined significantly beginning in 2014 from a peak price of \$108 per barrel in June 2014 to a low of \$26 per barrel in February 2016, a level which had not been experienced since 2003. Brent crude oil spot prices declined from a high of \$115 per barrel in June 2014 to \$26 per barrel in January 2016. Since the low point experienced in early 2016, oil prices increased substantially, with WTI oil spot prices reaching a high of \$77 per barrel in June 2018 and Brent crude oil spot prices reaching a high of \$86 per barrel in October 2018. In the fourth quarter of 2018, oil prices again declined with WTI and Brent oil spot prices reaching a low of \$44 per barrel and \$50 per barrel, respectively, in December. The average full year 2018 WTI and Brent crude oil spot prices of \$65 per barrel and \$71 per barrel increased 28% and 31%, respectively, from the average 2017 prices.

In the United States Energy Information Administration (EIA) January 2019 "Short Term Energy Outlook," the EIA projected Brent prices to average \$61 per barrel in 2019 and \$65 per barrel in 2020, while WTI prices were projected to average approximately \$8 less per barrel in the first quarter of 2019, before the discount to Brent gradually falls to approximately \$4 in the fourth quarter of 2019 and throughout 2020. The International Energy Agency's (IEA) January 2019 "Oil Market Report" forecasts 2019 global demand to average approximately 100.7 million barrels per day, an increase of 1.5% from 2018, driven by increases in the Asia Pacific region, while all other regions remain approximately the same.

The Henry Hub natural gas spot price in the United States averaged \$3.15 per MMBtu in 2018, an increase of \$0.16 per MMBtu, or 5%, from 2017. The EIA January 2019 "Short Term Energy Outlook" projects Henry Hub natural gas prices to average \$2.89 per MMBtu in 2019 and \$2.92 per MMBtu in 2020. The projected decline from 2018 levels is primarily due to expected production growth keeping pace with demand and export growth and inventories building faster than the five-year average.

North America operations

The average North America rig count increased 141 rigs, or 13%, for the full year 2018 as compared to 2017. However, the average United States land rig count was essentially flat from the third quarter to the fourth quarter of 2018 as the market softened. During the fourth quarter of 2018, we faced challenges caused by offtake capacity limitations and year-end customer budget constraints, which led to decreasing demand for completion services and increasing pressure on pricing. We expect that the increased oil price volatility in recent months will continue to create pressure on services pricing in the first quarter of 2019. However, we believe there are several catalysts for a potential completions activity rebound in North America. These catalysts include what we believe will be a supportive commodity price environment, offtake capacity constraints alleviating in the Permian basin, and a high inventory of drilled but uncompleted (DUC) wells. If these catalysts materialize, we believe they will increase customer urgency and, in turn, drive higher pricing in the second half of 2019.

International operations

The average international rig count for 2018 increased 39 rigs, or 4% compared to 2017. While the international markets are continuing to improve, they are in the early stages of a recovery and pricing pressure remains a challenge in a competitive landscape. We expect the international recovery to be focused, at least initially, on mature fields as customers broadly favor shorter cycle returns and lower risk projects in today's environment. We believe we are well-positioned for continued growth as a result of the significant investments we made to grow our global footprint in the last cycle.

RESULTS OF OPERATIONS IN 2018 COMPARED TO 2017

| REVENUE: | | | Favorable | Percentage | |
|------------------------------|----------|----------|---------------|------------|---|
| <i>Millions of dollars</i> | 2018 | 2017 | (Unfavorable) | Change | |
| Completion and Production | \$15,973 | \$13,077 | \$ 2,896 | 22 | % |
| Drilling and Evaluation | 8,022 | 7,543 | 479 | 6 | |
| Total revenue | \$23,995 | \$20,620 | \$ 3,375 | 16 | % |
| <i>By geographic region:</i> | | | | | |
| North America | \$14,431 | \$11,564 | \$ 2,867 | 25 | % |
| Latin America | 2,065 | 2,116 | (51) | (2) |) |
| Europe/Africa/CIS | 2,945 | 2,781 | 164 | 6 | |
| Middle East/Asia | 4,554 | 4,159 | 395 | 9 | |
| Total | \$23,995 | \$20,620 | \$ 3,375 | 16 | % |

| OPERATING INCOME (LOSS): | | | Favorable | Percentage | |
|---------------------------------|---------|---------|---------------|------------|---|
| <i>Millions of dollars</i> | 2018 | 2017 | (Unfavorable) | Change | |
| Completion and Production | \$2,278 | \$1,625 | \$ 653 | 40 | % |
| Drilling and Evaluation | 745 | 726 | 19 | 3 | |
| Total | 3,023 | 2,351 | 672 | 29 | |
| Corporate and other | (291) | (330) | 39 | 12 | |
| Impairments and other charges | (265) | (647) | 382 | 59 | |
| Total operating income | \$2,467 | \$1,374 | \$ 1,093 | 80 | % |

Consolidated revenue in 2018 was \$24.0 billion, an increase of \$3.4 billion, or 16%, compared to 2017, with increases across all of our product service lines globally, primarily associated with pressure pumping services, drilling activity and artificial lift in North America, as well as drilling activity in the Eastern Hemisphere. Revenue from North America was 60% of consolidated revenue in 2018 and 56% of consolidated revenue in 2017.

We reported consolidated operating income of \$2.5 billion in 2018, as compared to operating income of \$1.4 billion in 2017, an 80% increase primarily due to increases in pressure pumping and artificial lift activity in North America. Operating results were also impacted by \$265 million and \$647 million of impairments and other charges related to Venezuela recorded during 2018 and 2017, respectively. See Note 4 to the consolidated financial statements for further information on the Venezuela charges taken during 2018.

OPERATING SEGMENTS*Completion and Production*

Completion and Production revenue was \$16.0 billion in 2018, an increase of \$2.9 billion, or 22%, compared to 2017. Operating income was \$2.3 billion in 2018, a 40% increase compared to \$1.6 billion in 2017. Operating results significantly improved due to increased activity across all of our product service lines, primarily associated with pressure pumping and artificial lift in North America. International operating results improved due to increased well completion services in Europe/Africa/CIS and well intervention services in the Middle East.

Drilling and Evaluation

Drilling and Evaluation revenue was \$8.0 billion in 2018, an increase of \$479 million, or 6%, from 2017. Operating income was \$745 million in 2018, an increase of \$19 million, or 3%, compared to 2017. Operating results improved for drilling services in North America coupled with increased drilling, logging and fluids activity in the Middle East. Partially offsetting these results were activity declines across multiple product service lines in Latin America, primarily drilling activity.

GEOGRAPHIC REGIONS

North America

North America revenue was \$14.4 billion in 2018, a 25% increase compared to 2017. This improvement was driven by increased activity throughout the United States land sector in the majority of our product service lines, primarily related to higher activity in pressure pumping, artificial lift, specialty chemicals, and drilling services. These increases were partially offset by lower stimulation activity in Canada.

Latin America

Latin America revenue was \$2.1 billion in 2018, a 2% decrease compared to 2017, resulting primarily from reduced activity in Venezuela, Mexico and Brazil, partially offset by increases in the majority of our product service lines in Argentina, Colombia and Ecuador.

Europe/Africa/CIS

Europe/Africa/CIS revenue was \$2.9 billion in 2018, a 6% increase compared to 2017. The increases were due to increased activity throughout the region, primarily related to improvements in the majority of our product service lines in the North Sea and Ghana, partially offset by activity reductions in Angola.

Middle East/Asia

Middle East/Asia revenue was \$4.6 billion in 2018, a 9% increase compared to 2017, primarily resulting from improvements in drilling, stimulation and well intervention services in the Middle East and higher project management activity in India, partially offset by lower project management activity in Indonesia.

OTHER OPERATING ITEMS

Corporate and other expenses were \$291 million in 2018 as compared to \$330 million in 2017. Corporate and other expenses in 2017 included approximately \$42 million of one-time charges for litigation settlements, primarily associated with the resolution of an SEC investigation, and executive compensation costs.

Impairments and other charges were \$265 million in 2018, related to a write-down of all of our remaining investment in Venezuela. See Note 4 to the consolidated financial statements for further information. This compares to \$647 million of impairments and other charges recorded in 2017, representing a charge against receivables from our primary customer in Venezuela.

NONOPERATING ITEMS

Interest expense, net was \$554 million in 2018, as compared to \$593 million in 2017, which included \$104 million in costs related to the early extinguishment of \$1.4 billion of senior notes during the first quarter of 2017.

Effective tax rate. During 2018, we recorded a total income tax provision of \$157 million on pre-tax income of \$1.8 billion, resulting in an effective tax rate of 8.7%. During 2017, we recorded a total income tax provision \$1.1 billion on pre-tax income of \$682 million, resulting in an effective tax rate of 165.8%. See Note 9 to the consolidated financial statements for significant drivers of these effective tax rates.

RESULTS OF OPERATIONS IN 2017 COMPARED TO 2016

| REVENUE: | | | Favorable | Percentage |
|---------------------------------|----------|-----------|---------------|------------|
| <i>Millions of dollars</i> | 2017 | 2016 | (Unfavorable) | Change |
| Completion and Production | \$13,077 | \$8,882 | \$ 4,195 | 47 % |
| Drilling and Evaluation | 7,543 | 7,005 | 538 | 8 |
| Total revenue | \$20,620 | \$15,887 | \$ 4,733 | 30 % |
| <i>By geographic region:</i> | | | | |
| North America | \$11,564 | \$6,770 | \$ 4,794 | 71 % |
| Latin America | 2,116 | 1,860 | 256 | 14 |
| Europe/Africa/CIS | 2,781 | 2,993 | (212) | (7) |
| Middle East/Asia | 4,159 | 4,264 | (105) | (2) |
| Total | \$20,620 | \$15,887 | \$ 4,733 | 30 % |
| OPERATING INCOME (LOSS): | | | | |
| <i>Millions of dollars</i> | 2017 | 2016 | (Unfavorable) | Percentage |
| Completion and Production | \$1,625 | \$108 | \$ 1,517 | 1,405 % |
| Drilling and Evaluation | 726 | 801 | (75) | (9) |
| Total | 2,351 | 909 | 1,442 | 159 |
| Corporate and other | (330) | (4,322) | 3,992 | (92) |
| Impairments and other charges | (647) | (3,357) | 2,710 | (81) |
| Total operating income (loss) | \$1,374 | \$(6,770) | \$ 8,144 | — % |

Consolidated revenue in 2017 increased 30% compared to 2016, associated with improved utilization, pricing and activity, primarily attributable to higher stimulation activity, and well completion and drilling services in North America. Revenue from North America was 56% of consolidated revenue in 2017 and 43% of consolidated revenue in 2016.

We reported consolidated operating income of \$1.4 billion in 2017, as compared to an operating loss of \$6.8 billion in 2016. Higher consolidated operating results were primarily due to increases in stimulation activity and well completion services in North America. Operating results were also impacted by \$647 million and \$3.4 billion of impairments and other charges recorded during 2017 and 2016, respectively. Additionally, we incurred \$4.1 billion of merger-related costs during 2016, primarily due to a \$3.5 billion termination fee and \$464 million of charges resulting from our reversal of assets held for sale accounting.

OPERATING SEGMENTS*Completion and Production*

Completion and Production revenue was \$13.1 billion in 2017, an increase of \$4.2 billion, or 47%, compared to 2016. Completion and Production operating income was \$1.6 billion in 2017 compared to \$108 million in 2016. Operating results significantly improved due to increased activity and pricing across the majority of our product service lines, primarily pressure pumping services in North America. International operating results improved slightly as increased pressure pumping services in the Middle East and Latin America were partially offset by reduced completion tool sales in the Eastern Hemisphere.

Drilling and Evaluation

Drilling and Evaluation revenue was \$7.5 billion in 2017, an increase of \$538 million, or 8%, from 2016. Drilling and Evaluation operating income was \$726 million in 2017, a decrease of \$75 million, or 9%, compared to 2016. Operating results improved for drilling services in North America as a result of improved pricing, utilization and rig

count. These increases were offset by pricing pressure and activity reductions across the majority of our product service lines in the Eastern Hemisphere, particularly drilling and logging services, as well as activity reductions in Venezuela, primarily software sales and testing activity.

GEOGRAPHIC REGIONS

North America

North America revenue was \$11.6 billion in 2017, a 71% improvement compared to 2016. These results were driven by improved customer demand in our United States land sector with increases in both pricing and activity, primarily related to pressure pumping services, drilling activity and completion tool sales.

Latin America

Latin America revenue was \$2.1 billion in 2017, a 14% increase compared to 2016, primarily related to higher drilling activity in Brazil and Colombia, as well as increased project management activity in Mexico. These increases were partially offset by reduced activity in the majority of our product service lines in Venezuela and lower completion tool sales in Brazil.

Europe/Africa/CIS

Europe/Africa/CIS revenue was \$2.8 billion in 2017, a 7% decline compared to 2016. The decreases were driven by activity reductions and pricing pressure across the region, particularly in Angola and the North Sea, along with reduced completion tool sales and logging services throughout the region.

Middle East/Asia

Middle East/Asia revenue was \$4.2 billion in 2017, a 2% decrease compared to 2016, driven by reduced activity and pricing pressure, particularly for drilling and logging services in Thailand, reductions across all of our product service lines in Indonesia and drilling services and completion tool sales across the region. These decreases were partially offset by improved stimulation and well intervention activity in the Middle East, increased project management activity in Iraq and improved activity across the majority of our product service lines in Australia.

OTHER OPERATING ITEMS

Corporate and other expenses were \$330 million in 2017, which included approximately \$42 million of one-time charges for litigation settlements, primarily associated with the resolution of an SEC investigation, and executive compensation costs. This compares to corporate and other expenses of \$4.3 billion in 2016, which included a \$3.5 billion termination fee and other merger-related costs, coupled with \$464 million of charges resulting from our reversal of assets held for sale accounting.

Impairments and other charges were \$647 million in 2017 representing a fair market value adjustment on a promissory note from our primary customer in Venezuela and a full reserve against our other accounts receivable with this customer. This compares to \$3.4 billion of impairments and other charges recorded in 2016, primarily as a result of the downturn in the energy market, which consisted of fixed asset impairments and write-offs, inventory write-downs, impairments of intangible assets, severance costs, country and facility closures, a loss on exchange for our Venezuela promissory note and other charges.

NONOPERATING ITEMS

Interest expense, net was \$593 million in 2017, which includes \$104 million in costs related to the early extinguishment of \$1.4 billion of senior notes during the first quarter of 2017, offset by additional interest income recognized during the year related to interest receipts and accretion on the promissory note from our primary customer in Venezuela. We recognized \$639 million of net interest expense in 2016, which includes \$41 million of debt redemption fees and associated expenses related to the \$2.5 billion of senior notes mandatorily redeemed in the second quarter of 2016, with the corresponding interest savings from these debt payments reflected in 2017.

Other, net was an \$99 million loss in 2017, as compared to a \$216 million loss in 2016, driven by foreign currency exchange losses in various countries as a result of the strengthening U.S. dollar. During 2017, foreign exchange losses were primarily incurred in Brazil and Nigeria. During 2016, foreign exchange losses were primarily incurred in Egypt, Argentina and Brazil, including a \$53 million loss for the devaluation of the Egyptian pound.

Effective tax rate. During 2017, we recorded a total income tax provision of \$1.1 billion on pre-tax income of \$682 million, resulting in an effective tax rate of 165.8%. This included \$770 million of tax expenses associated with our preliminary estimate of the net impact of the United States tax reform enacted in 2017. During 2016, we recorded a total income tax benefit \$1.9 billion on pre-tax losses of \$7.6 billion, resulting in an effective tax rate of 24.4%. See Note 9 to the consolidated financial statements for significant drivers of these effective tax rates.

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 estimates 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; and
- allowance for bad debts.

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.

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 more than 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 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, 2018, 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, there may be a material adverse effect on our future financial results. 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. 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 operating income. 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 conduct impairment tests on goodwill annually, during the third quarter, or more frequently whenever events or changes in circumstances indicate an impairment may exist. We conduct impairment tests on long-lived assets, other than goodwill, whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

When conducting an impairment test on long-lived assets, other than goodwill, we first compare estimated future undiscounted cash flows associated with the asset to the asset's carrying amount. If the undiscounted cash flows are less than the asset's carrying amount, we then determine the asset's fair value by using a discounted cash flow analysis. These analyses are based on estimates such as management's short-term and long-term forecast of operating performance, including revenue growth rates and expected profitability margins, estimates of the remaining useful life and service potential of the asset, and a discount rate based on our weighted average cost of capital.

We perform our goodwill impairment assessment for each reporting unit, which is the same as our reportable segments, the Completion and Production division and the Drilling and Evaluation division, comparing the estimated fair value of each reporting unit to the reporting unit's carrying value, including goodwill. We estimate the fair value for each reporting unit using a discounted cash flow analysis based on management's short-term and long-term forecast of operating performance. This analysis includes significant assumptions regarding discount rates, revenue growth

rates, expected profitability margins, forecasted capital expenditures and the timing of expected future cash flows based on market conditions. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered impaired. If the carrying amount of a reporting unit exceeds its estimated fair value, an impairment loss is measured and recorded.

The impairment assessments discussed above incorporate inherent uncertainties, including projected commodity pricing, supply and demand for our services and future market conditions, which are difficult to predict in volatile economic environments and could result in impairment charges in future periods if actual results materially differ from the estimated assumptions utilized in our forecasts. If crude oil prices decline significantly and remain at low levels for a sustained period of time, we could be required to record an impairment of the carrying value of our long-lived assets in the future which could have a material adverse impact on our operating results. See Note 1 to the consolidated financial statements for our accounting policies related to long-lived assets as well as the results of our annual goodwill impairment assessment.

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 when appropriate to assist in fair value determination of inventories, identifiable intangible assets and any other significant assets or liabilities. 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.

Allowance for bad debts

We evaluate our global 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. 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.

During 2017, we significantly increased our allowance for bad debts related to accounts receivable with our primary customer in Venezuela as a result of delayed payments and deteriorating market conditions in Venezuela. At December 31, 2018, our allowance for bad debts totaled \$738 million, or 12.8% of notes and accounts receivable before the allowance. At December 31, 2017, our allowance for bad debts totaled \$725 million, or 12.8% 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, 2018 would have resulted in a \$58 million adjustment to 2018 total operating costs and expenses. See Note 4 to the consolidated financial statements for further information.

OFF BALANCE SHEET ARRANGEMENTS

At December 31, 2018, we had no material off balance sheet arrangements, except for operating leases. In the normal course of business, we have agreements with financial institutions under which approximately \$2.0 billion of letters of credit, bank guarantees or surety bonds were outstanding as of December 31, 2018. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization. None of these off balance sheet arrangements either has, or is likely to have, a material effect on our consolidated financial statements. For information on our contractual obligations related to operating leases, see Note 8 to the consolidated financial statements and “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 potential adverse movements in foreign currency exchange rates and interest rates. With respect to foreign exchange sensitivity, after consideration of the impact from our foreign exchange hedges, a hypothetical 10% adverse change in the value of all our foreign currency positions relative to the United States dollar as of December 31, 2018 would result in a \$73 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 our interest rate swap, a hypothetical 100 basis point increase in the LIBOR rate would result in approximately an additional \$1 million of interest charges for the year ended December 31, 2018.

There are certain limitations inherent in the sensitivity analyses presented, primarily due to the assumption that exchange rates and interest 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," "believe," "do not believe," "plan," "estimate," "intend," "expect," "do not expect," "anticipate," "do not anticipate," "should," "likely" and other expressions. We 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.

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, 2018 based upon criteria set forth in the *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our assessment, we believe that, as of December 31, 2018, our internal control over financial reporting is effective. The effectiveness of Halliburton's internal control over financial reporting as of December 31, 2018 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/ Jeffrey A. Miller | /s/ Lance Loeffler |
| Jeffrey A. Miller | Lance Loeffler |
| Chairman of the Board, President and | Executive Vice President and |
| Chief Executive Officer | Chief Financial Officer |

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Halliburton Company:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Halliburton Company and subsidiaries (the “Company”) as of December 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive income (loss), shareholders’ equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes (collectively, the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, 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) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 13, 2019 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

Basis for Opinion

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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company’s auditor since 2002.

Houston, Texas
February 13, 2019

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Halliburton Company:

Opinion on Internal Control Over Financial Reporting

We have audited Halliburton Company's (the "Company") internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2018 and the related notes (collectively, the "consolidated financial statements"), and our report dated February 13, 2019 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The 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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audit in accordance with the standards of the PCAOB. 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 of internal control over financial reporting 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.

Definition and Limitations of Internal Control Over Financial Reporting

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.

/s/ KPMG LLP

Houston, Texas
February 13, 2019

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HALLIBURTON COMPANY
Consolidated Statements of Operations

| <i>Millions of dollars and shares except per share data</i> | Year Ended December 31 | | |
|--|------------------------|-----------|------------|
| | 2018 | 2017 | 2016 |
| Revenue: | | | |
| Services | \$18,444 | \$15,408 | \$11,140 |
| Product sales | 5,551 | 5,212 | 4,747 |
| Total revenue | 23,995 | 20,620 | 15,887 |
| Operating costs and expenses: | | | |
| Cost of services | 16,591 | 14,205 | 11,249 |
| Cost of sales | 4,418 | 4,138 | 3,768 |
| Merger-related costs and termination fee | — | — | 4,057 |
| Impairments and other charges | 265 | 647 | 3,357 |
| General and administrative | 254 | 256 | 226 |
| Total operating costs and expenses | 21,528 | 19,246 | 22,657 |
| Operating income (loss) | 2,467 | 1,374 | (6,770) |
| Interest expense, net of interest income of \$44, \$112, and \$59 | (554) | (593) | (639) |
| Other, net | (99) | (99) | (216) |
| Income (loss) from continuing operations before income taxes | 1,814 | 682 | (7,625) |
| Income tax benefit (provision) | (157) | (1,131) | 1,858 |
| Income (loss) from continuing operations | 1,657 | (449) | (5,767) |
| Loss from discontinued operations, net | — | (19) | (2) |
| Net income (loss) | \$1,657 | \$(468) | \$(5,769) |
| Net (income) loss attributable to noncontrolling interest | (1) | 5 | 6 |
| Net income (loss) attributable to company | \$1,656 | \$(463) | \$(5,763) |
| Amounts attributable to company shareholders: | | | |
| Income (loss) from continuing operations | \$1,656 | \$(444) | \$(5,761) |
| Loss from discontinued operations, net | — | (19) | (2) |
| Net income (loss) attributable to company | \$1,656 | \$(463) | \$(5,763) |
| Basic and diluted income (loss) per share attributable to company shareholders: | | | |
| Income (loss) from continuing operations | \$1.89 | \$(0.51) | \$(6.69) |
| Loss from discontinued operations, net | — | (0.02) | — |
| Net income (loss) per share | \$1.89 | \$(0.53) | \$(6.69) |
| Basic weighted average common shares outstanding | 875 | 870 | 861 |
| Diluted weighted average common shares outstanding | 877 | 870 | 861 |
| See notes to consolidated financial statements. | | | |

HALLIBURTON COMPANY
Consolidated Statements of Comprehensive Income (Loss)

| <i>Millions of dollars</i> | Year Ended December | | |
|---|---------------------|---------|-----------|
| | 2018 | 2017 | 2016 |
| Net income (loss) | \$1,657 | \$(468) | \$(5,769) |
| Other comprehensive income (loss), net of income taxes: | | | |
| Defined benefit and other post retirement plans adjustment | 131 | (22) | (92) |
| Other | (17) | 7 | 1 |
| Other comprehensive income (loss), net of income taxes | 114 | (15) | (91) |
| Comprehensive income (loss) | \$1,771 | \$(483) | \$(5,860) |
| Comprehensive (income) loss attributable to noncontrolling interest | (1) | 5 | 6 |
| Comprehensive income (loss) attributable to company shareholders | \$1,770 | \$(478) | \$(5,854) |

See notes to consolidated financial statements.

HALLIBURTON COMPANY
Consolidated Balance Sheets

| | December 31 | |
|--|-----------------|-----------------|
| | 2018 | 2017 |
| <i>Millions of dollars and shares except per share data</i> | | |
| Assets | | |
| Current assets: | | |
| Cash and equivalents | \$2,008 | \$2,337 |
| Receivables (net of allowances for bad debts of \$738 and \$725) | 5,234 | 5,036 |
| Inventories | 3,028 | 2,396 |
| Other current assets | 881 | 1,008 |
| Total current assets | 11,151 | 10,777 |
| Property, plant and equipment (net of accumulated depreciation of \$13,182 and \$12,249) | 8,961 | 8,521 |
| Goodwill | 2,825 | 2,693 |
| Deferred income taxes | 1,384 | 1,230 |
| Other assets | 1,661 | 1,864 |
| Total assets | \$25,982 | \$25,085 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$3,018 | \$2,554 |
| Accrued employee compensation and benefits | 714 | 746 |
| Taxes other than income | 248 | 231 |
| Short-term borrowings and current maturities of long-term debt | 36 | 512 |
| Other current liabilities | 786 | 819 |
| Total current liabilities | 4,802 | 4,862 |
| Long-term debt | 10,421 | 10,430 |
| Employee compensation and benefits | 483 | 609 |
| Other liabilities | 732 | 835 |
| Total liabilities | 16,438 | 16,736 |
| Shareholders' equity: | | |
| Common shares, par value \$2.50 per share (authorized 2,000 shares, issued 1,069 and 1,069 shares) | 2,671 | 2,673 |
| Paid-in capital in excess of par value | 211 | 207 |
| Accumulated other comprehensive loss | (355) | (469) |
| Retained earnings | 13,739 | 12,668 |
| Treasury stock, at cost (198 and 196 shares) | (6,744) | (6,757) |
| Company shareholders' equity | 9,522 | 8,322 |
| Noncontrolling interest in consolidated subsidiaries | 22 | 27 |
| Total shareholders' equity | 9,544 | 8,349 |
| Total liabilities and shareholders' equity | \$25,982 | \$25,085 |
| See notes to consolidated financial statements. | | |

HALLIBURTON COMPANY
Consolidated Statements of Cash Flows

| | Year Ended December 31 | | |
|---|------------------------|----------------|----------------|
| | 2018 | 2017 | 2016 |
| <i>Millions of dollars</i> | | | |
| Cash flows from operating activities: | | | |
| Net income (loss) | \$1,657 | \$(468) | \$(5,769) |
| Adjustments to reconcile net income (loss) to cash flows from operating activities: | | | |
| Depreciation, depletion and amortization | 1,606 | 1,556 | 1,503 |
| Deferred income tax provision (benefit), continuing operations | (267) |)734 | (1,501) |
| Impairments and other charges | 265 | 647 | 3,357 |
| Changes in assets and liabilities: | | | |
| Inventories | (681) |)(29) |)552 |
| Accounts payable | 483 | 753 | (219) |
| Receivables | (186) |)(1,350) |)899 |
| Other | 280 | 625 | (525) |
| Total cash flows provided by (used in) operating activities | 3,157 | 2,468 | (1,703) |
| Cash flows from investing activities: | | | |
| Capital expenditures | (2,026) |)(1,373) |)(798) |
| Sales of investment securities | 527 | 98 | 96 |
| Purchases of investment securities | (423) |)(109) |)(92) |
| Proceeds from sales of property, plant and equipment | 218 | 158 | 222 |
| Payments to acquire businesses, net of cash acquired | (187) |)(628) |)(31) |
| Other investing activities | (102) |)(73) |)(107) |
| Total cash flows provided by (used in) investing activities | (1,993) | (1,927) | (710) |
| Cash flows from financing activities: | | | |
| Dividends to shareholders | (630) |)(626) |)(620) |
| Payments on long-term borrowings | (445) |)(1,641) |)(3,171) |
| Stock repurchase program | (400) |)— | — |
| Proceeds from issuance of common stock | 195 | 158 | 186 |
| Other financing activities | (139) |)(52) |)65 |
| Total cash flows provided by (used in) financing activities | (1,419) | (2,161) | (3,540) |
| Effect of exchange rate changes on cash | (74) |)(52) |)(115) |
| Decrease in cash and equivalents | (329) |)(1,672) |)(6,068) |
| Cash and equivalents at beginning of year | 2,337 | 4,009 | 10,077 |
| Cash and equivalents at end of year | \$2,008 | \$2,337 | \$4,009 |
| Supplemental disclosure of cash flow information: | | | |
| Cash payments (receipts) during the period for: | | | |
| Interest | \$556 | \$594 | \$659 |
| Income taxes | \$178 | \$(178) | \$(20) |
| See notes to consolidated financial statements. | | | |

HALLIBURTON COMPANY
Consolidated Statements of Shareholders' Equity

| <i>Millions of dollars</i> | Company Shareholders' Equity | | | | | | |
|--|------------------------------|---|-------------------|----------------------|--|---|----------|
| | Common Shares | Paid-in Capital Excess of Par Value | Treasury Stock | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Noncontrolling interest in Consolidated Subsidiaries | Total |
| Balance at December 31, 2015 | \$2,677 | \$ 274 | \$(7,650) | \$20,524 | \$ (363) |) \$ 33 | \$15,495 |
| Comprehensive income (loss): | | | | | | | |
| Net loss | — | — | — | (5,763) | — | (6) | (5,769) |
| Other comprehensive loss | — | — | — | — | (91) | — | (91) |
| Cash dividends (\$0.72 per share) | — | — | — | (620) | — | — | (620) |
| Stock plans | (3) | (69) | 497 | — | — | — | 425 |
| Other | — | (4) | — | — | — | 12 | 8 |
| Balance at December 31, 2016 | \$2,674 | \$ 201 | \$(7,153) | \$14,141 | \$ (454) |) \$ 39 | \$9,448 |
| Comprehensive income (loss): | | | | | | | |
| Net loss | — | — | — | (463) | — | (5) | (468) |
| Retained earnings adjustment for new accounting standard | — | — | — | (384) | — | — | (384) |
| Other comprehensive loss | — | — | — | — | (15) | — | (15) |
| Cash dividends (\$0.72 per share) | — | — | — | (626) | — | — | (626) |
| Stock plans | (1) | 6 | 396 | — | — | — | 401 |
| Other | — | — | — | — | — | (7) | (7) |
| Balance at December 31, 2017 | \$2,673 | \$ 207 | \$(6,757) | \$12,668 | \$ (469) |) \$ 27 | \$8,349 |
| Comprehensive income (loss): | | | | | | | |
| Net income | — | — | — | 1,656 | — | 1 | 1,657 |
| Other comprehensive income | — | — | — | — | 114 | — | 114 |
| Cash dividends (\$0.72 per share) | — | — | — | (630) | — | — | (630) |
| Stock plans | (2) | 4 | 413 | — | — | — | 415 |
| Stock repurchase program | — | — | (400) | — | — | — | (400) |
| Other | — | — | — | 45 | — | (6) | 39 |
| Balance at December 31, 2018 | \$2,671 | \$ 211 | \$(6,744) | \$13,739 | \$ (355) |) \$ 22 | \$9,544 |

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 help our customers maximize value throughout the lifecycle of the reservoir - from locating hydrocarbons and managing geological data, to drilling and formation evaluation, well construction and completion, and optimizing production throughout the life of the asset. 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.

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 and allowance for bad debts. 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 do not have a controlling interest, but over which we do exercise 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 addition, certain reclassifications of prior period balances have been made to conform to the current period presentation.

Revenue recognition

Effective January 1, 2018, we adopted a comprehensive new revenue recognition standard using a modified retrospective basis. The comparative information for the years ended December 31, 2017 and December 31, 2016 has not been adjusted and continues to be reported under the previous revenue standard, the accounting policies for which are discussed below.

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. 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.

See Note 3 for changes to these accounting policies for the year ended December 31, 2018 and Note 15 for additional information about the new revenue standard.

Research and development

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. Research and development costs are expensed as incurred and were \$390 million in 2018, \$360 million in 2017 and \$329 million in 2016.

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 and net realizable value. Cost represents invoice or production cost for new items and original cost. 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 in a business acquisition. Changes in the carrying amount of goodwill are detailed below by reportable segment.

| <i>Millions of dollars</i> | Completion and Production | Drilling and Evaluation | Total |
|--|---------------------------------|-------------------------------|---------|
| Balance at December 31, 2016: | \$ 1,679 | \$ 735 | \$2,414 |
| Current year acquisitions | 249 | 36 | 285 |
| Purchase price adjustments for previous acquisitions | (6 |) — | (6) |
| Balance at December 31, 2017: | \$ 1,922 | \$ 771 | \$2,693 |
| Current year acquisitions | 99 | 6 | 105 |
| Purchase price adjustments for previous acquisitions | 34 | (7 |) 27 |
| Balance at December 31, 2018: | \$ 2,055 | \$ 770 | \$2,825 |

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 circumstances indicate an impairment may exist. As a result of our goodwill impairment assessments performed in the years ended December 31, 2018, 2017 and 2016, we determined that the fair value of each reporting unit exceeded its net book value and, therefore, no goodwill impairments were deemed necessary. For further information on our goodwill impairment assessments, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates.”

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 one year to twenty-eight 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.

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. Revenue and expense transactions are translated at the average rates in effect during the year, except for those expenses associated with nonmonetary balance sheet accounts, which are translated at historical rates. Gains or losses from remeasurement of monetary assets and liabilities due to 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. For more information about the product service lines included in each segment, see Part I, Item 1, "Business." The business operations of our divisions are organized around four primary geographic regions: North America, Latin America, Europe/Africa/CIS and Middle East/Asia. Intersegment revenue and revenue between geographic areas are immaterial. Our equity in earnings and losses of unconsolidated affiliates that are accounted for using the equity method of accounting are included within cost of services and cost of sales on our statements of operations, which is part of operating income of the applicable segment.

Operations by business segment

The following tables present financial information on our business segments.

| <i>Millions of dollars</i> | Year Ended December 31 | | |
|--|------------------------|----------|-----------|
| | 2018 | 2017 | 2016 |
| Revenue: | | | |
| Completion and Production | \$15,973 | \$13,077 | \$8,882 |
| Drilling and Evaluation | 8,022 | 7,543 | 7,005 |
| Total revenue | \$23,995 | \$20,620 | \$15,887 |
| Operating income (loss): | | | |
| Completion and Production | \$2,278 | \$1,625 | \$108 |
| Drilling and Evaluation | 745 | 726 | 801 |
| Total operations | 3,023 | 2,351 | 909 |
| Corporate and other (a) | (291) | (330) | (4,322) |
| Impairments and other charges (b) | (265) | (647) | (3,357) |
| Total operating income (loss) | \$2,467 | \$1,374 | \$(6,770) |
| Interest expense, net of interest income | \$(554) | \$(593) | \$(639) |
| Other, net | (99) | (99) | (216) |
| Income (loss) from continuing operations before income taxes | \$1,814 | \$682 | \$(7,625) |
| Capital expenditures: | | | |
| Completion and Production | \$1,364 | \$1,111 | \$500 |
| Drilling and Evaluation | 657 | 261 | 297 |
| Corporate and other | 5 | 1 | 1 |
| Total | \$2,026 | \$1,373 | \$798 |
| Depreciation, depletion and amortization: | | | |
| Completion and Production | \$1,058 | \$953 | \$900 |
| Drilling and Evaluation | 512 | 563 | 569 |
| Corporate and other | 36 | 40 | 34 |
| Total | \$1,606 | \$1,556 | \$1,503 |

(a) Includes certain expenses not attributable to a particular business segment, such as costs related to support functions and corporate executives, and also includes amortization expense associated with intangible assets recorded as a result of acquisitions. Also includes merger-related costs and a termination fee during the year ended December 31, 2016.

(b) Impairments and other charges are as follows:

-For the year ended December 31, 2018, the aggregate charge of \$265 million represents a write-down of all of our remaining investment in Venezuela, consisting of receivables, fixed assets, inventory and other assets and liabilities.

-For the year ended December 31, 2017, the aggregate charge of \$647 million represents a fair market value adjustment on our existing promissory note with our primary customer in Venezuela and a full reserve against our other accounts receivable with this customer.

-For the year ended December 31, 2016, the aggregate charge of \$3.4 billion consisted of fixed asset impairments and write-offs, inventory write-downs, impairments of intangible assets, severance costs, country and facility closures, and other charges related to the energy downturn. This included \$2.1 billion attributable to Completion and Production, \$1.2 billion attributable to Drilling and Evaluation and \$10 million attributable to Corporate and other.

| <i>Millions of dollars</i> | December 31 | |
|---------------------------------|-------------|----------|
| | 2018 | 2017 |
| Total assets: | | |
| Completion and Production (a) | \$13,231 | \$12,276 |
| Drilling and Evaluation (a) | 8,037 | 7,837 |
| Corporate and shared assets (b) | 4,714 | 4,972 |
| Total | \$25,982 | \$25,085 |

(a) Assets associated with specific segments primarily include receivables, inventories, certain identified property, plant and equipment (including field service equipment), equity in and advances to related companies and goodwill.

(b) Corporate and other shared assets primarily include cash and equivalents and deferred tax assets.

Operations by geographic region

The following tables present information by geographic area. In 2018, 2017 and 2016, based on the location of services provided and products sold, 58%, 53% and 41% of our consolidated revenue was from the United States. As of December 31, 2018 and December 31, 2017, 62% and 56% of our property, plant and equipment was located in the United States. No other country accounted for more than 10% of our revenue or property, plant and equipment during the periods presented.

| | Year Ended December | | |
|---|---------------------|----------|----------|
| | 31 | | |
| <i>Millions of dollars</i> | 2018 | 2017 | 2016 |
| Revenue: | | | |
| North America | \$14,431 | \$11,564 | \$6,770 |
| Latin America | 2,065 | 2,116 | 1,860 |
| Europe/Africa/CIS | 2,945 | 2,781 | 2,993 |
| Middle East/Asia | 4,554 | 4,159 | 4,264 |
| Total | \$23,995 | \$20,620 | \$15,887 |
| | December 31 | | |
| <i>Millions of dollars</i> | 2018 | 2017 | |
| Net property, plant and equipment: | | | |
| North America | \$5,672 | \$4,922 | |
| Latin America | 974 | 945 | |
| Europe/Africa/CIS | 938 | 1,098 | |
| Middle East/Asia | 1,377 | 1,556 | |
| Total | \$8,961 | \$8,521 | |

Note 3. Revenue**Changes in accounting policies**

Effective January 1, 2018, we adopted a comprehensive new revenue recognition standard. The details of the significant changes to our accounting policies resulting from the adoption of the new standard are set out below. We adopted the standard using a modified retrospective method; accordingly, the comparative information for the years ended December 31, 2017 and December 31, 2016 has not been adjusted and continues to be reported under the previous revenue standard. The adoption of this standard did not have a material impact to our consolidated financial position, reported revenue, results of operations or cash flows as of and for the year ended December 31, 2018. See Note 15 for additional information about the new accounting standard.

Under the new standard, revenue recognition is based on the transfer of control, or our customer's ability to benefit from our services and products in an amount that reflects the consideration we expect to receive in exchange for those services and products. The vast majority of our service and product contracts are short-term in nature. In recognizing revenue for our services and products, we determine the transaction price of purchase orders or contracts with our customers, which may consist of fixed and variable consideration. Determining the transaction price may require significant judgment, which includes identifying performance obligations in the contract, determining whether promised services can be distinguished in the context of the contract, and estimating the amount of variable consideration to include in the transaction price.

We also assess our customer's ability and intention to pay, which is based on a variety of factors including our customer's historical payment experience and financial condition. Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 20 days to 60 days. Other judgments involved in

recognizing revenue include an assessment of progress towards completion of performance obligations for certain long-term contracts, which involve estimating total costs to determine our progress towards contract completion and calculating the corresponding amount of revenue to recognize.

Disaggregation of revenue

We disaggregate revenue from contracts with customers into types of services or products, consistent with our two reportable segments, in addition to geographical area. In 2018, 2017 and 2016, based on the location of services provided and products sold, 58%, 53% and 41%, respectively, of our consolidated revenue was from the United States. No other country accounted for more than 10% of our revenue. The following table presents information on our disaggregated revenue.

| <i>Millions of dollars</i> | Year Ended December | | |
|--------------------------------------|---------------------|-----------|-----------|
| | 2018 | 2017 | 2016 |
| Revenue by division: | | | |
| Completion and Production | \$ 15,973 | \$ 13,077 | \$ 8,882 |
| Drilling and Evaluation | 8,022 | 7,543 | 7,005 |
| Total revenue | \$ 23,995 | \$ 20,620 | \$ 15,887 |
| Revenue by geographic region: | | | |
| North America | \$ 14,431 | \$ 11,564 | \$ 6,770 |
| Latin America | 2,065 | 2,116 | 1,860 |
| Europe/Africa/CIS | 2,945 | 2,781 | 2,993 |
| Middle East/Asia | 4,554 | 4,159 | 4,264 |
| Total revenue | \$ 23,995 | \$ 20,620 | \$ 15,887 |

Contract balances

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

Transaction price allocated to remaining performance obligations

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

Note 4. Receivables

As of December 31, 2018, 43% of our net trade receivables were from customers in the United States. As of December 31, 2017, 42% of our net trade receivables were from customers in the United States. No other country or single customer accounted for more than 10% of our net trade receivables at these dates.

We routinely monitor the financial stability of our customers and employ an extensive process to evaluate the collectability of outstanding receivables. This process, which involves a high degree of judgment utilizing significant assumptions, includes analysis of our customers' historical time to pay, financial condition and various financial

metrics, debt structure, credit agency ratings, and production profile, as well as political and economic factors in countries of operations and other customer-specific factors.

Venezuela. During the first quarter of 2018, the Venezuelan government announced that it changed the existing dual-rate foreign currency exchange system by eliminating the DIPRO foreign exchange rate, which was 10 Bolívares per United States dollar, and that all future currency transactions would be carried out at the DICOM floating rate, which was approximately 50,000 Bolívares per United States dollar at March 31, 2018. Additionally, the U.S. government issued guidance on sanctions against Venezuela during the quarter. These events, combined with continued deteriorating political and economic

conditions in Venezuela and ongoing delayed payments on existing accounts receivable with customers in the country, created significant uncertainties regarding the recoverability of our investment. As such, we determined it was appropriate to write down all of our remaining investment in Venezuela during the first quarter of 2018, which resulted in a \$312 million charge, net of tax. This consisted of \$119 million of allowance for doubtful accounts related to remaining accounts receivable, a \$32 million write-off of our promissory note from our primary customer in Venezuela, and write-offs of \$48 million of inventory, \$53 million of fixed assets and \$13 million of other assets and liabilities, all of which were included within "Impairments and other charges" in our consolidated statements of operations, in addition to \$47 million of accrued taxes recognized in our tax provision. We have maintained limited operations in Venezuela and have changed our accounting for revenue with all customers in the country to a cash basis, effective April 1, 2018, while carefully managing our exposure.

The following table presents a rollforward of our global allowance for bad debts for 2016, 2017 and 2018.

| <i>Millions of dollars</i> | Balance at Beginning of Period | Provision (a) | Other (b) | Balance at End of Period |
|------------------------------|--------------------------------------|------------------|--------------|-----------------------------------|
| Year ended December 31, 2016 | \$ 145 | \$ 50 | \$(20) | \$ 175 |
| Year ended December 31, 2017 | 175 | 566 | (16) | 725 |
| Year ended December 31, 2018 | 725 | 57 | (44) | 738 |

(a) Represents increases to allowance for bad debts charged to costs and expenses, net of recoveries.

(b) Includes write-offs, balance sheet reclassifications, and other activity.

Note 5. Inventories

Inventories are stated at the lower of cost and net realizable value. In the United States, we manufacture certain finished products and parts inventories for drill bits, completion products, bulk materials and other tools that are recorded using the last-in, first-out method, which totaled \$186 million at December 31, 2018 and \$177 million at December 31, 2017. If the average cost method had been used, total inventories would have been \$24 million higher than reported as of December 31, 2018 and \$31 million higher as of December 31, 2017. The cost of the remaining inventory was recorded using the average cost method. Inventories consisted of the following:

| <i>Millions of dollars</i> | December 31 | |
|-----------------------------|-------------|---------|
| | 2018 | 2017 |
| Finished products and parts | \$1,947 | \$1,547 |
| Raw materials and supplies | 934 | 703 |
| Work in process | 147 | 146 |
| Total | \$3,028 | \$2,396 |

All amounts in the table above are reported net of obsolescence reserves of \$219 million at December 31, 2018 and \$276 million at December 31, 2017.

Note 6. Property, Plant and Equipment

Property, plant and equipment were composed of the following:

| <i>Millions of dollars</i> | December 31 | |
|-------------------------------------|-------------|-------|
| | 2018 | 2017 |
| Land | \$252 | \$248 |
| Buildings and property improvements | 3,461 | 3,460 |

| | | |
|-----------------------------------|---------|---------|
| Machinery, equipment and other | 18,430 | 17,062 |
| Total | 22,143 | 20,770 |
| Less accumulated depreciation | 13,182 | 12,249 |
| Net property, plant and equipment | \$8,961 | \$8,521 |

Classes of assets are depreciated over the following useful lives:

| | | Buildings and Property Improvements | |
|----|------------|---|------|
| | | 2018 | 2017 |
| 1 | - 10 years | 11% | 11% |
| 11 | - 20 years | 42% | 42% |
| 21 | - 30 years | 23% | 22% |
| 31 | - 40 years | 25% | 25% |
| | | Machinery, Equipment and Other | |
| | | 2018 | 2017 |
| 1 | - 5 years | 34% | 35% |
| 6 | - 10 years | 56% | 56% |
| 11 | - 20 years | 10% | 9% |

Note 7. Debt

Our total debt, including short-term borrowings and current maturities of long-term debt, consisted of the following:

| <i>Millions of dollars</i> | December 31 | |
|--|-------------|----------|
| | 2018 | 2017 |
| 5.0% senior notes due November 2045 | \$2,000 | \$2,000 |
| 3.8% senior notes due November 2025 | 2,000 | 2,000 |
| 3.5% senior notes due August 2023 | 1,100 | 1,100 |
| 4.85% senior notes due November 2035 | 1,000 | 1,000 |
| 7.45% senior notes due September 2039 | 1,000 | 1,000 |
| 4.75% senior notes due August 2043 | 900 | 900 |
| 6.7% senior notes due September 2038 | 800 | 800 |
| 3.25% senior notes due November 2021 | 500 | 500 |
| 4.5% senior notes due November 2041 | 500 | 500 |
| 7.6% senior debentures due August 2096 | 300 | 300 |
| 8.75% senior debentures due February 2021 | 185 | 185 |
| 6.75% notes due February 2027 | 104 | 104 |
| 2.0% senior notes due August 2018 | — | 400 |
| Other | 160 | 251 |
| Unamortized debt issuance costs and discounts | (92) | (98) |
| Total | 10,457 | 10,942 |
| Short-term borrowings and current maturities of long-term debt | (36) | (512) |
| Total long-term debt | \$10,421 | \$10,430 |

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 7.60% and 8.75% senior debentures may not be redeemed prior to maturity.

During 2018, we repaid \$400 million of 2.0% senior notes, which matured in August 2018.

Revolving credit facilities

We have a revolving credit facility with a capacity of \$3.0 billion, which expires in July 2020. The facility is for working capital or general corporate purposes. The full amount of the revolving credit facility was available as of December 31, 2018.

Debt maturities

Our long-term debt matures as follows: \$34 million in 2019, \$27 million in 2020, \$696 million in 2021, \$12 million in 2022, \$1.1 billion in 2023 and the remainder in 2024 and thereafter.

Note 8. Commitments and Contingencies

Securities and related litigation

Commencing in June 2002, a number of class action lawsuits were filed against us in federal court alleging violations of the federal securities laws arising out of our change in accounting for revenue on long-term construction projects, our 1998 acquisition of Dresser Industries, Inc. and our reserves for asbestos liability exposure. In December 2016, we reached an agreement to settle these lawsuits and in July 2017, the district court issued final approval of the settlement.

The settlement resolves all pending cases other than *Magruder v. Halliburton Co., et. al.* (the Magruder case). The allegations in the Magruder case arise out of the same general events described above, but for a later class period, December 8, 2001 to May 28, 2002. There has been limited activity in the Magruder case. In March 2009, our motion to dismiss was granted, with leave to replead. In March 2012, plaintiffs filed an amended complaint and in May 2012, we filed a motion to dismiss. That motion was granted in May 2018, with leave to replead some of the claims. An amended complaint was filed in June 2018 and we filed another motion to dismiss which remains pending. We cannot predict the outcome or consequences of this case, which we intend to vigorously defend.

Environmental

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

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

In addition to the federal laws and regulations, states and other countries where we do business often have numerous environmental, legal and regulatory requirements by which we must abide. We evaluate and address the environmental impact of our operations by assessing and remediating contaminated properties in order to avoid future liabilities and comply with environmental, legal and regulatory requirements. Our Health, Safety and Environment group has several programs in place to maintain environmental leadership and to help prevent the occurrence of environmental contamination. On occasion, we are involved in environmental litigation and claims, including the remediation of properties we own or have operated, as well as efforts to meet or correct compliance-related matters. We do not expect costs related to those claims and remediation requirements to have a material adverse effect on our liquidity, consolidated results of operations, or consolidated financial position. Our accrued liabilities for environmental matters were \$42 million as of December 31, 2018 and \$48 million as of December 31, 2017. Because our estimated liability is typically within a range and our accrued liability may be the amount on the low end of that range, our actual liability could eventually be well in excess of the amount accrued. Our total liability related to environmental matters covers numerous properties.

Additionally, we have subsidiaries that have been named as potentially responsible parties along with other third parties for eight federal and state Superfund sites for which we have established reserves. As of December 31, 2018, those eight sites accounted for approximately \$9 million of our \$42 million total environmental reserve. Despite

attempts to resolve these Superfund matters, the relevant regulatory agency may at any time bring suit against us for amounts in excess of the amount accrued. With respect to some Superfund sites, we have been named a potentially responsible party by a regulatory agency; however, in each of those cases, we do not believe we have any material liability. We also could be subject to third-party claims with respect to environmental matters for which we have been named as a potentially responsible party.

Guarantee arrangements

In the normal course of business, we have agreements with financial institutions under which approximately \$2.0 billion of letters of credit, bank guarantees, or surety bonds were outstanding as of December 31, 2018. Some of the outstanding letters of credit have triggering events that would entitle a bank to require cash collateralization. None of these off balance sheet arrangements either has, or is likely to have, a material effect on our consolidated financial statements.

Leases

We are party to numerous operating leases, primarily related to real estate, transportation and equipment. Total rentals on our operating leases, net of sublease rentals, were \$680 million in 2018, \$574 million in 2017 and \$587 million in 2016.

Future total rentals on our noncancellable operating leases are \$975 million in the aggregate, which includes the following: \$275 million in 2019; \$146 million in 2020; \$122 million in 2021; \$100 million in 2022; \$78 million in 2023; and \$254 million thereafter.

Note 9. Income Taxes

The components of the benefit (provision) for income taxes on continuing operations were:

| | Year Ended December 31 | | |
|--------------------------------|---------------------------|-----------|---------|
| <i>Millions of dollars</i> | 2018 | 2017 | 2016 |
| Current income taxes: | | | |
| Federal | \$19 | \$40 | \$737 |
| Foreign | (428) | (423) | (415) |
| State | (15) | (14) | 35 |
| Total current | (424) | (397) | 357 |
| Deferred income taxes: | | | |
| Federal | 286 | (678) | 1,343 |
| Foreign | 9 | (31) | 77 |
| State | (28) | (25) | 81 |
| Total deferred | 267 | (734) | 1,501 |
| Income tax benefit (provision) | \$(157) | \$(1,131) | \$1,858 |

The United States and foreign components of income (loss) from continuing operations before income taxes were as follows:

| | Year Ended December 31 | | |
|----------------------------|---------------------------|-------|-----------|
| <i>Millions of dollars</i> | 2018 | 2017 | 2016 |
| United States | \$1,097 | \$694 | \$(6,636) |
| Foreign | 717 | (12) | (989) |
| Total | \$1,814 | \$682 | \$(7,625) |

Reconciliations between the actual provision for income taxes on continuing operations and that computed by applying the United States statutory rate to income (loss) from continuing operations before income taxes were as follows:

| | Year Ended December 31 | | |
|---|---------------------------|--------|--------|
| | 2018 | 2017 | 2016 |
| United States statutory rate | 21.0 | % 35.0 | % 35.0 |
| Valuation allowance against tax assets | (16.2) | (6.2) | (2.1) |
| Venezuela adjustment | 5.7 | 36.6 | — |
| Impact of foreign income taxed at different rates | (3.0) | (18.3) | (3.2) |

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| | | | |
|---|--------|---------|----------|
| Impact of U.S. tax reform | (2.6) | 113.0 | — |
| Adjustments of prior year taxes | 2.0 | (2.3) | 0.2 |
| State income taxes | 1.9 | 1.7 | 1.0 |
| Undistributed foreign earnings | — | 3.8 | (5.1) |
| Domestic manufacturing deduction | — | — | (1.3) |
| Non-deductible acquisition costs | — | — | 0.6 |
| Other items, net | (0.1) | 2.5 | (0.7) |
| Total effective tax rate on continuing operations | 8.7 | % 165.8 | % 24.4 % |

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Our effective tax rate on continuing operations was 8.7% for 2018, 165.8% for 2017 and 24.4% for 2016. For the year ended December 31, 2018, we had the following significant items impacting our effective tax rate:

– during the fourth quarter of 2018, we recognized the impact of a strategic change in the Company’s corporate structure, which resulted in a net tax benefit of \$306 million;

we wrote down all of our remaining investment in Venezuela during the first quarter of 2018. As a result, we recognized a pre-tax charge of \$265 million, which was not tax-deductible, coupled with \$47 million of additional accrued local Venezuela taxes in our tax provision. See Note 4 to the consolidated financial statements for further information;

we completed our analysis in the fourth quarter of 2018 on the impact of the United States tax reform enacted in 2017 and made an adjustment to the provisional estimate we previously recorded. As a result, we recognized \$47 million of additional tax benefits, primarily related to the remeasurement of deferred taxes and an adjustment to mandatory deemed repatriation; and

we recognized income in our foreign operations in which the corresponding tax expenses are applied at lower statutory rates in certain jurisdictions.

The primary components of our deferred tax assets and liabilities were as follows:

| <i>Millions of dollars</i> | December 31 | |
|--------------------------------------|-------------|---------|
| | 2018 | 2017 |
| Gross deferred tax assets: | | |
| Net operating loss carryforwards | \$1,466 | \$1,370 |
| Foreign tax credit carryforwards | 728 | 828 |
| Employee compensation and benefits | 242 | 263 |
| Accrued liabilities | 101 | 97 |
| Other | 404 | 416 |
| Total gross deferred tax assets | 2,941 | 2,974 |
| Gross deferred tax liabilities: | | |
| Depreciation and amortization | 635 | 315 |
| Undistributed foreign earnings | 2 | 242 |
| Other | 64 | 56 |
| Total gross deferred tax liabilities | 701 | 613 |
| Valuation allowances | 913 | 1,173 |
| Net deferred income tax asset | \$1,327 | \$1,188 |

At December 31, 2018, we had \$1.5 billion of domestic and foreign tax-effected net operating loss carryforwards. The ultimate realization of these deferred tax assets depends on the ability to generate sufficient taxable income in the appropriate taxing jurisdiction. \$168 million of the net operating loss carryforwards will expire after taxable years ended from 2019 through 2023, \$180 million will expire after taxable years ended from 2024 through 2028, and \$786 million will expire after taxable years ended from 2029 through 2039. The remaining balance will not expire.

Additionally, we had \$805 million of foreign tax credit carryforwards that will expire from 2024 through 2028, which are offset by foreign branch deferred activity reflected in the above table, along with \$138 million of research and development tax credit carryforwards that will expire from 2029 through 2039.

In accordance with the Tax Cuts and Jobs Act of 2017, a company’s foreign earnings accumulated under the legacy tax laws are deemed to be repatriated into the United States. We have provided federal and state income tax related to this deemed repatriation. We have not provided incremental United States income taxes and foreign withholding taxes on undistributed earnings of foreign subsidiaries as of December 31, 2018. The Company generally does not provide for taxes related to its undistributed earnings because such earnings either would not be taxable when remitted or they are

considered to be indefinitely reinvested.

The following table presents a rollforward of our unrecognized tax benefits and associated interest and penalties.

| <i>Millions of dollars</i> | Unrecognized Tax Benefits | Interest and Penalties |
|--|------------------------------|------------------------------|
| Balance at January 1, 2016 | \$ 322 | \$ 47 |
| Change in prior year tax positions | 44 | 20 |
| Change in current year tax positions | 129 | 3 |
| Cash settlements with taxing authorities | (62) | (8) |
| Lapse of statute of limitations | (6) | (1) |
| Balance at December 31, 2016 | \$ 427 | \$ 61 |
| Change in prior year tax positions | (108) | — |
| Change in current year tax positions | 24 | 2 |
| Cash settlements with taxing authorities | (6) | — |
| Lapse of statute of limitations | (4) | (3) |
| Balance at December 31, 2017 | \$ 333 (a) | \$ 60 |
| Change in prior year tax positions | 32 | 11 |
| Change in current year tax positions | 63 | — |
| Cash settlements with taxing authorities | (7) | (2) |
| Lapse of statute of limitations | (4) | (2) |
| Balance at December 31, 2018 | \$ 417 (a)(b) | \$ 67 |

Includes \$18 million as of December 31, 2018 and \$9 million as of December 31, 2017 in foreign unrecognized tax benefits that would give rise to a United States tax credit. As of December 31, 2018 and December 31, 2017, (a) approximately \$399 million and \$319 million, respectively, of unrecognized tax benefits would positively impact the effective tax rate and be recognized as additional tax benefits in our statement of operations if resolved in our favor.

(b) Includes \$21 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 2009. 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 years 2014 through 2015 are under review by the Internal Revenue Service, and the appeal process is closed and final resolution has been achieved for the tax years 2010 through 2013.

Note 10. Shareholders' Equity

Shares of common stock

The following table summarizes total shares of common stock outstanding:

| <i>Millions of shares</i> | December 31 | |
|--|-------------|--------|
| | 2018 | 2017 |
| Issued | 1,069 | 1,069 |
| In treasury | (198) | (196) |
| Total shares of common stock outstanding | 871 | 873 |

Our Board of Directors has authorized a program to repurchase a specified dollar amount of our common stock from time to time. 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. During the year ended December 31, 2018 we repurchased

approximately 10.5 million shares of our common stock for a total cost of \$400 million. There were no repurchases made under the program during the year ended December 31, 2017. Approximately \$5.3 billion remained authorized for repurchases as of December 31, 2018. From the inception of this program in February 2006 through December 31, 2018, we repurchased approximately 212 million shares of our common stock for a total cost of approximately \$8.8 billion.

Preferred stock

Our preferred stock consists of five million total authorized shares at December 31, 2018, of which none are issued.

Accumulated other comprehensive loss

Accumulated other comprehensive loss consisted of the following:

| <i>Millions of dollars</i> | December 31 | |
|--|-------------|---------|
| | 2018 | 2017 |
| Defined benefit and other postretirement liability adjustments (a) | \$(203) | \$(334) |
| Cumulative translation adjustment | (82) | (80) |
| Other | (70) | (55) |
| Total accumulated other comprehensive loss | \$(355) | \$(469) |

(a) Included net actuarial losses for our international pension plans of \$184 million at December 31, 2018 and \$295 million at December 31, 2017.

Note 11. Stock-based Compensation

The following table summarizes stock-based compensation costs for the years ended December 31, 2018, 2017 and 2016.

| <i>Millions of dollars</i> | Year Ended | | |
|---|-------------|-------|-------|
| | December 31 | | |
| | 2018 | 2017 | 2016 |
| Stock-based compensation cost | \$274 | \$290 | \$262 |
| Tax benefit | (51) | (64) | (77) |
| Stock-based compensation cost, net of tax | \$223 | \$226 | \$185 |

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 206 million shares of common stock have been reserved for issuance to employees and non-employee directors. At December 31, 2018, approximately 11 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 generally vest ratably over a period of three years and 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.

The following table represents our stock options activity during 2018.

| | 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, 2018 | 20.9 | \$ 44.92 | | |
| Granted | 3.0 | 46.39 | | |
| Exercised | (2.2) | 40.34 | | |
| Forfeited/expired | (0.7) | 49.44 | | |
| Outstanding at December 31, 2018 | 21.0 | \$ 45.44 | 6.1 | \$ 2 |
| Exercisable at December 31, 2018 | 15.6 | \$ 45.28 | 5.1 | \$ 2 |

The total intrinsic value of options exercised was \$25 million in 2018, \$21 million in 2017 and \$25 million in 2016. As of December 31, 2018, there was \$41 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 issuance of common stock was \$195 million during 2018, \$158 million during 2017 and \$186 million during 2016, of which \$88 million, \$53 million and \$80 million related to proceeds from exercises of stock options in 2018, 2017 and 2016, respectively. The remainder relates to cash proceeds from the issuance of shares related to our employee stock purchase plan.

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 | | |
|--|------------------------|--------------|--------------|
| | 2018 | 2017 | 2016 |
| Expected term (in years) | 5.27 | 5.24 | 5.21 |
| Expected volatility | 28% | 32% | 37% |
| Expected dividend yield | 1.37 - 2.29% | 1.28 - 1.72% | 1.35 - 2.46% |
| Risk-free interest rate | 2.27 - 2.84% | 1.79 - 2.14% | 1.13 - 1.84% |
| Weighted average grant-date fair value per share | \$11.56 | \$13.11 | \$12.33 |

Restricted stock

Restricted shares issued under the Stock Plan are restricted as to sale or disposition. These restrictions lapse periodically generally over a period of five 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.

The following table represents our restricted stock awards and restricted stock units granted, vested and forfeited during 2018.

| | Number of Shares (in millions) | Weighted Average Grant-Date Fair Value per Share |
|---------------------------------------|---|---|
| Nonvested shares at January 1, 2018 | 15.1 | \$ 45.42 |
| Granted | 4.9 | 47.43 |
| Vested | (4.8) | 45.24 |
| Forfeited | (0.8) | 46.62 |
| Nonvested shares at December 31, 2018 | 14.4 | \$ 46.01 |

The weighted average grant-date fair value of shares granted was \$47.43 during 2018, \$45.99 during 2017 and \$42.87 during 2016. The total fair value of shares vested was \$219 million during 2018, \$204 million during 2017, and \$223 million during 2016. As of December 31, 2018, there was \$433 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. The ESPP contains 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, 74 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, 2018, 49 million shares have been sold through the ESPP since the inception of the plan and 25 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 | | |
|--|---------------------------|--------|--------|
| | 2018 | 2017 | 2016 |
| Expected volatility | 25 % | 29 % | 36 % |
| Expected dividend yield | 1.62 % | 1.51 % | 1.87 % |
| Risk-free interest rate | 1.92 % | 0.86 % | 0.25 % |
| Weighted average grant-date fair value per share | \$8.86 | \$9.95 | \$8.61 |

Note 12. Income per Share

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

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

| | Year Ended | | |
|---|-------------|------|------|
| | December 31 | | |
| <i>Millions of shares</i> | 2018 | 2017 | 2016 |
| Basic weighted average common shares outstanding | 875 | 870 | 861 |
| Dilutive effect of awards granted under our stock incentive plans | 2 | — | — |
| Diluted weighted average common shares outstanding | 877 | 870 | 861 |
| Antidilutive shares: | | | |
| Options with exercise price greater than the average market price | 14 | 6 | 11 |
| Options which are antidilutive due to net loss position | — | 2 | 1 |
| Total antidilutive shares | 14 | 8 | 12 |

Note 13. Financial Instruments and Risk Management

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 total debt, including short-term borrowings and current maturities of long term debt, is as follows:

| <i>Millions of dollars</i> | December 31, 2018 | | | December 31, 2017 | | | | |
|----------------------------|-------------------|---------|------------------|-------------------|---------|---------|------------------|----------------|
| | Level 1 | Level 2 | Total fair value | Carrying value | Level 1 | Level 2 | Total fair value | Carrying value |
| Total debt | \$6,726 | \$4,150 | \$10,876 | \$10,457 | \$3,285 | \$9,172 | \$12,457 | \$10,942 |

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

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, 2018 or December 31, 2017. The counterparties to our derivatives are primarily global commercial and investment

banks.

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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. 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 purchase and sale of products and services 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 certain countries in which we do business internationally. 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 \$591 million at December 31, 2018 and \$633 million at December 31, 2017. 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. The fair value of our foreign exchange derivatives as of December 31, 2018 and December 31, 2017 is included in "Other current assets" in our consolidated balance sheets and was immaterial. The fair value of these instruments is categorized within level 2 on the fair value hierarchy and was determined using a market approach with certain inputs, such as notional amounts hedged, exchange rates, and other terms of the contracts that are observable in the market or can be derived from or corroborated by observable data.

Interest rate risk

We are subject to interest rate risk on our existing 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 \$10.4 billion at both December 31, 2018 and December 31, 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 debt portfolio. We use interest rate swaps to effectively convert a portion of our fixed rate debt to floating LIBOR-based rates. Our interest rate swaps, which expire when the underlying debt matures, are designated as fair value hedges of the underlying debt and are determined to be highly effective. These derivative instruments are marked to market with gains and losses recognized currently in interest expense to offset the respective gains and losses recognized on changes in the fair value of the hedged debt.

As of December 31, 2018, we had an interest rate swap relating to one of our debt instruments with a total notional amount of \$100 million. The fair value of this interest rate swap as of December 31, 2018 and December 31, 2017 is included in "Other assets" in our consolidated balance sheets and was immaterial. The fair value of this interest rate swap is categorized within level 2 on the fair value hierarchy and was determined using a market approach 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.

Credit risk

Financial instruments that potentially subject us to concentrations of credit risk are primarily cash equivalents and trade receivables. It is our practice to place our cash equivalents in high quality investments with various institutions. Our trade receivables are from a broad and diverse group of customers and are generally not collateralized. As of December 31, 2018, 43% of our net trade receivables were from customers in the United States. As of December 31, 2017, 42% of our net trade receivables were from customers in the United States. We maintain an allowance for bad debts based upon several factors, including historical collection experience, current aging status of the customer accounts and financial condition of our customers. See Note 4 for further information.

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 \$193 million in 2018, \$173 million in 2017 and \$111 million in 2016. The increase in 2018 resulted from an increase in the domestic and international workforce.

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, 2018, the projected benefit obligation was \$951 million and the fair value of plan assets was \$832 million, which resulted in an unfunded obligation of \$119 million. At December 31, 2017, the projected benefit obligation was \$1.2 billion and the fair value of plan assets was \$940 million, which resulted in an unfunded obligation of \$280 million. The accumulated benefit obligation for our international plans was \$878 million at December 31, 2018 and \$1.2 billion at December 31, 2017.

The following table presents additional information about our international pension plans.

| | December 31 | |
|---|----------------|---------|
| <i>Millions of dollars</i> | 2018 | 2017 |
| Amounts recognized on the Consolidated Balance Sheets | | |
| Other Assets | \$39 | \$2 |
| Accrued employee compensation and benefits | 8 | 15 |
| Employee compensation and benefits | 150 | 267 |
| Pension plans in which projected benefit obligation exceeded plan assets | | |
| Projected benefit obligation (a) | \$176 | \$1,202 |
| Fair value of plan assets | 18 | 920 |
| Pension plans in which accumulated benefit obligation exceeded plan assets | | |
| Accumulated benefit obligation (a) | \$105 | \$1,139 |
| Fair value of plan assets | 18 | 920 |

(a) Our United Kingdom pension plan was underfunded as of December 31, 2017 and overfunded as of December 31, 2018. As such, the fair value of plan assets and projected and accumulated benefit obligation related to this plan are no longer captured in this table at December 31, 2018.

Fair value measurements of plan assets

The fair value of our plan assets categorized within level 1 on the fair value hierarchy is based on quoted prices in active markets for identical assets. The fair value of our plan assets categorized within level 2 on the fair value hierarchy is based on significant observable inputs for similar assets. The fair value of our plan assets categorized within level 3 on the fair value hierarchy is based on significant unobservable inputs.

The following table sets forth the fair values of assets held by our international pension plans by level within the fair value hierarchy.

| <i>Millions of dollars</i> | Level | | | Total |
|--|-------|--------|-------|--------|
| | 1 | 2 | 3 | |
| Cash and equivalents | \$ — | \$ 12 | \$ — | \$ 12 |
| Common/collective trust funds (a) | | | | |
| Equity funds (b) | — | 137 | — | 137 |
| Bond funds (c) | — | 302 | 21 | 323 |
| Alternatives funds (d) | — | 209 | — | 209 |
| Real estate funds (e) | — | 81 | 28 | 109 |
| Other assets | 6 | 21 | 15 | 42 |
| Fair value of plan assets at December 31, 2018 | \$ 6 | \$ 762 | \$ 64 | \$ 832 |
| Cash and equivalents | \$ — | \$ 11 | \$ — | \$ 11 |
| Common/collective trust funds (a) | | | | |
| Equity funds (b) | — | 204 | — | 204 |
| Bond funds (c) | — | 323 | 46 | 369 |
| Alternatives fund (d) | — | 184 | — | 184 |
| Real estate funds (e) | — | 98 | 28 | 126 |
| Other assets | 7 | 22 | 17 | 46 |
| Fair value of plan assets at December 31, 2017 | \$ 7 | \$ 842 | \$ 91 | \$ 940 |

(a) Common/collective trust funds are valued at the net asset value of units held by the plans at year-end.

(b) Strategy is to invest in diversified funds of global common stocks.

(c) Strategy is to invest in diversified funds of fixed income securities of varying geographies and credit quality and whose cash flows approximate the maturities of the benefit obligation.

(d) Strategy is to invest in a fund of diversifying investments, including but not limited to reinsurance, commodities and currencies.

(e) Strategy is to invest in diversified funds of real estate investment trusts and private real estate.

Our investment strategy varies by country depending on the circumstances of the underlying 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. Our investment strategy for our United Kingdom pension plan, which constituted 80% of our international pension plans' projected benefit obligation at December 31, 2018 and is no longer accruing service benefits, aims to achieve full funding of the benefit obligation, with the plan's assets increasingly composed of investments whose cash flows match the maturities of the obligation.

Net periodic benefit cost

Net periodic benefit cost for our international pension plans was \$32 million in 2018, \$30 million in 2017 and \$30 million in 2016. Included in net periodic benefit cost were \$8 million in 2018 and \$13 million in 2017 of net curtailment and settlement cost arising from reductions in workforce and an increase in lump sum payments made during these years.

Actuarial assumptions

Certain weighted-average actuarial assumptions used to determine benefit obligations of our international pension plans at December 31 were as follows:

| | 2018 | 2017 |
|-------------------------------|------|------|
| Discount rate | 3.3% | 2.8% |
| Rate of compensation increase | 5.8% | 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:

| | 2018 | 2017 | 2016 |
|--|------|------|------|
| Discount rate | 2.8% | 2.9% | 4.2% |
| Expected long-term return on plan assets | 4.1% | 4.2% | 5.3% |
| Rate of compensation increase | 5.5% | 4.8% | 5.4% |

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. Where possible, 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 2019.

Benefit payments. Expected benefit payments over the next 10 years for our international pension plans are as follows: \$57 million in 2019, \$55 million in 2020, \$59 million in 2021, \$64 million in 2022, \$66 million in 2023 and \$386 million in years 2024 through 2028.

Note 15. New Accounting Pronouncements

Standards adopted in 2018

Revenue Recognition

On January 1, 2018, we adopted the comprehensive new revenue recognition standard issued by the Financial Accounting Standards Board (FASB). The core principle of the new standard is that a company should recognize revenue to depict the transfer of promised services or products to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those services or products. The standard creates a five step model that requires companies to exercise judgment when considering the terms of a contract and all relevant facts and circumstances.

We adopted the new revenue recognition standard using a modified retrospective basis and applied the guidance to all contracts that were not completed as of January 1, 2018. This resulted in an immaterial cumulative-effect adjustment to retained earnings as of January 1, 2018. The comparative financial information has not been restated and continues to be reported under the revenue accounting standards in effect during those periods. The adoption of this standard did not have a material impact to our consolidated financial position, reported revenue, results of operations or cash flows as of and for the year ended December 31, 2018. See Note 3 for our expanded revenue disclosures required by the new standard.

Standards not yet adopted

Leases

In February 2016, the FASB issued an accounting standards update related to accounting for leases, which requires assets and liabilities that arise from all leases to be recognized on the balance sheet for lessees and expanded financial statement disclosures for both lessees and lessors. Currently, only capital leases are recorded on the balance sheet. This update will require lessees to recognize a lease liability equal to the present value of its lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term for all leases longer than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and liabilities and instead recognize lease expense for such leases generally on a straight-line basis over the lease term. Leases with a term of longer than 12 months will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

We adopted the new standard effective January 1, 2019 and intend to elect the modified retrospective transition method. As such, the comparative financial information will not be restated and will continue to be reported under the lease standard in effect during those periods. We also intend to elect other practical expedients provided by the new standard, including the package of practical expedients, the short-term lease recognition practical expedient in which leases with a term of 12 months or less will not be recognized on the balance sheet, and the practical expedient to not separate lease and non-lease components for the majority of our leases. We expect that the adoption of this standard will result in a range of approximately \$1.0 billion to \$1.2 billion of additional assets and liabilities on our consolidated balance sheet representing the recognition of operating lease right-of-use assets and operating lease liabilities.

HALLIBURTON COMPANY**Selected Financial Data***(Unaudited)*

| <i>Millions of dollars except per share</i> | Year ended December 31 | | | | |
|--|------------------------|----------|----------|----------|----------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Revenue | \$23,995 | \$20,620 | \$15,887 | \$23,633 | \$32,870 |
| Operating income (loss) | 2,467 | 1,374 | (6,770) | (165) | 5,097 |
| Income (loss) from continuing operations | 1,657 | (449) | (5,767) | (662) | 3,437 |
| Basic income (loss) per share from continuing operations | 1.89 | (0.51) | (6.69) | (0.78) | 4.05 |
| Diluted income (loss) per share from continuing operations | 1.89 | (0.51) | (6.69) | (0.78) | 4.03 |
| Cash dividends per share | 0.72 | 0.72 | 0.72 | 0.72 | 0.63 |
| Net working capital | 6,349 | 5,915 | 7,654 | 14,733 | 8,781 |
| Total assets | 25,982 | 25,085 | 27,000 | 36,942 | 32,165 |
| Long-term debt | 10,421 | 10,430 | 12,214 | 14,687 | 7,765 |
| Total debt | 10,457 | 10,942 | 12,384 | 15,429 | 7,915 |
| Total shareholders' equity | 9,544 | 8,349 | 9,448 | 15,495 | 16,298 |
| Capital expenditures | 2,026 | 1,373 | 798 | 2,184 | 3,283 |

HALLIBURTON COMPANY**Quarterly Financial Data***(Unaudited)*

| <i>Millions of dollars except per share data</i> | Quarter | | | | |
|---|---------|---------|---------|---------|----------|
| | First | Second | Third | Fourth | Year |
| 2018 | | | | | |
| Revenue | \$5,740 | \$6,147 | \$6,172 | \$5,936 | \$23,995 |
| Operating income | 354 | 789 | 716 | 608 | 2,467 |
| Net income | 47 | 508 | 434 | 668 | 1,657 |
| Net income from continuing operations attributable to company | 46 | 511 | 435 | 664 | 1,656 |
| Basic and diluted net income from continuing operations attributable to company per share | 0.05 | 0.58 | 0.50 | 0.76 | 1.89 |
| Cash dividends paid per share | 0.18 | 0.18 | 0.18 | 0.18 | 0.72 |
| 2017 | | | | | |
| Revenue | \$4,279 | \$4,957 | \$5,444 | \$5,940 | \$20,620 |
| Operating income | 203 | 146 | 642 | 383 | 1,374 |
| Net income (loss) | (32) |)28 | 361 | (825) | (468) |
| Amounts attributable to company shareholders: | | | | | |
| Income (loss) from continuing operations | (32) |)28 | 365 | (805) | (444) |
| Loss from discontinued operations | — | — | — | (19) | (19) |
| Net income (loss) attributable to company | (32) |)28 | 365 | (824) | (463) |
| Basic and diluted per share attributable to company shareholders: | | | | | |
| Income (loss) from continuing operations | (0.04) |)0.03 | 0.42 | (0.92) | (0.51) |
| Loss from discontinued operations | — | — | — | (0.02) | (0.02) |
| Net income (loss) | (0.04) |)0.03 | 0.42 | (0.94) | (0.53) |
| Cash dividends paid per share | 0.18 | 0.18 | 0.18 | 0.18 | 0.72 |

Note: Results for the first quarter of 2018 include charges related to the write-down of our remaining investment in Venezuela. See Note 4 for further information. Results for the fourth quarter of 2017 include charges for U.S. tax reform and Venezuela receivables.

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 2019 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 5 through 6 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 2019 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 2019 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 2019 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 2019 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 2018,” “Outstanding Equity Awards at Fiscal Year End 2018,” “2018 Option Exercises and Stock Vested,” “2018 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 2019 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 2019 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 2019 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 2019 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 2019 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 34 through 35 and pages 36 through 60 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 December 7, 2017 (incorporated by reference to Exhibit 3.1 to Halliburton's Form 8-K filed December 12, 2017, 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).

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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 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).

4.11 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).

4.12 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).

4.13 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).

4.14 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).

4.15 Form of note of 7.6% debentures due 2096 (included as Exhibit A to Exhibit 4.14 above).

4.16 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).

4.17 Form of Global Note for Halliburton's 6.70% Senior Notes due 2038 (included as part of Exhibit 4.16).

4.18 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).

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4.19 Form of Global Note for Halliburton's 7.45% Senior Notes due 2039 (included as part of Exhibit 4.18).

4.20 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).

4.21 Form of Global Note for Halliburton's 3.25% Senior Notes due 2021 (included as part of Exhibit 4.20).

4.22 Form of Global Note for Halliburton's 4.50% Senior Notes due 2041 (included as part of Exhibit 4.20).

4.23 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).

4.24 Form of Global Note for Halliburton's 3.50% Senior Notes due 2023 (included as part of Exhibit 4.23).

4.25 Form of Global Note for Halliburton's 4.75% Senior Notes due 2043 (included as part of Exhibit 4.23).

4.26 Eighth Supplemental Indenture, dated as of November 13, 2015, 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 to Halliburton's Form 8-K filed November 13, 2015, File No. 001-03492).

4.27 Form of Global Note for Halliburton's 3.800% Senior Notes due 2025 (included as part of Exhibit 4.27).

4.28 Form of Global Note for Halliburton's 4.850% Senior Notes due 2035 (included as part of Exhibit 4.27).

4.29 Form of Global Note for Halliburton's 5.000% Senior Notes due 2045 (included as part of Exhibit 4.27).

†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 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).

10.5 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).

10.6

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).

- 10.7 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).
- †10.8 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).
- †10.9 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).
- †10.10 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).
- †10.11 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).
- †10.12 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).
- †10.13 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).
- †10.14 Halliburton Company Employee Stock Purchase Plan, as amended and restated effective February 24, 2015 (incorporated by reference to Appendix C of Halliburton's proxy statement filed April 7, 2015, File No. 001-03492).
- †10.15 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).
- †10.16 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).
- †10.17 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).
- 10.18 U.S. \$3,000,000,000 Five Year Revolving Credit Agreement among Halliburton Company, as Borrower, the Banks party thereto, and Citibank, N.A., as Agent, effective July 21, 2015 (incorporated by reference to Exhibit 10.1 to Halliburton's Form 10-Q for the quarter ended June 30, 2015, File No. 001-03492).
- †10.19

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).

- †10.20 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).
- †10.21 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).
- †10.22 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).
- †10.23 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).
- †10.24 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).
- †10.25 Executive Agreement (Timothy McKeon) (incorporated by reference to Exhibit 10.49 to Halliburton's Form 10-K filed February 7, 2014, File No. 001-03492).
- †10.26 Executive Agreement (Charles E. Geer, Jr.) (incorporated by reference to Exhibit 10.2 to Halliburton's Form 8-K filed December 9, 2014, File No. 001-03492).
- 10.27 HESI Punitive Damages and Assigned Claims Settlement Agreement dated September 2, 2014, entered into between Halliburton Company and Halliburton Energy Services, Inc. and counsel for The Plaintiffs Steering Committee in MDL 2179 and the Deepwater Horizon Economic and Property Damages Settlement Class (incorporated by reference to Exhibit 10.1 to Halliburton's Form 10-Q for the quarter ended September 30, 2014, 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 Form of Non-Employee Director Restricted Stock Agreement (Directors Plan) (incorporated by reference as Exhibit 99.5 of Halliburton's Form S-8 filed May 21, 2009, Registration No. 333-159394).
- †10.30 Form of Non-Employee Director Restricted Stock Agreement (Stock and Incentive Plan) (incorporated by reference to Exhibit 10.43 to Halliburton's Form 10-K for the year ended December 31, 2011, Registration No. 001-03492).
- †0.31 Amendment No. 2 to Halliburton Company Benefit Restoration Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.1 to Halliburton's Form 10-Q for the quarter ended September 30, 2016, File No. 001-03492).
- †10.32 Second Amendment to Halliburton Company Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2008 (incorporated by reference to Exhibit 10.2 to Halliburton's Form 10-Q for the

quarter ended September 30, 2016, File No. 001-03492).

†10.33 Executive Agreement (Joe D. Rainey) (incorporated by reference to Exhibit 10.1 to Halliburton's Form 8-K filed December 12, 2017, File No. 001-03492).

†10.34 Executive Agreement (Anne Lyn Beaty) (incorporated by reference to Exhibit 10.1 to Halliburton's Form 10-Q filed April 28, 2017, File No. 001-03492).

- † 10.35 Executive Agreement (Jeffrey A. Miller) (incorporated by reference to Exhibit 10.1 to Halliburton's Form 8-K filed June 5, 2017, File No. 001-03492).
- † 10.36 Halliburton Company Stock and Incentive Plan, as amended and restated effective February 8, 2017 (incorporated by reference to Appendix B of Halliburton's proxy statement filed April 7, 2017, File No. 001-03492).
- † 10.37 Form of Nonstatutory Stock Option Agreement (U.S.) (incorporated by reference as Exhibit 10.1 of Halliburton's Form 10-Q filed July 27, 2018, File No. 001-03492)
- † 10.38 Form of Nonstatutory Stock Option Agreement (International) (incorporated by reference as Exhibit 10.2 of Halliburton's Form 10-Q filed July 27, 2018, File No. 001-03492).
- † 10.39 Form of Restricted Stock Agreement (incorporated by reference as Exhibit 10.3 of Halliburton's Form 10-Q filed July 27, 2018, File No. 001-03492).
- † 10.40 Form of Restricted Stock Unit Agreement (International) (incorporated by reference as Exhibit 10.4 of Halliburton's Form 10-Q filed July 27, 2018, File No. 001-03492).
- † 10.41 Form of Restricted Stock Unit Agreement (U.S. Expat) (incorporated by reference as Exhibit 10.5 of Halliburton's Form 10-Q filed July 27, 2018, File No. 001-03492).
- † 10.42 Executive Agreement (Eric J. Carre) (incorporated by reference as Exhibit 10.46 of Halliburton's Form 10-K filed February 2, 2018, File No. 001-03492).
- † 10.43 Executive Agreement (Lawrence J. Pope) (incorporated by reference as Exhibit 10.47 of Halliburton's Form 10-K filed February 2, 2018, File No. 001-03492).
- † 10.44 Executive Agreement (Robb L. Voyles) (incorporated by reference as Exhibit 10.48 of Halliburton's Form 10-K filed February 2, 2018, File No. 001-03492).
- † 10.45 Executive Agreement (Lance Loeffler) (incorporated by reference as Exhibit 10.1 of Halliburton's Form 8-K filed December 11, 2018, File No. 001-03492).
- *† 10.46 Form of Non-Management Director Restricted Stock Unit Agreement (Stock and Incentive Plan).
- *† 10.47 Second Amendment dated January 1, 2019, to Halliburton Company Directors' Deferred Compensation Plan as Amended and Restated effective as of May 16, 2012.
- *† 10.48 Executive Agreement (Mark J. Richard).
- * 21.1 Subsidiaries of the Registrant.
- * 23.1 Consent of KPMG LLP.

- * 24.1 Powers of attorney for the following directors signed in January 2019:
 - Abdulaziz F. Al Khayyal
 - William E. Albrecht
 - Alan M. Bennett
 - James R. Boyd
 - Milton Carroll
 - Nance K. Dicciani
 - Murry S. Gerber
 - Robert A. Malone

- * 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- * 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- ** 32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- ** 32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- * 95 Mine Safety Disclosures.

- * 101.INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
- * 101.SCH XBRL Taxonomy Extension Schema Document
- * 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- * 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- * 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document
- * 101.DEF XBRL Taxonomy Extension Definition Linkbase Document

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

Item 16. Form 10-K Summary.

None.

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 13th day of February, 2019.

HALLIBURTON COMPANY

By /s/ Jeffrey A. Miller
Jeffrey A. Miller
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 13th day of February, 2019.

| <u>Signature</u> | <u>Title</u> |
|---|---|
| <u>/s/ Jeffrey A. Miller</u> Jeffrey A. Miller | Chairman of the Board, Director, President and Chief Executive Officer |
| <u>/s/ Lance Loeffler</u> Lance Loeffler | Executive Vice President and Chief Financial Officer |
| <u>/s/ Charles E. Geer, Jr.</u> Charles E. Geer, Jr. | Vice President and Corporate Controller |

| <u>Signature</u> | <u>Title</u> |
|---|--------------|
| * <u>Abdulaziz F. Al Khayyal</u> Abdulaziz F. Al Khayyal | Director |
| * <u>William E. Albrecht</u> William E. Albrecht | Director |
| * <u>Alan M. Bennett</u> Alan M. Bennett | Director |
| * <u>James R. Boyd</u> James R. Boyd | Director |
| * <u>Milton Carroll</u> Milton Carroll | Director |
| * <u>Nance K. Dicciani</u> Nance K. Dicciani | Director |
| * <u>Murry S. Gerber</u> Murry S. Gerber | Director |
| * <u>Robert A. Malone</u> Robert A. Malone | Director |

/s/ Robb L. Voyles

*By Robb L. Voyles, Attorney-in-fact