

HALLIBURTON CO
Form 8-K
April 22, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

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

Date of Report (date of earliest event reported): April 20, 2009

HALLIBURTON COMPANY
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-03492
(Commission File Number)

No. 75-2677995
(IRS Employer Identification No.)

1401 McKinney, Suite 2400, Houston, Texas
(Address of Principal Executive Offices)

77010
(Zip Code)

(713) 759-2600
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

INFORMATION TO BE INCLUDED IN REPORT

Item 2.02. Results of Operations and Financial Condition

On April 20, 2009, registrant issued a press release entitled “Halliburton Announces First Quarter Earnings.”

The text of the Press Release is as follows:

HALLIBURTON ANNOUNCES FIRST QUARTER EARNINGS

First quarter earnings are \$0.42 per diluted share which include employee separation costs of \$28 million pre-tax, or \$0.02 per diluted share after-tax

HOUSTON, Texas – Halliburton (NYSE:HAL) announced today that net income for the first quarter of 2009 was \$378 million, or \$0.42 per diluted share. This compares to net income for the first quarter of 2008 of \$580 million, or \$0.63 per diluted share. The first quarter of 2009 results were negatively impacted by the steep downturn in North America drilling activity and included \$19 million of after-tax expenses, or \$0.02 per diluted share, associated with employee separation costs.

Halliburton’s consolidated revenue in the first quarter of 2009 was \$3.9 billion, down 3% from the first quarter of 2008. Consolidated operating income was \$616 million in the first quarter of 2009 compared to \$847 million in the first quarter of 2008. With the exception of the software and asset solutions and the newly organized testing and subsea product service lines, results for all product service lines fell primarily due to lower demand for products and services in North America based on a reduction in rig count and pricing declines.

“During the first quarter, we experienced significant volume reduction and margin compression due to the steep downturn in North America drilling activity. The first quarter brought unprecedented declines in the rig count and prolonged weakness to the commodity markets. These industry-wide declines have been exacerbated by restrictions to some of our customers’ access to capital and the decrease in global demand for oil and natural gas,” said Dave Lesar, chairman, president and chief executive officer.

“The North America rig count has dropped approximately 30% during the first quarter, with areas such as the Rockies, Permian basin, and Mid-Continent being the most affected. This has resulted in a decrease in the volume of activity leading to overcapacity and related price erosion on remaining work. As a result, we experienced a 53% year-over-year decline in operating income in North America. Due to the sharpness of the decline, we have taken proactive measures to reduce costs.

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“International markets have remained more resilient in the first quarter compared to the domestic market. Outside North America, revenue grew 3% on a year-over-year basis led by Latin America contributing 9%. Growth was significantly impacted by unfavorable currency movements across several regions particularly in countries such as Norway, United Kingdom, Brazil, and Mexico.

“International projects are now being deferred, and the tightness in the credit markets continues to impact independent operators globally. While integrated oil company and national oil company clients have not materially cut their spending, they are re-evaluating the economics of their projects amid a lower commodity price environment.

“Eastern Hemisphere revenue was relatively flat from the prior year. Strong performance in Africa helped to mitigate activity declines in Russia. In our Middle East/Asia region, revenue was flat as contract deferrals and the anticipated finalization of the Khurais project in Saudi Arabia offset increased revenues in Asia. Asia Pacific continues to benefit from our expanded technology and manufacturing infrastructure resulting in year-over-year operating income growth in India and Southeast Asia.

“Activity has increased in Latin America and combined with our technology leadership resulted in solid year-over-year performance in Mexico, Brazil, and Colombia.

“While international growth has slowed, operating margins outside North America remained at our target level of 20%. However, we anticipate continued margin pressure as global customers seek to lower their costs by securing cost concessions from their supply chain.

“Industry prospects will continue to be weak in the coming quarters, and visibility to the ultimate depth and length of this cycle remains uncertain. However, we believe that the long-term prospects of the industry remain sound. We will continue to manage through this downturn focusing on expanding our market position, reducing input costs, and delivering the superior execution our customers have come to expect. We will make the strategic investments to emerge even stronger when the industry recovers,” concluded Lesar.

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2009 First Quarter Results

Completion and Production (C&P) operating income in the first quarter of 2009 was \$363 million, a decrease of \$141 million or 28% from the first quarter of 2008. North America C&P operating income decreased 48%, primarily due to a decline in rig count, volume reductions, and pricing declines across all product service lines in the United States and Canada. The first quarter of 2008 included a \$35 million gain related to the sale of a joint venture interest in the United States. Latin America C&P operating income increased 2% from increased completion tools and production enhancement activity in Brazil and Mexico. Europe/Africa/CIS C&P operating income increased 20% with higher demand for cementing services in Africa and production enhancement services in Europe. Middle East/Asia C&P operating income was flat with higher demand for production enhancement services and intelligent completion systems in Asia Pacific balancing out declines in completion tools and cementing in the Middle East.

Drilling and Evaluation (D&E) operating income in the first quarter of 2009 was \$304 million, a decrease of \$105 million or 26% over the first quarter of 2008. North America D&E operating income decreased 62%, primarily due to lower volumes and pricing declines across all product service lines. Latin America D&E operating income remained flat as higher demand for well construction technologies in Mexico, Colombia, and Ecuador was offset by weakness in Argentina and Venezuela. Europe/Africa/CIS D&E operating income decreased 18%, primarily due to decreased demand for drilling services in Europe and Russia. Middle East/Asia D&E operating income increased 28% over the first quarter of 2008, with the most significant impact coming from increased demand for drilling services in Asia Pacific. The first quarter of 2008 included a \$23 million impairment charge for a Bangladesh oil and gas property.

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Significant Events and Achievements

- Halliburton issued an aggregate amount of \$2 billion in principal senior notes. The notes were issued in two tranches – \$1 billion of 10½-year notes bearing interest at a fixed rate of 6.15% per year and maturing on September 15, 2019 and \$1 billion of 30½-year notes bearing interest at a fixed rate of 7.45% per year and maturing on September 15, 2039.
- Landmark released the PetroStor™ scalable disk storage platform, which provides customers with petabytes of online capacity. Tested and qualified with Landmark’s exploration and production software, the solution is ideal for companies that need fast access to seismic files and archived project data.
- Halliburton announced the newest addition to its suite of perforating technologies, designed to enable better well completions and provide operators with access to reservoir targets that are beyond the limits of conventional high pressure technology. The tool, a perforating gun with a seven-inch outside diameter, can perform at pressures of up to 30,000 pounds per square inch (psi). It is the highest pressure-rated gun system available on the market today at that size, and it addresses the need for extreme high pressure capabilities in large casing sizes, specifically used in deepwater environments.
 - Halliburton was awarded a major contract extension by Salym Petroleum Development N.V. (SPD) for exploration and production services in Western Siberia, Russia. The four-year contract calls for the provision of directional-drilling, measurement-while-drilling and logging-while-drilling, along with drilling fluids and cementing services and continues Halliburton’s proven record of service delivery in the SPD fields for the last three years. The new wells to be drilled, with an average true vertical depth of 2,600 meters, include 400 S-shaped wells plus directional and extended-reach wells.
- Halliburton was awarded long-term, high-value contracts by British Petroleum (BP) Angola. BP’s Angola program covers up to four developments, to be based on a standardized design, with drilling activity scheduled to commence in 2010. The first development in Block 31, PSVM, was recently sanctioned by BP Angola and its partners. Commitments related to the remaining three developments are anticipated to be awarded upon sanction of the additional projects, with the drilling program taking place over a multi-year period.

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Founded in 1919, Halliburton is one of the world's largest providers of products and services to the energy industry. With more than 55,000 employees in approximately 70 countries, the company serves the upstream oil and gas industry throughout the lifecycle of the reservoir – from locating hydrocarbons and managing geological data, to drilling and formation evaluation, well construction and completion, and optimizing production through the life of the field. Visit the company's Web site at www.halliburton.com.

NOTE: The statements in this press release that are not historical statements, including statements regarding future financial performance, are forward-looking statements within the meaning of the federal securities laws. These statements are subject to numerous risks and uncertainties, many of which are beyond the company's control, which could cause actual results to differ materially from the results expressed or implied by the statements. These risks and uncertainties include, but are not limited to: changes in the demand for or price of oil and/or natural gas which has been significantly impacted by the worldwide financial and credit crisis; consequences of audits and investigations by domestic and foreign government agencies and legislative bodies and related publicity, potential adverse proceedings by such agencies; protection of intellectual property rights; compliance with environmental laws; changes in government regulations and regulatory requirements, particularly those related to radioactive sources, explosives, and chemicals; compliance with laws related to income taxes and assumptions regarding the generation of future taxable income; unsettled political conditions, war, and the effects of terrorism, foreign operations, and foreign exchange rates and controls; weather-related issues including the effects of hurricanes and tropical storms; changes in capital spending by customers; delays or failures by customers to make payments owed to us; execution of long-term, fixed-price contracts; impairment of oil and gas properties; structural changes in the oil and natural gas industry; maintaining a highly skilled workforce; availability of raw materials; and integration of acquired businesses and operations of joint ventures. Halliburton's Form 10-K for the year ended December 31, 2008, recent Current Reports on Form 8-K, and other Securities and Exchange Commission filings discuss some of the important risk factors identified that may affect Halliburton's business, results of operations, and financial condition. Halliburton undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

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HALLIBURTON COMPANY
Condensed Consolidated Statements of Operations
(Millions of dollars and shares except per share data)
(Unaudited)

| | Three Months Ended | | |
|---|--------------------|----------|------------|
| | March 31 | | December |
| | 2009 | 2008 | 31 2008 |
| Revenue: (a) | | | |
| Completion and Production | \$ 2,028 | \$ 2,122 | \$ 2,552 |
| Drilling and Evaluation | 1,879 | 1,907 | 2,358 |
| Total revenue | \$ 3,907 | \$ 4,029 | \$ 4,910 |
| Operating income: (a) | | | |
| Completion and Production | \$ 363 | \$ 504 | \$ 630 |
| Drilling and Evaluation | 304 | 409 | 558 |
| Corporate and other | (51) | (66) | (25) |
| Total operating income | 616 | 847 | 1,163 |
| Interest expense | (53) | (42)(b) | (48) |
| Interest income | 2 | 20 | 4 |
| Other, net (c) | (5) | (1) | (26) |
| Income from continuing operations before income taxes and noncontrolling interest | 560 | 824 | 1,093 |
| Provision for income taxes | (179) | (238) | (342) |
| Income from continuing operations | 381 | 586 | 751 |
| Income (loss) from discontinued operations, net | (1) | 1 | (308)(d) |
| Net income | \$ 380 | \$ 587 | \$ 443 |
| Noncontrolling interest in net (income) loss of subsidiaries (e) | (2) | (7) | 25 |
| Net income attributable to Company | \$ 378 | \$ 580 | \$ 468 |
| Amounts attributable to Company shareholders: | | | |
| Income from continuing operations, net | \$ 379 | \$ 579 | \$ 776 |
| Income (loss) from discontinued operations, net | (1) | 1 | (308)(d) |
| Net income attributable to Company | \$ 378 | \$ 580 | \$ 468 |
| Basic income (loss) per share attributable to Company shareholders: (f) | | | |
| Income from continuing operations | \$ 0.42 | \$ 0.66 | \$ 0.87 |
| Loss from discontinued operations, net | - | - | (0.35)(d) |
| Net income per share | \$ 0.42 | \$ 0.66 | \$ 0.52 |
| Diluted income (loss) per share attributable to Company shareholders: (f) | | | |
| Income from continuing operations | \$ 0.42 | \$ 0.63 | \$ 0.87 |
| Loss from discontinued operations, net | - | - | (0.35)(d) |
| Net income per share | \$ 0.42 | \$ 0.63 | \$ 0.52 |
| Basic weighted average common shares outstanding (f) | 897 | 879 | 895 |
| Diluted weighted average common shares outstanding (f) | 899 | 914 | 896 |

(a) Prior period segment information was reclassified to reflect the movement of certain operations from the Completion and Production segment to the Drilling and Evaluation segment.

(b)

On January 1, 2009, Halliburton adopted Financial Accounting Standards Board (FASB) Staff Position (FSP) Accounting Principles Board (APB) 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)." This FSP clarifies that convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement, should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. Upon adopting FSP APB 14-1, the provisions were retroactively applied. As a result, \$4 million of additional non-cash interest expense was recorded in the first quarter of 2008.

- (c) Includes, among other things, foreign currency gains and losses.
- (d) Loss from discontinued operations, net in the fourth quarter of 2008 included a \$303 million, or \$0.34 per diluted share, charge related to the settlements of the Department of Justice and Securities and Exchange Commission Foreign Corrupt Practices Act investigations.
- (e) On January 1, 2009, Halliburton adopted Statement of Financial Accounting Standards (SFAS) No. 160 "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51," the provisions of which, among others, requires the recognition of noncontrolling interest (previously referred to as minority interest) as equity in the condensed consolidated balance sheets and a revised presentation of the condensed consolidated statements of operations. All periods presented have been restated.
- (f) On January 1, 2009, Halliburton adopted FSP Emerging Issues Task Force (EITF) 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities," which provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities and shall be included in the computation of both basic and diluted earnings per share. All prior periods' basic and diluted earnings per share were restated. Upon adoption, basic and diluted income per share for the first quarter of 2008 decreased by \$0.01 for continuing operations and net income. For the fourth quarter of 2008, both basic and diluted earnings per share decreased by \$0.01 for net income.

See Footnote Table 1 for a list of significant items included in operating income.

HALLIBURTON COMPANY
Condensed Consolidated Statements of Operations
(Millions of dollars and shares except per share data)
(Unaudited)

| | Three Months Ended | | | | Year |
|---|--------------------|----------|----------|----------|-----------|
| | September | | | | Ended |
| | March 31, | June 30, | 30, | December | December |
| | 2008 | 2008 | 2008 | 31, | 31, |
| | 2008 | 2008 | 2008 | 2008 | 2008 |
| Revenue: | | | | | |
| Completion and Production | \$ 2,122 | \$ 2,357 | \$ 2,579 | \$ 2,552 | \$ 9,610 |
| Drilling and Evaluation | 1,907 | 2,130 | 2,274 | 2,358 | 8,669 |
| Total revenue | \$ 4,029 | \$ 4,487 | \$ 4,853 | \$ 4,910 | \$ 18,279 |
| Operating income: | | | | | |
| Completion and Production | \$ 504 | \$ 537 | \$ 633 | \$ 630 | \$ 2,304 |
| Drilling and Evaluation | 409 | 504 | 499 | 558 | 1,970 |
| Corporate and other | (66) | (92) | (81) | (25) | (264) |
| Total operating income | 847 | 949 | 1,051 | 1,163 | 4,010 |
| Interest expense | (42) | (42) | (35) | (48) | (167) |
| Interest income | 20 | 9 | 6 | 4 | 39 |
| Other, net | (1) | (2) | (4) | (26) | (33) |
| Income from continuing operations before income taxes and noncontrolling interest | | | | | |
| Provision for income taxes | (238) | (288) | (343) | (342) | (1,211) |
| Income from continuing operations | 586 | 626 | 675 | 751 | 2,638 |
| Income (loss) from discontinued operations, net | 1 | (116) | - | (308) | (423) |
| Net income | \$ 587 | \$ 510 | \$ 675 | \$ 443 | \$ 2,215 |
| Noncontrolling interest in net (income) loss of subsidiaries | | | | | |
| Net income attributable to Company | \$ 580 | \$ 504 | \$ 672 | \$ 468 | \$ 2,224 |
| Amounts attributable to Company shareholders: | | | | | |
| Income from continuing operations, net | \$ 579 | \$ 620 | \$ 672 | \$ 776 | \$ 2,647 |
| Income (loss) from discontinued operations, net | 1 | (116) | - | (308) | (423) |
| Net income attributable to Company | \$ 580 | \$ 504 | \$ 672 | \$ 468 | \$ 2,224 |
| Basic income (loss) per share attributable to Company shareholders: | | | | | |
| Income from continuing operations | \$ 0.66 | \$ 0.71 | \$ 0.76 | \$ 0.87 | \$ 3.00 |
| Loss from discontinued operations, net | - | (0.13) | - | (0.35) | (0.48) |
| Net income per share | \$ 0.66 | \$ 0.58 | \$ 0.76 | \$ 0.52 | \$ 2.52 |
| Diluted income (loss) per share attributable to Company shareholders: | | | | | |
| Income from continuing operations | \$ 0.63 | \$ 0.68 | \$ 0.74 | \$ 0.87 | \$ 2.91 |
| Loss from discontinued operations, net | - | (0.13) | - | (0.35) | (0.46) |

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| | | | | | | | | | | |
|---|----|------|----|------|----|------|----|------|----|------|
| Net income per share | \$ | 0.63 | \$ | 0.55 | \$ | 0.74 | \$ | 0.52 | \$ | 2.45 |
| Basic weighted average common shares outstanding | | 879 | | 875 | | 882 | | 895 | | 883 |
| Diluted weighted average common shares outstanding | | 914 | | 918 | | 908 | | 896 | | 909 |

Prior period information is restated for the adoption of SFAS 160, FSP EITF 03-6-1, FSP APB 14-1, and the segment reclassification to reflect the movement of certain operations from the Completion and Production segment to the Drilling and Evaluation segment.

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HALLIBURTON COMPANY
Condensed Consolidated Statements of Operations
(Millions of dollars and shares except per share data)
(Unaudited)

| | Three Months Ended | | | | Year Ended |
|---|--------------------|------------------|--------------------------|-------------------------|-------------------------|
| | March 31, 2007 | June 30, 2007 | September 30, 2007 | December 31, 2007 | December 31, 2007 |
| Revenue: | | | | | |
| Completion and Production | \$ 1,790 | \$ 1,995 | \$ 2,128 | \$ 2,225 | \$ 8,138 |
| Drilling and Evaluation | 1,632 | 1,740 | 1,800 | 1,954 | 7,126 |
| Total revenue | \$ 3,422 | \$ 3,735 | \$ 3,928 | \$ 4,179 | \$ 15,264 |
| Operating income: | | | | | |
| Completion and Production | \$ 464 | \$ 532 | \$ 574 | \$ 549 | \$ 2,119 |
| Drilling and Evaluation | 375 | 371 | 394 | 425 | 1,565 |
| Corporate and other | (51) | (10) | (58) | (67) | (186) |
| Total operating income | 788 | 893 | 910 | 907 | 3,498 |
| Interest expense | (41) | (45) | (42) | (40) | (168) |
| Interest income | 38 | 36 | 26 | 24 | 124 |
| Other, net | (3) | (2) | — | (2) | (7) |
| Income from continuing operations before income taxes and noncontrolling interest | 782 | 882 | 894 | 889 | 3,447 |
| Provision for income taxes | (259) | (284) | (152) | (212) | (907) |
| Income from continuing operations | 523 | 598 | 742 | 677 | 2,540 |
| Income from discontinued operations, net | 38 | 941 | 1 | 16 | 996 |
| Net income | \$ 561 | \$ 1,539 | \$ 743 | \$ 693 | \$ 3,536 |
| Noncontrolling interest in net income of subsidiaries | (12) | (13) | (18) | (7) | (50) |
| Net income attributable to Company | \$ 549 | \$ 1,526 | \$ 725 | \$ 686 | \$ 3,486 |
| Amounts attributable to Company shareholders: | | | | | |
| Income from continuing operations, net | \$ 526 | \$ 591 | \$ 724 | \$ 670 | \$ 2,511 |
| Income from discontinued operations, net | 23 | 935 | 1 | 16 | 975 |
| Net income attributable to Company | \$ 549 | \$ 1,526 | \$ 725 | \$ 686 | \$ 3,486 |
| Basic income per share attributable to Company shareholders: | | | | | |
| Income from continuing operations | \$ 0.53 | \$ 0.65 | \$ 0.82 | \$ 0.76 | \$ 2.73 |

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| | | | | | | | | | | |
|--|----|-------|----|------|----|------|----|------|----|------|
| Income from discontinued operations, net | | 0.02 | | 1.02 | | – | | 0.02 | | 1.06 |
| Net income per share | \$ | 0.55 | \$ | 1.67 | \$ | 0.82 | \$ | 0.78 | \$ | 3.79 |
| Diluted income per share attributable to Company shareholders: | | | | | | | | | | |
| Income from continuing operations | \$ | 0.51 | \$ | 0.62 | \$ | 0.79 | \$ | 0.73 | \$ | 2.63 |
| Income from discontinued operations, net | | 0.02 | | 0.99 | | – | | 0.02 | | 1.02 |
| Net income per share | \$ | 0.53 | \$ | 1.61 | \$ | 0.79 | \$ | 0.75 | \$ | 3.65 |
| Basic weighted average common shares outstanding | | 1,000 | | 912 | | 886 | | 881 | | 919 |
| Diluted weighted average common shares outstanding | | 1,031 | | 947 | | 922 | | 920 | | 955 |

Prior period information is restated for the adoption of SFAS No. 160, FSP EITF 03-6-1, FSP APB 14-1, and the segment reclassification to reflect the movement of certain operations from the Completion and Production segment to the Drilling and Evaluation segment.

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HALLIBURTON COMPANY
Condensed Consolidated Balance Sheets
(Millions of dollars)
(Unaudited)

| | March 31, 2009 | December 31, 2008 |
|--|-------------------|-------------------------|
| Assets | | |
| Current assets: | | |
| Cash and equivalents | \$ 2,967 | \$ 1,124 |
| Receivables, net | 3,395 | 3,795 |
| Inventories, net | 1,895 | 1,828 |
| Other current assets | 652 | 664 |
| Total current assets | 8,909 | 7,411 |
| Property, plant, and equipment, net | 5,157 | 4,782 |
| Goodwill | 1,076 | 1,072 |
| Other assets | 1,082 | 1,120 |
| Total assets | \$ 16,224 | \$ 14,385 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 874 | \$ 898 |
| Accrued employee compensation and benefits | 450 | 643 |
| Other current liabilities | 1,007 | 1,240 |
| Total current liabilities | 2,331 | 2,781 |
| Long-term debt | 4,578 | 2,586 |
| Other liabilities | 1,220 | 1,274 |
| Total liabilities | 8,129 | 6,641 |
| Company's shareholders' equity | 8,074 | 7,725 |
| Noncontrolling interest in consolidated subsidiaries (a) | 21 | 19 |
| Total shareholders' equity | 8,095 | 7,744 |
| Total liabilities and shareholders' equity | \$ 16,224 | \$ 14,385 |

(a) On January 1, 2009, Halliburton adopted SFAS No. 160 "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No.51," the provisions of which, among others, requires the recognition of noncontrolling interest (previously referred to as minority interest) as equity in the condensed consolidated balance sheets. All periods presented have been restated.

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HALLIBURTON COMPANY
Condensed Consolidated Statements of Cash Flows
(Millions of dollars)
(Unaudited)

| | Three Months Ended March 31 | |
|---|--------------------------------|-----------|
| | 2009 | 2008 |
| Cash flows from operating activities: | | |
| Net income attributable to Company | \$ 378 | \$ 580(a) |
| Adjustments to reconcile net income attributable to Company to net cash from operations: | | |
| Payments of Department of Justice and Securities and Exchange Commission settlement and indemnity | (274) | - |
| Depreciation, depletion, and amortization | 215 | 164 |
| Other | 62 | (219) |
| Total cash flows from operating activities | 381 | 525 |
| Cash flows from investing activities: | | |
| Capital expenditures | (518) | (392) |
| Sales of short-term investments in marketable securities, net | - | 388 |
| Other | 53 | 27 |
| Total cash flows from investing activities | (465) | 23 |
| Cash flows from financing activities: | | |
| Proceeds from long-term borrowings, net of offering costs | 1,976 | - |
| Payments to reacquire common stock | (3) | (368) |
| Other | (36) | (37) |
| Total cash flows from financing activities | 1,937 | (405) |
| Effect of exchange rate changes on cash | (10) | 4 |
| Increase in cash and equivalents | 1,843 | 147 |
| Cash and equivalents at beginning of period | 1,124 | 1,847 |
| Cash and equivalents at end of period | \$ 2,967 | \$ 1,994 |

(a) On January 1, 2009, Halliburton adopted FSP APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)." This FSP clarifies that convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement, should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. Upon adopting FSP APB 14-1, the provisions were retroactively applied. As a result, net income was reduced by \$4 million for additional non-cash interest expense recorded in the first quarter of 2008.

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HALLIBURTON COMPANY
Revenue and Operating Income Comparison
By Segment and Geographic Region
(Millions of dollars)
(Unaudited)

| | Three Months Ended | | |
|--|--------------------|----------|----------------|
| | March 31 | | December 31 |
| | 2009 | 2008 | 2008 |
| Revenue by geographic region: | | | |
| Completion and Production: | | | |
| North America | \$ 1,071 | \$ 1,164 | \$ 1,442 |
| Latin America | 232 | 217 | 258 |
| Europe/Africa/CIS | 426 | 413 | 497 |
| Middle East/Asia | 299 | 328 | 355 |
| Total | 2,028 | 2,122 | 2,552 |
| Drilling and Evaluation: | | | |
| North America | 612 | 698 | 800 |
| Latin America | 324 | 292 | 414 |
| Europe/Africa/CIS | 542 | 545 | 643 |
| Middle East/Asia | 401 | 372 | 501 |
| Total | 1,879 | 1,907 | 2,358 |
| Total revenue by region: | | | |
| North America | 1,683 | 1,862 | 2,242 |
| Latin America | 556 | 509 | 672 |
| Europe/Africa/CIS | 968 | 958 | 1,140 |
| Middle East/Asia | 700 | 700 | 856 |
| | | | |
| Operating income by geographic region (excluding Corporate and other): | | | |
| Completion and Production: | | | |
| North America | \$ 166 | \$ 321 | \$ 384 |
| Latin America | 54 | 53 | 51 |
| Europe/Africa/CIS | 77 | 64 | 110 |
| Middle East/Asia | 66 | 66 | 85 |
| Total | 363 | 504 | 630 |
| Drilling and Evaluation: | | | |
| North America | 64 | 170 | 155 |
| Latin America | 54 | 54 | 101 |
| Europe/Africa/CIS | 91 | 111 | 150 |
| Middle East/Asia | 95 | 74 | 152 |
| Total | 304 | 409 | 558 |
| Total operating income by region: | | | |
| North America | 230 | 491 | 539 |
| Latin America | 108 | 107 | 152 |
| Europe/Africa/CIS | 168 | 175 | 260 |
| Middle East/Asia | 161 | 140 | 237 |

Prior period segment information was reclassified to reflect the movement of certain operations from the Completion and Production segment to the Drilling and Evaluation segment.

See Footnote Table 1 and Footnote Table 2 for a list of significant items included in operating income.

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HALLIBURTON COMPANY
Revenue and Operating Income Comparison
By Segment and Geographic Region
(Millions of dollars)
(Unaudited)

| | Three Months Ended | | | | Year |
|---|--------------------|------------------|--------------------------|-------------------------|----------------------------------|
| | March 31, 2008 | June 30, 2008 | September 30, 2008 | December 31, 2008 | Ended December 31, 2008 |
| Revenue by geographic region: | | | | | |
| Completion and Production: | | | | | |
| North America | \$ 1,164 | \$ 1,265 | \$ 1,456 | \$ 1,442 | \$ 5,327 |
| Latin America | 217 | 232 | 271 | 258 | 978 |
| Europe/Africa/CIS | 413 | 509 | 519 | 497 | 1,938 |
| Middle East/Asia | 328 | 351 | 333 | 355 | 1,367 |
| Total | 2,122 | 2,357 | 2,579 | 2,552 | 9,610 |
| Drilling and Evaluation: | | | | | |
| North America | 698 | 725 | 790 | 800 | 3,013 |
| Latin America | 292 | 365 | 376 | 414 | 1,447 |
| Europe/Africa/CIS | 545 | 607 | 613 | 643 | 2,408 |
| Middle East/Asia | 372 | 433 | 495 | 501 | 1,801 |
| Total | 1,907 | 2,130 | 2,274 | 2,358 | 8,669 |
| Total revenue by region: | | | | | |
| North America | 1,862 | 1,990 | 2,246 | 2,242 | 8,340 |
| Latin America | 509 | 597 | 647 | 672 | 2,425 |
| Europe/Africa/CIS | 958 | 1,116 | 1,132 | 1,140 | 4,346 |
| Middle East/Asia | 700 | 784 | 828 | 856 | 3,168 |
| Operating income by geographic region (excluding Corporate and other): | | | | | |
| Completion and Production: | | | | | |
| North America | \$ 321 | \$ 317 | \$ 404 | \$ 384 | \$ 1,426 |
| Latin America | 53 | 51 | 59 | 51 | 214 |
| Europe/Africa/CIS | 64 | 93 | 93 | 110 | 360 |
| Middle East/Asia | 66 | 76 | 77 | 85 | 304 |
| Total | 504 | 537 | 633 | 630 | 2,304 |
| Drilling and Evaluation: | | | | | |
| North America | 170 | 189 | 165 | 155 | 679 |
| Latin America | 54 | 77 | 75 | 101 | 307 |
| Europe/Africa/CIS | 111 | 124 | 112 | 150 | 497 |
| Middle East/Asia | 74 | 114 | 147 | 152 | 487 |
| Total | 409 | 504 | 499 | 558 | 1,970 |
| Total operating income by region: | | | | | |
| North America | 491 | 506 | 569 | 539 | 2,105 |
| Latin America | 107 | 128 | 134 | 152 | 521 |
| Europe/Africa/CIS | 175 | 217 | 205 | 260 | 857 |
| Middle East/Asia | 140 | 190 | 224 | 237 | 791 |

Prior period segment information was reclassified to reflect the movement of certain operations from the Completion and Production segment to the Drilling and Evaluation segment.

See Footnote Table 1 and Footnote Table 2 for a list of significant items included in operating income.

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HALLIBURTON COMPANY
Revenue and Operating Income Comparison
By Segment and Geographic Region
(Millions of dollars)
(Unaudited)

| | Three Months Ended | | | | Year |
|---|--------------------|------------------|--------------------------|-------------------------|----------------------------------|
| | March 31, 2007 | June 30, 2007 | September 30, 2007 | December 31, 2007 | Ended December 31, 2007 |
| Revenue by geographic region: | | | | | |
| Completion and Production: | | | | | |
| North America | \$ 1,057 | \$ 1,153 | \$ 1,221 | \$ 1,201 | \$ 4,632 |
| Latin America | 143 | 170 | 174 | 181 | 668 |
| Europe/Africa/CIS | 362 | 415 | 420 | 492 | 1,689 |
| Middle East/Asia | 228 | 257 | 313 | 351 | 1,149 |
| Total | 1,790 | 1,995 | 2,128 | 2,225 | 8,138 |
| Drilling and Evaluation: | | | | | |
| North America | 615 | 593 | 626 | 667 | 2,501 |
| Latin America | 261 | 278 | 282 | 309 | 1,130 |
| Europe/Africa/CIS | 421 | 511 | 512 | 567 | 2,011 |
| Middle East/Asia | 335 | 358 | 380 | 411 | 1,484 |
| Total | 1,632 | 1,740 | 1,800 | 1,954 | 7,126 |
| Total revenue by region: | | | | | |
| North America | 1,672 | 1,746 | 1,847 | 1,868 | 7,133 |
| Latin America | 404 | 448 | 456 | 490 | 1,798 |
| Europe/Africa/CIS | 783 | 926 | 932 | 1,059 | 3,700 |
| Middle East/Asia | 563 | 615 | 693 | 762 | 2,633 |
| Operating income by geographic region (excluding Corporate and other): | | | | | |
| Completion and Production: | | | | | |
| North America | \$ 326 | \$ 365 | \$ 389 | \$ 338 | \$ 1,418 |
| Latin America | 30 | 38 | 27 | 38 | 133 |
| Europe/Africa/CIS | 65 | 69 | 82 | 84 | 300 |
| Middle East/Asia | 43 | 60 | 76 | 89 | 268 |
| Total | 464 | 532 | 574 | 549 | 2,119 |
| Drilling and Evaluation: | | | | | |
| North America | 163 | 108 | 108 | 159 | 538 |
| Latin America | 44 | 57 | 55 | 60 | 216 |
| Europe/Africa/CIS | 84 | 112 | 125 | 123 | 444 |
| Middle East/Asia | 84 | 94 | 106 | 83 | 367 |
| Total | 375 | 371 | 394 | 425 | 1,565 |
| Total operating income by region: | | | | | |
| North America | 489 | 473 | 497 | 497 | 1,956 |
| Latin America | 74 | 95 | 82 | 98 | 349 |
| Europe/Africa/CIS | 149 | 181 | 207 | 207 | 744 |
| Middle East/Asia | 127 | 154 | 182 | 172 | 635 |

Prior period segment information was reclassified to reflect the movement of certain operations from the Completion and Production segment to the Drilling and Evaluation segment.

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FOOTNOTE TABLE 1

HALLIBURTON COMPANY
 Items Included in Operating Income
 (Millions of dollars except per share data)
 (Unaudited)

| | Three Months Ended March 31, 2008 | | Three Months Ended December 31, 2008 | |
|--|--------------------------------------|------------------------|---|------------------------|
| | Operating Income | After Tax per Share | Operating Income | After Tax per Share |
| Completion and Production: | | | | |
| Gain on sale of joint venture interest | \$ 35 | \$ 0.02 | \$ – | \$ – |
| Drilling and Evaluation: | | | | |
| Impairment of oil and gas property | (23) | (0.02) | – | – |
| Corporate and other: | | | | |
| Patent settlement | – | – | 35 | 0.02 |

FOOTNOTE TABLE 2

HALLIBURTON COMPANY
 Items Included in Operating Income by Geographic Region
 (Millions of dollars except per share data)
 (Unaudited)

| | Three Months Ended March 31, 2008 | | Three Months Ended December 31, 2008 | |
|--|--------------------------------------|------------------------|---|------------------------|
| | Operating Income | After Tax per Share | Operating Income | After Tax per Share |
| North America: | | | | |
| Gain on sale of joint venture interest | \$ 35 | \$ 0.02 | \$ – | \$ – |
| Middle East/Asia: | | | | |
| Impairment of oil and gas property | (23) | (0.02) | – | – |
| Corporate and other: | | | | |
| Patent settlement | – | – | 35 | 0.02 |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HALLIBURTON COMPANY

Date: April 22, 2009

By: /s/ Bruce A. Metzinger
Bruce A. Metzinger
Assistant Secretary

