

HALLIBURTON CO  
Form 8-K  
May 03, 2016

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): May 3, 2016

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

Delaware  
(State or Other Jurisdiction of Incorporation)

001-03492                                      No. 75-2677995  
(Commission File Number)                      (IRS Employer Identification No.)

3000 North Sam Houston Parkway East      77032  
Houston, Texas  
(Address of Principal Executive Offices) (Zip Code)

(281) 871-2699  
(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 May 3, 2016, registrant issued a press release entitled "Halliburton Announces First Quarter Income From Continuing Operations of \$0.07 Per Diluted Share, Excluding Special Items."

The text of the Press Release is as follows:

**HALLIBURTON ANNOUNCES FIRST QUARTER INCOME FROM CONTINUING OPERATIONS OF \$0.07 PER DILUTED SHARE, EXCLUDING SPECIAL ITEMS**

Reported loss from continuing operations of \$2.81 per diluted share

HOUSTON - May 3, 2016 - Halliburton Company (NYSE:HAL) announced today that income from continuing operations for the first quarter of 2016 was \$64 million, or \$0.07 per diluted share, excluding special items. This compares to income from continuing operations for the fourth quarter of 2015 of \$270 million, or \$0.31 per diluted share, excluding special items. Adjusted operating income was \$225 million in the first quarter of 2016, compared to adjusted operating income of \$473 million in the fourth quarter of 2015. Halliburton's total revenue in the first quarter of 2016 was \$4.2 billion, compared to \$5.1 billion in the fourth quarter of 2015.

Market conditions continued to negatively impact Halliburton's business in the first quarter of 2016. The rig count declined to historic lows during the quarter, in the face of continued depressed commodity prices, which created further widespread pricing pressure and activity reductions for the company's products and services on a global basis. As a result of these conditions and their corresponding impact on the company's business outlook, Halliburton recorded company-wide charges related primarily to asset impairments and severance costs of approximately \$2.1 billion, after-tax, or \$2.39 per diluted share, in the first quarter of 2016, compared to \$192 million, after-tax, or \$0.22 per diluted share, in the fourth quarter of 2015.

In accordance with Generally Accepted Accounting Principles, and in conjunction with the termination of its merger agreement with Baker Hughes, Halliburton determined that its proposed businesses to be divested no longer meet the assets held for sale criteria as of March 31, 2016. As a result, the company recorded corresponding charges representing the associated depreciation and amortization expense previously suspended for these businesses, along with other divestiture-related costs, within "Baker Hughes acquisition-related costs." In total, Halliburton recorded Baker Hughes acquisition-related costs of \$378 million, after-tax, or \$0.44 per diluted share, in the first quarter of 2016, compared to \$79 million, after-tax, or \$0.09 per diluted share, in the fourth quarter of 2015. Halliburton also incurred \$45 million, after-tax, or \$0.05 per diluted share, of interest expense in the first quarter of 2016 associated with the \$7.5 billion of debt issued in late 2015, compared to \$27 million, after-tax, or \$0.03 per diluted share, in the fourth quarter of 2015.

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Reported loss from continuing operations was \$2.4 billion, or \$2.81 per diluted share, in the first quarter of 2016, compared to reported loss from continuing operations of \$28 million, or \$0.03 per diluted share, in the fourth quarter of 2015. Reported operating loss was \$3.1 billion for the first quarter of 2016, compared to reported operating income of \$86 million for the fourth quarter of 2015.

This press release should be read in conjunction with Halliburton's operational update press release issued on April 22, 2016.

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## About Halliburton

Founded in 1919, Halliburton is one of the world's largest providers of products and services to the energy industry. With over 55,000 employees, representing 140 nationalities and operations 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 website at [www.halliburton.com](http://www.halliburton.com). Connect with Halliburton on Facebook, Twitter, LinkedIn and YouTube.

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: with respect to the Macondo well incident, final court approval of, and the satisfaction of the conditions in, Halliburton's September 2014 settlement, including the results of any appeals of rulings in the multi-district litigation; indemnification and insurance matters; with respect to repurchases of Halliburton common stock, the continuation or suspension of the repurchase program, the amount, the timing and the trading prices of Halliburton common stock, and the availability and alternative uses of cash; changes in the demand for or price of oil and/or natural gas can be significantly impacted by weakness in the worldwide economy; consequences of audits and investigations by domestic and foreign government agencies and legislative bodies and related publicity and potential adverse proceedings by such agencies; protection of intellectual property rights and against cyber attacks; compliance with environmental laws; changes in government regulations and regulatory requirements, particularly those related to offshore oil and natural gas exploration, radioactive sources, explosives, chemicals, hydraulic fracturing services, and climate-related initiatives; compliance with laws related to income taxes and assumptions regarding the generation of future taxable income; risks of international operations, including risks relating to unsettled political conditions, war, the effects of terrorism, foreign exchange rates and controls, international trade and regulatory controls, and doing business with national oil companies; 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; structural changes in the oil and natural gas industry; maintaining a highly skilled workforce; availability and cost of raw materials; and integration and success of acquired businesses and operations of joint ventures. Halliburton's Form 10-K for the year ended December 31, 2015, 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 |
|          |  | 31       |

|      |      |      |
|------|------|------|
| 2016 | 2015 | 2015 |
|------|------|------|

Revenue:

Completion

|         |         |         |
|---------|---------|---------|
| \$2,324 | \$4,246 | \$2,831 |
|---------|---------|---------|

Production

Drilling

|       |       |       |
|-------|-------|-------|
| 1,874 | 2,804 | 2,251 |
|-------|-------|-------|

Evaluation

|         |         |         |
|---------|---------|---------|
| \$4,198 | \$7,050 | \$5,082 |
|---------|---------|---------|

Total revenue

Operating

income

(loss):

Completion

|      |       |       |
|------|-------|-------|
| \$30 | \$462 | \$144 |
|------|-------|-------|

Production

Drilling

|     |     |     |
|-----|-----|-----|
| 241 | 306 | 399 |
|-----|-----|-----|

Evaluation

Corporate

|      |      |      |
|------|------|------|
| (46) | (69) | (70) |
|------|------|------|

other

Impairments

and

|         |         |       |
|---------|---------|-------|
| (2,766) | (1,208) | (282) |
|---------|---------|-------|

charges

(a)

Baker

Hughes

|      |      |       |
|------|------|-------|
| (53) | (39) | (105) |
|------|------|-------|

costs

(b)

Total

|         |       |    |
|---------|-------|----|
| (3,079) | (548) | 86 |
|---------|-------|----|

operating

income

(loss)

Interest

expense,

|       |       |       |
|-------|-------|-------|
| (165) | (106) | (136) |
|-------|-------|-------|

net

(c)

Other,

|      |       |      |
|------|-------|------|
| (47) | (224) | (43) |
|------|-------|------|

(d)

Loss  
 from  
 continuing  
 operations (878 ) (93 )  
 before  
 income  
 taxes  
 Income  
 875 241 67  
 benefit  
 Loss  
 from  
 continuing  
 operations  
 (2,416 . ) (637 ) (26 )  
 Loss  
 from  
 discontinued  
 operations,  
 net  
 (2,418 ) \$(641 ) \$(26 )  
 Net  
 loss  
 Net  
 (income)  
 loss  
 attributable  
 to  
 noncontrolling  
 interest  
 Net  
 loss  
 attributable  
 to  
 company  
 shareholders:  
 Loss  
 from  
 continuing  
 operations  
 \$ (2,410 ) \$(639 ) \$(28 )  
 Loss  
 from  
 discontinued  
 operations,  
 net  
 (2,412 ) \$(643 ) \$(28 )  
 loss  
 attributable  
 to



company  
 Basic  
 loss  
 per  
 share  
 attributable  
 to  
 company  
 shareholders:  
 Loss  
 from  
 continuing  
 operations  
 \$ (2.81 ) \$ (0.75 ) \$ (0.03 )  
 Loss  
 from  
 discontinued  
 operations,  
 net  
 \$ (0.01 ) —  
 Net  
 loss  
 per  
 share  
 Diluted  
 loss  
 per  
 share  
 attributable  
 to  
 company  
 shareholders:  
 Loss  
 from  
 continuing  
 operations  
 \$ (2.81 ) \$ (0.76 ) \$ (0.03 )  
 Loss  
 from  
 discontinued  
 operations,  
 net  
 \$ (0.01 ) —  
 Net  
 loss  
 per  
 share  
 Basic  
 weighted  
 average  
 858 850 856  
 common  
 shares  
 outstanding  
 Diluted 850 856  
 weighted

average  
common  
shares  
outstanding

(a) For further details of impairments and other charges for all periods presented, see Footnote Table 1.

(b) Includes an aggregate \$464 million of charges taken in the three months ended March 31, 2016 for the reversal of assets held for sale accounting, representing \$329 million of associated depreciation costs suspended since April 2015 for the businesses held for sale and \$135 million of other divestiture-related costs.

(c) Includes \$71 million of interest expense in the three months ended March 31, 2016 and \$42 million in the three months ended December 31, 2015 associated with the \$7.5 billion debt issued in late 2015.

(d) Includes a foreign currency loss of \$199 million due to a currency devaluation in Venezuela in the three months ended March 31, 2015.

See Footnote Table 1 for Reconciliation of As Reported Operating Income (Loss) to Adjusted Operating Income.

See Footnote Table 2 for Reconciliation of As Reported Loss from Continuing Operations to Adjusted Income from Continuing Operations.

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

March 31      December 31  
 2016          2015

Assets

Current

assets:

Cash

and equivalents  
 \$ 19,593      \$ 10,077

Receivables,

net  
 4,983      5,317

Inventories      2,993

Other

current assets  
 1,636      1,683

Total

current assets  
 19,105      20,070

Property,

plant

and equipment,  
 net  
 12,117

Goodwill      2,385

Other

assets  
 3,192      2,370

Total  
 \$ 33,932      \$ 36,942

assets

Liabilities and Shareholders'

Equity

Current

liabilities:

Current

maturities

of

long-term

debt

(a)

Accounts

payable

Accrued

employee

compensation

and

benefits

1,844

2,019

862

609

862

and

benefits

|                     |           |
|---------------------|-----------|
| Liabilities for     |           |
| 400                 | 400       |
| well incident       |           |
| Other               |           |
| 1,373               | 1,397     |
| current liabilities |           |
| Total               |           |
| 5,337               | 5,337     |
| current liabilities |           |
| Long-term           |           |
| 12,207              | 14,687    |
| debt                |           |
| Employee            |           |
| 447                 | 479       |
| compensation and    |           |
| benefits            |           |
| Other               |           |
| 806                 | 944       |
| liabilities         |           |
| Total               |           |
| 20,872              | 21,447    |
| liabilities         |           |
| Company             |           |
| shareholders'       | 15,462    |
| equity              |           |
| Noncontrolling      |           |
| interest            |           |
| in                  | 33        |
| consolidated        |           |
| subsidiaries        |           |
| Total               |           |
| shareholders'       | 15,495    |
| equity              |           |
| Total               |           |
| liabilities         |           |
| and                 | \$ 36,942 |
| shareholders'       |           |
| equity              |           |

(a) Includes \$2.5 billion of senior notes issued in late 2015 that were reclassified to current liabilities as of March 31, 2016, as these notes are subject to a special mandatory redemption.



## HALLIBURTON COMPANY

## Condensed Consolidated Statements of Cash Flows

(Millions of dollars)

(Unaudited)

|  | Three Months<br>Ended<br>March 31 |          |
|--|-----------------------------------|----------|
|  | 2016                              | 2015     |
| Cash flows from operating activities:  |                                   |          |
| Net loss   | \$(2,418)                         | \$(641 ) |
| Adjustments to reconcile net income to net cash flows from operating activities: |                                   |          |
| Impairments and other charges, net of tax  | 2,051                             | 823      |
| Depreciation, depletion and amortization   | 346                               | 560      |
| Working capital (a)  | 92                                | 313      |
| Other  | (242 )                            | (243 )   |
| Total cash flows from operating activities                                       | (171 )                            | 812      |
| Cash flows from investing activities:  |                                   |          |
| Capital expenditures   | (234 )                            | (704 )   |
| Proceeds from sales of property, plant and equipment                             | 50                                | 54       |
| Other investing activities   | (24 )                             | (32 )    |
| Total cash flows from investing activities                                       | (208 )                            | (682 )   |
| Cash flows from financing activities:  |                                   |          |
| Dividends to shareholders  | (154 )                            | (153 )   |
| Other financing activities   | 77                                | 51       |
| Total cash flows from financing activities                                       | (77 )                             | (102 )   |
| Effect of exchange rate changes on cash  | (28 )                             | (25 )    |
| Increase (decrease) in cash and equivalents                                      | (484 )                            | 3        |
| Cash and equivalents at beginning of period                                      | 10,077                            | 2,291    |
| Cash and equivalents at end of period  | \$9,593                           | \$2,294  |

(a) Working capital includes receivables, inventories and accounts payable.



## HALLIBURTON COMPANY

## Revenue and Operating Income (Loss) Comparison

## By Operating Segment and Geographic Region

(Millions of dollars)

(Unaudited)

|  | Three Months Ended |          |                  |
|--|--------------------|----------|------------------|
|  | March 31           | 2015     | December 31 2015 |
| Revenue                                | 2016               | 2015     | 2015             |
| By operating segment:                  |                    |          |                  |
| Completion and Production              | \$2,324            | \$4,246  | \$ 2,831         |
| Drilling and Evaluation                | 1,874              | 2,804    | 2,251            |
| Total revenue                          | \$4,198            | \$7,050  | \$ 5,082         |
| By geographic region:                  |                    |          |                  |
| North America                          | \$ 1,794           | \$ 3,542 | \$ 2,155         |
| Latin America                          | 541                | 949      | 694              |
| Europe/Africa/CIS                      | 778                | 1,097    | 962              |
| Middle East/Asia                       | 1,085              | 1,462    | 1,271            |
| Total revenue                          | \$4,198            | \$7,050  | \$ 5,082         |
| Operating Income (Loss)                |                    |          |                  |
| By operating segment:                  |                    |          |                  |
| Completion and Production              | \$30               | \$462    | \$ 144           |
| Drilling and Evaluation                | 241                | 306      | 399              |
| Total                                  | 271                | 768      | 543              |
| Corporate and other                    | (46 )              | (69 )    | (70 )            |
| Impairments and other charges          | (2,766 )           | (1,208 ) | (282 )           |
| Baker Hughes acquisition-related costs | (538 )             | (39 )    | (105 )           |
| Total operating income (loss)          | \$(3,079)          | \$(548 ) | \$ 86            |
| By geographic region:                  |                    |          |                  |
| North America                          | \$(39 )            | \$279    | \$ 41            |
| Latin America                          | 48                 | 122      | 98               |
| Europe/Africa/CIS                      | 57                 | 86       | 123              |
| Middle East/Asia                       | 205                | 281      | 281              |
| Total                                  | \$271              | \$768    | \$ 543           |

See Footnote Table 1 for Reconciliation of As Reported Operating Income (Loss) to Adjusted Operating Income.



## FOOTNOTE TABLE 1

## HALLIBURTON COMPANY

## Reconciliation of As Reported Operating Income (Loss) to Adjusted Operating Income

(Millions of dollars)

(Unaudited)

Three Months Ended

| March<br>31, 2016 | March<br>31,<br>2015 | December<br>31, 2015 |
|-------------------|----------------------|----------------------|
|-------------------|----------------------|----------------------|

|                                     |            |          |       |
|-------------------------------------|------------|----------|-------|
| As reported operating income (loss) | \$ (2,079) | \$ (548) | \$ 86 |
|-------------------------------------|------------|----------|-------|

Impairments and other charges:

|                         |       |     |     |
|-------------------------|-------|-----|-----|
| Fixed asset impairments | 2,445 | 303 | 112 |
|-------------------------|-------|-----|-----|

|                 |     |     |    |
|-----------------|-----|-----|----|
| Severance costs | 135 | 134 | 45 |
|-----------------|-----|-----|----|

|                              |    |     |   |
|------------------------------|----|-----|---|
| Intangible asset impairments | 87 | 165 | 3 |
|------------------------------|----|-----|---|

|                       |    |     |    |
|-----------------------|----|-----|----|
| Inventory write-downs | 66 | 309 | 74 |
|-----------------------|----|-----|----|

|                  |   |    |   |
|------------------|---|----|---|
| Country closures | 2 | 75 | — |
|------------------|---|----|---|

|       |     |     |    |
|-------|-----|-----|----|
| Other | 310 | 222 | 48 |
|-------|-----|-----|----|

|                                     |       |       |     |
|-------------------------------------|-------|-------|-----|
| Total Impairments and other charges | 2,766 | 1,208 | 282 |
|-------------------------------------|-------|-------|-----|

|  |     |    |     |
|--|-----|----|-----|
| Baker Hughes acquisition-related costs | 538 | 39 | 105 |
|--|-----|----|-----|

|                           |        |        |        |
|---------------------------|--------|--------|--------|
| Adjusted operating income | \$ 225 | \$ 699 | \$ 473 |
|---------------------------|--------|--------|--------|

(a)

(a)

Management believes that operating income (loss) adjusted for impairments and other charges and Baker Hughes acquisition-related costs for the three months ended March 31, 2016, December 31, 2015 and March 31, 2015 is useful to investors to assess and understand operating performance, especially when comparing those results with previous and subsequent periods or forecasting performance for future periods, primarily because management views the excluded items to be outside of the company's normal operating results. Management analyzes operating income (loss) without the impact of these items as an indicator of performance, to identify underlying trends in the business, and to establish operational goals. The adjustments remove the effects of these items. Adjusted operating income is calculated as: "As reported operating income (loss)" plus "Total Impairments and other charges" and "Baker Hughes acquisition-related costs" for the three months ended March 31, 2016, December 31, 2015 and March 31, 2015.



FOOTNOTE TABLE 2

HALLIBURTON COMPANY

Reconciliation of As Reported Loss from Continuing Operations to  
Adjusted Income from Continuing Operations

(Millions of dollars and shares except per share data)

(Unaudited)

|  |              |          |
|--|--------------|----------|
|  | Three Months |          |
|  | Ended        |          |
|  | March        | December |
|  | 31, 2016     | 31, 2015 |

|   |                     |        |
|---|---------------------|--------|
| As reported loss from continuing operations attributable to company Impairments and other charges, net of tax (a) Baker Hughes acquisition-related costs, net of tax (a) Interest expense for acquisition, net of tax (a) Adjusted income from continuing operations attributable | \$ (214) ) \$ (28 ) |        |
|   | 2,051               | 192    |
|   | 378                 | 79     |
|   | 45                  | 27     |
|   | \$ 64               | \$ 270 |

to  
company  
(a)

As  
reported  
diluted  
weighted  
average  
common  
shares  
outstanding

858 856

(b)

Adjusted  
diluted  
weighted  
average  
common  
shares  
outstanding

859 858

As  
reported  
loss  
from  
continuing  
operations  
per  
diluted  
share

~~\$(2.81)~~ ) \$ (0.03 )

(c)

Adjusted  
income  
from  
continuing  
operations  
per  
diluted  
share

~~\$1.07~~ \$ 0.31

(c)

(a) Management  
believes that loss  
from continuing  
operations adjusted  
for impairments and  
other charges, Baker  
Hughes  
acquisition-related  
costs and interest  
expense associated

with the acquisition is useful to investors to assess and understand operating performance, especially when comparing those results with previous and subsequent periods or forecasting performance for future periods, primarily because management views the excluded items to be outside of the company's normal operating results. Management analyzes income (loss) from continuing operations without the impact of these items as an indicator of performance, to identify underlying trends in the business, and to establish operational goals. The adjustments remove the effects of these items. Adjusted income from continuing operations attributable to company is calculated as: "As reported loss from continuing operations attributable to company" plus "Impairments and other charges, net of tax," "Baker Hughes acquisition-related costs, net of tax" and

"Interest expense for acquisition, net of tax" for the three months ended March 31, 2016 and December 31, 2015. As reported diluted weighted average common shares outstanding excludes options to purchase one million shares of common stock as of March 31, 2016 and two million shares of common stock as of December 31, 2015, as their impact would be antidilutive since reported income

(b) from continuing operations attributable to company was in a loss position during the periods. When adjusting income from continuing operations attributable to company in each period for the special items discussed above, these shares become dilutive.

(c) As reported loss from continuing operations per diluted share is calculated as: "As reported loss from continuing operations attributable to company" divided by "As reported diluted weighted average common shares outstanding."

Adjusted income  
from continuing  
operations per  
diluted share is  
calculated as:

"Adjusted income  
from continuing  
operations  
attributable to  
company" divided  
by "Adjusted diluted  
weighted average  
common shares  
outstanding."

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Conference Call Details

Halliburton will host a conference call on Tuesday, May 3, 2016, to discuss the first quarter 2016 financial results. The call will begin at 8:00 AM Central Time (9:00 AM Eastern Time).

Please visit the website to listen to the call live via webcast. Interested parties may also participate in the call by dialing (888) 793-5581 within North America or (973) 935-8723 outside North America. A passcode is not required. Attendees should log in to the webcast or dial in approximately 15 minutes prior to the call's start time.

A replay of the conference call will be available on Halliburton's website for seven days following the call. Also, a replay may be accessed by telephone at (888) 266-2081 within North America or (703) 925-2533 outside of North America, using the passcode 1670065.

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CONTACTS

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For Media:

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281-871-2601

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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: May 3, 2016 By: /s/ Bruce A. Metzinger  
Bruce A. Metzinger  
Assistant Secretary