HALLIBURTON CO
Form DEF 14A
April 07, 2017
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant   Filed by a Party other than the Registrant

Check the appropriate box:
Preliminary Proxy Statement
CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material under §240.14a-12

HALLIBURTON COMPANY

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notice of Annual Meeting of Stockholders and
2017 Proxy Statement

Wednesday, May 17, 2017 at 9:00 a.m. Central Daylight Time
3000 N. Sam Houston Parkway East, Life Center - Auditorium, Houston, Texas 77032

To Our Valued Stockholders:

At Halliburton, we take pride in being known as the execution company. We've earned this reputation by consistently delivering superior performance for our customers, employees, and stockholders. Success for our key stakeholders drives us and keeps us focused on executing to win.

In 2016, the industry underwent the sharpest and deepest decline in history. We responded to this downturn by successfully executing on our unconventionals strategy and structural cost initiatives, thereby strengthening our market position — an extraordinary achievement considering the headwinds we faced. I believe this deliberate approach allowed us to navigate through a very challenging market and emerge from the downturn in the strongest position possible.

Looking at 2017, we have bold goals to increase our capabilities, drive our growth, and maximize the long-term prospects for our business. We will continue our diligent cost control efforts, add capacity, and serve our customers by collaborating and engineering solutions to maximize their asset value. I am confident that, under the guidance of your Board of Directors, your management team and your outstanding employees make Halliburton best equipped and positioned for success in the forthcoming recovery.

We recognize the role stockholders play in our ongoing success and gratefully acknowledge the confidence you continue to place in Halliburton.

I am pleased to invite you to attend the Annual Meeting of Stockholders of Halliburton Company. The meeting will be held on Wednesday, May 17, 2017, at 9:00 a.m. Central Daylight Time. The location will be our corporate office at 3000 N. Sam Houston Parkway East, Life Center - Auditorium, Houston, Texas 77032.

Please refer to the proxy statement for detailed information on each of the proposals presented this year.

The representation of your shares and your vote at the meeting is very important. I encourage you to review the proxy materials and submit your vote today. If you attend the meeting, you may vote in person even if you have previously voted.

On behalf of the Board of Directors, thank you for your continued investment in Halliburton. We look forward to greeting as many of you as possible at our Annual Meeting.

Sincerely,

David J. Lesar

Chairman of the Board
and Chief Executive Officer
April 7, 2017

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Proxy Statement Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting. Page references are supplied to help you find further information in this proxy statement.

Eligibility to Vote (page 2)

You can vote if you were a stockholder of record at the close of business on March 20, 2017.

How to Cast Your Vote (page 2)

You can vote by any of the following methods:

- Internet (www.proxyvote.com) until 11:59 p.m. Eastern Daylight Time on May 16, 2017;
- Telephone until 11:59 p.m. Eastern Daylight Time on May 16, 2017;
- Completing, signing, and returning your proxy or voting instruction card before May 17, 2017; or
- In person, at the annual meeting: If you are a stockholder of record, we have a record of your ownership. If your shares are held in the name of a broker, nominee, or other intermediary, you must bring proof of ownership with you to the meeting.

Auditors (page 19)

As a matter of good corporate governance, we are asking our stockholders to ratify the selection of KPMG LLP as our principal independent public accountants for 2017.

Voting matters (pages 10, 19, 22, 51, 52)

	Board Vote Recommendation	Page Reference (for more detail)
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Ratification of the Selection of Auditors	FOR	19
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Governance of the Company (page 3)

Corporate Governance

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- Code of Business Conduct
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- Qualifications of Directors
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- Process for the Selection of New Directors
- Communication to the Board

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Board Nominees (page 10)

Name	Age	Director Since	Occupation	Independent (Yes/No)	Committee Memberships	Other Company Boards
Abdulaziz F. Al Khayyal	63	2014	Retired Senior Vice President, Industrial Relations, Saudi Aramco	Yes	• Health, Safety and Environment • Nominating and Corporate Governance	• Marathon Petroleum Corporation
William E. Albrecht	65	2016	Non-Executive Chairman of the Board of California Resources Corporation	Yes	• Compensation • Health, Safety and Environment	• Rowan Companies plc
Alan M. Bennett	66	2006	Retired President and CEO of H & R Block	Yes	• Audit (Chair) • Nominating and Corporate Governance	• Fluor Corporation • TJX Companies, Inc.
James R. Boyd	70	2006	Retired Chairman of the Board of Arch Coal, Inc.	Yes	• Audit • Compensation (Chair)	
Milton Carroll	66	2006	Executive Chairman of the Board of CenterPoint Energy, Inc.	Yes	• Compensation • Nominating and Corporate Governance	• Western Gas Holdings, LLC
Nance K. Dicciani	69	2009	Non-Executive Chair of the Board of AgroFresh Solutions, Inc.	Yes	• Audit • Health, Safety and Environment	• Praxair, Inc. • LyondellBasell Industries
Murry S. Gerber	64	2012	Retired Executive Chairman of the Board of EQT Corporation	Yes	• Audit • Compensation	• BlackRock, Inc. • United States Steel Corporation
José C. Grubisich	60	2013	Chief Executive Officer of Eldorado Brasil Celulose	Yes	• Audit • Health, Safety and Environment	• Vallourec S.A.
David J. Lesar (Chairman)	63	2000	Chairman of the Board and CEO of Halliburton	No		
Robert A. Malone	65	2009	Executive Chairman, President and Chief Executive Officer of First Sonora Bancshares, Inc.	Yes	• Compensation • Health, Safety and Environment	• Peabody Energy Corporation

					(Chair)	• Teledyne Technologies Incorporated
J. Landis Martin (Lead Director)	71	1998	Founder of Platte River Equity	Yes	• Health, Safety and Environment • Nominating and Corporate Governance	• Lead Director of Apartment Investment and Management Company • Chairman of Crown Castle International Corporation • Lead Director of Intrepid Potash, Inc.
Jeffrey A. Miller	53	2014	President of Halliburton	No		• Atwood Oceanics, Inc.
Debra L. Reed	60	2001	Chairman of the Board and CEO of Sempra Energy	Yes	• Compensation • Nominating and Corporate Governance (Chair)	• Caterpillar Inc.

Named Executive Officers (page 23)

For 2016, our NEOs were:

Name	Age	Occupation	Since
David J. Lesar	63	Chairman of the Board and Chief Executive Officer	2000
Mark A. McCollum[1][2]	58	Executive Vice President and Chief Financial Officer	2008
James S. Brown	62	President - Western Hemisphere	2008
Jeffrey A. Miller	53	President	2012
Joe D. Rainey	60	President - Eastern Hemisphere	2011
Christian A. Garcia[1]	53	Retired Senior Vice President, Finance	2015

(1) *Effective as of July 1, 2016, Halliburton's Board of Directors appointed Mr. McCollum to the role of Executive Vice President and Chief Financial Officer, a role he held prior to being appointed Chief Integration Officer during the pendency of the proposed acquisition of Baker Hughes Incorporated. Also effective July 1, 2016, Mr. Garcia, Senior Vice President of Finance and Acting Chief Financial Officer, stepped down from the chief financial officer role and became Senior Vice President, Finance. Effective August 1, 2016, Mr. Garcia retired from Halliburton.*

(2) *Effective as of March 7, 2017, Mr. McCollum resigned his position as our Chief Financial Officer and as an employee.*

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2016 Overview

(For more detail please see Form 10-K.)

As a result of the historic industry downturn, 2016 was a very challenging year for our business. The sustained headwinds, difficult market conditions, and depressed commodity prices during the performance year played an integral role in the decisions that the Compensation Committee, or Committee, made when establishing compensation opportunities in 2016 for the NEOs.

Despite the deteriorated market conditions, volatile business, and regulatory landscape, our company persevered. The diligence of the senior leadership team and remarkable execution by our employees worldwide, combined with the rigorous goals set by the Committee to keep management focused on creating long-term value for our stockholders, drove solid results for the 2016 performance year:

- We generated $15.9 billion of total company revenue, which was negatively impacted by lower activity levels and continued pricing pressure around the globe. We gained significant North America market share through the downturn by demonstrating to our customers the benefits of our efficiency and technology, coming out of the downturn with our highest North America market share in history.
- We continued to execute a structural global cost savings initiative to improve our operating results and mitigate the industry downturn primarily through headcount reductions and consolidations of facilities.
- We focused on operating cash flow execution, generating almost $1 billion of cash during the second half of 2016. This was driven by improved working capital metrics, including a significant reduction of days sales outstanding, as well as tax refunds collected from our carry back of net operating losses recognized in previous periods.
- We maintained our dividend rate throughout the year, paying approximately $620 million in dividends to our stockholders.
- We quickly adapted to market conditions by reducing our capital expenditures by over 60% from 2015.
- Our stock price improved dramatically, outperforming the S&P 500 index and our peers.

Executive Compensation

Objectives (page 24)

Our executive compensation program is composed of base salary, short-term incentives, and long-term incentives and is designed to achieve the following objectives:

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

2016 Executive Total Compensation Mix **(page 26)**

(1) Reflects the compensation mix for named executive officers other than Mr. Garcia who ceased serving as an executive officer on July 1, 2016.

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2016 Executive Compensation Summary (page 38)

Name	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change In Pension Value and NQDC Earnings ($)	All Other Compensation ($)	Total ($)
David J. Lesar	1,630,000	0	3,704,968	1,933,767	7,892,090	405,647	2,280,441	17,846,913
Mark A. McCollum	800,250	0	985,136	513,315	2,182,439	81,686	619,222	5,182,048
James S. Brown	873,000	0	1,295,668	674,883	2,746,217	152,725	1,316,154	7,058,647
Jeffrey A. Miller	970,000	0	2,237,972	1,169,685	3,480,500	53,541	1,085,876	8,997,574
Joe D. Rainey	809,950	0	1,295,668	674,883	2,639,032	206,351	2,821,571	8,447,455
Christian A. Garcia	322,917	0	0	0	758,848	28,546	666,278	1,776,589

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Notice of Annual Meeting of Stockholders to be held May 17, 2017

Halliburton Company, a Delaware corporation, will hold its Annual Meeting of Stockholders on Wednesday, May 17, 2017 at 9:00 a.m. Central Daylight Time at its corporate office at 3000 N. Sam Houston Parkway East, Life Center - Auditorium, Houston, Texas 77032. At the meeting, the stockholders will be asked to consider and act upon the matters discussed in the attached proxy statement as follows:

1. To elect the thirteen nominees named in the attached proxy statement as Directors to serve for the ensuing year and until their successors shall be elected and shall qualify.
2. To consider and act upon a proposal to ratify the appointment of KPMG LLP as principal independent public accountants to examine the financial statements and books and records of Halliburton for the year ending December 31, 2017.
3. To consider and act upon advisory approval of our executive compensation.
4. To consider and act upon an advisory vote on the frequency of future advisory votes on executive compensation.
5. To consider and act upon a proposal to amend and restate the Halliburton Company Stock and Incentive Plan.
6. To transact any other business that properly comes before the meeting or any adjournment or adjournments of the meeting.

These items are fully described in the following pages, which are made a part of this Notice. The Board of Directors has set the close of business on March 20, 2017 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting and at any adjournment of the meeting.

INTERNET AVAILABILITY OF PROXY MATERIALS

On or about April 7, 2017, we mailed our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2017 proxy statement and 2016 Annual Report on Form 10-K and how to vote online. The notice also provides instruction on how you can request a paper copy of these documents if you desire. If you received your annual materials via email, the email contains voting instructions and links to the proxy statement and Form 10-K on the Internet.

IF YOU PLAN TO ATTEND

Attendance at the meeting is limited to stockholders and one guest each. Admission will be on a first-come, first-served basis. Registration will begin at 8:00 a.m., and the meeting will begin at 9:00 a.m. Each stockholder holding stock in a brokerage account will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Please note that you will be asked to present valid picture identification, such as a driver's license or passport.

April 7, 2017

By order of the Board of Directors,

Robb L. Voyles

Executive Vice President, Interim Chief Financial Officer,
Secretary and General Counsel

You are urged to vote your shares as promptly as possible by following the voting instructions in the Notice of Internet Availability of Proxy Materials.

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GENERAL INFORMATION

We are providing these proxy materials to you in connection with the solicitation by the Board of Directors of Halliburton Company, or the Board, of proxies to be voted at our 2017 Annual Meeting of Stockholders and at any adjournment or postponement of the meeting. By executing and returning the enclosed proxy, by following the enclosed voting instructions, or by voting via the Internet or by telephone, you authorize the persons named in the proxy to represent you and vote your shares on the matters described in the Notice of Annual Meeting.

The Notice of Internet Availability of Proxy Materials is being sent to stockholders on or about April 7, 2017. Our Annual Report on Form 10-K, including financial statements, for the fiscal year ended December 31, 2016 accompanies this proxy statement. The Annual Report on Form 10-K shall not be considered as a part of the proxy solicitation material or as having been incorporated by reference.

Subject to space availability, all stockholders as of the record date, or their duly appointed proxies, may attend the Annual Meeting, and each may be accompanied by one guest. Admission to the Annual Meeting will be on a first-come, first-served basis. Registration will begin at 8:00 a.m., and the Annual Meeting will begin at 9:00 a.m. Please note that we will ask you to present valid picture identification, such as a driver's license or passport, when you check in at the registration desk.

If you hold your shares in "street name" (that is, through a broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date.

You may not bring cameras, recording equipment, electronic devices, large bags, briefcases, or packages into the Annual Meeting.

If you attend the Annual Meeting, you may vote in person. If you are not present, you can only vote your shares if you have voted via the Internet, by telephone, or returned a properly executed proxy; in these cases, your shares will be voted as you specify. If you return a properly executed proxy and do not specify a vote, your shares will be voted in accordance with the recommendations of the Board. You may revoke the authorization given in your proxy at any time before the shares are voted at the Annual Meeting.

The record date for determination of the stockholders entitled to vote at the Annual Meeting is the close of business on March 20, 2017. Our common stock, par value $2.50 per share, is our only class of capital stock that is outstanding. As of March 20, 2017, there were 867,247,450 shares of our stock outstanding. Each outstanding share of common stock is entitled to one vote on each matter submitted to the stockholders for a vote at the Annual Meeting. We will keep a complete list of stockholders entitled to vote at our principal executive office for ten days before, and will have the list available at, the Annual Meeting. Our principal executive office is located at 3000 N. Sam Houston Parkway East, Administration Building, Houston, Texas 77032.

Votes cast by proxy or in person at the Annual Meeting will be counted by the persons we appoint to act as election inspectors for the Annual Meeting. Except as set forth below, the affirmative vote of the majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the subject matter will be the act of the stockholders. Shares for which a stockholder has elected to abstain on a matter will count for purposes of determining the presence of a quorum and, except as set forth below, will have the effect of a vote against the matter.

Each Director shall be elected by the vote of the majority of the votes cast by holders of shares represented in person or by proxy and entitled to vote in the election of Directors, provided that if the number of nominees exceeds the number of Directors to be elected and all stockholder-proposed nominees have not been withdrawn before the tenth (10^{th}) day preceding the day we mail the Notice of Internet Availability of Proxy Materials to stockholders for the Annual Meeting, the Directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at the Annual Meeting and entitled to vote on the election of Directors. A majority of the votes cast means that the number of shares voted “for” a Director must exceed the number of votes cast “against” that Director; we will not count abstentions. As a condition to being nominated by the Board for continued service as a Director, each Director nominee has signed and delivered to the Board an irrevocable letter of resignation limited to and conditioned on that Director failing to achieve a majority of the votes cast at an election where Directors are elected by majority vote. For any Director nominee who fails to be elected by a majority of votes cast, where Directors are elected by majority vote, his or her irrevocable letter of resignation will be deemed tendered on the date the election results are certified. Such resignation shall only be effective upon acceptance by the Board.

The election inspectors will treat broker non-vote shares, which are shares held in street name that cannot be voted by a broker on specific matters in the absence of instructions from the beneficial owner of the shares, as shares that are present and entitled to vote for purposes of determining the presence of a quorum. In determining the outcome of any matter for which the broker does not have discretionary authority to vote, however, those shares will not have any effect on that matter. A broker may be entitled to vote those shares on other matters.

In accordance with our confidential voting policy, no particular stockholder’s vote will be disclosed to our officers, Directors, or employees, except:

- as necessary to meet legal requirements and to assert claims for and defend claims against us;
- when disclosure is voluntarily made or requested by the stockholder;
- when the stockholder writes comments on the proxy card; or
- in the event of a proxy solicitation not approved and recommended by the Board.

The proxy solicitor, the election inspectors, and the tabulators of all proxies, ballots, and voting tabulations are independent and are not our employees.

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CORPORATE GOVERNANCE

Corporate Governance Guidelines and Committee Charters

Our Board has long maintained a formal statement of its responsibilities and corporate governance guidelines to ensure effective governance in all areas of its responsibilities. Our Corporate Governance Guidelines, as revised in December 2016, are attached as Appendix A to this proxy statement and are also available on our website at *www.halliburton.com* by clicking on the tab “About Us,” and then the “Corporate Governance” link. The guidelines are reviewed periodically and revised as appropriate to reflect the dynamic and evolving processes relating to corporate governance, including the operation of the Board.

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

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

Code of Business Conduct

Our Code of Business Conduct, which applies to all of our employees and Directors and serves as the code of ethics for our principal executive officer, principal financial officer, principal accounting officer or controller, and other persons performing similar functions, is available on our website. Any waivers to our Code of Business Conduct for our Directors or executive officers can only be made by our Audit Committee. There were no waivers of the Code of Business Conduct in 2016.

Related Persons Transactions Policy

Our Board has adopted a written policy governing related persons transactions as part of the Board’s commitment to good governance and independent oversight. The policy covers transactions involving any of our Directors, executive officers, nominees for Director, or greater than 5% stockholders, or any immediate family member of the foregoing, among others.

The types of transactions covered by this policy are transactions, arrangements, or relationships, or any series of similar transactions, arrangements, or relationships, including any indebtedness or guarantee of indebtedness, in which (1) we or any of our subsidiaries were or will be a participant, (2) the aggregate amount involved exceeds $120,000 in any calendar year, and (3) any related person had, has, or will have a direct or indirect interest (other than solely as a result of being a director of, or holding less than a 10% beneficial ownership interest in, another entity).

Under the policy, we generally only enter into or ratify related persons transactions when the Board determines such transactions are in our best interests and the best interests of our stockholders. In determining whether to approve or ratify a related person transaction, the Board will consider the following factors and such other factors it deems appropriate:

- whether the related person transaction is on terms comparable to terms generally available with an unaffiliated third party under the same or similar circumstances;
- the benefits of the transaction to us;
- the extent of the related person's interest in the transaction; and
- whether there are alternative sources for the subject matter of the transaction.

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THE BOARD OF DIRECTORS AND STANDING COMMITTEES OF DIRECTORS

The Board has standing Audit; Compensation; Health, Safety and Environment; and Nominating and Corporate Governance Committees. Each standing committee is comprised of non-management Directors and, in the business judgment of the Board, all of the non-management Directors are independent, after considering all relevant facts and circumstances, including the independence standards set forth in our Corporate Governance Guidelines. Our Corporate Governance Guidelines are attached as Appendix A to this proxy statement and available on our website at *www.halliburton.com*.

Our independence standards meet, and in some instances exceed, NYSE independence requirements. Our independence standards and compliance with those standards is periodically reviewed by the Nominating and Corporate Governance Committee. In connection with its independence determination, the Board considered that during 2016, we provided services in the ordinary course of business to Sempra Energy, of which Ms. Reed is the Chairman and Chief Executive Officer. The Board concluded that the relationship was not material and did not affect the independence of Ms. Reed. There were no relevant transactions, relationships, or arrangements not disclosed in this proxy statement that were considered by the Board in making its determination as to the independence of the Directors.

Board Attendance

During 2016, the Board held 7 meetings and met in Executive Session, without management present, on 5 occasions.

Committee meetings were held as follows:

Audit Committee	9
Compensation Committee	5
Health, Safety and Environment Committee	5
Nominating and Corporate Governance Committee	4

All members of the Board attended at least 93% of the total number of meetings of the Board and the committees on which he or she served during 2016.

All of our Directors attended the 2016 Annual Meeting, as required by our Corporate Governance Guidelines.

Board Leadership

Our Board believes that it is important to maintain flexibility to determine the appropriate leadership of the Board, and whether the roles of Chairman and Chief Executive Officer should be combined or separate. Our Corporate Governance Guidelines provide that the Board consider on an annual basis whether it is appropriate for the same individual to fill both of those roles. When making that determination, the Board considers issues such as industry and financial expertise, in-depth knowledge of Halliburton and its business, and succession planning. At its latest annual review, the Board decided that a combined leadership role would currently best serve the needs of the Company and its stockholders.

Our Corporate Governance Guidelines also provide that if the offices of Chairman of the Board and Chief Executive Officer are held by the same person, the independent members of the Board will annually elect an independent Director to serve in a lead capacity. The Board has elected J. Landis Martin as our Lead Independent Director. Mr. Martin's role and responsibilities are set forth in the Lead Independent Director Charter adopted by the Board and include presiding over the executive sessions of the non-management Directors. Our Lead Independent Director Charter is available on our website at *www.halliburton.com*. With the exception of our Chairman and Chief Executive Officer, Mr. Lesar, and our President, Mr. Miller, the Board is composed of independent Directors.

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Independent Committees

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

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

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

Board Risk Oversight

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

Halliburton Board Leadership

- *David J. Lesar is our Chairman and CEO*

- *J. Landis Martin is our Lead Independent Director*

- *11 of our 13 Directors are independent*

- *All members of the Audit; Compensation; Health, Safety and Environment; and Nominating and Corporate Governance Committees are independent.*

Our Board believes that continuing to combine the position of Chairman and CEO is in the best interests of the Company and our stockholders, and that our Lead Independent Director and the strong presence of engaged independent Directors ensures independent oversight.

Members of the Committees of Our Board of Directors

Audit Committee	**Compensation Committee**	**Health, Safety and Environment Committee**	**Nominating and Corporate Governance Committee**
Alan M. Bennett*	William E. Albrecht	Abdulaziz F. Al Khayyal	Abdulaziz F. Al Khayyal
James R. Boyd	James R. Boyd*	William E. Albrecht	Alan M. Bennett
Nance K. Dicciani	Milton Carroll	Nance K. Dicciani	Milton Carroll
Murry S. Gerber	Murry S. Gerber	José C. Grubisich	J. Landis Martin
José C. Grubisich	Robert A. Malone	Robert A. Malone*	Debra L. Reed*
	Debra L. Reed	J. Landis Martin	

**Chair*

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Audit Committee

The Audit Committee's responsibilities include:

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

The Board has determined that Alan M. Bennett, James R. Boyd, Nance K. Dicciani, Murry S. Gerber, and José C. Grubisich are independent under our Corporate Governance Guidelines and are "audit committee financial experts" as defined by the Securities and Exchange Commission, or SEC. A copy of the Audit Committee Charter is available on our website at *www.halliburton.com*.

Compensation Committee

The Compensation Committee's responsibilities include:

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

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

Health, Safety and Environment Committee

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

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

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

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee's responsibilities include:

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

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

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Stockholder Nominations of Directors

Our By-laws provide that stockholders may nominate persons for election to the Board at a meeting of stockholders. In September 2016, our Board of Directors amended our By-laws to implement proxy access for a meeting of stockholders following the 2017 Annual Meeting of Stockholders.

Stockholder nominations require written notice to the Corporate Secretary at the address of our principal executive offices set forth on page 2 of this proxy statement, and for the Annual Meeting of Stockholders in 2018, must be received not less than 90 days nor more than 120 days prior to the anniversary date of the 2017 Annual Meeting of Stockholders, or no later than February 16, 2018 and no earlier than January 17, 2018. The stockholder notice must contain, among other things, certain information relating to the stockholder and the proposed nominee as described in our By-laws. In addition, the proposed nominee may be required to furnish other information as we may reasonably require to determine the eligibility of the proposed nominee to serve as a Director.

The proxy access provision permits up to 20 stockholders owning 3% or more of our outstanding common stock continuously for at least three years to nominate and include in our proxy materials for a meeting of stockholders up to two directors or 20% of the Board, whichever is greater, provided that the stockholder(s) and the nominee(s) satisfy the requirements specified in the By-laws.

Our By-laws continue to provide that if a stockholder owning at least 1% of our issued and outstanding common stock continuously for at least one year as of the date the written notice of the nomination is submitted to us, proposes a nominee not submitted under the proxy access provision, our Corporate Secretary will (i) obtain from such nominee any additional relevant information the nominee wishes to provide in consideration of his or her nomination, (ii) report on each such nominee to the Nominating and Corporate Governance Committee, and (iii) facilitate having each such nominee meet with the Nominating and Corporate Governance Committee as the Committee deems appropriate.

Qualifications of Directors

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

- Personal characteristics:
  - high personal and professional ethics, integrity, and values;
  - an inquiring and independent mind; and

- practical wisdom and mature judgment;
- Broad training and experience at the policy-making level in business, government, education, or technology;
- Expertise that is useful to us and complementary to the background and experience of other Board members, so that an optimum balance of experience and expertise of members of the Board can be achieved and maintained;
- Willingness to devote the required amount of time to carry out the duties and responsibilities of Board membership;
- Commitment to serve on the Board for several years to develop knowledge about our business;
- Willingness to represent the best interests of all of our stockholders and objectively evaluate management performance; and
- Involvement only in activities or interests that do not create a conflict with the Director's responsibilities to us and our stockholders.

The Nominating and Corporate Governance Committee is responsible for assessing the appropriate mix of skills and characteristics required of Board members in the context of the needs of the Board at a given point in time, and periodically reviews and updates the criteria. In selecting Director nominees, the Board first considers the personal characteristics, experience, and other criteria as set forth in our Corporate Governance Guidelines. The Committee also identifies nominees based on our specific needs and the needs of our Board at the time a nominee is sought.

We value all types of diversity, including diversity of our Board. In evaluating the overall mix of qualifications for a potential nominee, the Committee and Board take into account overall Board diversity in personal background, race, gender, age, and nationality.

Evaluation of Board and Director Performance

The Nominating and Corporate Governance Committee annually reviews and evaluates the performance of the Board in order to improve the effectiveness of the Board. The Committee assesses the Board's contribution as a whole and identifies areas in which improvements may be made. In addition, each Committee conducts an annual self-evaluation. The results of the evaluations are reviewed and discussed with the Board and its Committees.

The Nominating and Corporate Governance Committee annually reviews the individual performance and qualifications of each Director who may wish to be considered for nomination for reelection to the Board.

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Process for the Selection of New Directors

The Board is responsible for filling vacancies on the Board. The Board has delegated to the Nominating and Corporate Governance Committee the duty of selecting and recommending candidates to the Board for approval. The Nominating and Corporate Governance Committee will consider candidates for Board membership recommended by Board members, our management, and stockholders. The Committee may also retain an independent executive search firm to identify candidates for consideration and to gather additional information about the candidate’s background, experience, and reputation. A stockholder who wishes to recommend a candidate should notify our Corporate Secretary.

The Nominating and Corporate Governance Committee, in consultation with the Board, will determine the specific criteria for a new Director candidate. After the Nominating and Corporate Governance Committee identifies a candidate, the Committee will determine the appropriate method to evaluate the candidate. The preliminary determination regarding a candidate is based on the likelihood that the candidate will meet the Board membership criteria listed in our Corporate Governance Guidelines. The Committee will determine, after discussion with the Chairman of the Board and other Board members, whether a candidate should continue to be considered. If a candidate warrants additional consideration, the Committee will interview the candidate. One or more members of the Committee and others, as appropriate, will perform candidate interviews. Once the evaluation and interviews are completed, the Committee will recommend to the Board whether the candidate should be appointed to the Board or proposed for election by stockholders and the Board will act on such recommendation.

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Communication to the Board

To foster better communication from our stockholders and other interested persons, we established a process for stockholders and others to communicate with the Audit Committee and the Board. The process has been approved by both the Audit Committee and the Board, and meets the requirements of the New York Stock Exchange, or NYSE, and the SEC. The methods of communication with the Board include telephone, mail, and e-mail.

888.312.2692 or 770.613.6348	Board of Directors c/o Director of Business Conduct Halliburton Company P.O. Box 42806 Houston, Texas 77242-2806	BoardofDirectors@halliburton.com

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

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

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

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

The thirteen nominees listed below are presently our Directors. In considering whether a current Director should be nominated for election as a Director, the Nominating and Corporate Governance Committee and the Board considered, among other matters, the expertise and experience of the Director, the annual performance evaluation of the Director, the Director's attendance at, preparation for and engagement in Board and Committee meetings, the diversity of the Board, the tenure of the Director, and the overall distribution of tenure among Directors to ensure sufficient experience with the company's operations, performance, and technology and the cycles of the oil and gas industry.

The common stock represented by properly executed and returned proxies will be voted to elect the thirteen nominees as Directors unless we receive contrary instructions. If any nominee is unwilling or unable to serve, favorable and uninstructed proxies will be voted for a substitute nominee designated by the Board. If a suitable substitute is not available, the Board will reduce the number of Directors to be elected. Each nominee has indicated approval of his or her nomination and his or her willingness to serve if elected. The Directors elected will serve for the ensuing year and until their successors are elected and qualify.

Information about Nominees for Director

Abdulaziz F. Al Khayyal

Age: 63

Director Since: 2014

Halliburton Committees: Health, Safety and Environment; Nominating and Corporate Governance

Mr. Al Khayyal is the retired Senior Vice President of Industrial Relations of Saudi Arabian Oil Company (Saudi Aramco) (the world's largest producer of crude oil). Mr. Al Khayyal served as Senior Vice President of Industrial Relations of Saudi Aramco from 2007 to 2014 and served as a director of Saudi Aramco from 2004 to 2014. Mr. Al Khayyal is a director of Marathon Petroleum Corporation (since 2016). The Board determined that Mr. Al Khayyal should be nominated for election as a Director because of his exceptional oil and gas knowledge, including significant international business experience in the energy industry, and his executive experience with the world's largest producer of crude oil.

William E. Albrecht

Age: 65

Director Since: 2016

Halliburton Committees: Compensation; Health, Safety and Environment

Mr. Albrecht has been the Non-Executive Chairman of the Board of California Resources Corporation (a publicly traded oil and natural gas exploration and production company) since 2016. Mr. Albrecht served as Executive Chairman of the Board of California Resources Corporation from 2014 to 2016, Vice President of Occidental Petroleum Corporation from 2008 to 2014, President of Oxy Oil & Gas, Americas from 2012 to 2014, and President of Oxy Oil & Gas, USA from 2008 to 2012. Mr. Albrecht is a director of Rowan Companies plc (since 2015). The Board determined that Mr. Albrecht should be nominated for election as a Director because of his extensive experience in the domestic oil and natural gas industry and his executive experience with a public oil and gas exploration and production company.

Alan M. Bennett

Age: 66

Director Since: 2006

Halliburton Committees: Audit (Chair); Nominating and Corporate Governance

Mr. Bennett is the retired President and Chief Executive Officer of H&R Block, Inc. (a tax and financial services provider). Mr. Bennett served as the President and Chief Executive Officer of H&R Block, Inc. from 2010 to 2011, the Interim Chief Executive Officer of H&R Block, Inc. from 2007 to 2008, and the Senior Vice President and Chief Financial Officer of Aetna, Inc. from 2001 to 2007. Mr. Bennett is a director of Fluor Corporation (since 2011) and TJX Companies, Inc. (since 2007), and is a former director of H&R Block, Inc. (2008-2011). The Board determined that Mr. Bennett should be nominated for election as a Director because of his financial expertise, ranging from internal audit to corporate controller to chief financial officer of a large, public company. He is a certified public accountant and also has chief executive officer experience.

James R. Boyd

Age: 70

Director Since: 2006

Halliburton Committees: Audit; Compensation (Chair)

Mr. Boyd is the retired Chairman of the Board of Arch Coal, Inc. (one of the largest United States coal producers). Mr. Boyd served as a director of Arch Coal, Inc. from 1990 to 2013, and as Chairman of the Board of Arch Coal, Inc. from 1998 to 2006. The Board determined that Mr. Boyd should be nominated for election as a Director because of his experience as chairman and lead director of a large, public company and his career experience in corporate business development, operations, and strategic planning.

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Milton Carroll

Age: 66

Director Since: 2006

Halliburton Committees: Compensation; Nominating and Corporate Governance

Mr. Carroll has been the Executive Chairman of the Board of CenterPoint Energy, Inc. (a public utility holding company) since 2013. Mr. Carroll served as the Non-Executive Chairman of the Board of CenterPoint Energy, Inc., from 2002 to 2013. Mr. Carroll is a director of Western Gas Holdings, LLC, the general partner of Western Gas Partners L.P. (since 2008). Mr. Carroll has served as Chairman of Health Care Service Corporation (a customer-owned health insurance company) since 2002. Mr. Carroll is a former director of LRE GP, LLC, the general partner of LRR Energy, L.P. (2011-2014) and LyondellBasell Industries (2010-2016). The Board determined that Mr. Carroll should be nominated for election as a Director because of his public company board experience as an independent director and his knowledge of the oil and natural gas services industry.

Nance K. Dicciani

Age: 69

Director Since: 2009

Halliburton Committees: Audit; Health, Safety and Environment

Ms. Dicciani has been the Non-Executive Chair of the Board of AgroFresh Solutions, Inc. (a global leader in advanced proprietary technologies for the horticultural market) since 2016. Ms. Dicciani served as Interim Co-Principal Executive Officer of AgroFresh Solutions, Inc. from March 2016 to October 2016. Ms. Dicciani served as the President and Chief Executive Officer of Honeywell International Specialty Materials (a diversified technology and manufacturing company) from 2001 to 2008. Ms. Dicciani is a director of Praxair, Inc. (since 2008), LyondellBasell Industries (since 2013), and ArgoFresh Solutions, Inc. (since 2015). Ms. Dicciani is a former director of Rockwood Holdings, Inc. (2008-2014). The Board determined that Ms. Dicciani should be nominated for election as a Director because of her technical expertise in the chemical industry, her international operations expertise, and her executive experience as a chief executive officer of a multi-billion dollar strategic business group of a major multinational corporation.

Murry S. Gerber

Age: 64

Director Since: 2012

Halliburton Committees: Audit; Compensation

Mr. Gerber is the retired Executive Chairman of the Board of EQT Corporation (a leading producer of unconventional natural gas). Mr. Gerber served as the Executive Chairman of the Board of EQT Corporation from 2010 to 2011, the Chairman and Chief Executive Officer of EQT Corporation from 2000 to 2010, and the Chief Executive Officer and President of EQT Corporation from 1998 to 2007. Mr. Gerber is a director of BlackRock, Inc. (since 2000) and United States Steel Corporation (since 2012). The Board determined that Mr. Gerber should be nominated for election as a Director because of his executive leadership skills and his extensive business experience in the energy industry and domestic unconventional oil and natural gas basins.

José C. Grubisich

Age: 60

Director Since: 2013

Halliburton Committees: Audit; Health, Safety and Environment

Mr. Grubisich has been the Chief Executive Officer of Eldorado Brasil Celulose (a leader in the world cellulose market) since 2012. Previously, Mr. Grubisich served as President and Chief Executive Officer of ETH Bioenergia S.A. (an integrated producer of ethanol and electricity from biomass) from 2008 to 2012. Mr. Grubisich is a director of Vallourec S.A. (since 2012). The Board determined that Mr. Grubisich should be nominated for election as a Director because of his significant international business experience in Latin America and his executive leadership experience.

David J. Lesar

Age: 63

Director Since: 2000 (Chairman)

Mr. Lesar is our Chairman of the Board and Chief Executive Officer. He served as our Chairman, President and Chief Executive Officer from 2000 to 2014. Mr. Lesar is a former director of Agrium, Inc. (2010-2015). The Board determined that Mr. Lesar should be nominated for election as a Director because of his industry expertise, financial expertise, and in-depth knowledge of Halliburton and its business.

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Robert A. Malone

Age: 65

Director Since: 2009

Halliburton Committees: Compensation; Health, Safety and Environment (Chair)

Mr. Malone has been the Executive Chairman, President and Chief Executive Officer of First Sonora Bancshares, Inc. (a bank holding company) since 2014. Previously, Mr. Malone served as the President and Chief Executive Officer of The First National Bank of Sonora, Texas (a community bank owned by First Sonora Bancshares, Inc.) from 2009 to 2014. Mr. Malone was an Executive Vice President of BP plc and Chairman of the Board and President, BP America Inc. (one of the nation's largest producers of oil and natural gas) from 2006 to 2009. Mr. Malone is the Non-Executive Chairman of the Board of Peabody Energy Corporation (since 2016) and director (since 2009), and director of Teledyne Technologies Incorporated (since 2015). The Board determined that Mr. Malone should be nominated for election as a Director because of his industry expertise and his executive leadership experience, including crisis management and safety performance.

J. Landis Martin

Age: 71

Director Since: 1998

Halliburton Committees: Health, Safety and Environment; Nominating and Corporate Governance

Mr. Martin is the founder of Platte River Equity (a private equity firm) and has served as its Managing Director since 2005. Previously, Mr. Martin was the Chairman, from 1989 to 2005, and Chief Executive Officer, from 1995 to 2005, of Titanium Metals Corporation. Mr. Martin serves as our Lead Independent Director. Mr. Martin is the Lead Director of Apartment Investment and Management Company (director since 1994), the Chairman of Crown Castle International Corporation (since 2002) and director (since 1999), and the Lead Director of Intrepid Potash, Inc. (since 2008). The Board determined that Mr. Martin should be nominated for election as a Director because of his industry expertise, his executive and board leadership experience, and his knowledge of our operations.

Jeffrey A. Miller

Age: 53

Director Since: 2014

Mr. Miller has been our President and a Director since 2014. Mr. Miller was our Executive Vice President and Chief Operating Officer from 2012 to 2014. Mr. Miller also served as Senior Vice President Global Business Development and Marketing from 2011 to 2012. Mr. Miller is a director of Atwood Oceanics, Inc. (since 2013). The Board determined that Mr. Miller should be nominated for election as a Director because of his strong executive experience, and extensive expertise in global operations, business development, and marketing.

Debra L. Reed

Age: 60

Director Since: 2001

Halliburton Committees: Compensation; Nominating and Corporate Governance (Chair)

Ms. Reed has been the Chief Executive Officer of Sempra Energy (an energy infrastructure and regulated holding company) since 2011 and has served as Chairman of the Board of Sempra Energy since 2012. Previously, Ms. Reed was the Executive Vice President of Sempra Energy from 2010 to 2011, and the President and Chief Executive Officer of Southern California Gas Company, and San Diego Gas & Electric Company from 2006 to 2010. Ms. Reed is a director of Caterpillar Inc. (since 2015) and is a former director of Avery Dennison Corporation (2009-2011). The Board determined that Ms. Reed should be nominated for election as a Director because of her executive, operational, financial, and administrative expertise, her years of experience with energy infrastructure operations, and her experience as an independent director on public company boards.

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DIRECTORS' COMPENSATION

Directors' Fees

All non-management Directors receive an annual retainer of $115,000. The Lead Independent Director receives an additional annual retainer of $25,000 and the chairperson of each committee also receives an additional annual retainer for serving as chair as follows: Audit - $20,000; Compensation - $20,000; Health, Safety and Environment - $15,000; and Nominating and Corporate Governance - $15,000. Non-management Directors are permitted to defer all or part of their fees under the Directors' Deferred Compensation Plan described below.

Directors' Equity Awards

Each non-management Director receives an annual equity award with a value of approximately $185,000 consisting of restricted stock units (RSUs), each of which represents the right to receive a share of common stock at a future date. The actual number of RSUs is determined by dividing $185,000 by the average of the closing price of our common stock on the NYSE on each business day during the month of July. These annual awards are made on or about the first of August of each year. The value of the award may be more or less than $185,000 based on the closing price of our common stock on the NYSE on the date of the award in August. Non-management Directors are permitted to defer all of their RSUs under the Directors' Deferred Compensation Plan.

Additionally, when a non-management Director first joins the Board, he or she receives an equity award shortly thereafter of RSUs equal to a prorated value of the annual equity award of $185,000. The factor used to determine the prorated award is the number of whole months of service from the beginning of the month in which Board service begins to the following first of August divided by 12. The number of RSUs awarded is determined by dividing the prorated award amount by the average of the closing price of our common stock on the NYSE on each business day during the month immediately preceding the Director joining the Board.

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

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

Directors' Deferred Compensation Plan

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

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

Directors’ Stock Ownership Requirements

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

Director Clawback Policy

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

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

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

The policy also provides that, to the extent permitted by applicable law and not previously disclosed in a filing with the SEC, we will disclose in our proxy statement the circumstances of any recoupment arising under the policy or that there has not been any recoupment pursuant to the policy for the prior calendar year. There was no recoupment under the policy in 2016.

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Charitable Contributions and Other Benefits

Matching Gift Programs

To further our support for charities, Directors may participate in the Halliburton Foundation's matching gift programs for educational institutions, not-for-profit hospitals, and medical foundations. For each eligible contribution, the Halliburton Foundation makes a contribution of 2.25 times the amount contributed by the Director, subject to approval by its Trustees. The maximum aggregate of all contributions each calendar year by a Director eligible for matching is $50,000, resulting in a maximum aggregate amount contributed annually by the Halliburton Foundation in the form of matching gifts of up to $112,500 for any Director who participates in the programs. Neither the Halliburton Foundation nor we have made a charitable contribution, within the preceding three years, to any charitable organization in which a Director serves as an employee or an immediate family member of the Director serves as an executive officer that exceeds in any single year the greater of $1 million or 2% of such charitable organization's consolidated gross revenues.

Accidental Death and Dismemberment

We offer an optional accidental death and dismemberment policy for non-management Directors for individual coverage or family coverage with a benefit per Director of up to $250,000 and lesser amounts for family members. Ms. Dicciani and Messrs. Carroll, Gerber, and Malone elected individual coverage at a cost of $184 annually. Messrs. Al Khayyal, Albrecht, Grubisich, and Martin elected family coverage at a cost of $207 annually. These premiums are included in the All Other Compensation column of the 2016 Director Compensation table for those who participate.

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2016 Director Compensation

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Abdulaziz F. Al Khayyal	115,000	176,604	0	7,554	299,158
William E. Albrecht[(1)]	54,063	192,668	0	1,840	248,571
Alan M. Bennett	135,000	176,604	0	158,875	470,479
James R. Boyd	135,000	176,604	0	139,128	450,732
Milton Carroll	115,000	176,604	0	45,846	337,450
Nance K. Dicciani	115,000	176,604	0	145,348	436,952
Murry S. Gerber	115,000	176,604	0	121,053	412,657
José C. Grubisich	115,000	176,604	0	10,843	302,447
Robert A. Malone	130,000	176,604	0	130,300	436,904
J. Landis Martin	140,000	176,604	0	38,937	355,541
Debra L. Reed	130,000	176,604	0	116,010	422,614

(1)Mr. Albrecht joined the Board on July 12, 2016.

Fees Earned or Paid In Cash. The amounts in this column represent retainer fees earned in fiscal year 2016, but not necessarily paid in 2016. Refer to the section Directors' Fees for information on annual retainer fees.

Stock Awards. The amounts in the Stock Awards column reflect the grant date fair value of RSUs awarded in 2016. We calculate the fair value of equity awards by multiplying the number of RSUs granted by the closing stock price as of the award's grant date.

The number of restricted shares, RSUs, and SEUs held at December 31, 2016 by non-management Directors are:

Name	Restricted Shares	RSUs	SEUs
Abdulaziz F. Al Khayyal	0	11,301	2,642
William E. Albrecht	0	4,560	0
Alan M. Bennett	25,236	20,906	22,559
James R. Boyd	25,236	20,906	36,359
Milton Carroll	20,271	20,906	24,759

Nance K. Dicciani	14,843	20,906	13,555
Murry S. Gerber	2,000	9,721	0
José C. Grubisich	0	17,012	0
Robert A. Malone	14,843	9,721	0
J. Landis Martin	35,162	20,906	0
Debra L. Reed	33,562	20,906	17,078

Change in Pension Value and Nonqualified Deferred Compensation Earnings. None of the Directors had a change in pension value or nonqualified deferred compensation earnings that represented above market earnings in 2016.

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

Directors who participated in the matching gift programs under the Halliburton Foundation and the corresponding match provided by the Halliburton Foundation are: Mr. Bennett - $112,500; Mr. Boyd - $82,913; Ms. Dicciani - $112,500; Mr. Gerber - $112,500; Mr. Malone - $112,500; and Ms. Reed - $67,500. The amounts reflected indicate matching payments made by the Halliburton Foundation in 2016.

Directors who participated in the Accidental Death and Dismemberment program and incurred imputed income for the benefit amount of $184 for individual coverage and $207 for family coverage are: Mr. Al Khayyal - $207; Mr. Albrecht - $207; Mr. Carroll - $184; Ms. Dicciani -$184; Mr. Gerber - $184; Mr. Grubisich - $207; Mr. Malone - $184; and Mr. Martin - $207.

Directors who received dividends or dividend equivalents in cash on restricted shares or RSUs held on Halliburton record dates are: Mr. Bennett - $18,170; Mr. Boyd - $18,170; Mr. Carroll - $14,595; Ms. Dicciani - $10,687; Mr. Gerber - $8,369; Mr. Malone - $17,616; Mr. Martin - $25,317; and Ms. Reed - $24,165.

Directors who received dividend equivalents attributable to their stock equivalents account under the Directors' Deferred Compensation Plan are: Mr. Al Khayyal - $783; Mr. Bennett - $14,792; Mr. Boyd - $24,632; Mr. Carroll - $17,654; Ms. Dicciani - $8,564; and Ms. Reed - $10,932.

Directors who received dividend equivalents attributable to their deferred RSUs under the Directors' Deferred Compensation Plan are: Mr. Al Khayyal - $6,564; Mr. Albrecht - $1,633; Mr. Bennett - $13,413; Mr. Boyd - $13,413; Mr. Carroll - $13,413; Ms. Dicciani - $13,413; Mr. Grubisich - $10,636; Mr. Martin - $13,413; and Ms. Reed - $13,413.

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STOCK OWNERSHIP INFORMATION

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our Directors and executive officers to file reports of holdings and transactions in Halliburton stock with the SEC and the NYSE. Based on our records and other information, we believe that in 2016 our Directors and our officers who are subject to Section 16 met all applicable filing requirements.

Stock Ownership of Certain Beneficial Owners and Management

The following table sets forth beneficial ownership information about persons or groups that own or have the right to acquire more than 5% of our common stock, based on information contained in Schedules 13G filed with the SEC.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
BlackRock, Inc. 55 East 52nd Street, New York, NY 10055	49,788,136[(1)]	5.8 %
Capital Research Global Investors 333 South Hope Street, Los Angeles, CA 90071	61,294,490[(2)]	7.0 %
State Street Corporation State Street Financial Center, One Lincoln Street, Boston, MA 02111	43,511,287[(3)]	5.0 %
The Vanguard Group 100 Vanguard Blvd, Malvern, PA 19355	56,260,330[(4)]	6.5 %

(1) BlackRock, Inc. is a parent holding company and is deemed to be the beneficial owner of 49,788,136 shares. BlackRock has sole power to vote or to direct the vote of 41,780,056 shares and has sole power to dispose or to direct the disposition of 49,738,385 shares. BlackRock has shared power to vote or to direct the vote, and shared power to dispose or to direct the disposition of 49,751 shares.

(2) Capital Research Global Investors is a financial services company and is deemed to be the beneficial owner of 61,294,490 shares. Capital Research Global Investors has sole power to vote or to direct the vote, and sole power to dispose or to direct the disposition of 61,294,490 shares.

(3) State Street Corporation is a financial services holding company and is deemed to be the beneficial owner of 43,511,287 shares. State Street Corporation has shared power to vote or to direct the vote, and shared power to

dispose or to direct the disposition of 43,511,287 shares.

(4) *The Vanguard Group is an investment adviser and is deemed to be the beneficial owner of 56,260,330 shares. The Vanguard Group has sole power to vote or to direct the vote of 1,363,684 shares and has sole power to dispose or to direct the disposition of 54,703,589 shares. The Vanguard Group has shared power to vote or to direct the vote of 205,402 shares and has shared power to dispose or to direct the disposition of 1,556,741 shares.*

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The following table sets forth information, as of March 6, 2017, regarding the beneficial ownership of our common stock by each Director, each Named Executive Officer, and by all Directors and executive officers as a group.

Name of Beneficial Owner or Number of Persons in Group	Amount and Nature of Beneficial Ownership **Sole Voting and Investment Power** [(1)] [(2)]	Shared Voting or Investment Power	Percent of Class
Abdulaziz F. Al Khayyal	0		*
William E. Albrecht	0		*
Alan M. Bennett	27,236		*
James R. Boyd	47,236		*
James S. Brown	390,565		*
Milton Carroll	20,271		*
Nance K. Dicciani	19,843		*
Murry S. Gerber	51,451		*
José C. Grubisich	0		*
David J. Lesar	1,289,544	71,469 [(3)]	*
Robert A. Malone	25,231		*
J. Landis Martin	96,764 [(4)]		*
Mark A. McCollum	327,728		*
Jeffrey A. Miller	466,003		*
Joe D. Rainey	307,492		*
Debra L. Reed	33,562		*
Shares owned by all current Directors and executive officers as a group (22 persons)	4,075,664		*

* *Less than 1% of shares outstanding.*

(1) *The table includes shares of common stock eligible for purchase pursuant to outstanding stock options within 60 days of March 6, 2017 for the following: Mr. Brown – 231,434; Mr. Lesar – 774,401; Mr. McCollum – 122,735; Mr. Miller – 165,501; Mr. Rainey – 157,233; and six unnamed executive officers – 438,060. Until the options are exercised, these individuals will not have voting or investment power over the underlying shares of common stock, but will only have the right to acquire beneficial ownership of the shares through exercise of their respective options. The table also includes restricted shares of common stock over which the individuals have voting power but no investment power.*

(2) *The table does not include restricted stock units (RSUs) held by non-management Directors or stock equivalent units (SEUs) held by non-management Directors under the Directors' Deferred Compensation Plan for the following (RSUs/SEUs): Mr. Al Khayyal – 11,301 / 2,642; Mr. Albrecht – 4,560 / 0; Mr. Bennett – 20,906 / 22,559; Mr. Boyd – 20,906 / 36,359; Mr. Carroll – 20,906 / 24,759; Ms. Dicciani – 20,906 / 13,555; Mr. Gerber – 9,721 / 0; Mr. Grubisich – 17,012 / 0; Mr. Malone – 9,721 / 0; Mr. Martin – 20,906 / 0; and Ms. Reed – 20,906 / 17,078. Until the underlying shares of common stock are distributed with respect to the RSUs or SEUs, non-management Directors will not have voting or investment power over such shares. No shares of common stock with respect to RSUs will*

be distributed within 60 days of March 6, 2017, unless the Board in its discretion vests the RSUs upon a non-management Director's separation of service from the Board. No shares of common stock with respect to SEUs will be distributed within 60 days of March 6, 2017, because such shares are distributed in January of the year following the year the non-management Director has a separation of service from the Board.

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

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

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PROPOSAL NO. 2 RATIFICATION OF THE SELECTION OF AUDITORS

The Audit Committee is responsible for the appointment, compensation, retention, and oversight of the work of the principal independent public accountants retained to audit our financial statements. The Audit Committee and Board have approved the appointment of KPMG LLP as our principal independent public accountants to examine our financial statements for the year ending December 31, 2017, and a resolution will be presented at the Annual Meeting to ratify this appointment.

KPMG began serving as our principal independent public accountants for the year ended December 31, 2002. The current appointment was made based on a careful review by the Audit Committee of KPMG's qualification to continue to serve as independent public accountants for us, including the nature and extent of non-audit services performed by KPMG and other factors required to be considered when assessing KPMG's independence from Halliburton and its management. In order to assure continued auditor independence, the Audit Committee periodically considers whether there should be a rotation of the principal independent public accountants. Further, in conjunction with the mandated rotation of the firm's lead engagement partner, the Audit Committee and its Chairman are involved in the process for selecting KPMG's new lead engagement partner. The Audit Committee and Board believe that the continued retention of KPMG to serve as our principal independent public accountants is in the best interests of Halliburton and our stockholders.

Representatives of KPMG are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions from stockholders.

The affirmative vote of the holders of a majority of the shares of our common stock represented at the Annual Meeting and entitled to vote on the matter is needed to approve the proposal.

If the stockholders do not ratify the selection of KPMG, the Board will reconsider the selection of independent public accountants.

The Board of Directors recommends a vote FOR ratification of the appointment of KPMG LLP as principal independent public accountants to examine our financial statements and books and records for the year ending December 31, 2017.

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AUDIT COMMITTEE REPORT

We operate under a written charter, a copy of which is available on Halliburton's website at *www.halliburton.com*. As required by the charter, we review and reassess the charter annually and recommend any changes to the Board for approval.

Halliburton's management is responsible for preparing Halliburton's financial statements and the principal independent public accountants are responsible for auditing those financial statements. The Audit Committee's role is to provide oversight of management in carrying out management's responsibility and to appoint, compensate, retain, and oversee the work of the principal independent public accountants. The Audit Committee is not providing any expert or special assurance as to Halliburton's financial statements or any professional certification as to the principal independent public accountants' work.

In fulfilling our oversight role for the year ended December 31, 2016, we:

- reviewed and discussed Halliburton's audited financial statements with management;
- discussed with KPMG LLP, Halliburton's principal independent public accountants, the matters required by Auditing Standard 1301 relating to the conduct of the audit;
- received from KPMG the written disclosures and the letter required by the Public Company Accounting Oversight Board regarding KPMG's independence; and
- discussed with KPMG its independence and reviewed other matters required to be considered under Securities and Exchange Commission rules regarding KPMG's independence.

Based on our:

- review of the audited financial statements;
- discussions with management;
- discussions with KPMG; and
- review of KPMG's written disclosures and letter,

we recommended to the Board that the audited financial statements be included in Halliburton's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, for filing with the Securities and Exchange Commission.

THE AUDIT COMMITTEE

Alan M. Bennett

James R. Boyd

Nance K. Dicciani

Murry S. Gerber

José C. Grubisich

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FEES PAID TO KPMG LLP

During 2016 and 2015, we incurred the following fees for services performed by KPMG LLP.

	2016 **(In millions)**	2015 **(In millions)**
Audit fees	$ 10.5	$ 13.0
Audit-related fees	0.2	0.2
Tax fees	3.5	3.6
TOTAL	$ 14.2	$ 16.8

Audit Fees

Audit fees represent the aggregate fees for professional services rendered by KPMG for the integrated audit of our annual financial statements for the fiscal years ended December 31, 2016 and December 31, 2015. Audit fees also include the audits of many of our subsidiaries in regards to compliance with statutory requirements in foreign countries, and reviews of our financial statements included in the Forms 10-Q we filed during fiscal years 2016 and 2015.

Audit-Related Fees

Audit-related fees were incurred for assurance and related services that are traditionally performed by the independent auditor. These services primarily include attestation engagements required by contractual or regulatory provisions and employee benefit plan audits.

Tax Fees

The aggregate fees for tax services primarily consisted of international tax compliance and tax return services related to our expatriate employees. In 2016, tax compliance and preparation fees total $2.3 million and tax advisory fees total $1.2 million and in 2015, tax compliance and preparation fees total $2.4 million and tax advisory fees total $1.2 million.

Fee Approval Policies and Procedures

The Audit Committee has established a written policy that requires the approval by the Audit Committee of all services provided by KPMG as the principal independent public accountants that examine our financial statements and books and records and of all audit services provided by other independent public accountants. Prior to engaging KPMG for the annual audit, the Audit Committee reviews a Principal Independent Public Accountants Auditor Services Plan. KPMG then performs services throughout the year as approved by the Committee. KPMG reviews with the Committee, at least quarterly, a projection of KPMG’s fees for the year. Periodically, the Audit Committee approves revisions to the plan if the Committee determines changes are warranted. Our Audit Committee also considered whether KPMG’s provision of tax services as reported above are compatible with maintaining KPMG’s independence as our principal independent public accountants. All of the fees described above for services provided by KPMG to us were approved in accordance with the policy.

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PROPOSAL NO. 3 ADVISORY APPROVAL OF EXECUTIVE COMPENSATION

Pursuant to Section 14A of the Securities Exchange Act of 1934, our stockholders are being presented with the opportunity to vote to approve, on an advisory (non-binding) basis, the compensation of our named executive officers as disclosed in this proxy statement. As approved by our stockholders at the 2011 Annual Meeting of Stockholders, consistent with our Board's recommendation, we are submitting this proposal for a non-binding vote on an annual basis.

As described in detail under Compensation Discussion and Analysis, our executive compensation programs are designed to attract, motivate, and retain our named executive officers, who are critical to our success. Under these programs, our named executive officers are rewarded for the achievement of specific annual, long-term and strategic goals, corporate goals, and the realization of increased stockholder returns. Please read Compensation Discussion and Analysis for additional details about our executive compensation programs, including information about the fiscal year 2016 compensation of our named executive officers.

The Compensation Committee continually reviews the compensation programs for our named executive officers to ensure the programs achieve the desired goals of aligning our executive compensation structure with our stockholders' interests and current market practices. We believe our executive compensation program achieves the following objectives identified in Compensation Discussion and Analysis:

- Provide a clear and direct relationship between executive pay and our performance on both a short-term and long-term basis;
- Emphasize operating performance drivers;
- Link executive pay to measures that drive stockholder returns;
- Support our business strategies; and
- Maximize the return on our human resource investment.

We are asking our stockholders to indicate their support for our named executive officers' compensation as described in this proxy statement and ask that our stockholders vote "FOR" the following resolution at the Annual Meeting:

"**RESOLVED**, that the compensation paid to Halliburton's named executive officers, as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and narrative discussion, is hereby approved."

The say-on-pay vote is advisory and, therefore, not binding on us, the Compensation Committee or our Board. Our Board and our Compensation Committee value the opinions of our stockholders. To the extent there is any significant vote against the named executive officers' compensation as disclosed in this proxy statement, the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

The Board of Directors recommends a vote FOR the approval, on an advisory basis, of the compensation of our named executive officers.

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COMPENSATION DISCUSSION AND ANALYSIS

Introduction

In this Compensation Discussion and Analysis, we review the objectives and elements of Halliburton's executive compensation program and discuss the 2016 compensation earned by our Named Executive Officers, or NEOs.

For 2016, our NEOs were:

Name	Age	Occupation	Since
David J. Lesar	63	Chairman of the Board and Chief Executive Officer	2000
Mark A. McCollum[(1) (2)]	58	Executive Vice President and Chief Financial Officer	2008
James S. Brown	62	President - Western Hemisphere	2008
Jeffrey A. Miller	53	President	2012
Joe D. Rainey	60	President - Eastern Hemisphere	2011
Christian A. Garcia[(1)]	53	Retired Senior Vice President, Finance	2015

(1) *Effective as of July 1, 2016, Halliburton's Board of Directors appointed Mr. McCollum to the role of Executive Vice President and Chief Financial Officer, a role he held prior to being appointed Chief Integration Officer during the pendency of the proposed acquisition of Baker Hughes Incorporated. Also effective July 1, 2016, Mr. Garcia, Senior Vice President of Finance and Acting Chief Financial Officer, stepped down from the chief financial officer role and became Senior Vice President, Finance. Effective August 1, 2016, Mr. Garcia retired from Halliburton.*

(2) *Effective as of March 7, 2017, Mr. McCollum resigned his position as our Chief Financial Officer and as an employee.*

2016 Overview

As a result of the historic industry downturn, 2016 was a very challenging year for our business. The sustained headwinds, difficult market conditions, and depressed commodity prices during the performance year played an integral role in the decisions the Compensation Committee, or Committee, made when establishing compensation opportunities in 2016 for the NEOs.

Despite the deteriorated market conditions, volatile business, and regulatory landscape, our company persevered. The diligence of the senior leadership team and remarkable execution by our employees worldwide, combined with the rigorous goals set by the Committee to keep management focused on creating long-term value for our stockholders, drove solid results for the 2016 performance year:

- We generated $15.9 billion of total company revenue, which was negatively impacted by lower activity levels and continued pricing pressure around the globe. We gained significant North America market share through the downturn by demonstrating to our customers the benefits of our efficiency and technology, coming out of the downturn with our highest North America market share in history.
- We continued to execute a structural global cost savings initiative to improve our operating results and mitigate the industry downturn primarily through headcount reductions and consolidations of facilities.
- We focused on operating cash flow execution, generating almost $1 billion of cash during the second half of 2016. This was driven by improved working capital metrics, including a significant reduction of days sales outstanding, as well as tax refunds collected from our carry back of net operating losses recognized in previous periods.
- We maintained our dividend rate throughout the year, paying approximately $620 million in dividends to our stockholders.
- We quickly adapted to market conditions by reducing our capital expenditures by over 60% from 2015.
- Our stock price improved dramatically, outperforming the S&P 500 index and our peers.

It is against this backdrop that the Committee made its compensation decisions for the 2016 performance year. During 2015, the Committee, with the support of management, had reduced the base salaries of our executives. The Committee kept base salaries frozen throughout 2016 at the reduced 2015 levels, with one exception noted in Base Salary below. The Committee further exercised its discretion to significantly lower the annual incentive award opportunities for our NEOs, even though there was no annual incentive award payout in 2015, a year in which 15 of the 18 companies in our comparator peer group paid bonuses.

Even though base salaries had been reduced, then frozen, for twenty-one months, there were no annual incentive payouts for the NEOs in 2015, and significant reductions were made in management's short-term incentive opportunities in 2016, we executed our strategy. The Committee believes that the ongoing commitment of our senior leadership team to strategically manage through continued market uncertainty and challenging business conditions has positioned us for a recovery and long-term success.

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The graph below depicts the outperformance of our common stock in 2016 relative to the market price of the S&P 500 and Philadelphia Oil Service (OSX) indices, in addition to the West Texas Intermediate (WTI) price of crude oil and the global rig count.

Results of 2016 Advisory Vote on Executive Compensation

In accordance with our stockholders' preference, we submit our executive compensation program to an advisory vote annually. In 2016, our compensation program received the support of 74% of the total votes cast at our annual meeting. The Committee determined that the overall structure of the compensation program was sound, though it had taken action to reduce base salaries and reduce short-term incentive opportunities as described in this Compensation Discussion and Analysis. The Committee continues to believe that our compensation program closely aligns the interests of both company management and our stockholders.

Halliburton's Executive Compensation Objectives and Practices

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

- Provide a clear and direct relationship between executive pay and our performance on both a short-term and long-term basis;
- Emphasize operating performance drivers;
- Link executive pay to measures that drive stockholder returns;
- Support our business strategies; and
- Maximize the return on our human resource investment.

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

- Executive compensation is managed from a total compensation perspective (i.e., base salary, short- and long-term incentives, and retirement are reviewed altogether).
- While each component of the total compensation package is analyzed in order to determine that compensation opportunities for our NEOs are competitive and market-driven, as explained in this Compensation Discussion and Analysis, the Committee used its discretion to freeze already reduced base salaries and to significantly lower the annual incentive award opportunities for our executives.

- All elements of compensation are compared to the total compensation packages of a comparator peer group, which includes both competitors and companies representing general industry that reflect the markets in which we compete for business and people.

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Summary of our Executive Compensation Practices

Compensation Practice	**Pursued at Halliburton?**	**More information**
Pay for performance	**YES.** The majority of our NEO compensation is performance based.	*p28*
Alignment between long-term objectives and the creation of stockholder value	**YES.** Long-term incentives are at-risk and reward the achievement of value creation and performance goals while aligning management with stockholders' interests.	*p32*
Benchmarking against a relevant peer group	**YES.** The Compensation Committee reviews market data for peer group companies as well as general industry surveys.	*p27*
Independent, External Compensation Consultant	**YES.** Pearl Meyer provides executive compensation consulting services to the Committee.	*p27*
Stock Ownership Requirements	**YES.** Robust executive and director stock ownership requirements.	*p14 and 36*
Hedging and Pledging Policy	**YES.** Executives and directors are prohibited from hedging and pledging company stock, except for charitable donation purposes.	*p36*
Clawback Policy	**YES.** Our policy provides for the forfeiture, recovery, or reimbursement of incentive plan awards. We also will report to stockholders if any clawback occurred.	*p14 and 35*
Annual "Say on Pay" vote	**YES.** Support of 74% of the total votes cast at our 2016 annual meeting.	*p24*
Repricing of underwater stock options	**NO.** We prohibit repricing.	*p52*
Exchange underwater options	**NO.** We prohibit the buyout or exchange of underwater options.	
Liberal stock or option recycling	**NO.** We prohibit liberal stock and option recycling.	*p52*
Excise tax gross-ups	**NO.** We do not provide for excise tax gross-ups.	*p46*
Guaranteed bonuses or uncapped incentives	**NO.** We do not provide guaranteed bonuses or uncapped incentives.	

Elements of our Executive Compensation Program for Fiscal 2016

Halliburton's executive compensation program is composed of base salary, short-term incentives, and long-term incentives, each of which is described below:

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As illustrated below, the majority of our CEO's and NEOs' total direct compensation opportunity is performance-based, at-risk, and long-term. The graphs depict the mix of total direct compensation set for our NEOs during 2016 and assumes plan performance levels are achieved.

(1) *Reflects the compensation mix for named executive officers other than Mr. Garcia who ceased serving as an executive officer on July 1, 2016.*

Executive Compensation Procedures

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

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

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

Our internal stock nomination process under the Halliburton Company Stock and Incentive Plan, or the Stock and Incentive Plan, ensures that all award grant dates are prospective and not retroactive. For NEOs, the grant date is the day the Committee determines annual compensation actions, generally in December of each year. However, awards may be approved by the Committee throughout the year as they determine, such as for retention or performance purposes. Exercise prices for stock options are set at the closing stock price on the date of the approved grant.

Role of the CEO in Setting Compensation

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

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

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

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

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Use of Independent Consultants and Advisors

The Committee engaged Pearl Meyer as its independent, external compensation consultant during 2016. Pearl Meyer provides only executive compensation consulting services to the Committee and does not provide any other services to us. The primary responsibilities of the independent, external compensation consultant were to:

•Provide the Committee with independent and objective market data;

•Conduct compensation analysis;

•Recommend potential changes to the comparator peer group;

•Recommend plan design changes;

•Advise on risks associated with compensation plans; and

•Review and advise on pay programs and pay levels.

These services are provided as requested by the Committee throughout the year. Pearl Meyer concluded that our compensation plans do not appear to present any material risks to the Company or its stockholders in the design or metrics of the plans or interaction between or administration of our incentive programs.

Executive Compensation Benchmarking

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

•Market capitalization;

•Revenue and number of employees;

•Scope in terms of global impact and reach; and

•Industry affiliation.

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

Comparator Peer Group

The 2016 comparator peer group was composed of specific peer companies within the energy industry as well as selected companies representing general industry. This peer group was utilized to determine market levels of total compensation for the 2016 calendar year.

The comparator peer group used for our 2016 compensation review, which remains unchanged from the comparator peer group used for our 2015 compensation review, consisted of the following companies: