Agenda

- Overview of Halliburton
- Overview of Halliburton Internal Assurance Services
- How Business Acumen and Audit Competencies Combine for Value Creation
DID YOU KNOW

SOMETIMES THE MOST IMPORTANT WORK YOU CAN DO IS TO STOP WORKING.

If you’re working and you see a process that is not being followed correctly, or if you notice at-risk behavior going on, take the initiative and call a quick time-out. Then confer with your workmates to make sure everyone knows the safe way to continue.

Executing Stop Work Authority to right safety wrongs and catch potential unsafe action before it actually happens is not only responsible, it’s also effective. In fact, in the oil and gas industry, it’s been one of the most successful approaches to safety in the last decade.

Empower the people around you. Encourage them to watch for unsafe conditions or processes, and when it’s necessary, stop the job until it can be done safely.

At Halliburton, solving customer challenges is second only to keeping everyone safe and healthy. You can find more safety tips at www.halliburton.com/HSE. Safety Moment Subject suggested by: Brent Johnson, Halliburton Employee

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Quarter Update:  
Third Quarter 2016

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NYSE Stock Symbol: HAL
Common Dividend: $0.18 in Third Quarter 2016
Shares Outstanding: 864 Million as of 10/21/2016
www.halliburton.com
Safe Harbor

The statements in this presentation that are not historical statements, including statements regarding future financial performance, are forward-looking statements within the meaning of the federal securities laws. These statements are subject to numerous risks and uncertainties, many of which are beyond the company's control, which could cause actual results to differ materially from the results expressed or implied by the statements. These risks and uncertainties include, but are not limited to: with respect to the Macondo well incident, final court approval of, and the satisfaction of the conditions in, Halliburton's September 2014 settlement, including the results of any appeals of rulings in the multi-district litigation; indemnification and insurance matters; with respect to repurchases of Halliburton common stock, the continuation or suspension of the repurchase program, the amount, the timing and the trading prices of Halliburton common stock, and the availability and alternative uses of cash; changes in the demand for or price of oil and/or natural gas can be significantly impacted by weakness in the worldwide economy; consequences of audits and investigations by domestic and foreign government agencies and legislative bodies and related publicity and potential adverse proceedings by such agencies; protection of intellectual property rights and against cyber-attacks; compliance with environmental laws; changes in government regulations and regulatory requirements, particularly those related to offshore oil and natural gas exploration, radioactive sources, explosives, chemicals, hydraulic fracturing services, and climate-related initiatives; compliance with laws related to income taxes and assumptions regarding the generation of future taxable income; risks of international operations, including risks relating to unsettled political conditions, war, the effects of terrorism, foreign exchange rates and controls, international trade and regulatory controls, and doing business with national oil companies; weather-related issues, including the effects of hurricanes and tropical storms; changes in capital spending by customers; delays or failures by customers to make payments owed to us; execution of long-term, fixed-price contracts; structural changes in the oil and natural gas industry; maintaining a highly skilled workforce; availability and cost of raw materials; and integration and success of acquired businesses and operations of joint ventures. Halliburton's Form 10-K for the year ended December 31, 2015, Form 10-Q for the quarter ended September 30, 2016, recent Current Reports on Form 8-K, and other Securities and Exchange Commission filings discuss some of the important risk factors identified that may affect Halliburton's business, results of operations, and financial condition. Halliburton undertakes no obligation to revise or update publicly any forward-looking statements for any reason.
Halliburton Global Footprint

- Founded: 1919
- Employees: 50,000 est.
- Nationalities: 140
- Operational Countries: 70
- Research Centers: 16
- Corporate Headquarters:
  - Houston
  - Dubai

- Colors in the map:
  - Red: North America
  - Orange: Middle East/Asia Pacific
  - Green: Europe/Africa/CIS
  - Purple: Latin America

- Symbols:
  - Halliburton Locations
  - Halliburton Headquarters
  - Halliburton Research Centers

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Product and Service Portfolio

Drilling and Evaluation

- Baroid Drilling Fluids
- Consulting & Project Management
- Drill Bits & Services
- Landmark Software

Completion and Production

- Artificial Lift
- Cementing
- Completion Tools
- Multi-Chem
- Production Enhancement
- Production Solutions

Sperry Drilling
Testing & Subsea
Wireline & Perforating
We collaborate and engineer solutions to maximize asset value for our customers.

Unconventionals
- LOWEST COST PER BOE
  - Surface Efficiency
  - Subsurface Insight
  - Customized Chemistry

Mature Fields
- INCREMENTAL BARRELS AND MAXIMUM RECOVERY
  - Immediate Impact Interventions
  - Optimized Reservoir Management
  - New Pay Zones

Deep Water
- LOWEST COST PER FOOT RESERVOIR DELIVERY
  - Increased Efficiency
  - Reduced Uncertainty
  - Ultra-Reliability
Unconventionals – Improving Well Economics

DRILLING OPTIMIZATION + SUPPLY CHAIN + SURFACE EFFICIENCY

= COST PER BARREL

SUBSURFACE INSIGHT + CUSTOM CHEMISTRY
Global Opportunity for Unconventionals

Unconventional Challenges
- Geology
- Infrastructure
- Regulatory Environment
- Economic Viability

Shale Oil – Technically Recoverable Resources
(billion barrels)
- Russia: 75
- U.S.: 58
- China: 32
- Argentina: 27
- Libya: 26
- Venezuela: 13
- Mexico: 13
- Pakistan: 9
- Canada: 9
- Indonesia: 8

Shale Gas – Technically Recoverable Resources
(trillion cubic feet)
- Brazil: 245
- Russia: 285
- South Africa: 390
- Australia: 437
- Mexico: 545
- Canada: 573
- U.S.: 665
- Algeria: 707
- Argentina: 802
- China: 1,115

Source: EIA, "Technically Recoverable Shale Oil and Shale Gas Resources," June 2013
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Unconventionals – Surface Efficiency

<table>
<thead>
<tr>
<th>FRAC OF THE FUTURE™</th>
<th>Q10™ Pump</th>
<th>ExpressKinect™ WCU</th>
<th>SandCastle® Vertical Storage Bins</th>
<th>Mobile Technologies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significantly lowers downtime and maintenance costs</td>
<td>Reduces rig-up time, increases safety and operational efficiency</td>
<td>Reduces footprint at wellsite, significantly lowers operational and capital costs</td>
<td>Streamlines wellsite processes and increases back-office efficiencies</td>
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| | 20% LESS CAPITAL | 35% LESS PERSONNEL | 40% LESS COMPLETION TIME |
Unconventionals – Subsurface Insight

**FracInsightSM Service**

- Select perforation clusters and frac stage locations to maximize production and minimize cost
- Evaluates rock properties to identify optimal entry points
- Works with any horizontal openhole logs, horizontal cased-hole logs, or vertical openhole logs + LWD data
- Eliminated unnecessary treatments for Eagle Ford customer, reducing stimulation costs by 35%

**DecisionSpace® Earth Modeling**

- Helping design more cost-effective wells by integrating geological data with well construction
- Full field 3-D visualization tools
- Accelerates seismic data analysis by up to 80%
- Saved 15 drilling days for deepwater NOC customer by optimizing well construction plan
# Deepwater – Delivering the Safest, Lowest Cost Per Foot Drilled

## Reducing Uncertainty

<table>
<thead>
<tr>
<th>RezConnect™ Well Testing System</th>
<th>DecisionSpace® Geosciences Software</th>
<th>DrillingXpert™ Software</th>
<th>BaraLogix™ Density and Rheology Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry’s First Fully Acoustically Controlled Testing System</td>
<td>3D Geoscience Interpretation and Visualization solution</td>
<td>Consolidates Real-Time Monitoring and Drilling Modeling into Single Platform</td>
<td>Real-Time Measurements and Trending Analysis</td>
</tr>
<tr>
<td>▪ Acoustic activation of testing tools, with verification</td>
<td>▪ Transforms 2D data into complex 3D models</td>
<td>▪ Improved planning capabilities</td>
<td>▪ Autonomous, traceable and highly visible data</td>
</tr>
<tr>
<td>▪ Receive and analyze well-test data in real time</td>
<td>▪ Improves well planning, design, and geosteering</td>
<td>▪ Increased drilling efficiency</td>
<td>▪ Reduces risk and increases efficiency</td>
</tr>
</tbody>
</table>

## Increasing Reliability

- Improved planning capabilities
- Increased drilling efficiency
- Real-time optimization
- Autonomous, traceable and highly visible data
- Reduces risk and increases efficiency
Life Rules and Critical Focus Areas

Halliburton Life Rules

- Driving Safety
- Work Permit
- PPE
- LOTO

10 to ZERO
- Confined Space
- Working at Height

Chemical Handling
- Dropped Objects
- Hand Tools
- Lifting and Hoisting

Five Critical Areas of Focus

- Barriers
- Hydrocarbons to Surface
- Trapped Pressure
- Well Collision
- Radiation & Explosives
Recap

- Best-in-Class Unconventional Solutions
- Comprehensive Mature Fields Capabilities
- Robust Deepwater Service Portfolio
- Expanded Platform for Superior Growth, Margins & Returns
Overview of Internal Assurance Services (IAS)
Overview of Internal Assurance Services (IAS)

Halliburton
Internal Assurance Services

Audit Committee

CFO
(as assigned by the CEO)

Sr. Vice President
Internal Assurance Services

President

Administrative Support

Director Internal Financial Controls

Director EH Internal Financial Controls

Sr. Manager Corporate IT Audit

Sr. Manager Corporate Audit

Sr. Manager Service Quality

Sr. Director Operational Audit

IT Audit Manager IT Audit Staff

Audit Manager Audit Staff

Service Quality Staff

Sr. Manager HSE

Audit Staff

Offices:
Houston
Dubai
Internal Assurance Services (IAS) Vision and Mission

Vision
The recognized business partner in the governance and management of risk and control.

Mission
To assist management and the Board in their corporate governance, regulatory and commercial responsibilities by partnering with the business in the:

- Identification of the risk
- Evaluation of controls to mitigate risk
- As a controls advisor and consultant

We will
- Demonstrate operational excellence in the execution of our job responsibilities.
- Maintain a competent and professional workforce.
- Be a desired career opportunity to further development and competencies.
Internal Auditor Profile

To achieve the mission and vision of the IAS group we must attract, develop and retain quality internal auditors. Characteristics and qualifications we require include the following:

- An undergraduate degree from an accredited college or university
- Commensurate prior auditing, business and technical experience
- Professional certifications (CPA, CIA, CISA, CIA, CISSP, ISO, BEAC or other relevant certifications)
- Excellent oral and written communication skills
- Commensurate analytical, technical, risk assessment, and leadership skills
- Ability to work with various levels of management
- Collaborative team member with strong interpersonal skills
- Willingness to constructively challenge practices and processes
- Ability to relate to diverse internal stakeholders—cultural proficiency
- Willingness to travel

Our most successful auditors typically possess most if not all of these qualifications and characteristics; however, auditors who progress to significant leadership roles within the group or the broader organization are those who combine these skills with strong business acumen.
Business Acumen Defined

Keenness and speed in understanding and deciding on a business situation in a manner that is likely to lead to a good outcome. Strengthening business acumen requires understanding and focus in four critical areas:

- **Understanding one's thought processes**
- Developing business knowledge
- Effective use of management processes
- Management and leadership skills

**Internal Control Thought Process**

1. Define Objectives
2. Identify Risks
3. Determine Significance and Likelihood
4. Decide on Method of Managing Risk
5. Design Control System

**Desired end results**
- Anything that jeopardizes achievement of the desired results
- Inherent Risk
- Avoid Transfer Accept level Reduce level
- Cost- effective Preventative controls Detective Controls

Developing this skill set is often challenging for technical specialists, developers, engineers and other professionals who take pride in their work.
Corporate Audit – “Belt” Business Acumen Development Program

Level 1 – **Basic understanding the Company’s policies and practices, categorized by business cycle.**

Level 2 – **Understanding of the financial impacts and accounting for key areas in the business cycle.**

Level 3 – **Risk assessment and key control identification by business cycle. Scenario based.**

Level 4 – **Comprehensive case study to articulate risk, identify control deficiency, and draft audit observation.**
Operational Audits to Auditing Operations -- Our Journey

……and the impact of Business Acumen
Operational Audits

Types of Audits and Reviews:

- Financial Audits or Reviews
- **Operational Audits**
- Department Reviews
- Information Systems Audits
- Integrated Audits
- Investigative Audits or Reviews
- Follow-up Audits

**Operational Audit**

A future-oriented, systematic, and independent evaluation of organizational activities. Financial data may be used, but the primary sources of evidence are the operational policies and achievements related to organizational objectives. Internal controls and efficiencies may be evaluated during this type of review.
Auditing Operations

The Halliburton Management System (HMS) is Halliburton’s integrated Health, Safety, Environment, and Service Quality (HSE/SQ) management system, consisting of processes, standards, procedures, work methods, and forms that define how work is to be performed within Halliburton. Collectively, HMS defines what we do, how we do it, authorities and responsibilities for the work, and required records to be produced as evidence of execution of the work.


API Q2 is the first management system specification that meets the unique needs and requirements for the petroleum, oil and gas service sector. API Q2 was developed by a group of industry experts consisting of operators, service providers and reputable consultants.

*Lifecycle of the Oilfield*
Auditing HSE/SQ

2012
- Internal Audits… Are we overdoing it? If so, how can we optimize time and resources effectively?

2013
- Conclusion: audits were overly burdensome and consolidating assurance activities within the Internal Assurance Services department was recommended.

2014
- Established budget accountability; created a risk assessment model; developed the audit plan; held week long audit conference—trained team on the internal control thought process; standardized audit programs, reports, and follow up process; and executed the plan.

2015
- Completed transition from start-up to value-added, sustainable department. Created job titles and competencies specific to the Operations audit team. Began reporting summary results and trends to executive leadership.

2016
- Demonstrating sustainability of the group through continued execution of established processes, increase in management requested reviews, high rate of responsiveness to audit recommendations, and increased involvement in internal committee memberships.
Auditing Operations (Before)

Prior to centralizing assurance activities under one umbrella (IAS), there were approximately 10 smaller auditing groups focused on their respective products and service organizations and global HSE requirements. Overall, this decentralized approach was ineffective in impacting sustained improvement as reflected by key HSE/SQ performance metrics.

- Auditor competencies and certifications varied widely
- Audit programs and approach was akin to inspections
- Minimal cross-PSL sharing of improvement opportunities
- Lack of coordination and scheduling between the various service quality and HSE auditing teams.
- Poor data management for proactive risk management
- Lack of follow up and sustainability of corrective actions
- Little to no escalation for noncompliance

Auditing Operations (After)

Improved HSE/SQ performance metrics reflect the positive impact of company initiatives, including the consolidation of assurance activities and facilitating the infusion of internal auditing techniques and expertise into the service quality and HSE auditing teams.

- Improved audit effectiveness by standardizing the audit process and strengthening auditor competencies
- Significantly increased transparency to results via broad distribution of audit reports—improves management accountability and facilitates sharing of best practices
- Implemented robust follow-up process to ensure effective and sustainable corrective actions to audit observations
- Report summary results and trends to executive/global management to drive corporate-wide improvement initiatives
- Reduced audit fatigue by redefining the auditable entity and consolidating audit schedules
- Streamlined audit programs by adopting a risk-based audit approach (vs. inspection approach)
- Catalyst for PSL/global (design) and region (execution) interaction to optimize risk/reward trade-offs
- Reduced audit/assurance cost on a consolidated basis

Improvement Opportunities

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Business Acumen…. *The bridge from compliance auditor to Trusted Business Partner*

Developing business acumen is necessary to progress from being a good auditor to becoming a trusted business partner and having the ability to influence management decisions.
THANK YOU